

## Bajaj Electricals

### Fourth Quarter and Fiscal Earnings Results – Financial Year 2008

May 27, 2008

**Moderator:** Good evening Ladies and Gentlemen. I am Manjula, the moderator for this conference. Welcome to the Bajaj Electricals Conference Call hosted by Edelweiss Securities Limited. For the duration of the presentation, all participants' lines will be in the listen-only mode. I will be standing by for the question and answer session. I would like to hand over to Ms. Grishma Shah. Thank you and over to you ma'am.

**Ms. Grishma Shah:** Good evening everyone. We have with us Mr. Ramakrishnan, Executive Director, and Mr. Praveen Jathar, CFO, Bajaj Electricals. I would now request Mr. Ram to brief us about the FY08 results and his vision, going ahead. Over to you sir.

**Mr. R. Ramakrishnan:** Good evening Grishma, and good evening ladies and gentlemen, I presume. A pleasure to speak to all of you. My colleague, Mr. Jathar is on the other line. You can call me Ram and you can call Mr. Jathar, Praveen. I will just brief you on the fourth quarter results of March 31 quarter ending. In terms of our net sales, our net sales stood at INR 452 crores for this quarter against INR 372 crores last year, which is an improvement of 21.4% in terms of net sales. For the complete year, we have ended up at about INR 1,404 crores with INR 1,114 crores last year, which is an increase of 26% in terms of the gross sales figure. In terms of the performance in this quarter on the PBT front, we have ended at about INR 49 crores against INR 29 crores last year, which is a 67% increase over the last year. Net profit for the quarter stands at INR 33.22 crores against INR 18.91 crores, which is 75.7% improvement. For the full year, the PBT stood at INR 111.4 crores against INR 60.87 crores, which is an 83.1% improvement in PBT and the net profit stood at INR 73.1 crores against INR 38.5 crores, which is an improvement in net profit of 90%. The earnings per share in terms of the full year against INR 22.21 last year stood at INR 41.96 in the current year. The quarter has witnessed fairly good improvement in terms of our segment results. In terms of segment profitability, all the segments have done well. I will... rather than restricting myself to only the quarter, I will give you the segment levels rise in terms of performance for the full year. For the full year, lighting business, against 7.5% last year, is at 8.7%. The consumer durables, which is both appliances and fans together, against... I am sorry, the lighting business, which is lighting and luminaire business, for March 31, 2008, year ended against 5.03% last year is at 7.5% this year, which is an improvement of 2.5%. The consumer durables business, which is appliances and fans, against 7% last year is at 10.4%, which is an improvement of 3.4% and the engineering and projects business against 11.8% last year is at about 12.9% this year, which is an improvement of about 1.1%. If I look at all the businesses put together, against 7.71% we are at 10.21%, which is an improvement of 2.5%. In terms of topline growth, the businesses have done pretty well. The appliances business, which is both the Bajaj appliances brand and the Morphy Richards brand together, has grown by about 39%. The lighting business unit which includes our CFL business (energy saving lamps), fluorescent tubes, general light source which is bulbs, etc., has grown by 32%. The fans business unit has grown by 30%. The luminaire business unit, which is street lights,

floodlights, LEDs, and other kinds of business/office lighting, project lighting, has grown by 20% and the engineering and projects business, which comprises transmission line towers, highmasts, galvanized pole, rural electrification, road signages; basically the infrastructure facing part of our business, has grown by about 19%. On the whole, it has been a fairly healthy performance right across, and I thought I will just share this initial information with you. Praveen, would you like to add anything to what I have said?

**Praveen Jathar:** I think you have covered everything

**Mr. R. Ramakrishnan:** If you would like me to elaborate upon the various business units and what exactly they have done, I will be happy to continue. Shall I go ahead Grishma?

**Ms. Grishma Shah:** Sir, we will take the Q&A. Yes, sir?

**Mr. R. Ramakrishnan:** Pardon me.... I don't mind taking the Q&A, but I thought if I give you an overview of the strategy in each of the businesses, what have we done, what has resulted in their performance, and as I cover certain aspects such as what is the order book, etc., then everyone will be on the same platform and probably then the question and answers will be more meaningful.

**Ms. Grishma Shah:** Okay, fine sir.

**Mr. R. Ramakrishnan:** Alright. If I look at the appliances business, we have the Bajaj brand and we have the Morphy Richards brand. The Morphy Richards brand has turned in a performance of about INR 46 crores in the year gone by and the Bajaj Appliances in the year gone by has given a turnover of close to INR 320 crores. So, the Bajaj Appliances and Morphy Richards appliances together clearly puts us in a very strong position in terms of the appliances market. I must mention here that the number two company in the appliances business, which is Philips, has recorded a turnover of about INR 170 crores as per our information, which includes their water purification business. This I am talking of Philips domestic appliances. There are other companies like Usha and Maharaja, which are much lower. Now in appliances, Bajaj Electricals is a market leader in areas like ovens, toasters, and grillers. We have achieved market leadership in mixer grinders and food processors. We are number two in water heaters. We are close to being number two in terms of our room cooler business. We have entered certain new segments such as UPS, which we have test-marketed in certain parts of the country. That business has an opportunity for significant revenue growth. At the same time, we have also tied up with Nardi. Nardi Elettrodomestici is a company from Italy, which has just completed 50 years. They are very strong in the gas appliances business in terms of their Italian and European markets and their products are marketed in about 50 countries. Bajaj Nardi, brand of gas appliances, which will be in terms of hobs, chimneys, and high-end cooktops and later probably categories like water heaters and microwave oven under the Bajaj Nardi brand, dishwaters, etc., will be introduced, going forward. Now, the gas appliances market is a fairly large market in India and there is no significant organization or player in that area and with the strong brand equity and a good customer franchise that we have, we hope to make a good success of it. When it comes to our fans business, once upon a time, about five years ago, we were number six in the

industry. From there, we have moved to a position of being the number three player in the domestic market. Our total turnover in terms of fans has increased from something like 500,000 fans in the year 2002 to approximately 2.7 mn fans in the domestic market and about 3 mn fans... sorry, 0.3 mn fans in the export market, all together about 3 mn fans is what Bajaj Electricals does. We have a collaboration there with Midea of China. We have Bajaj Midea as a joint brand in the table, pedestal, and wall fall segment. In the fans business, we have also done an innovation recently. We are test-marketing Bajaj Disney fans. We have tied up with Disney and for the children's rooms, we will be introducing themes such as Mickey and Friends, and Donald Duck. We will be introducing themes such as The Little Mermaid, etc., so that we can...and also the various princesses whether it is Cinderella or other such themes, so that we bring in some fantasy in children's rooms, and Bajaj and Disney which are both powerful brands have come together in a fantastic innovation.

I will now turn to the luminaries business. In the luminaries business, we deal with architects, consultants, and specifiers. We deal with various segments and we have a lot of focus to segments such as offices, IT and IT-enabled services, BPOs, retail, pharmaceutical, hospitals, clean room fixtures, industrial fixtures, etc. We have also introduced a new range of products called Ambience for the retail market where there is a big boom at this point in time. We have also introduced Le Magique, which is a range for the outdoors in term of garden lighting and landscape lighting. In the luminaire business, we have a relationship with Trilux Lenze of Germany. Trilux is a very powerful player in the German market and it is a strong player in Europe as well in technical lightning. So, with Trilux, we have a distribution arrangement in India and world-class Trilux products are offered to the Indian customers along with the Bajaj range of products. We have had a major success. Our engineering and projects business unit with Trilux fixtures has got the street lighting business in Delhi for the PWD for the Commonwealth Games. So, two contracts have been awarded and we have managed to get one of those contracts, and we will be using our Trilux fixtures with some Bajaj fixtures for the roadway lighting in Delhi for most of the important roads. Our highmasts are already significantly in Delhi. In the luminaire business, we realized an opportunity for us to leverage our customer contact, our client interface, and our presence with major electrical designers and so we have thought in terms of moving into the BMS space. We have tied up with Delta Controls of Canada, which is a very strong player in the Building management Solution (BMS)- market. We have also tied up... they are also very strong in heating, ventilating and air cololing solution (HVAC). This company has a significant presence in Canada, America, Australia, New Zealand, and China. We have also tied up with a company called Securiton of Switzerland, which is part of the Securitas Group. Securiton is in fire alarm system, smoke detection system, access control system, and security & surveillance. We have tied up with Helver Controls of UK for lighting control. So, we will be bringing to our present luminaire business unit (BU) customers, architects, specifiers, as well as corporates the complete basket of solutions in BMS, HVAC, fire protection, security & surveillance and probably access control at a later point in time. We have recently announced this relationship, which will give us tremendous opportunity to increase our revenues, profitability, and at the same time envelop our customer in many different ways with a wider range of service offerings.

I will now turn to our lighting business. In the lighting business, we have grown exceptionally well, 32% growth is remarkable growth. We have done very well in this business. The significant part of

the business is energy saving lamps, which is growing at about 25-30%, we have grown at nearly 100% and in Haryana we have gone into a major energy efficiency program along with the state government. We have supplied a lot of CFLs. Earlier, we had done that with Reliance Energy in Bombay and we are looking at other revenues by which we can spread the message of energy efficiency and energy conservation. We have acquired a stake in Starlite Lighting. I am happy to inform that Starlite Lighting has done extremely well in the year gone by and from a situation of a very nominal production, we have been able to up production. The production of CFLs in Starlite Lighting has gone to about INR 28 or INR 30 crores. We are looking at significant capacity expansion. We are planning to increase capacity in Starlite Lighting by about 150% by infusing funds into and making it a stronger player in the energy-saving lamps business.

