

Crompton

Crompton Greaves Consumer Electricals Limited
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Date: May 19, 2023

To, BSE Limited ("BSE"), Corporate Relationship Department, 2 nd Floor, New Trading Ring, P.J. Towers, Dalal Street, Mumbai - 400 001.	To, National Stock Exchange of India Limited ("NSE") Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051
BSE Scrip Code: 539876	NSE Symbol: CROMPTON
ISIN: INE299U01018	ISIN: INE299U01018
Our Reference: 28/2023-24	Our Reference: 28/2023-24

Dear Sir/Madam,

Sub: Highlights of Q-4 of FY 2022-23

This is in continuation of our letter dated May 19, 2023 regarding Outcome of Board Meeting held on May 19, 2023 wherein the Company had approved the Statement showing the Audited Financial Results (Standalone and Consolidated) for the quarter and year ended March 31, 2023, along with Statement of Assets and Liabilities as at year ended March 31, 2023 (Standalone and Consolidated).

In this regard, please find enclosed the highlights of Q-4 of FY 2022-23.

You are requested to take the same on your record.

Thanking you,

For Crompton Greaves Consumer Electricals Limited

Rashmi Khandelwal
Company Secretary & Compliance Officer
ACS - 28839

Encl: A/a



JALDI COOLING



Investor Update Q4 FY23

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- 1 • **ECD segment bounced back strongly growing by 8% in Q4 and delivered best in industry performance**
- 2 • **Lighting segment declined by 8% in Q4, but margins have improved consistently despite cost headwinds**
- 3 • **Fans**
 - Took calibrated approach to manage Fans BEE transition; Q3 & Q4 combined delivered better results compared to competition
 - Continued focus on premiumisation wherein premium ceiling fan category grew strongly by ~24% in Q4; BLDC category grew 2.5x in Q4 thereby establishing Crompton as Top 2 player in the segment
- 4 • **Pumps**
 - Roll out of new brand architecture and pricing actions resulted in strong growth in Pumps business
- 5 • **Appliances**
 - Consistently growing every quarter with Q4 growth of ~42%
- 6 • **Built in Kitchen Appliances**
 - Clocked revenue of Rs. 13 Cr. in Q4 with exit monthly run rate of ~Rs. 5 Cr. and FY 23 revenue stood at Rs. 26 Cr.
 - Given the investment phase, FY 23 EBITDA was Rs. -24 Cr.
 - Channel development progressing as per plan: 55 brand stores (Signature Studios + Exclusives Stores) opened across 12 cities
- 7 • **Channel**
 - Trade channel showed recovery across key markets; Alternate channels delivered growth of ~40% in Q4 with increased revenue contribution; Ecommerce channel consistently delivered better results with Q4 revenue growing by ~37%
- 8 • **Market Share**
 - Improved share in Premium Fans and Water Heater category
- 9 • **BEE Transition**
 - Focused on ramping up manufacturing capacity both in-house & at vendor locations; plans on reducing the BEE cost increase are progressing well

Butterfly

With Q4 revenue of Rs 187 Cr. FY 23 revenue grew by 10% with highest ever profits of Rs 52 Cr.

Continue to make progress on priority areas:

1



Increasing share of retail

Retail continues to be growth driver with 19% growth in Q4 along with healthy improvement in margins

2



New Product

25 new product launches in Q4 across categories helping to drive the retail growth

3



Market Share

Held market share across categories amidst tough environment

4



Cost excellence program

Implementation of multiple cost optimisation initiatives across direct & indirect costs resulted in Rs 20 Cr. savings in FY 23

5



Building a safe working place

Focus on building a safe working environment and compliances has resulted in 0 reportable incidents in Q4

6



Strengthening Capability

Augmented leadership team across manufacturing, innovation, sales & marketing and HR

