



Havells India Limited

Q3 FY '26 Earnings Conference Call

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**MODERATOR:** **MR. ANIRUDDHA JOSHI – ICICI SECURITIES LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to Havells India Q3 FY '26 Earnings Conference Call hosted by ICICI Securities Limited. As a reminder, all participants' line 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 that this conference is being recorded.

I now hand the conference over to Mr. Aniruddha Joshi from ICICI Securities. Thank you, and over to you, sir.

**Aniruddha Joshi:** Yes. Thanks, Danish. On behalf of ICICI Securities, we welcome you all to Q3 FY '26 and 9 months FY '26 Results Conference Call of Havells India Limited. We have with us today senior management 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.

Now I hand over the call to Mr. Anil Rai Gupta for his initial comments on the company performance. Then we will open the floor for question-and-answer session. Thanks, then over to you, Anil, sir.

**Anil Rai Gupta:** Thank you, and good evening and wish you all a very Happy New Year. Thank you once again for attending the call today. I hope you would have reviewed the results by now. We delivered a healthy overall performance in the third quarter, which was primarily led by an accelerated growth in our cables business, driven by volume expansion and commodity price inflation.

While overall consumption trends remain modest, we did see some pickup during this festive season. Also, there was a healthy uptick in demand for heating products supported by a good winter. As regards to the cooling products, we saw a challenging environment in the last couple of quarters. However, now the channel inventory is normalizing.

Overall, revenue growth in Q3 backed with disciplined spends translated into operating leverage as the revenue grew by 14% and EBITDA was up 21% Y-o-Y. During the quarter, there was an exceptional item impact of INR45 crores on account of additional provisioning pursuant to the new labour codes.

We remain optimistic about a gradual recovery in demand. However, we are cognizant of the industry headwinds such as cost increases on account of commodity inflation, BEE changes, e-waste, etc. We are in the process of taking calibrated price hikes and enhancing operational efficiency.

We can now move to Q&A.

**Moderator:** Thank you so much. Ladies and gentlemen, we'll begin with the question and answer session. Our first question comes from the line of Sucrit D. Patil from Eyesight Fintrade Private Limited.

**Sucrit D. Patil:** I have 2 questions. My first question is to Mr. Gupta. As Havells continues to expand across categories, how do you see the company balancing growth with profitability, especially given the margin pressures we saw this quarter, over the next few years, what role do you see Havells play in the premiumisation and customer experience? And how do you -- and how will you differentiate against the peers in the consumer electrical space? That's my first question. I'll ask my second question after this.

**Anil Rai Gupta:** First of all, your question is a bit breaking in between, my line was not very clear. But what I understand is how do we ensure that over a longer period of time, we maintain growth as well as profitability. I think this is a general philosophy and strategy of the company that we've always balanced growth and profitability.

And we have achieved that through brand building, distribution reach and innovation in the products itself. We are becoming a complete product portfolio in terms of electrical and electronics is concerned.

And I would consider this as a strength rather than as a weakness because this will give us more leverage at the channel as well as utilizing the brand fully as well as gaining operating leverage because of our large product range.

So I think over a period of time, we do see that the advantage of having innovation in all product categories that Havells operates in, that will be a big benefit and it should ensure growth as well as profitability expansion.

**Sucrit D. Patil:** My second question is with the revenue growth coming in and margins may be under some pressure, how are you thinking about balancing cost discipline with investment needs for innovation and distribution expansion? As Havells scales further, what steps are you taking to ensure financial discipline while supporting long-term ambitions?

**Anil Rai Gupta:** I think overall, again, you are alluding to the overall strategy of the organization. Look, the cost pressures are long term as well as short term. So generally, short-term pressures are sometimes absorbed and sometimes passed on to the market. The long-term cost pressures are achieved through efficiency improvement over a longer period of time with growth and bringing in operating leverage.

