

**MIRC ELECTRONICS LIMITED MEDIA INTERACTION WITH CNBC ON
ONIDA INITIATIVE IN MODERN TRADE SALES CHANNEL.**

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CNBC **Why are you launching products exclusively for modern trade stores?**

Vipul Mathur Modern trade realized 8-9 % of total business. The consumer flow premium end and therefore the right prod- products which are customized for that consumer. We are linking prods which are developed for those customers- they would have better design, better user interface, and features which are useful for the consumer. Therefore they would be at a slightly higher end. That is where the entire strategy lies.

CNBC **What has changed in the recent past that you are strategizing specifically for MT?**

Vipul Mathur It is a question of how that channel catches up in terms of percentage share in that market. It is still not bulk of the market- 8-9 percent is not bulk. I think why most people have started strategizing is, they see a certain growth which is coming from modern trade. As more and more big stores are opening up, and the display areas being provided in these stores become larger, we see a very positive trend in these kinds of stores

CNBC **What is proportion of your business arising from MT?**

Vipul Mathur Going forward maybe 15% is what we see as the, contribution. Towards that end, all of us have thought about strategizing.

CNBC **What are the differences in the products given to MT vis-à-vis those given to traditional retail?**

Vipul Mathur See some of the prod differences – led and lcd division. We are giving better aesthetics and sell unique features which attract the customers. We have also developed Ac's and microwave ovens. Typically there is, cons interface or engagement using promoters or promoters of mod trade. Got better display. Better time consumer can spend. We have got a new line for them

CNBC **Are margins lower in MT?**

Vipul Mathur Margins is a function of costs that they incur. Certain churn of prods they have. It is based on the types of consumers. We realize- mass market low – specific customize prods-

CNBC **Why will you discontinue smaller capacity washing machines for MT?**

Vipul Mathur Average capacity is around 6.5-7.5 kg category – that is where most skus – no. of skus that a brand can display. Consumer doesn't come there- we would like to focus on sku range that can be sold. That is here the entire strategy right now is

CNBC **How do you see specific store brands performing?**

Vipul Mathur Finally there would be brands that these stores will promote. Today if you see in FMCG its already been done by the Future Group but at the end of the day these stores also require branded products to get a consumer footfall and we will all have to align together with this new emerging channel in India while world over it has stabilized, in India its still emerging and with the kind of vast depth that the Indian market has got maybe the footprint of this channel would be to the larger pockets of the business but there will be vast channels in the interland of India which would be untapped.

CNBC **Do MT partners demand more margins? Are you able to manage that?**

Vipul Mathur See what they are asking is one thing but what the companies can afford to get is also another thing because with the cost pressures increasing and the consumer expectation that the final product price should be within a certain bandwidth otherwise it is going to impact the overall growth of the industry, this is going to be a constant challenge. Probably a company like us has not been able to give them what they are asking but there maybe other players who have succumbed to this pressure.

CNBC **Will having separate products for MT help reducing price wars among the trade?**

Vipul Mathur This is also designed to give some solution but largely we would still say that this is a strategy based on the type of the consumer. That is something you call as a price protection or something that you have to work out but that could have been done, that was being done earlier also in some way or the other. What we realize today, the difference between the stores is becoming big day by day. Today most of the elite prefer to go where they can get better buying experience. Their preferences are also changing and therefore today they are buying premium products through this modern trade. While there is an issue of price, and this is specific SKU strategy would also help in dissolving this but the core reason for developing it was not that, it was a by product.

CNBC **Do premium products sell more through MT?**

Vipul Mathur I can give you a certain percentage. Today, nearly 25-28% of our sales come from the premium products and what we are realizing is that out of this total modern trade is contributing to almost 50% of our premium products. So, we see both these factors as a quantum jump and that's

the way going forward. It was lesser last year (refer to the 28%) It has moved up from 20-21% to this.

CNBC **Are MT stores able to address a wide segment of the population?**

Vipul Mathur Today the dynamics that have changed are, at one point of time the addressability of market was being defined by many companies as the number of dealerships that you had. Today, probably the definition of addressability has moved forward from units and number of dealerships to value and what sector you are looking at. So, probably Croma and Vijay Sales are one account but they have multiple stores and today you have got a large bandwidth of retail stores across the country. The depth has also started increasing with many of them, if I were to put an assessment as to the number of modern trade stores in India, it would be around 900-1000 all put together between various modern trade partners which is substantial upto tier 2. Tier 3 is still distribution led. And while there maybe certain SKU issues that may erupt, but typically realized that those customers move to tier 2 cities for their buying and that is where they get their products what they want.

CNBC **Will having separate products for MT have any negative impact on the company?**

Vipul Mathur Right now we are hoping not. And, what we are realizing is that the only thing is that maybe way forward, it may increase the number of SKUs which are there in our product portfolio. Sometimes it can result into a logistic or things of that kind if the planning goes awry and things like that can occur but right now things are under control and we expect that as the journey goes we will also improve our learning in that experience.

CNBC **How will you manage price wars between retailers?**

Vipul Mathur There will continuously be skirmishes of pricing but at the end of the day everybody has to survive and everybody needs to make money.

CNBC **How do you think FDI will impact your strategy for MT?**

Vipul Mathur Right now we have not looked into any such thing. Of course FDI would impact the modern trade and more and more companies would like to enter the Indian market which would in a way explore the reach of theirs to the consumers and I think the percentage share of the industry would increase. But, right now as a company we have not decided anything.