Turning to our engineering and projects business unit (E&PBU), it has been pretty successful when it comes to power projects and when it comes to transmission line towers and highmasts, galvanized pole, etc. At this point in time, the E&PBU has an order book of INR 330 crores. The transmission line towers (TLT) business is about INR 100 crores. Highmasts and galvanized poles is INR 115 crores. Special projects is 115 crores. All together it is 330 crores. In terms of major orders obtained by the E&PBU, there has been the Delhi order, which I have already touched upon. Apart from that, there is a significant order that they have bagged in Nagpur, in terms of the roadway lighting, they have bagged an order of about INR 29 crores. They have also been involved in terms of the Hyderabad Cricket Stadium for the Indian Premier League (IPL) games at this point in time. Six power plant lighting orders worth INR 45 crores, transmission line towers from ITIL worth INR 22 crores, and we have got a prestigious order for exporting telecom towers to South Africa worth about INR 10 crores. The current year has also started well for them with about 400 highmast orders received in April 2008. During the whole of last year, they had received about 3,500 highmast orders and orders of 40,000 poles, which is an increase of about 50% over the previous year. All in all, all the businesses are on a firm footing. We have managed to improve our profitability. We have managed to keep our brand in a very positive manner. Inspiring trust is the new byline of Bajaj Electricals. We believe that trust builds quality, quality builds satisfaction, satisfaction builds relationships, relationships build trust. So, we believe in inspiring trust. So, this in a nutshell is what we have done. If there are any questions, I will be happy to answer them.

**Moderator:** Thank you very much sir. We will now begin the Q&A interactive session. Participants who wish to ask questions, please press \*1 on your telephone keypad. On pressing \*1, participants will get a chance to present their questions on a first-in-line basis. Participants are requested to use only handsets while asking a question. To ask a question, please press \*1 now. Participants who wish to ask questions, please press \*1 on your telephone keypad. First in line, we have Ms. Neha from Angel Broking.

**Ms. Neha:** Hello...

**Mr. R. Ramakrishnan:** Yes.

**Ms. Neha:** Good evening sir, this is Neha here...

**Mr. R. Ramakrishnan:** Yes.

...from Angel Broking. Sir, I just wanted to understand, like with increasing raw material prices, how is it that our margins in all the divisions have increased?

**Mr. R. Ramakrishnan:** I think, see many of the businesses like appliances where we have shifted our manufacturing bases to Himachal Pradesh...

**Ms. Neha:** Yeah.

**Mr. R. Ramakrishnan:** We have been continuously doing that for the last two years and increasing volumes are coming out of HP.

**Ms. Neha:** Okay.

**Mr. R. Ramakrishnan:** So, that is one way.

**Ms. Neha:** Okay.

**Mr. R. Ramakrishnan:** The other important issue is, somewhere during the course of the year we have also taken the right pricing decision...

**Ms. Neha:** Okay.

**Mr. R. Ramakrishnan:** ...in terms of moving the brand higher up the value chain.

**Ms. Neha:** Okay.

**Mr. R. Ramakrishnan:** ...introducing products that are of new designs so that we can, you know, take a kind of a premium over what was the older model. We have phased out certain older models. We have introduced certain newer models. At the same time, the strategy has been two-pronged. We have tried to generate 10% of our sales from new dealers, and we have tried to generate 10% of sales from new products.

**Ms. Neha:** Okay.

**Mr. R. Ramakrishnan:** At the same time, significant amount of value engineering and cost reduction efforts have also been started. So, in a manner of speaking, all these measures put together have enabled us to make significant progress, and we have done that while keeping our cost under control, by not splurging in terms of let us say our advertising and communication and spending our money judiciously...

**Ms. Neha:** Right.

**Mr. R. Ramakrishnan:** ...I think this has been the mix of our strategy.

**Ms. Neha:** Okay. Sir, I just wanted to ask you like right now with all these strategies that you have undertaken, where would you say that our products lie in terms of price point, would it be value-for-money, is it premium or are they like exclusive appliances?

**Mr. R. Ramakrishnan:** Actually, it is a mix of... see, Bajaj brand per se...

**Ms. Neha:** Yes sir.

**Mr. R. Ramakrishnan:** ...is a value-for-money brand.

**Ms. Neha:** Right.

**Mr. R. Ramakrishnan:** But at the same time, we have Morphy Richards, which is a premium product in appliances.

**Ms. Neha:** Right.

**Mr. R. Ramakrishnan:** Within fans, we have the Magnifique range and now we have Disney fans, which are at a premium.

**Ms. Neha:** Right.

**Mr. R. Ramakrishnan:** In luminaries, we have the Trilux range, which is a premium range.

**Ms. Neha:** Right.

**Mr. R. Ramakrishnan:** Or we have Le Magique and Ambience which is a premium range.

**Ms. Neha:** Okay.

**Mr. R. Ramakrishnan:** So, virtually in every one of our business, we are trying to do a sub-branding strategy.

**Ms. Neha:** Okay.

**Mr. R. Ramakrishnan:** So, like in Bajaj Appliances, we have Bajaj at the entry level and we have Bajaj Majesty...

**Ms. Neha:** Right.

**Mr. R. Ramakrishnan:** ...at the slightly premium level.

**Ms. Neha:** Right.

**Mr. R. Ramakrishnan:** And we have Morphy Richards, which competes with the international brands.

**Ms. Neha:** Right.

**Mr. R. Ramakrishnan:** So, to that extent it is a mix where the Bajaj brand caters to the mass, but some of our international relationships...

**Ms. Neha:** Right.

**Mr. R. Ramakrishnan:** ...cater to the top-end, the premium end.

**Ms. Neha:** So, what I can understand is basically all these strategies in the exclusive segment are through tie-ups with other exclusive brands. So, what is our arrangement with all these other brands and how is it in particular with Morphy Richards?

**Mr. R. Ramakrishnan:** You see, one is it is an exclusive arrangement from their side.

**Ms. Neha:** Okay.

**Mr. R. Ramakrishnan:** They cannot offer the product to any other company...

**Ms. Neha:** Okay.

**Mr. R. Ramakrishnan:** ...in India, whether it be Trilux or it be Morphy Richards or it be Securiton or it be Delta Controls.

**Ms. Neha:** Right.

**Mr. R. Ramakrishnan:** Secondly, it starts...I mean with the Morphy Richards for example, we have a three-pronged arrangement. One is it is a registered user agreement in terms of a brand license.

**Ms. Neha:** Okay.

**Mr. R. Ramakrishnan:** It is a technology transfer agreement in terms of certain specific products that we need to manufacture in India.

**Ms. Neha:** Okay.

**Mr. R. Ramakrishnan:** And it is a manufacturing license...

**Ms. Neha:** Right.

**Mr. R. Ramakrishnan:** ...by which we can undertake to manufacture those products in India. So, it is a comprehensive relationship. However, the marketing, the brand positioning, the selection of products for the Indian markets, the price points, etc., are all determined by Bajaj Electricals.

**Ms. Neha:** And sir like how long are these arrangements for, generally? What timeframe do we look at when we sign such arrangements?

**Mr. R. Ramakrishnan:** In principle, it is around five-seven years in the first phase, extendable by seven years thereafter and a further period by mutual agreement.

**Ms. Neha:** Okay.

**Mr. R. Ramakrishnan:** So, prima facie these arrangements are long-term oriented...

**Ms. Neha:** Okay.

**Mr. R. Ramakrishnan:** ...and it is not short term.

**Ms. Neha:** Okay sir. And sir is there any price increase in the products that were there previously in the product portfolio, like, have you seen realization increases in those?

**Mr. R. Ramakrishnan:** Of course, of course, there is realization increase in existing products, but at the same time introduction of newer models enable us to justify the increase in price. So, it is a two-pronged strategy.

**Ms. Neha:** Okay. And sir, can you tell me the size of the project that we have got for the Commonwealth Games, what is the order size?

**Mr. R. Ramakrishnan:** Order size is INR 51 crores.

**Ms. Neha:** Okay.

**Mr. R. Ramakrishnan:** But that INR 51 crores is not just luminaire, it is luminaire, it is execution, it is galvanized poles, plus some amount of landscaping.

**Ms. Neha:** Okay fine. Okay sir, thank you so much.



**Mr. R. Ramakrishnan:** Thank you so much.

**Moderator:** Thank you very much ma'am. Next question comes from Mr. Rajeev from JM Financial. Over to you sir.

**Mr. Rajeev:** Hello...

**Mr. R. Ramakrishnan:** Hi Rajeev.

**Mr. Rajeev:** Hi, good evening sir. Sir, if you could just tell me, I think I missed the earlier part of your con call, if you could tell me the EBITDA margins in each of your segments sir, if you could just repeat it?

**Mr. R. Ramakrishnan:** Just a second...

**Mr. Rajeev:** Yeah.

**Mr. R. Ramakrishnan:** The segment results will be published tomorrow...

**Mr. Rajeev:** Okay.

**Mr. R. Ramakrishnan:** ...but just to give you an idea...

**Mr. Rajeev:** Right.

**Mr. R. Ramakrishnan:** ...I will tell you for the year ended rather than the quarter ended.

**Mr. Rajeev:** Yeah.

**Mr. R. Ramakrishnan:** So, that will give you a comprehensive picture.

**Mr. Rajeev:** Yeah, will do sir.

**Mr. R. Ramakrishnan:** In the lighting business, which is lighting plus luminaire...

**Mr. Rajeev:** Yeah.

**Mr. R. Ramakrishnan:** ...we were at 5.03%, we have moved to 7.5%...

**Mr. Rajeev:** Okay.

**Mr. R. Ramakrishnan:** ...which is a 2.5% increase.

**Mr. Rajeev:** Right.

**Mr. R. Ramakrishnan:** In consumer durables business, which is appliances and fans...

**Mr. Rajeev:** Yeah.

**Mr. R. Ramakrishnan:** ... together, from 7%, we have improved to 10.4%...

**Mr. Rajeev:** Okay.

**Mr. R. Ramakrishnan:** ...which is a 3.4%...

**Mr. Rajeev:** Right.

**Mr. R. Ramakrishnan:** ... increase.

**Mr. Rajeev:** Right.

**Mr. R. Ramakrishnan:** Engineering and projects from 11.8%...

**Mr. Rajeev:** Right.

**Mr. R. Ramakrishnan:** ...we have moved to 12.9%, which is a 1.1% increase.

**Mr. Rajeev:** Okay, okay.

**Mr. R. Ramakrishnan:** Aggregate, all put together, from 7.71%, we have moved to 10.21% which is a 2.5 percentage point increase.

