

Operator

Ladies and gentlemen, good day and welcome to the Q4 FY12 Earnings Conference Call for Bajaj Electricals, hosted by Edelweiss Securities Limited. As a reminder for the duration of this conference, all participants line will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. I would now like to hand the conference over to Mr. Rahul Gajare. Thank you and over to you, sir.

Rahul Gajare

Thank you, Shama. Good afternoon everybody. Welcome to the Q4 Bajaj Electricals earnings con call. From the management, we have with us Mr. Shekhar Bajaj, Chairman and Managing Director; Mr. Anant Bajaj, Joint Managing Director; Mr. Anant Purandare, CFO.

We will just have opening remarks from the management, and after which we will move on to the question-and-answer session. Thank you and over to you, sir.

Shekhar Bajaj, Chairman and Managing Director

Thank you. I'm Shekhar Bajaj here. Let me start by giving you the numbers for the quarter and then for the year. Our quarter, we have achieved a top-line of 1,060 crore against last year's 980 crore which is a growth of 8.2%.

However, the company PBT for the quarter has gone down from 89 crores to 73 crores which is a drop of 18.4% while the PAT has gone down from 58 crores to 49 crores which is a drop of 14.7%. If we look at segment wise, Lighting has achieved a top-line of 248 crores with a growth of 23.1% with improvement in operating margin from 9% to 10.4% this year, which EBIT improvement of 26 crores with a growth of 42.2% over the previous year.

As far as Consumer Durables is concerned we've achieved a top-line of 444 crores with a growth of 10.4%. There is a drop in operating margin by 2% from 11.4% to 9.5% and therefore because of that our EBITDA has gone down from 46 crores to 42 crores which is a drop of 8.7%. The performance of Consumer Durables has been achieved mainly because of the poor performance of the fans and coolers which is weakened especially because the rupee going -- so all the enforce which take place it is impacting our bottom-line.

Coming to engineering projects against our sale of this top-line growth has grown 2.2% to 368 crores. The operating margin has gone down from 10.5% to 5.6% and EBITDA is 21 crores against 40 crores in the previous years.

In the last quarter when we discussed with the investors we have thought that against the previous year we should come around 30 crores but the actual numbers 21 crores is the EBITDA. First three quarters of last year, we had the total EBITDA for E&P was 5 crores and it is 16 crores for this quarter, fourth quarter. Current order book for E&P is 610 crores and we are L1 for another 600 crores which should convene to orders in the next few months. So these are the opening remarks which I wanted to make and then I think it's now opened for any question and answers. Thank you very much.

Before that if it's okay, I would like to mention that was a quarterly situation. I would like to also quickly present the annual provision. Against profit of 218 crores last year, our PBT is 176 crores in the current year and PAT is 144 crores against that of 118 crores which is a drop of 18%, basically because of the poor performance of the E&P and also the fan division.

Segment wise lighting as the margins have improved from 5.9% to 7.8% for the year and therefore EBITDA has gone up from 37 crores to 59 crores consumer durable margins have gone down from 11.5% to 10.1%. Therefore, there is only a marginal improvement in the bottom-line of 147 crores to 151 crores. And for the engineering projects again 74 crores which was last year's EBITDA it has gone down to 27 crores for the current year, a drop of 64%.

Sales have remained flat at 832 crores as far as E&P is concerned and Consumer Durables it is 1,500 crores with a growth of 17.54% and in case of Lighting it is 765 crores with a growth of 21.2%. Thank you.

Questions And Answers**Operator**

Thank you. [Operator Instructions]. We have the first question from the line of Sonaal Kohli from AIM Capital. Please, go ahead.

Sonaal Kohli

Hello. Thanks for giving me this opportunity. Firstly, wanted to understand our capital employed in the Consumer Durables business has gone up very substantially from let's say 67 crores to 157 crores more like a 230% to 240%... 130%-140% kind of increase. What is leading to this and thus this imply that are we sitting on unsold inventory or you know any particular any particular item of whether inventories or debtors anything in particular has changed for this division?

Shekhar Bajaj, Chairman and Managing Director

Okay. As far as E&P which was worrying factor in the last three quarters which was under discussion, we happy to inform you that we've been able to maintain our capital employed from 508 crores we have been able to keep it at 511 crore so that is well maintained.

