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Date: August 11, 2020

To, **BSE Limited ("BSE")**, Corporate Relationship Department, 2nd Floor, New Trading Ring, P.J. Towers, Dalal Street, Mumbai – 400 001.	To, **National Stock Exchange of India Limited ("NSE")**, "Exchange Plaza", 5th 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: 64/2020-21	**Our Reference: 64/2020-21**

Dear Sir/Madam,

Sub: **Disclosure under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcript of earning Call**

With reference to our earlier intimation regarding the earning call on unaudited financial statements for the quarter ended June 30, 2020 held on July 27, 2020 kindly find enclosed the transcript of the same.

You are requested to kindly take the above information on your record.

Thanking you,

For Crompton Greaves Consumer Electricals Limited

PRAGYA KAUL

Digitally signed by PRAGYA KAUL
DN: c=IN, o=Personal, postalCode=400074, st=MAHARASHTRA, serialNumber=84c3cda8c48ae17c551bd8b9ee5a8312ce8ac0972726393186cb59193af2751f, cn=PRAGYA KAUL
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Pragya Kaul
Company Secretary & Compliance Officer

"Crompton Greaves Consumer Electricals Limited Q1 FY2021 Earnings Conference Call"

July 27, 2020

ANALYST: **MR. NAVAL SETH - EMKAY GLOBAL**

MANAGEMENT: **MR. SHANTANU KHOSLA - MANAGING DIRECTOR - CROMPTON GREAVES CONSUMER ELECTRICALS LIMITED**
MR. MATHEW JOB – CEO - CROMPTON GREAVES CONSUMER ELECTRICALS LIMITED
MR. SANDEEP BATRA – CFO - CROMPTON GREAVES CONSUMER ELECTRICALS LIMITED
MR. YESHWANT REGE - VP, STRATEGY & FINANCIAL PLANNING - CROMPTON GREAVES CONSUMER ELECTRICALS LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY2021 Results Call of Crompton Greaves Consumer Electricals Limited, hosted by Emkay Global Financial Services. As a reminder, all participant lines 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 "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Naval Seth of Emkay Global. Thank you and over to you Sir!

Naval Seth: Thank you Steven. Good morning everyone. I would like to welcome the management and thank them for this opportunity. We have with us today Mr. Shantanu Khosla – Managing Director, Mr. Mathew Job – Chief Executive Officer, Mr. Sandeep Batra – Chief Financial Officer and Mr. Yeshwant Rege - Vice President-Strategy & Financial Planning. I would now hand over to the management for their opening remarks. Over to you Sir!

Shantanu Khosla: Thank you Naval. This is Shantanu here speaking from Bombay. First Thank you all for dialing in and welcome to our quarterly call. Most importantly I hope all you and your families have been safe and healthy during these challenging times. Over this previous quarter, we have really as I mentioned in the last call focused on three key areas. Firstly, the health and safety of our employees and stakeholders, secondly, cash and cost and thirdly a vertical agile startup as things open up and improve.

Let me talk a little against the three of these. I am glad to share with you that most of our employees have been safe from COVID-19. In fact in total from across the country we have had 14 cases of our employees who have been COVID positive, thankfully out of these 14, 12 have completely recovered and the balance two are well on their way to recovery. We have obviously put in significant steps to ensure safety of our employees. We have been largely work from home from the end of March and continue that way. We have continuously been training, communicating to our employees through virtual town halls, launching a learning platform to help build their capabilities during this time.

We have also taken significant steps to ensure that all our factories and factory operations are done in a safe and appropriate manner and so far, thankfully these steps have all seemed to work given the very low level of incidents among our employees. We have also driven a lot of engagement and recognition of our employees for their effort and hard work during these challenging periods. In fact, this quarter we ran for the first time ever annual and quarterly reward and recognition events virtually and that has significantly helped engage our employees.