I think Havells has shown over decades and years that it has always balanced both growth and profit aspirations. And I think the biggest thing is, I think Havells has always remained very financially prudent in terms of -- whether it is in terms of managing working capital, in terms of inventories or receivables, but also in terms of capex.

So I think we have been cautiously optimistic in ensuring that we have enough capacities built up for the incoming growth. So it's always balanced approach by Havells. And I think over the next few years, this kind of an approach will continue, which is the mainstay of Havells.

**Moderator:** Our next question comes from the line of Natasha Jain from PhillipCapital.

**Nattasha Jain:** My question is on wires and cables, a couple of them. First, if you could tell us the volume growth in terms of wires and cables separately. Second question is that copper prices have risen very sharply. So -- but natural wires must have seen higher inventorization than cables. Since we are wire heavy, can you tell us how much inventory is there in the channel?

And could that lead to a moderation for wires specific cables? And last question within wires and cables is, in your opinion, I would just want to know that what happens if copper rises very sharply again from here? Would that mean that there will be stress in terms of working capital at the dealers' end? And if that is true, would that mean that the company would have to directly do B2B, which means eventually margins will taper off from here? So those are my 3 questions.

**Anil Rai Gupta:** So first, can you repeat your first question? I got your second and third. Can you repeat the question?

**Natasha Jain:** Volume growth, sir, individually in wires and cables, if you can call out?

**Anil Rai Gupta:** So volume growth has been a good healthy double digit, over 20%. So -- but there has been a sharp increase in raw material prices, as you mentioned, which actually has given a sharp increase in revenue growth for both cables and wires. As far as you're right that Havells is more wire heavy, and there has been a decent amount of stock build-up at the channel level.

There were continuous price increases in the third quarter and going into the fourth quarter as well. So if there will be sudden price movements, yes, there will be some amount of channel normalization, which can impact the volumes for some time.

But I think it all depends upon how the consumption in the market goes. So some channel has gone from manufacturers to the retailers and now retailers have to eventually sell the products in the market.

I don't see any strategy change at least for Havells that we would move more B2B heavy than channel heavy. I think these kind of changes can happen. Depending upon the raw material, there could be some price increases or reductions in the coming times. It's very difficult to predict what the raw materials, how it will behave. For cables and wires business, at least, I think there is far more predictability in terms of passing on price increases or price reductions. So again, we have to see over a longer period of time or at least mid-level of period of time rather than one quarter to the next quarter.

**Natasha Jain:** A question on Lloyd. So could you please quantify the price -- minimum price hike that the industry will have to take on 3 aspects? One is the BEE rating, the other is copper and the third is INR depreciation.

**Anil Rai Gupta:** You also have to figure the GST reduction. But if you take that out, I think overall, there could be a 5% to 10% increase in this quarter.