The Lightning is also done well in terms of it has been able to maintain, actually they have reduced the capital employed, the area which is gone, -- if I use the strong word, is in the Consumer Durables field. Two things have happened, one is that we have introduced a new initiative in terms of the TOC which is Theory Of Constraints because of which for the initial stages it takes six months to a year to stabilize our inventories have gone very, very high and therefore that's one thing which is having the impact on the total capital employed. And second is that also inventories have gone up because the fan season is completely failed and therefore because of that in anticipation because this is season time, in the month of January-March you normally expect very good high sales and therefore in the anticipation you order, purchase and lot of imports takes place because you can not do it at the last moment and therefore we are carrying very high inventory in the month of March that's 1st of April, which in the month of April-May-June we are expecting the substantial quantities will be liquidated and by the end of first quarter, we expect that the inventories will be much better and therefore the total capital employed in the Consumer Durables also will improve compared to what it is as of 31st March. And as far as lighting is concerned, lighting continues to do well and hopefully will continue to do well. E&P has made major projections that for the current year, we are looking last year's against 26 crores which is our EBITDA margin, we are looking at a possibility to go up to around 80 crores for the year against 26 crores to 80 crores because last year there were number of things which have happened in terms of corrective actions to be taken, most of it has been taken but next couple of quarters further some corrections will take place. But we are expecting that anything between 70 crores and 80 crores.

Thereby EBITDA against 26 crores is what should happen for the E&P business.

Sonaal Kohli

And sir in terms of your unallocable also the capital employed has substantially increased, could you elaborate what these unallocables stand for in any particular heading under which it's increased?

Shekhar Bajaj, Chairman and Managing Director

Is this for the consumer durable?

Sonaal Kohli

No, unallocable capital employed which you have given?

Shekhar Bajaj, Chairman and Managing Director

Unallocable basically with that we will not-the Kochi factory that 20 crores for that plus 10 crores we have spent for the office what we have taken in the Mumbai, that is one. And we had invested 7.5 crores in the shares of Bajaj Ventures which is one of our sister concern. So these are major items where the other capital has gone up.

Sonaal Kohli

Sir, how would have been our fan sales growth this quarter?

Shekhar Bajaj, Chairman and Managing Director

Expected growth for the first quarter?

Sonaal Kohli Shekhar Bajaj, Chairman and Managing Director

No there was no de-growth. First quarter there is a growth of 8.2%. 8.2% is a growth for the sales and the bottom-line is down by -- PAT is down by 14.7% from 58 crores it has gone down to 49 crore.

Sonaal Kohli

Sorry, sir, 58 has gone down to?

Shekhar Bajaj, Chairman and Managing Director

49.

Sonaal Kohli

You are referring to which business?

Shekhar Bajaj, Chairman and Managing Director

This is total, this is for the company, from 58 crores we've gone down to 49 crores as a company PAT. If you are talking about consumer durable...

Sonaal Kohli

Sir, I am talking about the fan business growth for Q4, that's what I was referring to?

Shekhar Bajaj, Chairman and Managing Director

Only fan, fan has grown by 5% for the quarter.

Sonaal Kohli

Sir, our margins have fallen very substantially, how do we see considering currency further strengthen from let's say what it was few quarters back, that the rupee regains if, where do we see a margin for this year, what kind of pricing power do we have do we fear any kind of price war in fans considering the fan business has not been robust? And last year, they were telling till few weeks and months back that consumer business is growing at 20%-25% but somewhat when I see the results it's only 10% so what went wrong, is it something seriously go wrong in last few weeks of the quarter or you know...?

Corporate Participant

Sonaal just to mention that overall consumer durable is looking at 10% but because the fans giving the flat performance because there is no growth in the fourth quarter in fans but if you look at appliances, appliances we grew at 23% and MR appliances we grew at 37%. So, if you remove the fans from this then I think consumer durable what we are

Shekhar Bajaj, Chairman and Managing Director

That is for the year. For the quarter it is appliances has grown by 16.4% and MR has gone Morphy Richards has grown by 49%.

Sonaal Kohli

Okay. Sir, can we give some idea about what kind of growth would be expected from the consumer business and what kind of margins can we make in this currency environment a broad range will do?

Shekhar Bajaj, Chairman and Managing Director

See, Consumer Durables business I think we would be able to have a sustainable growth of 20%, fans the movement in the last few weeks has started. So, initially the fans sales was not very exciting. But now we expect that fan sales should stabilize and we should have a growth of around 10% in fans and other appliances Morphy Richards should grow by 20% plus.