Moving on to the second key priority which was our focus on cash and cost, we believe we have significantly outperformed our own expectations in these uncertain times. Our constant focus to reduce overdues coupled with incentivizing the company channel partners to pay faster has paid off handsomely resulting in overall collections outpacing sales in both May and June. This has helped us close our quarter with a cash balance of Rs.970 Crores including the fund raise and the debt repayment which we made versus Rs.585 Crores in the end of March. We have honored all our statutory MSME, vendor, employee liabilities during this period including continuing to make sure that our vendors, our customers and also importantly our employees all have been receiving their dues on time and appropriately. Our liquidity and net debt position remains one of the best in the industry and like I mentioned last quarter we believe this is a competitive advantage and is extremely important as we continue to face the uncertainties of the future and balances with investment in long-term growth of our business.

Our aggressive approach to driving cost savings initiatives which we identified during this quarter to counter the COVID impact along with stepped up effort on our regular cost saving program has helped us maintain our profitability. We were actually able to ensure that our margin structure both at gross margin level and also at PBT level remained at the levels they were in the previous year. This we believe is critically important and is a great recognition of the work which our organization and people have done during this period. Keeping our margin structure intact ensures that we stay the most profitable company in our industry, but also importantly ensures that as we move forward and the top line keeps coming back our margin structure being intact ensures that we are able to continue to deliver industry-leading profitability behind this growth.

Thirdly moving on to our third priority which was vertical startup of our business as lockdown began to ease and in some cases over the period as we have all seen come back we have seen a steady improvement in our business. As all of you are aware, the month of April itself was a complete washout with everything being stopped. However, business began to pick up as we got into May and continued to pick up through June. In the month of May itself we achieved about 70% of what we would have normally achieved in non-COVID period and this improved to about 90% in June. This we believe is extremely encouraging especially since our unique secondary sales data, which we get through the tally patch is indicating a similar trend to our primary sales of demand and primary sales recovery. Our supply chain also continued to improve. All our factories Baroda, Baddi, Kundaim, Betora, Ahmednagar resumed operations in the third week of April and are operationalized as on date. Obviously, all norms of safety laid by government and social distancing continue to be strictly adhered to in our premises. We have now reached a level where our plants are operating close to 90% versus what they would have done in the previous year June. Most of our supplies have commenced operations and the entire supply chain and distribution networks are running smoothly.

Let me just talk a little bit to give you a flavor of how this recovery is happening across categories by talking a bit about June. In the month of June itself our ECD business scaled back to 90% of what was recorded in the corresponding period the previous year. The pumps business showed promising results with residential pumps scaling back to activity of last year in June while agro pumps actually delivered a 25% value growth in June. Our superior product portfolio in appliances which I have mentioned before is the key focus area over the last year and looking in the future delivered a volume growth in June even during the uncertain environment, volume in geysers were up 42% in June. Our renewed focus behind kitchen appliances driven by the key mixer grinder segment continued to bear results with 125% volume growth in mixer grinders in June.

Also, as you e looked out and as is happening we have seen a clear shift in shopper preferences towards the e-commerce channel. Over this quarter we significantly stepped up our focus in the e-commerce channel both in terms of portfolio across the price range to serve market demand for all product ranges on the channel. Our sales in e-commerce channel grew 400% in the May-June period versus the corresponding period last year. Our strong profitability and cash position ensured that we were able to continue to invest in key long-term investment areas. Through this quarter we have continued to scale up our commitment in development of R&D capabilities in the year and have recruited several key people across key capabilities into the organization. In the long run, this is a critical investment for us to ensure that we continue to bring in innovative, consumer meaningful products that offer superior value proposition to the consumer. We have also started in-housing TPW fans in Goa from this fiscal thereby reducing our dependence on China imports from these fans in a big way. This makes our supply chain not only more localized but also gives us greater agility and flexibility moving forward.

We do not normally obviously give guidance, but let me give you a flavor of how we are seeing the current period that we are in, which is July and then moving forward. As you are aware market disturbances due to let me call them rolling lockdowns continue as we speak this means some of our warehouses fall in containment or complete lockdown areas and some markets continue to be closed. We see this as something which is likely to continue for the next few months given that COVID cases in India are still on the increase. However, we believe that we have the agility and the capability to adapt to these external challenges as we have been doing in May. So, we see our business continuing to come back to normal levels through this quarter with encouraging signs emerging from markets which have been open. As more markets open, we expect the business to only improve and given the cost structure which we have now developed for ourselves and the margin structure, we expect this to lead to continuing profitability improvements.