Multiple marketing activities in Q4 to strengthen the brand awareness

Crompton

Digital build-up for summer campaigns in Q4



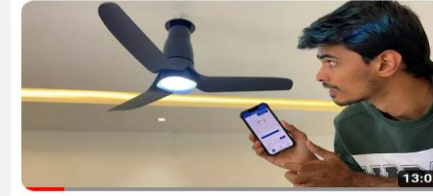
1 star rated fans campaign film



BLDC fans campaign film



Influencer videos to drive discoverability



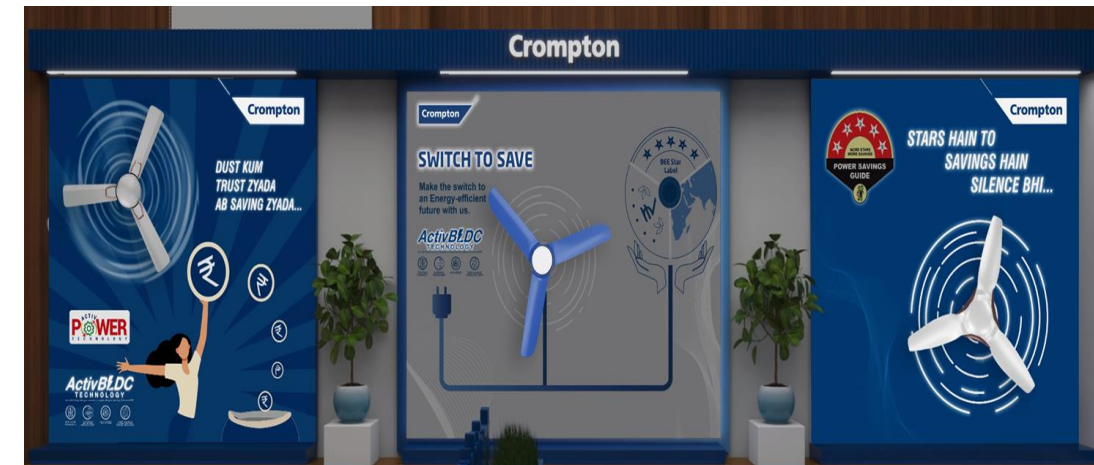
#SwitchToSave PR meet to launch star rated fans - 30+ media and publication houses attended the event

30+

Major media and publication houses at the conference

70+

Coverages across publications



Fans

Ceiling Fans:

- ▶ **Roverr** – Smart 5 star-rated underlight Fan featuring ActivBLDC technology, Anti-dust property and fluidic telescopic design
- ▶ **Drift Air** – Sturdy Exhaust Fan with metal body and blades

Lights

Lamps:

- ▶ **Backup Bulb 15W** – Higher wattage introduction with improved battery and product life
- ▶ **Night Buddy** – Indirect Night Lamp Light with USB Turbo Charging
- ▶ **Rovello** – 6W rechargeable table Lamp with 360 degrees twisting and 3 step dimming - Focus, Relax and Night modes

Appl.

Mixer Grinders:

- ▶ **Qube 500W** – Range extension in 500W category with motor Vent-X technology & overload protector

Air Coolers:

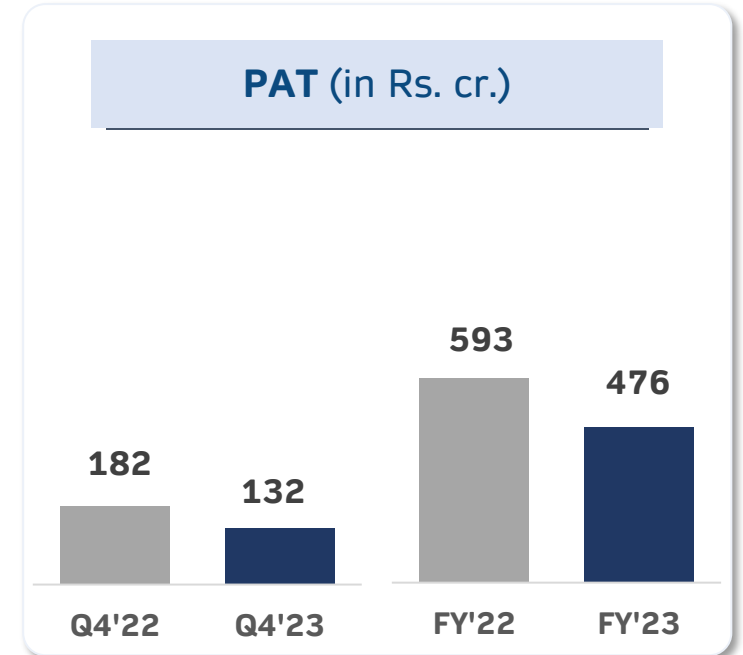
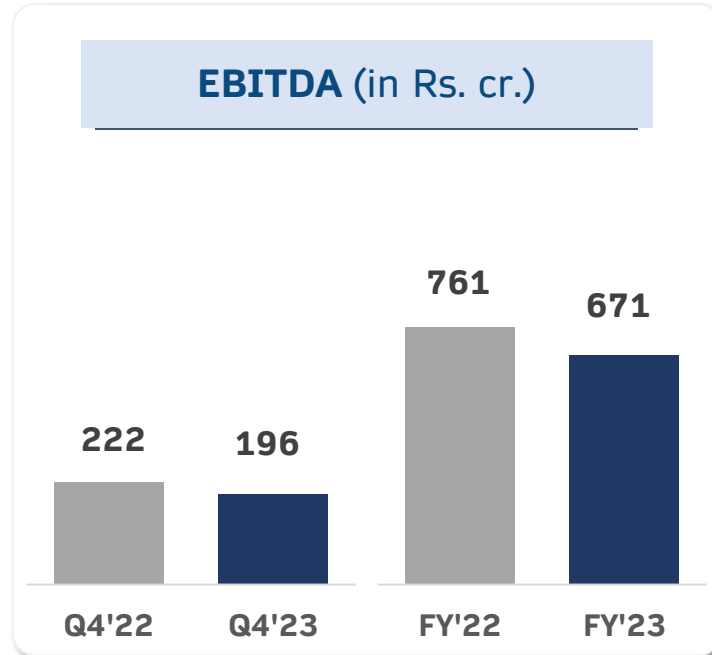
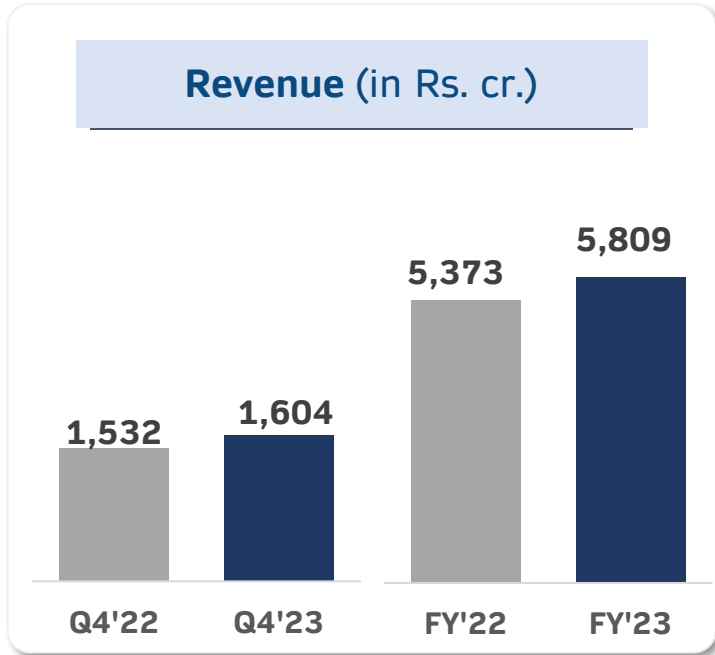
- ▶ **Cool Breeze** – Desert cooler with modern aesthetics. Comes with everlast pump which works even with hard water and have honeycomb pads and 4-way air direction.
- ▶ **Optimus Window Cooler** – Extension to Optimus series with highest air delivery and wider-angle throw and comes with everlast pump

Pumps

Residential:

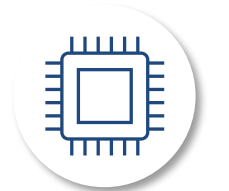
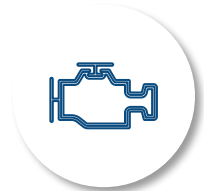
- ▶ **Master Dura** – Addition in Mini series with anti-jam winding & CED coating
- ▶ **Ultima Z** – Addition in Agro economy segment





FY 23 includes finance costs of 62 Cr. related to Butterfly acquisition

- Strong demand pickup in ECD from Feb led by Pumps and Appliances
- ECD margins driven by margin and mix improvement in Pumps and Appliances
- Lighting margins improved significantly v/s Q4 LY
- Stepped up investments in A&P (3.9% spend in Q4 v/s 2.0% LY)
- EBITDA for the quarter stood at 12.2% and PAT stood at Rs. 476 Cr.