So anything between 15% and 20% in Consumer Durables is something which we can look forward to and as a company, as I said that against our 3,100 crores that we have done this year we are looking at 3,800 crores for the year.

Sonaal Kohli

And sir in terms of margins?

Shekhar Bajaj, Chairman and Managing Director

Margins will be under pressure. Margins will be under pressure let us see what happens to the rupee whether the rupee will continue to be at 54, 55 level or it will go to again strengthen up that depend on how RBI looks at it and also depending on how many of the people who have invested in India, think India is not a good destination and want their dollars back home, it all depends on the currency.

As far as possibility in terms of our total import is only 10% of our total turnover, so even if I am off by 5% in terms of my margins in imports it will impact my bottom-line by margins by only 0.5% because only 10% of my total turnover is import.

Sonaal Kohli

So, sir in this slide, in consumer business our last five year lowest margin has been 10% is that the range we look at considering if the currency remains here or can we go down even further from there?

Shekhar Bajaj, Chairman and Managing Director

I don't see consumer durable as such will...

Sonaal Kohli Shekhar Bajaj, Chairman and Managing Director

The segment should not go down because, Murphy Richards is growing very well, growing by as I said 49% for the quarter and 35%, 40% growth and they have very high margins, and similarly appliances have high margins. So even if fans slipped a little overall 10% I don't think it should be a problem.

Corporate Participant

10% is a fact that our TOC, the theory of constrain that initiative actually is going to improve lot of our way of working because one of the key thing which was there in earlier system of things, availability many times was an issue by the secondary level. So as a result, we would probably some times loose sale and to that extent may be have certain gap towards the end of the year. So what's happening now is that once TOC gets fully implemented, actually we will probably have an opportunity to have couple of percent margin increase at certain stage. And also the another thing is now with the whole, I mean because last time I think it was a major seasonal failure where both our fans and air coolers such products actually which are very big ticket products for us, that effected the consumer durables final margins. So, that really we don't believe is going to be the case in fact. So that in fact itself is going to improve the situation.

And as far as appliance and Murphy foresay are concerned, they are anyway going to continue having a very good sale and margin. And to that extent, now with the essential season becoming relatively better than last time, we should certainly have fans coming back strongly.

So clearly I don't believe it can -- these are same like last time and in fact only has to be better.

Sonaal Kohli

Sir, last two questions. In the consumer business have we increased any prices and do you think we will need to increase some prices and is there scope to increase prices considering what is happening to demand? And lastly in your project business, your capital has grown substantially Q-on-Q in spite of increased turnover. Is this for a steady state capital we are looking at or would you expect a further reduction? Thank you.

Shekhar Bajaj, Chairman and Managing Director

Two things, I think one point which I did not mention is that we have been able to -- the board feels that coming year should be a good year compared to the year which has gone by. And therefore decided to maintain dividend at 140% which is important to give a direction that things are looking better.

Coming to your margin projection, the E&P, I do not think that we are looking at substantial reduction in the capital employed. The important aspect is that we have to improve our margins.

What has got impacted for us that from a level of -- for the year against 8.9% EBITDA margin, it has gone down to 3.2%. What we are looking at is to get it back to around 8%. So if you do a 1,000 crore turnover and have a 8% EBITDA margin, we end up getting 80 crores. 80 crores is what we are looking at.

So if we can get back, not that we want to reduce our capital employed, we have to make sure that we earn better by having better margins. And therefore even if I don't achieve a 1,000 crore and do 900 crore or 950 crore as long as I can maintain our margins, that is the more important aspect rather than just a top-line.

Sonaal Kohli Corporate Participant

We have put a lot of efforts as you know lot of types were opened and we are not going to close within type. Now we have internally focused on these aspects and because of that lot of money will get released and our outstanding will come down. So obviously there are all efforts to control the working capital of engineering and project division.

Sonaal Kohli

And sir, lastly on consumer business margins pricing power and scope to increase prices considering whatever demand environment we are looking at?

Shekhar Bajaj, Chairman and Managing Director

The price increase which you have asked for as far as consumer durable is concerned because the cost whether because of the imported component or imports which are taking place or because of the general increase because of the petroleum price hike or otherwise is impacting all companies. And therefore, I think if everybody's cost goes up, then there is no way that the price will not be passed on. Most of it -- also we keep trying which is my standard answer that we have to keep doing value engineering and only when we cannot absorb it that we will pass it on so, it's not that whatever is the cost increase we keep passing we keep looking at value engineering, keeping or looking how do we reduce cost, so that we become more efficient and more effective and become more competitive in the market place.