**Moderator:** Our next question comes from the line of Aditya Bhartia from Investec.

- Aditya Bhartia:** Sir, when we look at the segmental capital employed and segmental assets, it seems that inventory is still a little higher in case of Lloyd. So I guess this would be all in respect of old BEE norm products. And I just wanted to understand how would we be able to liquidate the same given that norms got revised in January? Is it that pre-labeling would be required? Or we'll be able to just sell it in the next couple of months?
- Anil Rai Gupta:** Yes, I think we should be able to sell in the next couple of months. In fact, it's not only in air conditioners, but also in fans. So there is some amount of residual inventory of the old BEE norms, which get passed on during the season in the coming time. So usually, the system is almost like where we sell the old norms first and then the new norms start kicking in.
- Aditya Bhartia:** Understood, sir. So in this particular quarter, do you anticipate different companies to be having different strategies, some of the companies which have already possibly sold a lot of old BEE norm products to be moving to new BEE norms while some continuing to sell the old BEE norm products and therefore, some confusion in terms of pricing as well?
- Anil Rai Gupta:** No, I think usually, the trade is very clear about the fact that when they are buying a product at a lower price, they are buying a lower BEE material. So this would not be a problem. I think this kind of a transition has happened over the last few years and the trade and manufacturers are quite mature about it.
- Aditya Bhartia:** Understood, sir. Just one last question. When we look at wires and cables, volume growth, I mean, leaving aside the realization benefit, but volume growth generally also has been pretty robust in the last few years. The same, however, is not translating into growth for other categories. So just wanted to understand why is there such a big mismatch? And at some point of time, would you anticipate other categories to also start catching up to wire growth?
- Anil Rai Gupta:** I think as far as wires is concerned, there is generally a match between other product categories. Cables has been higher because of the government infrastructure spends and if you're talking about the last few years. But if we talk just about the last quarter, it's primarily some sort of channel stock build-up, which has happened, and that should get adjusted in the coming couple of quarters.
- Moderator:** The next question comes from the line of Rahul Agarwal from Ikigai Asset.
- Rahul Agarwal:** Just 2 questions. Firstly, on capex. I think we've done about INR1,200 crores so far in 9 months. Just wanted to know projects that are under construction right now. And my sense is a lot of expansion has been done in cable and wires as well as Lloyd I think, should be under construction. So next year, I would imagine it should be a lower budget for capex fiscal '27. So should we expect some lower capital intensity? That's the first question.
- Anil Rai Gupta:** Yes. I think as far as cables and wires are concerned, there will be continued capex in the coming year. So Lloyd pretty much is done in this present year. But there will be a higher capex spend for the new R&D center, which will come up. So overall, it should be in the range of another INR1,000 crores in the coming year.

**Rahul Agarwal:** And right now, what are the projects which are underway? Like if you could just highlight the segments?

**Anil Rai Gupta:** As I said, right now, cables and wires and Lloyd in this year, cables and wires being the main thing, which is continuing -- going to continue in the coming year and the R&D center will also continue in the next year.

**Rahul Agarwal:** Okay. Got it. And sir, secondly, on the room AC side, you shared that there is a 5% to 10% price increase. Inventory also you have clarified. Just in terms of the production planning because we have large capacities now under Lloyd. How do you see this overall industry panning out? Like what kind of thought process would you have in terms of production planning for REF, washing machines as well as for AC? Just highlight some top-down thoughts would really help.

**Anil Rai Gupta:** I think usually, as a company, we are far more positive looking and more optimistic. However, given the very bad season in the last year, which has led to degrowth in the air conditioning industry as well as fans or air coolers also. I think we'll be a bit more prudent and just work along with the channel to see how their inventory is getting cleared and new inventory keeps going in. So we will have to act with optimism and prudence both in the coming couple of quarters for the summer products.

**Rahul Agarwal:** So inventory basically normalizes by March '26, right? That's what we should build for Lloyd, right?

**Anil Rai Gupta:** Yes, inventory should get because season starts for South in February and March in North.

**Moderator:** Our next question comes from the line of Latika Chopra from JPMorgan.

**Latika Chopra:** My first question was on ECD. Would it be possible for you to share some color on how the subsegment growth behaved? What is the broad pricing growth contribution to this 4% growth in the quarter?

**Rajiv Goel:** You're talking about ECD, Latika.

**Latika Chopra:** Yes.

**Rajiv Goel:** Yes. So ECD, largely the growth has been led by also the winter products. Winter has been pretty decent. So there is a good growth in our OFR segment. We continue to be the number 1 player in the country now in this segment. There has been a decent growth there as well as water heaters.

Except for fan, I mean, which was still expected. I think they are having still the summer challenges like we have in AC. So I think all other categories have seen growth. And these are not largely driven by pricing. These are largely volume-driven growth in the ECD segment.

**Latika Chopra:** Sure. The second question was on margins. A&P spends were lower on a Y-o-Y basis. Just wanted to check which product segment is driving this? And at a very broad level, when you

look at the next 4 quarters, any thoughts on the overall margin outlook given the company is going to face commodity inflation on one side and then your comment on modest demand outlook and competitive challenges on the other. So how do you view -- what's your best guess at this time? How would you try to manage revenue growth push versus the margin pressures?