**Mr. Rajeev:** Right sir. Sir, just coming back to your engineering projects business where you have done revenues of around INR 330 crores, which is divided into transmission lines and highmast, if you could tell me the margins within each of these inside segments. Is it possible?

**Mr. R. Ramakrishnan:** No, we don't share it in the public domain.

**Mr. Rajeev:** Okay, okay.

**Mr. R. Ramakrishnan:** Incidentally, the sales is INR 363 crores in the E&PBU...

**Mr. Rajeev:** Okay.

**Mr. R. Ramakrishnan:** ...against INR 305 crores last year...

**Mr. Rajeev:** Right sir, right sir.

**Mr. R. Ramakrishnan:** ...which is a growth of about 19% to 20%.

**Mr. Rajeev:** Okay. And if you could share the order book sir.

**Mr. R. Ramakrishnan:** The order book stands at about INR 330 crores...

**Mr. Rajeev:** Right.

**Mr. R. Ramakrishnan:** ...with TLT at 100 crores. TLT is transmission line towers.

**Mr. Rajeev:** Yeah.

**Mr. R. Ramakrishnan:** Highmast and galvanized poles are INR 115 crores.

**Mr. Rajeev:** Okay.

**Mr. R. Ramakrishnan:** Special projects are INR 115 crores.

**Mr. Rajeev:** Alright. Right sir, thanks a lot sir.

**Mr. R. Ramakrishnan:** Thank you.

**Moderator:** Thank you very much sir. Next in line, we have Mr. Vijay Rathore from PTI. Over to you sir.

**Vijaya Rathore:** Hello...

**Mr. R. Ramakrishnan:** Yes.

**Vijaya Rathore:** Yes sir, I am Vijaya Rathore from the Press Trust of India, Delhi office.

**Mr. R. Ramakrishnan:** Hi Vijaya.

**Vijaya Rathore:** Yeah. You talked about various tie-ups in various international firms you have had in the past. So, can you tell us in detail about any tie-ups you plan in future with some other companies for your projects...

**Mr. R. Ramakrishnan:** Actually, what I shared with you in terms of Securiton...

**Vijaya Rathore:** Right.

**Mr. R. Ramakrishnan:** ...and Delta Controls...

**Vijaya Rathore:** Right.

**Mr. R. Ramakrishnan:** ...is something that we have just announced recently.

**Vijaya Rathore:** Right.

**Mr. R. Ramakrishnan:** I have already said that Delta Controls deals with building management systems...

**Vijaya Rathore:** Right sir.

**Mr. R. Ramakrishnan:** ...and HVAC, heating, ventilating, and air conditioning system and as far as Securiton is concerned...

**Vijaya Rathore:** Yeah.

**Mr. R. Ramakrishnan:** ...they are part of the Securitas Group of Switzerland.

**Vijaya Rathore:** Right.

**Mr. R. Ramakrishnan:** They deal in fire alarms....

**Vijaya Rathore:** Right.

**Mr. R. Ramakrishnan:** ....smoke detection.

**Vijaya Rathore:** Right.

**Mr. R. Ramakrishnan:** They deal in security systems, video surveillance, and access control.

**Vijaya Rathore:** Okay.

**Mr. R. Ramakrishnan:** Helver Controls of the UK deals in lighting control.

**Vijaya Rathore:** Sorry, which is the third company sir?.

**Mr. R. Ramakrishnan:** Helver Controls...

**Vijaya Rathore:** Helver, okay.

**Mr. R. Ramakrishnan:** ...of the UK deals in lighting control...

**Vijaya Rathore:** Right.

**Mr. R. Ramakrishnan:** ...and all this put together will enable us to strengthen our offering both in terms of lighting and building automation.

**Vijaya Rathore:** These are all the arrangements which you have already announced, of course they are now in public domain, but...

**Mr. R. Ramakrishnan:** They are in the public domain.

**Vijaya Rathore:** ...as of now, these are the ones which you have announced, and you will continue....

**Mr. R. Ramakrishnan:** No, we have also had a relationship with Nardi Elettrodomestici of Italy...

**Vijaya Rathore:** Okay.

**Mr. R. Ramakrishnan:** ...in the area of household appliances, so we will have the Bajaj Nardi brand at the premium end for gas appliances, hobs, chimneys, and cooktops.

**Vijaya Rathore:** Sir, do you mind spelling out that company's name for me please.

**Mr. R. Ramakrishnan:** Nardi, N-A-R-D-I...

**Vijaya Rathore:** N-A-R-D-I.

**Mr. R. Ramakrishnan:** ....of Italy.

**Vijaya Rathore:** Okay. So, you have already started rolling out products after this arrangement?

**Mr. R. Ramakrishnan:** We have... Yes, we have introduced the product in one or two markets in Western India...

**Vijaya Rathore:** Okay.

**Mr. R. Ramakrishnan:** ...we will be rolling it out in the months ahead pan-national.

**Vijaya Rathore:** Okay, so these are gas appliances, basically chimneys...

**Mr. R. Ramakrishnan:** That's right.

**Vijaya Rathore:** Okay, okay. Fine sir, thanks a lot.

**Mr. R. Ramakrishnan:** Thank you Vijaya.

**Moderator:** Thank you very much ma'am. Next in line, we have Ms. Priyanka Choudary from Wealth Management. Over to you ma'am.

**Priyanka Choudary:** Hello. Good evening sir.

**Mr. R. Ramakrishnan:** Hi Priyanka, how are you?

**Priyanka Choudary:** I am fine and congratulations on the good set of numbers.

**Mr. R. Ramakrishnan:** Thank you.

**Priyanka Choudary:** Sir, in the consumer durable and lighting segment, we have seen a 30% plus growth this year compared to last year. Sir, going forward, what kind of growth do we expect from these two segments?

**Mr. R. Ramakrishnan:** As you are aware, when it comes to new homes and in terms of overall credit off-sales, there has been a little bit of a deceleration.

**Priyanka Choudary:** Yeah.

**Mr. R. Ramakrishnan:** The consumer feel good factor with successive hikes in terms of interest on housing loan, personal loans, and consumer durable loans is acting as a bit of a dampener in terms of the consumer's willingness to spend.

**Priyanka Choudary:** Right.

**Mr. R. Ramakrishnan:** Also, in terms of the forcibility in terms of a slight depression in real estate prices, the consumer's willingness to invest in new housing property, which he was doing earlier in anticipation of returns, is also slowing down.

**Priyanka Choudary:** Yeah.

**Mr. R. Ramakrishnan:** So, some of the businesses of ours, which are related to new household construction,...

**Priyanka Choudary:** Yes.

**Mr. R. Ramakrishnan:** ...may see a little deceleration in demand.

**Priyanka Choudary:** Okay.

**Mr. R. Ramakrishnan:** So, maybe if we are growing at 30%, I would say maybe the growth rate may come down to 24-25%.

**Priyanka Choudary:** Okay.

**Mr. R. Ramakrishnan:** But, I don't see it coming down to 15%.

**Priyanka Choudary:** Okay.

**Mr. R. Ramakrishnan:** In terms of the industry and infrastructure facing businesses, I certainly see a possibility to increase revenue growth. There are a large number of projects that are likely to come up, which require our lighting products such as luminaire; or many infrastructure projects like special economic zones, modernization of road lighting in many parts of the country, and transmission line towers in terms of power transmission. I see a significant upside in terms of revenue.

**Priyanka Choudary:** Okay sir.

**Mr. R. Ramakrishnan:** So, all in all, I expect...I mean, we have grown at 26% in the current year...

**Priyanka Choudary:** Yeah.

**Mr. R. Ramakrishnan:** ... I would certainly look at a 20% plus growth, going forward.

**Priyanka Choudary:** Okay. Sir, in the engineering and projects vision, we have an order book of INR 330 crores. Sir, what is the execution timeline for this?

**Mr. R. Ramakrishnan:** See, this is net order book at this point in time.

**Priyanka Choudary:** Yeah.

**Mr. R. Ramakrishnan:** I would say....

**Priyanka Choudary:** Yeah.

**Mr. R. Ramakrishnan:** I mean, I am looking at the E&PBU doing a turnover of about INR 500 crores in the current year...

**Priyanka Choudary:** Okay.

**Mr. R. Ramakrishnan:** ...for which we already have an order book of INR 330 crores, plus many orders where we are very close to being L1...

**Priyanka Choudary:** Okay.

**Mr. R. Ramakrishnan:** ...in terms of future order books.

**Priyanka Choudary:** Okay.

**Mr. R. Ramakrishnan:** So, I do expect a fairly good position.

**Priyanka Choudary:** Okay. Sir, we have seen significant improvement in the margins over the three segments, especially in the lighting and the consumer durable segment. Sir, going forward, are these EBITDA margins maintained or we see further improvement from here?

**Mr. R. Ramakrishnan:** Well, as a company, we would like to look at ways and means by which we improve our profitability.

**Priyanka Choudary:** Yes.

**Mr. R. Ramakrishnan:** Certainly, the rupee strengthening or rather the dollar now strengthening a little against the rupee in recent times, some of the imported products in terms of the cost are... there is a certain amount of cost pressure coming in from China, some of the products we get contract manufactured in China. I would quite simply say that we would like to look at either maintaining or trying to improve the profitability by another 0.5% or there about or may be by a percent.

**Priyanka Choudary:** Okay, but that is what we see as a margin pressure. How are raw material increases like the prices of copper and steel going up?

**Mr. R. Ramakrishnan:** See, what you have to keep in mind, in the last three years, we have seen unprecedented hikes in prices of copper, steel, aluminium, plastics, and zinc.

**Priyanka Choudary:** Right.

**Mr. R. Ramakrishnan:** In spite of that, Bajaj Electricals has been turning in spectacular performance.

**Priyanka Choudary:** Right.



**Mr. R. Ramakrishnan:** Now, I think copper prices are at a fairly stable level. However, we have the ability to transfer the cost-push on to our customer. So, I would not be terribly worried in terms of that.