Sonaal Kohli

Thank you.

Operator

Thank you. The next question is from the line of Achal Lohade from JM Financial. Please go ahead.

Achal Lohade

Yeah good afternoon sir. Just few questions one on the order book you said 610 crores would it be possible to get a break-up of that as to how much is in the three different segments?

Shekhar Bajaj, Chairman and Managing Director

Yes please. The TLT is the 180 crore the special project is 300 crores and highmast and street light is 130 crores.

Achal Lohade

And you said 600 crores we are L1 for is it in the very much similar ratio?

Shekhar Bajaj, Chairman and Managing Director

So, these are the two which are we are L1 tenders had been opened and we are hoping that these 650 crores should be converted into orders in next couple of months.

Achal Lohade

Right. And in terms of the margins...?

Shekhar Bajaj, Chairman and Managing Director

Yes I'm coming to that. And these have been quoted with proper margins. So margins should definitely when we are looking at certainly 8% to 10% level so these are all with the 8% to 10% plus EBITDA margin level, at least we should look at around 10%.

Achal Lohade

Right. Sir, I remember in the last call, we highlighted that we're focusing a lot on the closure of projects, number of projects outstanding, what is the current number of projects, how many have been able to close?

Shekhar Bajaj, Chairman and Managing Director

See, we had total on 1st April, 2011 we had 79 sites.

Achal Lohade

Okay.

Shekhar Bajaj, Chairman and Managing Director

Of that those which have been closed up to March is 21.

Achal Lohade

Okay.

Shekhar Bajaj, Chairman and Managing Director

And 80 new sites have been introduced in the current year that will be '11-'12.

Achal Lohade

Right.

So, we've got 76 operating sites as on 1st April, 2012 and we have to by end of the year that is end of 2012-13 we are hoping that the 76 sites should go down to below 60. It has to go down to below 60 and this moment when we closed 21 sites we obviously had many orders in the pipeline that's why the total number of sites reduction is only three from 79 to 76. The important aspect is to close old sites. If you want to grow in business obviously new sites keep coming in and that's a good news. That the new sites are coming but we have to reduce it down a level of 60 sites by end of the year. This is our objective.

Achal Lohade

Right. And in terms of these the 450 crores TLT order is it largely from the PGCIL or the private parties?

Shekhar Bajaj, Chairman and Managing Director

It is mostly Power Grid.

Achal Lohade

Power Grid. Okay. Sir, the other question is on the other segment Consumer Durables specifically in terms of if you could shade some more light in terms of how have been the products like the room heaters, irons, cookers and water filters have done for the year or for the quarter?

Shekhar Bajaj, Chairman and Managing Director

If we look at Consumer Durables in case of appliances we have grown by 16.4% and one of the items which has done extremely well is the new item which is induction cooker. Induction cooker for the whole year we have done over 100 crores and this is a full year that's available why the growth is only 16.4% is that we've had negative growth as far as coolers are concerned. Coolers comes under the appliances segment.

Achal Lohade

Right.

Shekhar Bajaj, Chairman and Managing Director

Because coolers is negative and coolers was a big segment that's why the previous year we had a negative growth of 50% in coolers. That's why the appliances has got impacted and therefore the growth is only 16.4% but because MR is not with coolers their growth is 49% for the quarter and 37% for the year. And therefore the cooler this year also because now the season is almost over. As far as cooler is concerned, we've got hardly 15, 20 days. If people don't buy the cooler now, then they say okay now we'll buy it over the next year, there's a mini season during Diwali time but otherwise -- October, but otherwise the major season only starts from January to April.

Achal Lohade

Alright.

Also importantly we had managed -- we also during the '11-'12 years, appliances has sold over 3 million dry irons. We also had over a million mixer sale. So to that extent, our product mix was a very big part of creating the good margin in spite for a weak season for air coolers. And also now with our new products like water heater with glass line which is going to be available from the Indian manufacturer then obviously also creates a very good option, because so far we were getting it from China. So that also will be a big advantage that the company will get in fiscal year '12-'13. And also additional our products like water -- sorry room heater which of course did very well last season, we look forward that this year will hopefully have a good winter back in December time.

So that way we'll be able to have the same kind of situation again.