**Rajiv Goel:**

So, A&P spend is not something very specific to any product category. I think this is pretty much across the board. So, I don't think we have picked up any category and said, let's stop investing in the A&P on that. And if you see in the past, we have commented that you see we have been investing decent into A&P, and this is normally driven by the demand and we see the need in the market.

So I don't think you should read too much into the A&P as to be sort of tagged to any particular product category. As far as the margins are concerned, Latika, these fluctuations in the commodity prices definitely will have some degree of effect. And I think this, this tactical balancing between growth and margins will continue to play out.

So I think difficult to comment any specific on these. But as Havells philosophy has been, I think we will continue to focus on margin improvement. And even with these cost increases, I think there are opportunities of cost rationalization as well.

So I think it will be a mix of calibrated price hikes, you see managing cost much better, productivity improvement. So there are a lot of levers which the company has, and I think we will definitely optimally use each of them to ultimately have a good balance between growth and profitability. Both objectives will continue to be paramount for us.

**Moderator:**

Our next question comes from the line of Siddhartha Bera from Nomura.

**Siddhartha Bera:**

So first question is on the 'other' segment. We have seen pretty healthy growth now in the past few quarters, but margin seems to be quite subdued in that category. So if you can talk about what is really driving or impacting the margins? Is it the ramp-up in solar, which might be low in the initial part of the ramp-up? So if you can help us understand this? And how big will be solar as of now for us?

And second question, sir, is on the ECD side. Do you expect further improvement with more price hikes? And if you can highlight in terms of price hikes, how much is still yet to be taken? And should we expect more expansion on the ECD margins as well?

**Anil Rai Gupta:**

Yes. I think in the 'other' solar is moving much faster than the other product categories, and that is why there is a large opportunity there, which does affect the overall margins because right now, it's getting balanced between utility type of orders and C&I installation type of orders. So it's getting balanced right now. But overall, we have a very positive outlook for solar in the coming times, both in terms of revenue growth as well as margin expansion.

As far as the ECD is concerned, look, it's a process which is ensuring that we come back to our normalized levels of ECD margins. That's going on. It has definitely been impacted by current

raw material price movements. How much of that can be entirely passed on to the market, that will only be seen during the season time for the fans.

So I think it's difficult to give you a margin outlook at this point of time, but company always strives to improve margins. And again, we really don't compromise on margins because of volume growth in branded and distribution-oriented business, that really doesn't play a huge role. So ECD continuously, there will be aspiration for growth and improvement of margins.

**Moderator:** Our next question comes from the line of Praveen Sahay from PL Capital.

**Praveen Sahay:** My question is related to the solar, because in this quarter as well as in the 9-month other growth has been very good and driven by solar, what I believe. So solar in that is the larger contribution is of a solar in water for Havells right now?

**Rajiv Goel:** No, its both modules and inverter. But yes, the higher growth is in the modules. We have also tied up and invested in Goldi, which is helping us to get sort of more strategic supplies from them. So I think that was the purpose as well. But yes, I think the growth in inverter is also there, but clearly outpaced by the module's growth.

**Praveen Sahay:** Okay. And margin profile in this kind of a product is of single digit?

**Rajiv Goel:** Yes, I will say early double digit to high single digit depending upon the project. I think this quarter, I don't think we should read too much into this. As I just commented, we see good growth and a good opportunity even for profit because I'm sure you are aware that Havells is a larger ecosystem to play in the solar segment.

And we are also trying to evaluate this from an entire renewable ecosystem perspective rather than just a solar module perspective. And that was the reason why we didn't go to just set up our own modules factory because I think there is a larger ecosystem play which Havells can do, and that's what the entire focus is going to be going forward.

**Praveen Sahay:** Okay, sir. And next 2 clarifications. I just wanted. One is related to the Lloyd, as you had mentioned channel inventory normalized. Can you give the days like what the number of days for this normalized inventory right now for channel?