Segment Revenue	Q4 FY23	Q4 FY22	Y-o-Y	FY23	FY 22	Y-o-Y
ECD	1,326	1,231	8%	4,755	4,311	10%
Lighting	278	301	-8%	1,054	1,062	-1%
Total	1,604	1,532	5%	5,809	5,373	8%

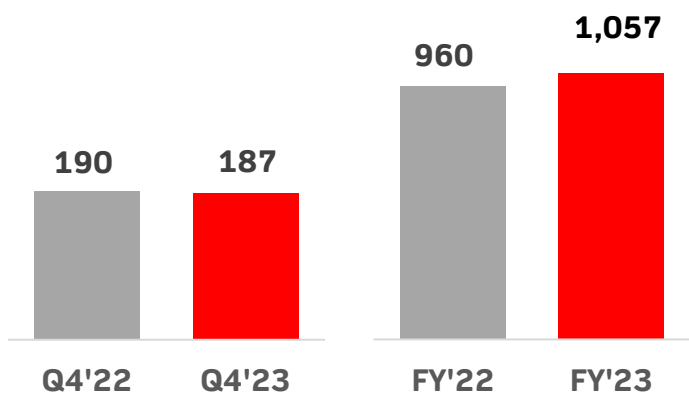
Segment EBIT	Q4 FY23	Q4 FY22	Y-o-Y	FY23	FY 22	Y-o-Y
ECD	218	228	-4%	789	827	-5%
ECD %	16.4%	18.5%		16.6%	19.2%	
Lighting	30	34	-11%	100	116	-14%
Lighting%	10.9%	11.4%		9.5%	10.9%	

- Fans – Q4 Performance was aided by growth in ceiling fan premium segment (+24%) and TPW (+16%)
- Pumps - Growth was led by residential category which grew by 17% in Q4
- Appliances - Growth across categories; Q4 Geysers and Air Coolers combined grew by ~34%, SDA by ~60%
- Lighting - B2C LED and B2B trade faced pricing pressures

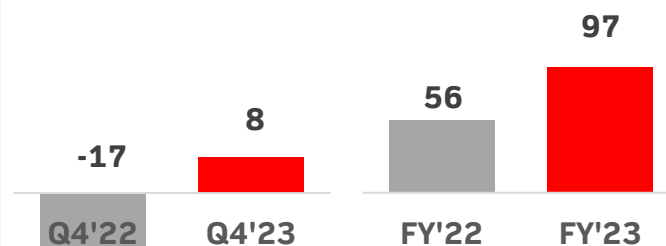
Butterfly Standalone Financial Performance | Strategic channel restructuring improving structural EBITDA to 8-9% while continuing growth spends



Revenue (in Rs. cr.)

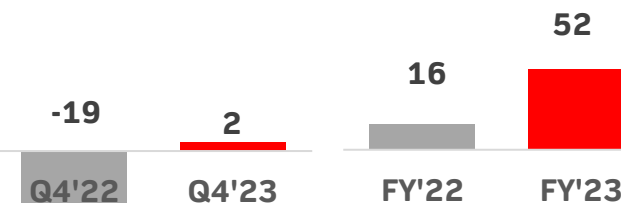


EBITDA (in Rs. cr.)



Q4'22 includes one-off adjustments of 22 Cr.

PAT (in Rs. cr.)



- Q4 revenue declined by 2% v/s LY and FY 23 recorded growth of 10% v/s LY
- New product launches in Q4 contributed to 15% revenue share
- Significant improvement in margins and profitability during the year resulting in FY 23 EBITDA of 9.1% and PAT of 4.9%