And as far as the other -- I mean Murphy Richards clearly with its bigger reach in the trade segment that would also make a big

impact. In fact last year we had done a very good increase of products there. So to that extent, we are also using TOC to rationalize our products which really sell well. But to that extent, when the inventory becomes -- moves fast, obviously we'll have a very good situation in the overall sellability of products.

Achal Lohade

Right. Sir, would it be possible to give some breakup in terms of how much these individual items actually form part of the total consumer durables?

Shekhar Bajaj, Chairman and Managing Director

See, as you know, our major products are water heater, iron, toasters and mixers. These are the big ticket items. And in that, iron we grew at 27%. Induction cooker which is new category where our growth is more than double. And room heaters we grew at 41%. Mixers we grew at 20%.

So this feels that we are growing the across the category and where we are strong there are also we are growing and the new category is also growing well.

Achal Lohade

Right. And sir, just wanted to get a sense in terms of in the earlier calls you bit mentioned that the new product launches would be forming almost 15% to 20% of revenue on a sustained basis. To focus in terms of the new product launches, what's the strategy, what's the management philosophy on that for the current year and for let's say next coming two years?

Corporate Participant

One of the big initiative in fact which we started in the -- towards the end of last financial year 2011-'12 is the creation of something called as the Bajaj World which is essentially going to be having lighting, appliance and fans products also eventually we will also add luminaire products there which will essentially be I mean dealer owned shop which will have only Bajaj products. So in a sense we are going to create a more reasonable branding in the market, where it's not company owned showroom but it's basically I mean franchisee owned thing where we will be essentially able to make our products available in a better display in a single shop.

So, to that extent, a lot of our new launches will have products available there, even faster than others. At this present time, we have about 20 stores like that in the market. We have the aim to create a total of about 75 at the end of 2013. So, that clearly is going to be one of our big strategy as far as new products and brand visibility in the market. But also At this present time, we do not necessarily develop products at a speed we would like but I think once we have the R&D center in place we will be in a position to clearly develop products and launch two sites much faster.

Achal Lohade

Great. Sir, just one question...

Corporate Participant

And one more thing that in terms of the another initiative that we have just started and which we are going to take it up very strongly is the thrust under rural markets. Rural markets are the ones where the growth is going to take place and now we've... the new restructuring that we've done we've got two verticals, one vertical is basically what I call B2C business which is Lighting, Appliances, Fans Morphy Richards is one vertical and what we are looking at that can those verticals in terms of having focus, having a thrust they all together will have a single representative who will go and distribute our these Consumer Durables and Lighting products to the end consumer and fans to the end consumers in the smaller markets and therefore we are having the super distributors who can go and take care of rural markets where I think the possibility this year is to do almost 100 crores of additional sale can take place in these rural markets. And that's where that extra 15% to 20% when we say new products it means new models will come, old models will go so it's not that there will be absolutely new products last year of course we had induction cooker. This year we will not have a similar product which can give us absolutely 15% to 20% brand new products, but we will have brand new models coming in in our mixer grinder and all our other products also. The only item which is going to be newly made in India which Anant was mentioning was the glass-lined water heater.

The glass-lined water heater is something which at this moments is being imported into India. But we are hoping that once we start manufacturing India not only will our margins be better because we don't depend on the Rs. 55 a dollar import but also with our own costing and all would be much better because you are saving on freights, saving on duty and et cetera and it is made in India. So therefore to that extent we don't have to depend on keeping very inventories and all that. And therefore that is our item which we can expect very good growth in the current year.

Achal Lohade

Right. Sir, in terms of the import I remember last quarter we had actually about 2.5 crores of ForEx loss. Can you share the similar number what is the impact of the rupee depreciation on our number for the quarter?

Shekhar Bajaj, Chairman and Managing Director

For the quarter it will be around 3 crores overall it will be 5.5 crores to 6 crores.

Achal Lohade

Right.

Shekhar Bajaj, Chairman and Managing Director Achal Lohade

Thanks so much.

Shekhar Bajaj, Chairman and Managing Director

3:45. I have got 15 minutes more. So, there is no problem. We can take the couple of more questions after that if you want continue JMD, Anant Bajaj and our CFO both are still very much here. So, you can continue but I'll have to leave in about 10 to 15 minutes.

Achal Lohade

I'm done with my question sir. Thank you so much.

Operator

Thank you. The next question is from the line of Prakash Ramaseshan from Kotak Mahindra (UK) Limited. Please, go ahead.