**Rajiv Goel:** That will be frankly difficult. But clearly, it is much lesser than what used to be in the previous year. That was sort of we can say. So I think much more under control. Because see challenge is also slightly there because of weak summer, you will appreciate. They also are slightly now wary of taking lot many stocks. So gradually, I think the situation is far comfortable at the channel level, though it's difficult to give specific numbers.

**Praveen Sahay:** Okay. And second clarification related to the price hike. As you said that the price hike requirement is of 5% to 10%, this is ex of GST corrections?

**Rajiv Goel:** Yes. So actually, GST correction will help. The end consumer price hopefully should not change much.

**Praveen Sahay:** Okay. Okay. So this 5% to 10% of a hike requirement may get adjusted with the GST correction?

**Rajiv Goel:** That's what our hope is that the consumer pricing should not change much.

**Moderator:** Our next question comes from the line of Mr. Achal Lohade from Nuvama Institutional Equities.

**Achal Lohade:** The first question I have is, if you could -- I know it's hard to call out, but broadly, what I'm trying to figure out is, have we kind of maintained market share across our core key categories like switchgear, lighting, fans? Any color you could provide on the market share trends basis your internal, sir?

**Anil Rai Gupta:** Yes. I think pretty much we would say that we would have maintained market shares in most of the categories. I would argue that we may have gained certain market shares in lighting because we do see that our growth or lack of it has been better than the competition.

In terms of small domestic appliances, even water heaters, we do see that we may have done better in industry. So I think overall, we do feel that we have either maintained or gained some market share in certain product categories.

**Achal Lohade:** And how about cables and wires?

**Anil Rai Gupta:** Cables and wires, I think primarily, you would say that because our wires business is primary while as compared to competition who are focused more on the industrial cables. We are still waiting for our full capacities to get built in cables. There, I would say that our growth would be lower. But in terms of domestic wires is concerned, we do believe that our market share is quite intact.

**Achal Lohade:** Perfect. The second question I had, just a clarification. Did I hear right? I mean, Rajiv ji said about the inventory -- RAC inventory in the channel for the industry is actually lower than last year. Have I heard you right, sir?

**Anil Rai Gupta:** I think what Rajiv means is that last year, usually the stocking time, which is December to February, there is a heavy amount of stock push into the channel. And in this year, because the channel already has some old stock plus they're also waiting for the summer season to start kicking in.

So I would tend to agree that the channel in many cases, channel inventory might be lower. So we'll actually see real sales when the season starts kicking in rather than just sales out of the stocks which already have been built in the channel.

**Achal Lohade:** Got it. And just last clarification. In terms of the copper, aluminum, currency, et cetera, for fans, particularly, what kind of price increase is required actually to offset this cost inflation? Just the way you call it?

**Anil Rai Gupta:** It all depends upon the day that you're asking this question. So December, we believe that we have passed on some price increases, which were required for the December materials, but the

pricing continues to keep going up. You've seen copper, which it seemed very high at 12,000 last month is now trading at 13,000.

So as I said, sometimes it takes some amount of time to fully absorb the price increases even in the mind of the teams and the channel and finally goes into the consumer. So I would say that we have been able to pass on the price increases up to at least what our thinking was for December. And we will continue to evaluate what is the pricing right now, and we will see how the season pans out.

**Moderator:** Our next question comes from the line of Saurabh Mehta from East Lane Capital. As there is no response from Mr. Saurabh Mehta, we'll move to the next participant.

Our next participant comes from the line of Ashish Kanodia from Citibank.

**Ashish Kanodia:** So first one is on the cables and wires side. When you look at the contribution margin, it has almost declined by 200 basis points quarter-on-quarter. So what led to that? And if you can also quantify what was the capacity utilization for cables and wires in 3Q?

**Anil Rai Gupta:** Can you repeat the question, please?

**Ashish Kanodia:** Yes. So I was asking like what was -- what led to the contribution margin decline of 200 basis points quarter-on-quarter in the cables and wires segment? And what was the capacity utilization?