Briefly let me take you through the numbers, most of you would have seen it. The board of directors on this meeting on July 24, 2020 approved the quarterly results for company. Total income was Rs.713 Crores, ECD stood at 5.97, EBIT margin expanded 20 basis points versus corresponding period last year and stood at 20.5. There has also been sequential improvement in EBIT margins by 50 basis points in the segments. Lighting revenues stood at Rs.117 Crores, gross margins in June were at record levels for lighting as compared to what we have achieved in the recent past, mainly due to our continuous efforts to drive down costs and improve portfolio. Profit after tax for the quarter was Rs.74 Crores. Profit after tax margins expanded 120 basis points of last year and stood at 10.3%. PBT stood at 13.8% versus 14% in the same period previous year. So, with that pre-COVID view, I just like to stop and spend most of the time on any questions you may have. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Pawan Rathi from Edelweiss. Please go ahead.

Pawan Rathi: I have two questions. First of all can you please explain the fall in the other expenses part, so basically I wanted to understand what all factors led to that cost saving and to what extent and how do you see it spanning over the next few quarters and my second question is on the lighting segment we see that the pricing has been improving since Q2 FY2020. So my question is how do you see it going forward?

Shantanu Khosla: Okay. I will just pass the first part of that question to Sandeep.

Sandeep Batra: So the total cost reduction would have three parts. One would be costs that are in some sense variable to sales so because you had lower level of activity you had lower level of such costs mainly transportation maybe cost like after sale service and all that and the second level of costs are discretionary costs that we ourselves would have cut back given the kind of environment that was being envisaged. This would include costs like advertising and sales promotion. The third category would be those costs that we under our COVID cost out program identified and got savings in. So, the breakup of the lower costs would be on account of these three reasons and obviously going forward it would all depend on what kind of activity gets picked up, what kind of discretionary cost do we as a company decide that we need to incur that is all from my side.

Shantanu Khosla: Okay. The only thing I add is obviously some of these costs I give a simple example that advertising where we held back on advertising because obviously we did not have markets open, we will and we are this quarter restoring advertising but there are some amounts of costs which when we generally went into COVID, which as Sandeep mentioned which we were able to actually make our process more efficient and effective these will carry forward on the going basis, now we may choose to reinvest some of these back in demand generation, but those are decisions we will take, so obviously all the costs savings will not carry forward but some amount of it will be genuine sustainable savings. On the second question which you had was on lighting margins is that right?

Pawan Rathi: Yes.

Shantanu Khosla: Mathew you want to take that? Okay I think Mathew may have dropped off the call. Sandeep will you take that also then?

Sandeep Batra: Yes. Sure Sir. So on lighting, we have seen sequential and significant improvement in our gross margins. There would be three reasons, which would contribute to that. One, which is being the initiative driven by us, which is under our cost reduction program. We had in the past mentioned that we have visibility of cost reduction initiatives and they have all borne fruit in the last quarter. So you see the result of all the cost reduction initiatives that we have taken. The second one is a bit of a favorable mix, last year whatever sales we had done to the EESL whereof EESL bulbs. This year all the sales to EESL has been of street lights which have a slightly higher margin than the one on bulbs and also I think the pace and we have seen much greater stability in pricing remains particularly in the B2C part of the business which had as you would remember up to the second quarter of last year.

Mathew Job: For lighting what I was saying is the prices we took up for consumer lighting B2B lighting right from the month of May, these were announced in the month of March but obviously because of the COVID, the actual implementation could only happen from May and we have seen a roughly 3% to 4% price improvement for B2C lighting which also has taken our margins up to the highest levels we have seen in the last two years. So B2B we have had again a strong margin improvement, but there is a mix of both price improvement and cost reduction. Now going forward, we think that, we also mentioned in the call last time for B2C lighting I feel that at least for bulbs and battens, which is 60% of the business, the price decline which we have seen is behind us. There could still be some possibility of a price decline happening in panel but on an overall level for B2C, we think the prices will be pretty much stable. For B2B, we do expect some price decline to continue, but we are confident that cost reduction program in the accelerated way in which we are implementing them will allow us to continue to improve our margins in B2B in spite of any price decline that has happened in the market. That is it.