**Priyanka Choudary:** Okay.

**Mr. R. Ramakrishnan:** I mean, if there are unrealistic cost pushes, we will be able to transfer...

**Priyanka Choudary:** Okay.

**Mr. R. Ramakrishnan:** ...the burden on to consumers. However, consumers' desire to spend may get impacted when the price points go up a little. So, there is a little bit of an equation between, let us, say aggressive revenue growth and raw material input cost.

**Priyanka Choudary:** Okay.

**Mr. R. Ramakrishnan:** I think we will be able to strike the right balance between maintaining healthy growth and a strong bottomline.

**Priyanka Choudary:** Okay sir, thank you.

**Mr. R. Ramakrishnan:** Thank you so much.

**Moderator:** Thank you very much ma'am. Participants who wish to ask questions, please press \*1 on your telephone keypad. Next in line, we have Mr. Kenneth Jain from Voyager Capital. Over to you sir.

**Kenneth Jain:** Sir, what are your capex plans, going forward, to augment your capacity, say over the next two-three years?

**Mr. R. Ramakrishnan:** See, we have done Ranjangaon, which is engineering and projects galvanizing operation of both highmasts and galvanized poles and transmission line towers. Phase-I we have done and the phase-II we implemented about a year and a half ago. Right now, we are in the process of implementing phase-III, which will specifically take up our capacity for highmasts and galvanized poles by roughly 50%. We are spending close to about INR 15-20 crores in terms of this project. See, what we have decided strategically is that we will not invest in capacity and then undercut in terms of price to fill up that capacity. We will increase capacity in a phased manner, keeping in mind the likely order book and our ability to execute larger and larger projects. So, what I would say is that there are sufficient internal accruals. The company, on the whole, will have a capex plan of say close to INR 40-50 crores, which we should be able to meet with internal accruals over the next two-three years.

**Kenneth Jain:** Okay. And sir with respect to this rising raw material price scenario, you seem to be pretty confident to maintain these margins, going forward, may be plus/minus 20bps can be acceptable, but broadly you give that current margins would be sustained.

**Mr. R. Ramakrishnan:** See, we are ultimately in the business to strike the right balance between revenue growth and profitability.

**Kenneth Jain:** Right, right.

**Mr. R. Ramakrishnan:** We would not like to let go of profitability, so our intention would be to try to maintain and improve profitability even if it means a slight lowering of revenue growth.

**Kenneth Jain:** Right.

**Mr. R. Ramakrishnan:** See, we have managed that game pretty well. We have managed to grow revenues between 26% and 30% in the last three years, while improving profitability significantly.

**Kenneth Jain:** Right, right.

**Mr. R. Ramakrishnan:** And our track record is there to prove that.

**Kenneth Jain:** Sir, what is the current debt and cash in the books as on March?

**Mr. R. Ramakrishnan:** Praveen, would you like to answer that question?

**Praveen Jathar:** Yeah. The current debt...hello...

**Kenneth Jain:** Yes.

**Praveen Jathar:** Secured loans are INR 154 crores and unsecured loans are INR 80 crores.

**Kenneth Jain:** Okay.

**Praveen Jathar:** Yeah.

**Kenneth Jain:** And cash?

**Praveen Jathar:** Cash of course, which includes cheques in hand, is around INR 15 crores.

**Kenneth Jain:** How much?

**Praveen Jathar:** INR 15 crores. INR 15 crores means including cheques in hand.

**Kenneth Jain:** Fine, fine.

**Praveen Jathar:** The real cash balance is around INR 3 crores.

**Kenneth Jain:** Fine sir.

**Praveen Jathar:** Yeah.

**Kenneth Jain:** Thanks.

**Moderator:** Thank you very much sir. Next question comes from Mr. Goyal from Kotak Securities. Over to you sir.

**Mr. Goyal:** Sir, I just had a question about the way we do our tenders and order book, in terms of... Can you throw some light on the kind of, you know, fixed price contract, the proportion of fixed price contracts that we have and how does it normally work out when we go out to bid for an order?

**Mr. R. Ramakrishnan:** You see, when it comes to our TLT business, when we supply to Power Grid or we supply to contractors who are doing work for Power Grid, there are proper escalation clauses that are built in. The fixed price contracts largely come in the area of highmasts business where we have a market share of close to 60- 65%. You know, when you sit on that kind of a market share, we sell close to 3,500 highmasts a year, you are frankly determining what are the price points in the market. You want to drop prices, you can. You want to take prices up, you can, keeping in mind raw material price fluctuation. So, even though the highmast business or galvanized pole business, when you take an order, is at a fixed price point, but the tenures are not very long. I mean these are tenures with a visibility of three or four months and since we have a fair idea of the steel price appreciation in this timeline, we are in a position to factor that in reasonably well.

**Mr. Goyal:** Okay. Sir another question, sometime back we did some lighting projects for the National Games, so could you share with us what is the status for that and are we bidding for more National Games' projects, going forward?

**Mr. R. Ramakrishnan:** Well, for the National Games, we have been very successful in the course of the last three years.... We have done the National Games Stadium in Hyderabad after which we did the National Games Stadium in Guwahati, after which we have in the process...we have done the National Games Stadium in Ranchi. Very happy to tell you that for the Commonwealth Games that are going to be held in Delhi, we have got the street lighting order for approximately INR 51 crores, which is including supply of luminaire, galvanized poles, and the brackets

**Mr. Goyal:** Right.

**Mr. R. Ramakrishnan:** We have also managed to get a very good order for about INR 6.5 crores for the IPL in terms of Hyderabad and we completed that order in a record span of ~45 days, a INR 7-crore electrification order. We have also done the Jaipur Cricket Stadium and the Gwalior Cricket Stadium. So, all in all, the National Games, Commonwealth Games provides us a major revenue opportunity and we are well placed in terms of those businesses.

**Mr. Goyal:** Sir, what I am trying to understand is that is there something that is going to continue, going forward, or were these, you know, one-off events that we participated in and, going forward, it will be difficult to find this kind of project mix.

**Mr. R. Ramakrishnan:** See, the National Games happen once in two years and when that happens it keeps rotating across various geographies. The Commonwealth Games or the Asian Games happen once in a while. At the same time, upgradation of a Bombay, upgradation of a Hyderabad , upgradation of a Bangalore City are all directions that are taken by the state government and municipal authority. So, there is always revenue opportunity, although I would say this is just a small part of our business. This is important, like Commonwealth Games is important, but the National Games are about INR 10-15 crores in terms of turnover. So, it is not very, very significant.

**Mr. Goyal:** Right. Sir, another question...we were doing some lighting projects for, you know, retailers and some corporates, so how is the traction in that side of the business and how do we see that business, going forward?

**Mr. R. Ramakrishnan:** We are well represented in Reliance Retail, with the Reliance Group, in terms of various projects whether it be in the refineries or in terms of the telecom part of the business or it be their corporate offices. We are well represented with many new-age banks, YES Bank, Kotak Bank, etc., we supply luminaires to them... many of the large multinationals such as Google, Microsoft, Accenture, and in terms of many of the newer projects, Hewlett-Packard. In the IT and IT-enabled services, BPO space, we have been strongly present. So, we have good established relationships with large corporates. TATA Consultancy Services (TCS), for the Siruseri project, we have done a business of about INR 6-6.5 crores for which we have an order book. So, we have good subsisting relationship with these people and that is auguring well for us.

**Mr. Goyal:** Would you like to put, you know, a size to this opportunity, may be in the next two-three years? How do you see the market size evolving?

**Mr. R. Ramakrishnan:** See, the luminaire business that we do, last year was roughly about INR 230 crore, I am talking about pure luminaire.

**Mr. Goyal:** Right.

**Mr. R. Ramakrishnan:** That is the business that deals with all this plus it also deals with large industrial projects. It deals with large factories, large office complexes, and retail malls. This business is seeing a significant upside in terms of the large square footage of space that is coming up all over the country. So, I would say that for the luminaire business to grow at anywhere between 20% and 30% per annum is a distinct possibility.

**Mr. Goyal:** Alright sir, thanks a lot.

**Mr. R. Ramakrishnan:** Thank you.

**Moderator:** Thank you very much sir. Next in line, we have Mr. Vishal Jain from ING Investment. Over to you sir.

**Tushar Jain:** Hi sir. This is Tushar here. Sir, just...if you could just give me some guidance about turnover that you are expecting for the year.

**Mr. R. Ramakrishnan:** Well, we don't normally forward-looking statements, but you see our track record.

**Tushar Jain:** Yeah.

**Mr. R. Ramakrishnan:** From INR 500 crores we moved to INR 650 crores, from INR 650 crores we moved to 850 INR crores, from INR 850 crores to INR 1,100 crores, and from INR 1,100 crores to INR 1,400 crores.

**Tushar Jain:** So, a 30%....

**Mr. R. Ramakrishnan:** At present, we think, we are somewhere around INR 1,700 crores. INR 1750 crores should be possible and the year after that we should be able to look at INR 2,000-2,100 crores. Needless to say, I am talking to a large number of investors, potential investors being guarded, in terms of my statement.

**Tushar Jain:** Okay. And sir, we had agenda to increase our margins by at least 50bps year after year on EBITDA level. So, do we still maintain that, you know because this year the margins have expanded pretty sharply. So, are these the levels that you would continue or would you still see some improvements over here?

**Mr. R. Ramakrishnan:** See, the endeavor would be to push for 50bps increase even over the current levels, but in my opinion the increase will have to come out of, may be, a far greater tightening in terms of usage of working capital on both inventories as well as outstanding. We will have to resort to strong value engineering and cost reduction initiatives, we will have to look at productivity increases in terms of our manufacturing location and we will have to eliminate certain

other unnecessary increase in costs that happen when an organization is doing well. So, we have called this entire activity Action 2008. We are looking at improving... you know, ultimately profitability can come from revenue growth, cost reduction, margin improvement, reducing the interest cost through reduction in terms of the working capital, and by strengthening the brands. So, we are taking a large number of actions so that as an organization we don't become complacent; as an organization we don't pat ourselves on the back and say oh my, fantastic job done. We hope to keep our nose to the grind, we hope to keep pushing for further improvement in performance not only in revenue terms but also profitability.