**Anil Rai Gupta:** Yes. I think there is contribution improvement if you see Y-on-Y. And quarter-on-quarter is, again, as probably mentioned by Rajiv ji, it's very difficult to read on a quarter-to-quarter basis depending on which inventory is getting pushed out in the system. So I don't think you should read too much into that.

As far as capacity utilization is concerned, as far as wires is concerned, we are fairly comfortable with our capacity. It's operating usually around 65% - 70%. As far as cables are concerned, we are -- as I told you in some time back, we are building capacity. So usually, cable capacity is running at almost 90% to 100%.

**Ashish Kanodia:** Sure. And the last question is on the employee cost. So if I look at the absolute employee cost, last almost 7 quarters has been in a narrow range of between INR460 crores to INR490 crores. Given the growth outlook and as you build up capacity, do you see employee cost kind of on an absolute basis going up? Or do you think you have already invested in the creating a bench, so employee cost should be at the current level for the next, say, 12 months?

**Anil Rai Gupta:** No, it's difficult to say it's going to be same because there are usual normal increments and buildup. We have always maintained that over the last 5 years or so, Havells has built a good talent pipeline and has invested before growth. So there will be, I would say, operating leverage coming out in the coming years. But holding on to an absolute number, I think will be a foolhardy.

- Moderator:** Our next question comes from the line of Karan Gupta from Asit C Mehta Invest.
- Karan Gupta:** My question is regarding the solar segment. So basically, how much we're going to invest into the Goldi Solar and the Goldi Solar is also investing into the backward integration of cells kind of thing manufacturing? Which kind of cells -- I mean, they are manufacturing, the kind of technology they are using?
- Rajiv Goel:** So Goldi, we have already disclosed, we invested around INR600 crores. And I think on the cell side, we will come back. I think this is still being implemented by them. So I think your specific question being technical in nature, I think we will revert to you independently on this.
- Karan Gupta:** Okay. So the strategy is to -- if, let's say, they are also investing into the backward integration of cell and manufacturing. So the idea is to purchase cells from them and then assemble in-house kind of thing, assemble in-house modules and then sell it, right?
- Rajiv Goel:** The module is being manufactured by them. I think you need to understand the investment we have done in last quarter. I think you are not updated on that. So we invested in the company, Goldi Solar, which is into manufacturing of modules and now they are backward integrating cell. We have no plans to manufacture modules on our own.
- Karan Gupta:** Okay. So basically, we are purchasing modules from them and then booking in our or we are -- right now what we are doing in a solar -- I mean, just for the company. So just wanted to understand solar.
- Rajiv Goel:** In solar, we are key service provider. We are doing inverters. We are doing solar modules. We are doing switchgears. We are doing cables, we are doing wires. We are selective doing even EPC. The strategic investment in Goldi was to assure that we have a strategic supply of modules available. And I think they will also then invest backward into cells and wafers at some point.
- Karan Gupta:** Okay. So as of now, we are assembling the modules our own in-house before the investment of Goldi?
- Rajiv Goel:** I think I suggest you contact our IR team to understand this transaction in full. Maybe this is not the right forum to discuss this now.
- Moderator:** Our next question comes from the line of Pulkit Patni from Goldman Sachs.
- Pulkit Patni:** This is Pulkit Patni from Goldman Sachs. Sir, my question is on cable and wire. And in one of the previous questions, you answered that we'll continue to invest in more capacities for cables and wires. My question is, when we speak to all the companies in this sector, everybody wants to invest more and more capital because at this juncture, demand is strong.
- But some of your large competitors are also looking at export as a big opportunity, and that becomes the plan B in a scenario that there is some slowdown in India. I just want to understand for our portfolio, which is more wire heavy, assuming a scenario of some slowdown in the domestic market, is export and opportunity, a, that we are exploring?