Prakash Ramaseshan

Thank you for taking my call, sir. Just getting a very simplistic view of the three divisions that we have and an assessment of what kind of growth can happen for next year? For Lighting we are seeing a growth of somewhere between 10% and 15% for next year?

Shekhar Bajaj, Chairman and Managing Director

I would say 15% to 20%.

Prakash Ramaseshan

15% to 20%. Fair enough. And EBITDA is being maintained more or less current levels or better?

Shekhar Bajaj, Chairman and Managing Director

This is better.

Prakash Ramaseshan

Fair enough, sir. In the consumer business this year we had an aberration of coolers and fans basically being a bad season.

Shekhar Bajaj, Chairman and Managing Director Prakash Ramaseshan

Whereas some of the other products have done extremely well. If we believe that the next year is going to be a normal year for coolers and fans going back to normal fee what kind of growth should we get in the consumer business ?

Shekhar Bajaj, Chairman and Managing Director

I would say 20% plus.

Prakash Ramaseshan

20% plus fair enough. And EBITDA is basically going back to previous levels?

Shekhar Bajaj, Chairman and Managing Director

I am not sure about that. That maybe difficult because...

Prakash Ramaseshan

It may depend upon imports et cetera.

Shekhar Bajaj, Chairman and Managing Director

Imports though, we are reducing our imports because the local -- see at earlier table fan was 100% imports.

Prakash Ramaseshan

Yes sir.

Shekhar Bajaj, Chairman and Managing Director

Then last year we went and developed Indian table fans and it became 50-50.

Prakash Ramaseshan

Yes sir.

Shekhar Bajaj, Chairman and Managing Director

Almost 50% was domestic. In the current year, we think that the domestic maybe 70%. If it is 70% to that extent, our import dependency and import cost hit maybe less.

Very well, sir. And sir basically even as our focus is not on growth it's on EBITDA and EBITDA goes back to 2010-'11 levels?

Shekhar Bajaj, Chairman and Managing Director

Yes that's what we are looking at that time it was 76 crores I would say that 76 crores is a kind of number we should look at against 26 crores in the current year.

Prakash Ramaseshan

Fair enough. Just one housekeeping question sir in terms of closer of sites and basically access inventory that we had in the infra business, what would be the numbers at the end of December and the numbers at the end of March?

Shekhar Bajaj, Chairman and Managing Director

We will just give the numbers but as far as the inventory is concerned inventory has not been a much of issue, inventories are reasonably it is outstanding, the receivable which is always a issue for which we are really working on, we will just give you the numbers.

Corporate Participant

Yeah inventory for the consumer durable?

Shekhar Bajaj, Chairman and Managing Director

No, for the E&P.

Prakash Ramaseshan

For the Infra only?

Corporate Participant

Infra the inventory was 87 crores, has gone down to 83 crores.

Prakash Ramaseshan

Okay. And receivables sir?

Corporate Participant

Receivables which was 726 crores has gone down to 712 crores.
Fair enough so more or less flat.

Corporate Participant

Yeah.

Prakash Ramaseshan

And the number of sites sir?

Shekhar Bajaj, Chairman and Managing Director

I guess as mentioned here o again repeat it that we had 79 sites as on 1st of April 2011.

Prakash Ramaseshan

Very well, sir.

Shekhar Bajaj, Chairman and Managing Director

And we closed during the year 21 sites.

Prakash Ramaseshan

Very well, sir.

Shekhar Bajaj, Chairman and Managing Director

And 80 new sites have come up in '11-'12 and we have a operating number of sites is 76.

Prakash Ramaseshan

Very well and you want to get that to 60 sites?

Shekhar Bajaj, Chairman and Managing Director

60 sites.

Prakash Ramaseshan

Very well sir. Sir, Thank you so much for taking my question.
Yeah, that's all.

Operator

Thank you. The next question is from the line of Ritesh Poladia from RBS. Please, go ahead.

Ritesh Poladia

Thank you sir. Sir, my question pertains to consumer durable division. Sir, what proportion of our revenue comes from cooler and fans of consumer durable?

Shekhar Bajaj, Chairman and Managing Director

Now, as far as fans is concerned, out of the 1,500 crores, 670 crores is coming out of fan.

Ritesh Poladia

Okay.

Shekhar Bajaj, Chairman and Managing Director

And how much a Coolers?