**Tushar Jain:** Okay, thank you sir. I hope you will be able to achieve that. Sir, another question comes on the UPS. Can you just tell us what are the markets where you had launched UPS or where you are test-marketing it currently and what kind of numbers we have achieved in this year?

**Mr. R. Ramakrishnan:** The home UPS market, we have introduced it in Pune and parts of Maharashtra. We have gone to parts of Uttar Pradesh. We have gone to parts of Delhi, Punjab, etc., but we have not gone overboard with the product at this point in time. You see, number one is the seasonality factor. When we introduced it in November, December, January, etc., those periods did not see any significant power shortfall. The summer is starting, probably this is the time for us to focus and we have already got some feedback in terms of our product, how are we placed, and what is happening. The market has received brand Bajaj extremely well, so we are putting into place specific strategies to trade cautiously in terms of this market and at the same time try to make sure that we are able to leverage our distribution, maybe use this category as an opportunity to enhance our rural thrust, etc. So, you will hear more about it as we go along.

**Tushar Jain:** Okay. Sir, if you could just give a sense of the units that we sold from November till date and what is the kind of targets we have for this year in the UPS?

**Mr. R. Ramakrishnan:** I am afraid I don't have a very specific figure to share with you on this at this point.

**Tushar Jain:** Not specific, just a round about, anything... a ballpark number kind of thing.

**Mr. R. Ramakrishnan:** I am afraid, I don't have anything concrete with me. Just to give you an idea, we would have done a business of about INR 4-5 crores last year...

**Tushar Jain:** Okay.

**Mr. R. Ramakrishnan:** ...in terms of our test marketing.

**Tushar Jain:** Okay.

**Mr. R. Ramakrishnan:** Certainly, we will look at a business of about INR 15- 20 crores in the current year.

**Tushar Jain:** Okay. And sir, Delta Control is the company which has an exposure of HVAC and all those things, right?

**Mr. R. Ramakrishnan:** Pardon me.

**Tushar Jain:** Delta Control is the company where we have tied up for the HVAC thing.

**Mr. R. Ramakrishnan:** Yes.

**Tushar Jain:** So, just wanted to understand your entry strategy over there and how are you looking at this segment? What is the opportunity that you see for yourself?

**Mr. R. Ramakrishnan:** Okay. See, as you are aware, we are in the luminaries business, we are in touch with architects, consultants, specifiers, contractors, etc. So, today we are being looked at by them as only a lighting company. We see that for the same target segment, we can give a wider range of product offerings. That is where Securiton and Delta Controls comes in. Delta Controls is a fairly strong player from Canada with a good presence in Canada, the US, China, Australia, and New Zealand. The products are available in about 50 countries and they have appropriate partners in various countries. So, with Delta, the entry strategy is to create a team in India with experience in terms of this business, take advantage of Delta.... Delta is a very strong player in the BACnet side.

**Tushar Jain:** In the?

**Mr. R. Ramakrishnan:** BACnet, the building automation...

**Tushar Jain:** Okay.

**Mr. R. Ramakrishnan:** ...has got a standard called BACnet.

**Tushar Jain:** Okay.

**Mr. R. Ramakrishnan:** Earlier, the tendency in this business was Johnson Controls or Honeywell would become the proprietary product, which will be standalone and which will not communicate with any other company's products. The BACnet protocol is akin to plug and play. Any device which is BACnet compatible can turn the BACnet platform and building automation can be done almost seamlessly. It is something like a proprietary source versus an open source. So, we believe in the open source methodology. We believe that in the future BACnet is going to dominate even the building automation space in India. So, with Delta, we are going to be very strong promoters of BACnet. When it comes to something like Securiton, while Delta Controls will provide us product for

heating, ventilation, air conditioning, and BMS in terms of building management system, Securiton will procure a product in terms of fire alarms, smoke detectors, probably video surveillance systems, security systems, and access control system. With Helver Controls providing us high-end lighting control, I think we will have a wonderful basket of world-class leading technologies with very committed R&D focus and with a huge client base being brought into India with the Bajaj assurance of service. So, I think there is a great opportunity for us. Of course, we will have to transform and, you know, probably prepare ourselves for the nature of this business, so we are certainly in the process of putting together the right themes to take this business forward.

**Tushar Jain:** Okay. I think that is where my concern comes in because you know these companies, as you say, sound very strong in the technology front, but as you said bringing in , an experienced team together and then bagging a contract and taking it forward would be the key thing for you; so just wanted to understand because again these guys have to be properly trained on these equipment and the product has to be properly communicated to the clients. So....

**Mr. R. Ramakrishnan:** What gives me confidence here is our past track record. We collaborated with Morphy Richards and we have made Morphy Richards a successful brand, incidentally probably next only to Philips, and actually Philips is more of an Indian brand now than a Dutch brand. I would say we have been very successful with Morphy Richards. Similarly, we have tasted some elements of success with Trilux or in terms of Black & Decker power tools, which we market in India through Bajaj Ventures Limited. What I am trying to tell you is, when we entered the TLT space, we didn't know anything about transmission line towers, yet we made a success of it. We entered the road signage space, we entered the rural electrification space without knowing much about these businesses, but we have handled these projects pretty well. So, we have the ability to learn, we have the ability to put together the right team, give it the right kind of business focus, and generate both revenues and profit. So, I am fairly confident that we will be able to do it. By no means, does this statement underestimate the magnitude of the task ahead of us. We have tremendous respect for companies which are already in this space, but today we are not looking at, you know, overtaking all of them and becoming number one in the building automation segment in India. Obviously these are world-class players and they are likely to dominate this market, but from Bajaj Electricals' perspective, we will have a very important space, it will give greater customer connect and a wider range of service that we will offer to these customers, and I think, that is a very important part of our strategy, going forward.

**Tushar Jain:** Okay. Having full faith in the management capabilities, it is just that I think you confirmed to the view that you know having a product from Morphy Richards and Black & Decker and doing a project management are two different...will be two different things and I think that would also have an impact on your working capital?

**Mr. R. Ramakrishnan:** I don't think in the short run we need to worry about how working capital-intensive this will be because there will be a certain amount of supplier credit also, specifically for products that we import. Also, when it comes to some of these projects, there will be some



mobilization advances that we will be collecting. So... but in any case, no risk, no gain. We will put in whatever working capital is required and our luminaire business, our engineering and project business, etc., which will be involved in this activity in a manner, are generating enough cash flows for us to be able to sustain.

**Tushar Jain:** Okay. Sir, one final question, if you could just give me some numbers on the working capital, the debtors and the inventory?

**Mr. R. Ramakrishnan:** What would you like to know?

**Tushar Jain:** What are the debtor days like or the absolute number of debtors and the inventories?

**Mr. R. Ramakrishnan:** Well, I will just be reacting without, you know.... Okay ballpark, in terms of our non-E&PBU business, our inventories are roughly around 30 days and our outstandings are about 45-50 days.

**Tushar Jain:** Okay.

**Mr. R. Ramakrishnan:** So, we operate on a working capital cycle of approximately around 80 days. In the engineering and projects business, we will have outstandings of about 100 days and probably inventories of approximately, including the fact there may be something in the vicinity of 50 to 60 days, ...50 days of stock. So, there we will probably be operating with a total working capital of about INR 150 crores.

**Tushar Jain:** Okay. Sir, is it...okay, so would it be right in saying that your working capital over the last year has increased?

**Mr. R. Ramakrishnan:** Yes, it has certainly increased.

**Tushar Jain:** It has increased.

**Mr. R. Ramakrishnan:** See, we have been chasing ambitious revenue growth...

**Tushar Jain:** Yeah.

**Mr. R. Ramakrishnan:** ...and on the whole what happens is because the company is growing steadily at about 30%(in FY06), 28%( in FY07), 28% (in FY08) in the last five years, probably in the sales force, there is a tendency to bet on the side of inventories because revenue streams are visible. So, we have probably not exercised as much control on working capital in terms of inventories as we should. On the other hand, in terms of the outstandings, for appliances and lighting & luminaire, that has been kept well under control with use of channeled finance and with tight control in terms of monitoring dealers. In the engineering and projects business, which is

contractual in nature, where there are some amount of payments that come after execution, some amount of payments are held back towards security or towards performance guarantees, I think there the working capital in terms of outstanding has been a little bit on the higher side.

**Tushar Jain:** Okay.

**Mr. R. Ramakrishnan:** But we propose to take some corrective actions in the current year. I am fairly confident we will be able to split the working capital better in the current year.

**Tushar Jain:** Okay. Thank you very much sir and best of luck for the forthcoming year.

**Mr. R. Ramakrishnan:** Thank you so much.

**Moderator:** Thank you very much sir. Next in line, we have Ms. Mona from Corporate Database. Over to you ma'am.

**Ms. Mona:** Hello...

**Mr. R. Ramakrishnan:** Hi Mona. Is this the Mona from Corporate Database?

**Ms. Mona:** Yeah, yeah, very much. How are you sir?

**Mr. R. Ramakrishnan:** I am fine Mona. How are you?

**Ms. Mona:** Good, good. Congratulations on the great results.

**Mr. R. Ramakrishnan:** Thank you so much. You should tell my boss.

**Ms. Mona:** Yeah. Okay, just one question. In terms of tonnes, could you give me the capacity of the Ranjangaon plant?

**Mr. R. Ramakrishnan:** I may be off a little bit here or there...

**Ms. Mona:** That's okay.

**Mr. R. Ramakrishnan:** ...but I would say in terms of the galvanizing capacity, I would put it at somewhere 35,000 tonnes.