Q4 and FY 23 Consolidated Profit & Loss Statement



Particulars	Q4 FY23	Q4 FY22	Y-o-Y	FY 23	FY 22	Y-o-Y
Net Sales	1,604	1,532	5%	5,809	5,373	8%
Less: Material Cost	1,111	1,076	3%	4,009	3,690	9%
Material Margin	492	456	8%	1,800	1,683	7%
as a % of Net Sales	30.7%	29.7%		31.0%	31.3%	
EBIDTA	196	222	-12%	671	761	-12%
as a % of Net Sales	12.2%	14.5%		11.6%	14.2%	
Less: Depreciation & Amortization	15	14	2%	54	42	28%
EBIT	182	208	-13%	617	719	-14%
as a % of Net Sales	11.3%	13.6%		10.6%	13.4%	
Less: Exceptional Item	26	11	147%	103	35	191%
Less: Finance Cost	20	18	10%	74	80	-7%
Add: Other Income	3	0		-6	0	
Profit Before Tax	172	215	-20%	594	763	-22%
as a % of Net Sales	10.7%	14.1%		10.2%	14.2%	
Tax Expenses	40	34	20%	119	170	-30%
Net Profit	132	182	-28%	476	593	-20%
as a % of Net Sales	8.2%	11.9%		8.2%	11.0%	
EPS	2.1	2.9		7.5	9.4	

1

Fans - Expanding range in star rated induction and BLDC Fans along with strengthening the manufacturing capability; Work in progress to further reduce the BEE cost increase

2

Pumps - Successfully completed brand architecture definition for Mini Pumps, ATL and BTL spends planned to increase the awareness; Plan to define the brand architecture to other categories

3

Lighting - Launch of new categories in B2C backed by in-store visibility and range expansion in B2B

4

Appliances - Expand the SDA category through product and channel development supported by ATL activities

5

Butterfly - Continue to focus on retail channel; Alternate channel growth to be augmented by differentiated product range

1

Butterfly Acquisition and Integration

- First full year of Butterfly operations
- Strategic restructuring has resulted in growth in retail channel and delivering the highest ever profits in FY 23 of Rs. 52 Cr.
- Legal and operational integration activities underway

2

Launch of Built-in kitchen appliances

- Launch of comprehensive range of chimneys, hobs, built-in ovens, built-in microwaves and dishwashers
- Focus on channel development and building strong back-end processes
- As in investment phase, continue to spend towards distribution and marketing

3

Successful BEE Transition

- Smooth transition of biggest business to new BEE norms with ~100% readiness on design and approvals
- Calibrated approach on inventory levels, production with focus on creating sustainable business

4

Stepped up Brand Investments

- Significantly step up in investments for strengthening brand awareness
- Wide-ranging activities across touchpoints - digital & TV campaigns, defining new brand architecture, in-store transformation, structured digital marketing, influencers connect etc.

Crompton Key Awards & Accolades during the year



IDMA (Indian Digital Media Awards) awarded Crompton's search campaign on digital for the 'Best SEO for website/universal search ranking and SEM Strategy'



Crompton won the coveted title of 'India's Best Managed Companies' for the year 2022'



Crompton won **two exchange4media Prime Time awards**

- Crompton SilentPro - 'Play to Win' campaign for the **Best Use of Sports Channel**
- **Creativity** award in the Consumer Durables & Electronics sector for Ceiling Lights - 'Mood Jaisa, Lighting Waisa' campaign



Crompton was awarded under "Dun & Bradstreet India's Top 500 Companies 2022"



Crompton is amongst the only ten companies to be recognised under the "Next Leaders" category by the Institutional Investor Advisory Services (IIAS)



Prioritising Environment Impact

- Innovation focuses on producing energy-efficient products, reducing emissions and optimising natural resources
- Carbon-neutral measures to mitigate greenhouse gas emissions
- Reduced energy consumption by 57%
- GHG Scope 1 - Emission reduced by 49%
- Achieved 100% EPR target of recycling plastic



Prioritising Social Responsibility

- CSR initiatives around entrepreneurship and skill development, water conservation, community care and employee engagement
- KAVACH initiative implemented for comprehensive EHS strategy
- Upholding globally recognized human rights principle
- 1,000+ lives impacted through employee engagement; 1300+ Youth trained for skill-based jobs
- 9,000+ lives impacted through water conservation project; 67 lakhs liters water conserved in drought hit villages
- Zero incidents of child labor, forced labor involuntary labor



Prioritising Strong Governance Practices

- Included ESG-related risks as a part of overall risk assessment
- Policies, mechanisms, and frameworks in place to ensure compliance with ethical, legal, and moral standards
- 22.22% of total directors are women
- Zero cases of cyber security breaches
- 100% compliance with EMS 14001 & ISO 45001 implementation



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