Second, have we done some work in order to get some approvals from various countries and their utilities, et cetera. So it would be helpful to just get some perspective on your cable and wire export opportunity and anything you are doing on that regard?

**Anil Rai Gupta:**

I think cables presents a very good opportunity for exports as well. And as you rightly said, it can provide us a good hedge against some sort of demand neutralization within the country in the coming years. So we are on that process. We are tracking well. Our cable growth was very good last year in terms of exports.

This year, unfortunately, we have been hit by the tariffs, and there is lesser demand from the U.S. market, which is turning out to be a good export market for Havells cables as well. But hopefully, in the coming times, this effort will continue towards looking at more and more export markets for the underground cable business also.

**Moderator:**

Our next question comes from the line of Renu from IIFL Capital.

**Renu:**

A couple of questions. So first, broadly on the FMEG segment, just trying to get your perspective, do you think it has lost its old mojo where demand has been consistently weak for a few years. There is hypercompetitiveness. The brand pull also has started getting diluted and even category leaders are struggling to hold on to their pricing power and margins in the last few years.

So somewhere you think that this category itself now has relatively become weaker compared to some of the emerging segments like cables and wires, which are holding both from B2B as well as on the B2C and export part of the business or it's a cyclical downturn, which you think should recover in a couple of years from that perspective?

**Anil Rai Gupta:**

I think 2 or 3 things I would say to this. There are cycles, obviously, in every market. Post-COVID, there has been a situation where, one, the post-COVID demand cycle was not at the same level. In hyperinflationary situation, which has happened especially in the electrical sector, sometimes unorganized and regional competition also starts gaining some ground, which we do believe that they take certain market share.

I mean, over a long period of time, if you see established brands have taken share from the unorganized sector. But I think not purely unorganized, but certain regional brands also start gaining grounds due to market or lower expenses.

And so I think over a longer period of time, I don't think India demographics are such where we will continue to see tepid demand in these categories. We are quite hopeful of the future. But yes, in the last couple of years, there could be regions where we've not been able to see so much growth in demand at least for the established brands.

**Renu:**

Got it. Secondly, when we set up the second factory for RAC in South in Sri City, there were also plans that we would look seriously at export opportunities, both for finished RAC plus white labelling and probably component exports also. Any development or movement on that side of the business or it's still domestic-centric today?

- Anil Rai Gupta:** No, I think it is primarily domestic centric. There has been good efforts made in various markets. But as I said, a lot of our exports efforts were also made in the U.S. by setting up a subsidiary there, but things have slowed down, especially after the tariff situation. I think hopefully, in the coming times, this should improve, and we'll continue to keep looking at more export opportunities for air conditioners as well.
- Renu:** Got it. And last question. In the last quarter, we have seen quite a few senior level recruits at the business level, both for solar, cables and other businesses. So specifically on the solar part of the business, now that senior leadership has taken charge and there are plans, not just solar, but overall renewable play. At the company level, from a 3 to 5-year perspective, what would be our growth ambitions for this segment, renewables as a whole?
- Anil Rai Gupta:** I think we are quite hopeful because the overall, the way Indian economy is moving, there is good opportunity in this segment. And I think Havells has a good brand and channel to operate in this area. I think the way things pan out, we're making the right moves in terms of investments into this business with the hiring the right team, creating a separate business unit out of it. So I think over a period of time, let's see how it pans and we'll come back to you with more detailed information in the coming times.
- Renu:** So any quantifiable targets for a 3 year - 5 year perspective?
- Anil Rai Gupta:** We generally don't keep any targets. We do believe in no targets in the company.
- Moderator:** Thank you. Ladies and gentlemen, due to the interest of the time, that was the last question for today. I would like to hand the conference over to management for the closing comments. Thank you, and over to you, sir.
- Anil Rai Gupta:** Thank you very much. Thank you, everybody, for joining in late in the evening. It was a very insightful call, and I thank you once again for all the people to join in. Thank you.
- Moderator:** Thank you. Ladies and gentlemen. On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.