**Ms. Mona:** Okay, and this would...

**Mr. R. Ramakrishnan:** And in terms of steel fabrication capacity, I would put it at approximately 45,000 tonnes.

**Ms. Mona:** Okay, and this would increase post the phase-III expansion plan?

**Mr. R. Ramakrishnan:** Phase-III is largely focused in terms of highmasts and galvanized poles.

**Ms. Mona:** Okay.

**Mr. R. Ramakrishnan:** So, from a tonnage perspective, it may not increase very dramatically, may be 15%...

**Ms. Mona:** Okay.

**Mr. R. Ramakrishnan:** ...or 20%.

**Ms. Mona:** Right.

**Mr. R. Ramakrishnan:** In terms of the highmasts and galvanized poles business, which is highly profitable,...

**Ms. Mona:** Okay.

**Mr. R. Ramakrishnan:** ...it could have a capacity expansion between 30% and 50%.

**Ms. Mona:** Okay, fine. Okay, great.

**Mr. R. Ramakrishnan:** Thank you Mona.

**Ms. Mona:** Yeah, that's all, thank you.

**Moderator:** Thank you very much ma'am. Next in line, we have Mr. Jaideep. Over to you sir.

**Mr. Jaideep:** Sir, congratulations on a good set of numbers.

**Mr. R. Ramakrishnan:** Thank you Jaideep.

**Mr. Jaideep:** In August 2007, there was a press release from your company which said that the company looks to quadruple its turnover in the next six years. Now, this was through international tie-ups and through acquisitions. Now, we have been seeing a lot of international tie-ups. Can you throw some light on the acquisitions, which may be in the pipeline, and also a related question.

**Mr. R. Ramakrishnan:** Yeah.

**Mr. Jaideep:** You have been tying up with a lot of companies that have good technologies. Why don't you acquire some of these technologies... these companies themselves, this will give you access to other export markets as well, so these are the two related questions I had.

**Mr. R. Ramakrishnan:** Okay. See, if we have to quadruple our turnover, what I actually mean by that is we were a INR 1,000 crores company and quadrupling our turnover means becoming a INR 4,000 crores company.

**Mr. Jaideep:** Yeah.

**Mr. R. Ramakrishnan:** You have seen us growing from INR 1,000 crores to INR 1,400 crores, we will probably go to INR 1,700 crores, and we will be INR 2,000 crores in the next two years.

**Mr. Jaideep:** Yeah.

**Mr. R. Ramakrishnan:** So, INR 2,000 crores to INR 4,000 crores, it is probably a span of three years, going ahead. Now, you have seen some of the newer relationships and collaborations...

**Mr. Jaideep:** Yes sir.

**Mr. R. Ramakrishnan:** Please understand it is not an easy task in terms of operating in an international market, particularly in the high technology space.

**Mr. Jaideep:** Okay.

**Mr. R. Ramakrishnan:** And we see a substantial opportunity within the Indian market itself...

**Mr. Jaideep:** Okay.

**Mr. R. Ramakrishnan:** ...in terms of value creation.

**Mr. Jaideep:** Okay.

**Mr. R. Ramakrishnan:** Needless to say, we have a certain balance sheet, but at the very same time, the balance sheet is not so large that it can support large-scale acquisitions in the overseas market.

**Mr. Jaideep:** Okay.

**Mr. R. Ramakrishnan:** Not to mention issues in terms of integration, etc. We see significant opportunities probably within the Indian market itself in terms of acquiring certain brands, which have synergy with our business, certain companies which can add certain value to our product portfolio and market positioning, but we see a lot of opportunity in terms of bringing in world class

technology and leveraging our distribution, customer connect, and relationship with influencers, contractors, and consultants and thereby create value.

**Mr. Jaideep:** Okay.

**Mr. R. Ramakrishnan:** At the end of the day, we don't want to overstretch and impact the balance sheet adversely. We are very, very conscious of our responsibility to our stakeholders. We are systematically and steadily taking steps by which we can consolidate our balance sheet, make our organization more robust, make our people far better in terms of capability and competence and at the very same time, make sure that we address whatever our investors have in mind in terms of return. So, we have been playing that very carefully, and I think it is better for us to be cautious rather than adventurous.

**Mr. Jaideep:** Sir, a related question from what you just said. The balance sheet of the company, given the growth that the company has seen in the last two years, do you feel there is a need to dilute any equity in the, say, next... in the near term.

**Mr. R. Ramakrishnan:** I really don't think so. I mean if you really look at how our balance sheet is growing, we are doing pretty well in terms of internal accrual and frankly we don't have any mega capex plans or we don't have any mega acquisition plan, which will call for a substantial increase in terms of this. So, we are careful, we are steady, and in case anything strategic comes across, then we will take it at that point in time because the promoter family owns 67-68% of the equity of the company. We can always go in for a private placement, we can always look at attracting capital whenever we want.

**Mr. Jaideep:** Okay. And one last question sir, the promoters have made an open offer for some part of the equity, can you just throw some light on the schedule for that sir?

**Mr. R. Ramakrishnan:** I think that information is in the public domain in terms of the offer and that is something done not by Bajaj Electricals, but by the promoters of Bajaj Electricals.

**Mr. Jaideep:** Okay. Right sir, thank you very much.

**Mr. R. Ramakrishnan:** As part of the management, I don't have any view on that.

**Mr. Jaideep:** Okay sir, thank you, thank you sir.

**Mr. R. Ramakrishnan:** Thank you.

**Moderator:** Thank you very much sir. Next in line, we have Mr. Karthik from Radha Madhav Advisors. Over to you sir.

**Mr. Karthik:** Sir, could I have the capacity breakup of your dividends?

**Mr. R. Ramakrishnan:** That is a very general question because see our capacity is in terms of our Ranjangaon operations where we have a galvanizing capacity of about 35,000 tonnes per annum...

**Mr. Karthik:** Okay.

**Mr. R. Ramakrishnan:** ...we have a highmast manufacturing capacity of about 2000 highmasts and approximately around 25,000-30,000 galvanized poles per annum. The highmasts and galvanized poles are likely to increase by approximately 30% or so consequent to some capacity expansion activity.

**Mr. Karthik:** Okay.

**Mr. R. Ramakrishnan:** In terms of ceiling fans, we can manufacture about 1 mn ceiling fans within Bajaj Electricals, but we also have very strong partners who are exclusive suppliers to Bajaj Electricals, so we have third party manufacturing or contract manufacturing where there is frankly no concern in terms of capacity. So, capacity is not going to come in the way of constraining our growth.

**Mr. Karthik:** Okay. And what percentage of your sales for these divisions would be contract manufactured, imported from China or...

**Mr. R. Ramakrishnan:** Total imports from China would be roughly about 5% of our turnover.

**Mr. Karthik:** Okay.

**Mr. R. Ramakrishnan:** And contract manufacturing I would say would be approximately around 75% of our business. You must also remember that Hind Lamps is a Bajaj Group company, which gives us our general lighting services (GLS) and Fluorescent tubes lights (FTL). So, I don't know whether to look at it as contract manufacturing because it is a Bajaj Group Company.

**Mr. Karthik:** Okay. Thank you so much sir, that's it.

**Mr. R. Ramakrishnan:** Thank you.

**Moderator:** Thank you very much sir. Next in line, we have Ms. Denu from BNK Securities. Over to you sir.

**Ms. Renu:** Good evening sir. This is Renu from BNK.

**Mr. R. Ramakrishnan:** Hi Renu, how are you?

**Ms. Renu:** Hi sir, doing fine. Sir, not taking much time, I would just like to know, overall what is your outlook on the TLT segment of the business and how are you looking at Bajaj Electricals over the next two- three years in this segment than growth across the segments ?

**Mr. R. Ramakrishnan:** I would say we are cautiously optimistic.

**Ms. Renu:** Okay.

**Mr. R. Ramakrishnan:** You will remember that we have not gone headlong into this business with massive investments in terms of capacity creation.

**Ms. Renu:** Right.

**Mr. R. Ramakrishnan:** The reason for that was we anticipated that a large number of newer players will try to come into this space....

**Ms. Renu:** Right.

**Mr. R. Ramakrishnan:** ...which has actually happened. Now, many of these people have set up capacities and they are looking forward to enhancing their turnover....

**Ms. Renu:** Okay.

**Mr. R. Ramakrishnan:** ...but that has resulted in a certain amount of margin pressure in terms of the various tenders.

**Ms. Renu:** Okay.

**Mr. R. Ramakrishnan:** But I am very happy to tell you that in the current year, the going is good and for some three or four very large tenders, we are L1 and the process of receiving of those orders is in the pipeline.

**Ms. Renu:** Okay.

**Mr. R. Ramakrishnan:** Whatever order book I have indicated to you, it is likely to increase further...

**Ms. Renu:** Okay.

**Mr. R. Ramakrishnan:** ...thanks to some further orders that we are expecting where we are very well placed.

**Ms. Renu:** Sure. Sir, these orders...

**Mr. R. Ramakrishnan:** So, we are at this point in....

**Ms. Renu:** ....we get from State electricity board (SEB) or from Power Grid?

**Mr. R. Ramakrishnan:** Quite a bit of it will be Power Grid.

**Ms. Renu:** Okay.

**Mr. R. Ramakrishnan:** Some of them could also be SEBs where there is both supply and direction. See, what I would like to say is that our philosophy towards the TLT business is that we will invest in this business keeping in mind reasonable growth expectations that we have.

**Ms. Renu:** Right.

**Mr. R. Ramakrishnan:** We will not go overboard in terms of this business, we will not try to take this business global in terms of, you know, immediately making investments in terms of large scale capacity or in terms of getting contracts from abroad, etc. At the same time, we have got a very interesting order for telecom transmission towers from South Africa.

**Ms. Renu:** Right.

**Mr. R. Ramakrishnan:** It is valued at about INR 10 crores that is an export order. So, all in all, cautious optimism.

**Ms. Renu:** Okay. Sir, even on the execution side, are we facing any problems or issues with regard to rural electrifications projects or even the TLT segment?

**Mr. R. Ramakrishnan:** The rural electrification project has been a very good learning experience for us.

**Ms. Renu:** Okay.

**Mr. R. Ramakrishnan:** It has been complex, it has been difficult, putting into place the right thing, putting into place the right control mechanism, making sure that in a place like Chhattisgarh, the project is implemented within time and cost schedules. I think it has been a great learning experience, but executing an order of INR 55 crores under special projects such as rural electrification has taught us the ability to manage large teams of people and probably in terms of looking at, you know, there is no dearth of orders in this space...