Corporate Participant

Fans 524 and coolers 74.

Shekhar Bajaj, Chairman and Managing Director

Okay, both together is 600.

Ritesh Poladia

Okay.

Shekhar Bajaj, Chairman and Managing Director

70 crore is the coolers and about 525 crores is fan.

Ritesh Poladia

Okay. And excluding fan and cooler, what to do be the consumer durables growth which also includes the Murphy Richards? See, overall consumer durable growth for the year as I mentioned that appliances grew at 23%, MR grew at 37%.

Ritesh Poladia

Yeah.

Corporate Participant

Fans which is 6% growth, BOTH appliances and MR if we look at I think the growth will be about 24%.

Ritesh Poladia

24%.

Shekhar Bajaj, Chairman and Managing Director

Specially this 23% cooler is included. So if you remove coolers then appliances would have grown by 30% and MR would have grown by 37%. So anything between 30% and 35% is what you can look at.

Ritesh Poladia

Okay, but I believe this would be the year end numbers. In Q4 also I think appliances would have fallen to say 15%, 16% growth?

Shekhar Bajaj, Chairman and Managing Director

Because cooler is a major product.

Corporate Participant

Now it is cooler time. So otherwise the other appliances must have grown by anything around 25%, MR doesn't have coolers, they have grown by 49%.

Ritesh Poladia

Okay,okay. Very well. Now, second question is on projects, your receivable have remain more or less same. So by FY13, what kind of numbers we can see?

Shekhar Bajaj, Chairman and Managing Director

I think if we -- see what happens is that if you look at total receivable, the normal cycle is anything around six to eight months, so under the circumstances if we keep a track of the amount of old size because the last 10% always gets blocked on one side. Sure.

Shekhar Bajaj, Chairman and Managing Director

Second is, whatever you have built in the last half year, most of it is not collected.

Ritesh Poladia

Sure.

Shekhar Bajaj, Chairman and Managing Director

So, with the result if you do very well in terms of sales therefore I look at capital employed because on one side I have got outstanding which increases but similarly from my vendors where I buy my products there I get credit also so therefore capital employed is what is important because if I do 100% increase in sales the last quarter obviously I am going to get killed in terms of outstanding because everything will be outstanding, you understand?

Ritesh Poladia

Sure.

Shekhar Bajaj, Chairman and Managing Director

So, with the result that against that suppose 100 becomes 200 my import... my purchases will double so there I again have more payable also. So, therefore capital employed is something which we next year also want to keep it within that 500 crore level.

Ritesh Poladia

Okay.

Shekhar Bajaj, Chairman and Managing Director

That's our objective.

Ritesh Poladia

Okay. And lastly can you give us a color on what is a status of restructuring corporate restructuring?

Shekhar Bajaj, Chairman and Managing Director

See restructuring we realized that what is required, that focus is required and therefore when our part LED left we looked at people internally and found that it's always better to give a chance for somebody who has been very sincere as has worked hard in the company and therefore we have formed two EDs one looking after consumer facing

Ritesh Poladia

Sure.

Shekhar Bajaj, Chairman and Managing Director

One Mr. Tandon is there who is with us for over 30 years.

Ritesh Poladia

Sure.

Shekhar Bajaj, Chairman and Managing Director

And then the project business and the luminaires business are the B2C business which have lot of synergies... no sorry B2B business which has got lot of synergies and there Mr. Lalit Mehta was E&P in-charge is now heading those two businesses Luminaires and Engineering and Projects and both of them report to Anant Bajaj who is not the new JMD.

Ritesh Poladia

Sure.

Shekhar Bajaj, Chairman and Managing Director

And this is end of... feedback is very strong and basically if you look at it in the month of April is a very important month that is start of the year we have started with a growth of 40%.

So, that means the new structure has been well established because we introduced it from 1st of March,

Ritesh Poladia

Okay.

Shekhar Bajaj, Chairman and Managing Director

So, March also was a very good month for us but I am saying April was the start of the year so we wanted to see how the year starts. So I think the new structure has been well established and well accepted and result is that we are going well.

Ritesh Poladia

Okay. So, now we are not going for a de-merger exercise any longer?
De-merger was never in the scope.

Ritesh Poladia

Okay.