**Ms. Renu:** Right.



**Mr. R. Ramakrishnan:** ...and in case we want to pick up further revenues, we see this as a clear possibility in terms of doing that. We have developed the capabilities as an organization to be able to do such business and still make profits.

**Ms. Renu:** Okay sir.

**Mr. R. Ramakrishnan:** However, it is a very thin margin business.

**Ms. Renu:** Right. And sir on the industrial segment, you mentioned that lot of industrial capex would be happening and you would see significant business coming in both from projects as well as luminaire segment. So, if you could be a little more specific and just mention in brief, which are the key industrial spaces with segments of the industry that are bringing in lot of new orders and investments?

**Mr. R. Ramakrishnan:** As far as the TLT business, you are familiar with that. I don't have to elaborate upon that.

**Ms. Renu:** Yeah, overall....

**Mr. R. Ramakrishnan:** We are now looking at road signages. The Eastern Express highway and the Western Express highway; you would have noticed the brand new signages in Bombay...

**Ms. Renu:** Right.

**Mr. R. Ramakrishnan:** ....they have been done by us using our poles and using our signage technology. We are also looking at significant orders from modernization of airports that is going to happen. Nearly 25 airports are likely to be spruced up. I mean, in the future we will be looking at further share in terms of the business, in terms of the Commonwealth Games, whether it be in terms of the facilities for the sports personnel, the accommodation for them, as well as in terms of the stadium, which are likely to be refurbished or modernized. I am happy to tell you that in the MIHAN project, MADC-expand in Nagpur, we got a street lighting job worth about INR 30 crores. Hyderabad Cricket Stadium where the IPL matches are being held under floodlight...

**Ms. Renu:** Right, we received an order....

**Mr. R. Ramakrishnan:** ...we have executed about INR 6.5 crores job...

INR Right.

**Mr. R. Ramakrishnan:** ...in a record time of 75 days.

**Ms. Renu:** Yes sir.

**Mr. R. Ramakrishnan:** We have got six power plant lighting orders worth about INR 45 crores. Indore Cricket Stadium, we have bagged an order for about INR 5 crores and transmission line towers from ITIL worth about INR 22 crores. So...

**Ms. Renu:** As in within sectors, if one has to just point out like whether it would be steel, cement, or industrial sectors, any other sector apart from realty, power...

**Mr. R. Ramakrishnan:** I think SEZ. SEZ is a big opportunity. The pharma sector where there are a lot of things happening...

**Ms. Renu:** Right.

**Mr. R. Ramakrishnan:** ...is an important segment. If I look at my luminaire business, I would say the priorities would be retail, pharma, IT and IT-enabled services, hospitals, and I would say energy efficiency.

**Ms. Renu:** Okay.

**Mr. R. Ramakrishnan:** Not to mention street lights and regular...

**Ms. Renu:** Yeah, they would definitely be there.

**Mr. R. Ramakrishnan:** ...battery lightings.

**Ms. Renu:** Sure. Okay sir, thank you so much.

**Mr. R. Ramakrishnan:** Thank you.

**Ms. Renu:** Yeah.

**Moderator:** Thank you very much ma'am. Next in line, we have Mr. Mayur from Wealth Managers. Over to you sir.

**Mr. Mayur:** Sir, was just trying to understand, looking at your previous numbers, because segments are not available in total. In different segments, like let's say in lighting we are moving on a capital turnover ratio of close to 20x, will it be correct to say, and on consumer durables it will be over 10x.

**Mr. R. Ramakrishnan:** Praveen, would you like to comment on that.

**Praveen Jathar:** As far as overall capital turnover ratio is concerned, between last year and the current year, even in absolute numbers, our capital... working capital has increased, capital turnover ratio has remained at the same level.

**Mr. Mayur:** Around 4x or...

**Praveen Jathar:** 4.3x I would say.

**Mr. Mayur:** Right, right. No, but if you look at it from the segment side...

**Praveen Jathar:** Yeah.

**Mr. Mayur:** ...then the lighting is moving closer to 20x, will be a rough estimate, assuming 30% which we have said growth on the turnover.

**Praveen Jathar:** This segment-wise is not available with me, but I don't think lighting will be so high. Our maximum capital is deployed in our engineering....

**Mr. Mayur:** Right.

**Praveen Jathar:** ...and project division...

**Mr. Mayur:** Right.

**Praveen Jathar:** ...and wherein...yeah, you can say, yeah, turnover, it will be high in lighting, I agree.

**Mr. Mayur:** No, what I was actually trying to come to the point is we are seeing this and over the last three- four years...

**Praveen Jathar:** Yeah.

**Mr. Mayur:** ...we have not... let's say last two years we have not increased the capital employed in the consumer durables and the lighting segment anywhere closer, but we are seeing the turnover going up. I understand the capacity in terms which you have given, but where do we go in actually financial numbers on the turnover side, means where do we see the bottleneck slipping and where do we see actually because capex, like what you said, is also not very highly planned for the next two years....

**Praveen Jathar:** I think you have to understand the business model....by Ram. Our business model is outsourcing. As far as our consumer durable division is concerned, the capacity expansions are... actually we have put a dedicated vendor and we outsource from them and increase our turnover, so

wherein we don't have to really put money into our capex except that we have recently acquired Starlite Lighting for our CFL and for our consumer durable, especially appliances, we put up our own factory.

**Mr. Mayur:** Okay, sir, is it...

**Mr. R. Ramakrishnan:** Can you rephrase that question? See, in terms of lighting, we have acquired Starlite Lighting where we have invested some amount of capital. In terms of...

**Mr. Mayur:** But I think they are standalone numbers actually, I don't know whether that will be... Yeah, it will be in standalone itself right?

**Mr. R. Ramakrishnan:** That's right.

**Mr. Mayur:** So, I am looking at actually....

**Mr. R. Ramakrishnan:** Capital employed in lighting business has gone up from INR 16 crores to INR 26 crores. In consumer durables, from INR 50 crores to INR 56 crores, which is a 13% increase. Engineering and projects from INR 250 crores to INR 301 crores, which is a 20% increase and the overall capital interest is at this level. So, I think for us, frankly speaking, it is not a capital employed challenge, we have a fair amount of outsourcing of our products, so to that extent the capital that has sunk in terms of enhancing capacity is put in by our vendors and other partners. So, basically for us the challenge is in working capital management, which is inventory and outstanding.

**Mr. Mayur:** Okay sir. So, basic strategy...can we like broadly say that we are moving from more a manufacturing concern to a marketing concern based on brand strength, at least in the consumer durables and the lightings, you know?

**Mr. R. Ramakrishnan:** See, consumer durables, in any case appliances broadly was outsourced and we were manufacturing initially ceiling fans in our factory, but then with Himachal Pradesh and Uttaranchal coming in with excise and income tax sop, we found it better to move to contract manufacturing in those areas. We also realized on the other hand we have made major investments in terms of our Ranjangaon operations, which is in manufacturing, so actually it is a mix of strategy. Strategic manufacturing investments were warranted, outsourcing where that model works and gives us corporate volumes.

**Mr. Mayur:** Okay. And sir just one last understanding of the... this engineering and projects, we had some sales from luminaire and lighting which will go into engineering and projects are categorized in that segment rather than in lighting, right?

**Mr. R. Ramakrishnan:** That's right. In the case of luminaries, they are used for street lighting projects or for any airport lighting or power plant lighting.

**Mr. Mayur:** Right.

**Mr. R. Ramakrishnan:** The luminaires that are consumed in that are accounted in E&PBU.

**Mr. Mayur:** So, let's say on a random basis, if we say 100 as a value of our project, how much would be the product sales within that?

**Mr. R. Ramakrishnan:** See, again when you say project, if it is a transmission line tower project, obviously no lighting will be used.

**Mr. Mayur:** Right.

**Mr. R. Ramakrishnan:** But if you are looking at pure lighting project, I would say in a pure lighting project, approximately 60% would be the luminaire use and about...probably 40% is the luminaire use, 60% will be others.

**Mr. Mayur:** Okay, and how will that be in TLT?

**Mr. R. Ramakrishnan:** In TLT, transmission line towers don't have any luminaire. They are...

**Mr. Mayur:** No, no, I am saying the value of the product, what is the...

**Mr. R. Ramakrishnan:** Sorry...

**Mr. Mayur:** The value of the product for TLT.

**Mr. R. Ramakrishnan:** In TLT, 80% would be product, 20% would be....

**Mr. Mayur:** Okay, thank you sir, that's all from my side.

**Moderator:** Thank you very much sir. Next in line, we have Ms. Neha from Angel Broking. Over to you sir.

**Ms. Neha:** Hello...

**Mr. R. Ramakrishnan:** Yes.

**Ms. Neha:** Sir, this is Neha here again.

**Mr. R. Ramakrishnan:** Who is speaking?

**Ms. Neha:** Sir, this is Neha here.

**Mr. R. Ramakrishnan:** Hi Neha.

**Ms. Neha:** Yeah, hi sir. Just trying to understand sir like in terms of consumer durables, fans, and other consumer appliances, sir where exactly are you seeing growth coming from, is it because the penetration is so low, so we are tapping new opportunities or is it because there is a complete turnover in terms of replacement?

**Mr. R. Ramakrishnan:** We see a big opportunity in organized retail.

**Ms. Neha:** Okay.

**Mr. R. Ramakrishnan:** You know with Big Bazaar and there is a whole lot of other players coming up in terms of the large mall...

**Ms. Neha:** Right.

**Mr. R. Ramakrishnan:** ...we are noticing a change in consumer buying behavior...

**Ms. Neha:** Okay.

**Mr. R. Ramakrishnan:** ...instead of going to the predominantly price-conscious wholesale market with zero shopping experience...

**Ms. Neha:** Okay.

**Mr. R. Ramakrishnan:** ...to probably a great shopping experience at a reasonable price point...

**Ms. Neha:** Right.

**Mr. R. Ramakrishnan:** ...and with a wide range of products being displayed and demonstrated. Now, we have demonstrated in these malls. We have a good shop presence in these malls and so in the appliances business, that is becoming an important driver of growth.

**Ms. Neha:** Okay.

**Mr. R. Ramakrishnan:** We also have the canteen stores department (CSD), which caters the Army, Navy, and Air Force and the Coast Guard. We are doing pretty well because that is about 3,000 outlets all over India and we are doing pretty well in terms of our CSD business. We have a dedicated team to look after CSD. We have created a dedicated team to look after our malls business and institution sales business.

**Ms. Neha:** So, sir, institutional sales would be what?

**Mr. R. Ramakrishnan:** Another thing that we have seen is in terms of rural penetration.

Ms. Neha: Okay.

**Mr. R. Ramakrishnan:** You see, while malls are happening largely in urban centers, we notice polarization happening, where the regular trade is probably losing a bit of ground to organized retails, but one way by which we are making sure that we continue to grow in regular trade is by increasing the depth of our penetration in terms of the suburban market, into mofussil areas. We have rolled out a strategy by which in some of the BU, towns with a population of even 50,000 will have direct distributors or dealers. So, we are trying to push hard in terms of moving down from 5 lakh population counts to 2 lakh population and 1 lakh population and probably going down to 50,000 population.

**Ms. Neha:** Right. Okay sir. So, could you give me a sales breakup of your consumer plans in terms of, like, metros, which would be institutional sales, and rural, which would be like your distributor sales.

**Mr. R. Ramakrishnan:** Difficult to put it, you know. I would only say that modern retail probably at this point in time would be roughly 15% of our appliances business.

Ms. Neha: Okay.

**Mr. R. Ramakrishnan:** I am talking of modern retail. See, please understand the metros, there is a modern retail plus there is regular retail.

Ms. Neha: Right.

**Mr. R. Ramakrishnan:** They co-exist.

Ms. Neha: Right.

**Mr. R. Ramakrishnan:** Going forward, I expect that modern retail will grow 20-25% and probably stabilize around 30%...

Ms. Neha: Right.

**Mr. R. Ramakrishnan:** ...in terms of our turnover in the next two to three years.

**Ms. Neha:** Sir, what would be the penetration levels in, like, the metros, I mean as far as like....

**Mr. R. Ramakrishnan:** It varies tremendously across categories. I don't want to hazard a guess.

**Ms. Neha:** Okay.

**Mr. R. Ramakrishnan:** Whether it be ceiling fans or irons or mixer grinders or water heaters, each one of them will have different penetration levels.

**Ms. Neha:** Okay, okay. Okay sir. And in terms of, in the longer term, is this like a cyclical business, would you see cycles of high revenue growth and then the growth would taper down?

**Mr. R. Ramakrishnan:** See, overall fortunately the last three-fours have been good. While we have tightened our belts and, you know, become a better organization, we have also taken advantage of the opportunities in the environment. I clearly see that the housing segment is weak. To some extent, the builder segment whether it be in terms of commercial space or whatever, we are seeing a situation where there is a fair amount of supply and there is also a tendency towards rental income...

**Ms. Neha:** Okay.

**Mr. R. Ramakrishnan:** ...likely to come down.

**Ms. Neha:** Right sir.

**Mr. R. Ramakrishnan:** Let me just put it to you like this, the kind of bullishness that we have witnessed...

**Ms. Neha:** Yes.

**Mr. R. Ramakrishnan:** ...in terms of new homes being created, bullishness in terms of a lot of reliance, in terms of plastic money, or in terms of loans for consumer durables or personal loan, or let us say people who saw boom in the stock market and were willing to invest in the stock market and you know take out the profits from there and put it into lifestyle expenditure, I certainly see a slowing down of some of those things.

**Ms. Neha:** Okay.

**Mr. R. Ramakrishnan:** At the very same time, the Pay Commission has put in a fair amount of money in the hands of the government servants and the INR 70,000 crore of rural loans that have been written off is a bit of a bonanza in the rural market.

**Ms. Neha:** Okay.



**Mr. R. Ramakrishnan:** I certainly am hoping that whatever little slowing down one is seeing in the urban areas, as witnessed by the two-wheeler industry, the four-wheeler industry, etc., will be compensated to an extent with a little spurge in terms of the expenditure of government employees as also in terms of let us say with good monsoon, one hopes that in the rural market there will be a little more spending if that happens. All in all, we are bullish about the Indian story....

**Ms. Neha:** Okay.

**Mr. R. Ramakrishnan:** I speak about India in various international conferences. I have done that in Germany, I have done that in Barcelona. I have done that in New Zealand. I am very confident that the long-term growth story of India is very stable and strong, independent of what happens in the global market. We have a lot of youth power coming into the economy. We are in the process of creating more jobs in terms of manufacturing and services. India has the potential to be a very strong player in both manufacturing as well as a service-led industry plus a majority of our population is as it is employed in agriculture.

**Ms. Neha:** Right sir.

**Mr. R. Ramakrishnan:** With the right mix of government policies, with far greater infrastructure investments, with greater inflow of foreign direct investments for manufacturing-led export growth and India becoming even more powerful in terms of software and services, I am very bullish in terms of the prospects for our company.

**Ms. Neha:** Alright sir. Sir, if you can tell me just another detail sir. What would be our revenue break-up in terms of products that we see under the Bajaj brand and products that we see for other brands like Morphy Richards or otherwise. Can you give me its revenue breakup?

**Mr. R. Ramakrishnan:** Morphy Richards, very roughly, is about INR 46 crores last year against about INR 320 crores in terms of our Bajaj Appliances portfolio.

**Ms. Neha:** So, Bajaj Appliances, we sold INR 46 crores this year against INR 320 crores?

**Mr. R. Ramakrishnan:** No, Morphy Richards-INR 46 crores against about INR 320 crore in terms of Bajaj Appliances.

**Ms. Neha:** Okay, okay, okay sir.

**Mr. R. Ramakrishnan:** Okay?

**Ms. Neha:** Yes sir.

**Mr. R. Ramakrishnan:** So, that will give an idea about .Morphy Richards and Bajaj Appliances. Trilux, Securiton, and Delta are very, very early. So, right now, I don't want to comment on their revenues.

**Ms. Neha:** Alright sir. And sir just another question. In terms of your EPC, I am sorry your E&P division, sir what could be your working capital cycle for that division.

**Mr. R. Ramakrishnan:** Just a moment please. See, in that division, inventory is in terms of whatever investments happen in factory operations. And outstandings are in terms of what happens in the marketing operation.

**Ms. Neha:** Yes sir.

**Mr. R. Ramakrishnan:** So, I would (ballpark figure) indicate to you that roughly it is of the magnitude of about 125 days in terms of outstandings and about 25 days in terms of inventory.

**Ms. Neha:** 25 days of inventory..

**Mr. R. Ramakrishnan:** I am saying ballpark at the end of March.

**Ms. Neha:** Sure, sure sir, alright sir. Okay.

**Mr. R. Ramakrishnan:** As far as our businesses are concerned, probably outstandings are at 44 days and inventory are at about 28 days. Roughly about 71 days.

**Ms. Neha:** Okay sir. Thank you so much..

**Moderator:** Thank you very much ma'am. At this moment...

**Mr. R. Ramakrishnan:** Grishma, I think it was a call for about one hour, we have spent about one and a half hours.

**Ms. Grishma Shah:** Yes, yes, we will wind up. Sir, I have a question. You said that you are going to expand the Starlite capacity...

**Mr. R. Ramakrishnan:** Yes...Hello?

**Ms. Grishma Shah:** Can you tell us what will come on-stream in FY09 and what will come on-stream by FY10?

**Mr. R. Ramakrishnan:** Most probably the actual project of implementation will get completed by March FY08-09. Hello...

**Ms. Grishma Shah:** Yeah.

**Mr. R. Ramakrishnan:** By March 2009, we should be able to increase capacity by approximately around 125- 150% or let us assume we will be able to easily double the capacity in terms of Starlite Lighting. Realization of that capacity in volume terms will actually happen in FY09-10...

**Ms. Grishma Shah:** Okay.

**Mr. R. Ramakrishnan:** ...and thereafter. We see a significant opportunity in terms of exports of compact fluorescent lamps, going forward, and of course in the domestic market, we propose to technology innovate, be cost leaders, and be productivity leaders in terms of having a fairly-advanced chain. We have finalized the chain from GE, Europe, and it is the state-of-the-art chain, which is going to be one of the fastest CFL-producing chains in the world with very high productivity and with low cost along with that.

**Ms. Grishma Shah:** So, what would be your spending on this, as in what would be the capex on this?

**Mr. R. Ramakrishnan:** Roughly in the vicinity of about INR 20 crores.

**Ms. Grishma Shah:** INR 20 crores in FY09?

**Mr. R. Ramakrishnan:** That's right, but that will be in the Starlite balance sheet.

**Ms. Grishma Shah:** Okay. We won't.....

**Mr. R. Ramakrishnan:** That won't be in the Bajaj Electricals balance sheet.

**Ms. Grishma Shah:** Okay, okay. Fine sir. On behalf of Edelweiss Securities, I thank you for spending your valuable time on the call. Thanks Mr. Jathar for spending the time on the call.

**Mr. R. Ramakrishnan:** Grishma, I will be happy if I can have a CD of this entire interview.

**Ms. Grishma Shah:** Can I send you a con call transcript?

**Mr. R. Ramakrishnan:** I believe the whole thing has been recorded.

**Moderator:** Yes sir, it is recorded, I will send forward the CD.

**Mr. R. Ramakrishnan:** I will be very happy to receive a CD of the entire con call along with the transcript.

**Ms. Grishma Shah:** Okay fine.

**Mr. R. Ramakrishnan:** Thank you very much.

**Ms. Grishma Shah:** Thank you sir.

**Mr. R. Ramakrishnan:** Bye-bye.

**Moderator:** Ladies and Gentlemen, thank you for choosing WebEx Conferencing Service. That concludes this conference call. Thank you for your participation. You may now disconnect your lines.