Shekhar Bajaj, Chairman and Managing Director

The de-merger was a point which you all raised and I kept saying that there is no thinking of de-merger because there is no logic like for example in the last three discussions that we had it was all questions were only on E&P, this time in the fourth quarter just now the discussion has come on Consumer Durables. Tomorrow there will be a discussion on Lighting so you can't every time any business does well you can't separate it out, when it does bad you can't separate it out there are so many synergies which are there, these businesses today the biggest advantage as a Bajaj Electricals is our reach our distribution network, after sale services and of course our brand equity so with the result as soon as you have the advantage that if any small project is also coming in some far remote place also it is something which is known to the company as soon as it becomes separate entity then those things are all lost out and the cost also at least 20 crores is the extra cost which is involved if you have two parallel observations.

And therefore from every angle there is no logic of it being separated. I have talked to many investors on one-to-one basis that except for short-term some multiplication of PE ratios that the market cap goes up please tell me from a business point of view if somebody can show me by doing this separation business will improve I am open to looking at it but nobody has ever told me it's good for business it's only EBITDA multiplication... sorry PE multiplication which will improve the market cap of the company not that the company's operating will improve that is not a good logic to de-merge and do all these types of restructuring.

Ritesh Poladia

Sure. That's all from my side. Thank you sir.

Shekhar Bajaj, Chairman and Managing Director

Okay. I think this will be the last call because we have to close this call.

Operator

Thank you. We have the last question from the line of Sudhanshu Bhuwarka from Macquarie Capital. Please go ahead.

Sudhanshu Bhuwarka

Good afternoon, sir. Just wanted to get a sense of what would be the cost differential between sale of consumer durables which you manufacture in India and between what you have to say import from China?

Shekhar Bajaj, Chairman and Managing Director Sudhanshu Bhuwarka

Yes sir.

Shekhar Bajaj, Chairman and Managing Director

Today the situation is that India is cheaper in most of the items compared to China after considering the freight, the import tariff and the clearing. Forwarding all those expenses, it is now not cheaper to get from China, except that where they have a monopoly like for example a microwave is not made in India. They make millions of microwaves. So it makes sense to import microwaves rather than make maybe 5,000-10,000 pieces in India. So therefore where they are making mass and we don't have. But like table fan, ceiling fans, iron, toasters, mixies, all the others products, India is more competitive.

And that's why I mentioned that fans, at least 70%, 80% of the requirements of the table fan which was five years back, 100% import will be 70% to 80% in India. The reason is that 20%, 30% continues to be imported from China because you have a range of item which is available there. Somebody there is making 30 million fans, we can just go and pick up two, three model without any investment and introduce in India. That's why imports will still continue, it won't become zero. But I don't see that 10% -- percentage of imports last year will go down.

Sudhanshu Bhuwarka

Fair enough sir. That was really helpful. Thank you so much.

Shekhar Bajaj, Chairman and Managing Director

--at all.

Operator

Thank you. I'd now hand the floor back to Mr. Rahul Gajare for closing comments. Over to you sir.

Rahul Gajare

Thank you. I'd like to take this opportunity to thank the management of Bajaj Electrical. Sir, over here would you like to add closing comments?

Shekhar Bajaj, Chairman and Managing Director

Also from the imports point of view there another issue is that now there is lot of items required BIS approval. And therefore from BIS approval also point of view like for example steam iron which was earlier being 100% imported, now it's made in India, because it requires BIS. And therefore many of those things take place.

Also, Anant -- also exports is an area which now we're going to concentrate on because that is something which has now come into directly Bajaj Electricals hold and Anant was handling the export business from earlier in the other Group company, Bajaj International. So he will spear at this and now he has the support of total Bajaj Electricals team.

Corporate Participant

Ending comments are only clearly that it's a very good start of the financial year which we are expecting to happen. So, I think when we have our next discussion for Q1 of Bajaj Electrical, we certainly should we sharing some good numbers with you.

But more importantly we are also are looking at new things like R&D which I mentioned little earlier also we are looking at the export starting to contribute to Bajaj Electricals bottom-line. So I believe in coming months, we will start having to report the export also as a separate area. So that it will be something new to look at.

So, I think that 15%, 20% when we say new product growth in a certain way this segment of export itself has become a very exciting thing to look at. And so to that extent, I look forward to sharing some good numbers and good growth with all you wonderful investors. And look forward for you all to keep investing more in Bajaj Electricals. Thank you very much.

Operator

On behalf of Edelweiss Securities Limited, that concludes this conference call. Thank you for joining us. You may now disconnect your lines. Thank you.