Pawan Rathi: Just a followup on the last question…

Shantanu Khosla: I am sorry just for the interest of time, if you connect with us later we will answer but let us just move on to the next person. I am sorry to do that.

Moderator: Thank you. The next question is from the line of Renu Baid from IIFL. Please go ahead.

Renu Baid: Sir my first question is if you can highlight little more in terms of the demand pattern in term of region wise urban, semi-urban pockets, how have they responded in terms of pick-up, though there would be some initial pent-up demand that we saw in the month of June or probably early July by when are we looking at the demand trends to normalize and how was being the stocking level along the same line, that is my first question?

Shantanu Khosla: Okay. First from a regional geographical point of view, there is almost a perfect correlation between geographies, cities, towns, areas, which have got a stricter lockdown and the impact on primary sales. So wherever the impact, the lockdown is more severe, we see an impact. When the lockdown opens up, we see business build and if another area called it Bihar gets locked down then the business gets impacted in lockdown, right. So it is absolutely, so yes therefore we are seeing a better demand in general coming from smaller towns and rural areas, but that is primarily we think a function of those are less locked down than bigger cities. So that really seems to be the primary correlating factor. Now in terms of how we are seeing the overall all India demand like I said May was about 70%, June on a consumer business gone up to 90%, importantly as we talked before, we also have this tally patch data which covers our secondary sales and we get a read on 60 plus percent of our secondary sales which is a movement out of our dealers that is following a pretty similar trend of recovery. As I mentioned if we look at the early parts of July, we are continuing to see an improving trend coming through as we look at July, maybe a little better than June, but we still have to see, but again it is a function of where the lockdown happens and as it moves we see impact, so our final take is that the underlying demand is very much still intact, it is the operational blockages or markets being closed, etc., which tends to impact the business operations. If this trend continues and that is obviously difficult to predict because we do not know how COVID is, we see it gradually coming back to normal levels in the periods ahead. For example if May was 70, June was 90, we are not seeing July go back to 50 or 60. We are seeing it progressing.

Moderator: Thank you. The next question is from the line of Saumil Mehta from BNP Paribas Mutual Fund. Please go ahead.

Saumil Mehta: Thanks for the opportunity. Just one question from my side. Can you talk a bit more about the industry as well as especially on the fans business as to what is kind of pent-up demand you are seeing, any indication of down trading and market shares gain if at all for this quarter?

Shantanu Khosla: Okay. First in terms of market share, our latest market shares, which is I think in April period only still show us gaining market share like we have been doing consistently over the recent past in fans, in bulbs and in battens, which are the areas we measure our market share. In terms of pent-up demand and a sudden peak and then a decline, frankly we are seeing much more of a steady build up since May like I mentioned, 70% became 90% and then July peaking. So we are not seeing a sharp uptick and then a decline even if we look at these at a micro level, the declines by micro geographies tend to happen when a particular geography or city is locked down in a containment kind of zone for two weeks. So we are seeing a more steady growth both in the primary and also in the secondary sales, which is product moving out of dealers. Anything to add to that Mathew?

Mathew Job: No. Nothing more to add.

Moderator: Thank you. The next question is from the line of Nitin Arora from Axis Mutual Fund. Please go ahead.

Nitin Arora: Sir just more on the cost element and I understand what you said about the ad spend and the fixed cost because the activity level was down, but if you look at on a steady state basis, generally where do you see this because some of the costs which you are saving definitely you will put to get the revenue growth which is a important element of our business, but on an overall basis when you have done this cost structuring which you mentioned in your presentation as well, how much savings do you see in a steady state basis if one has to conclude that? That is my first question.

Shantanu Khosla: Okay. I do not think I can comment on specific numbers or element of cost savings right but two things I would point out one is independent of COVID we have had a consistent cost saving program year-on-year which has been delivering 100 to 150 Crores of cost saving. These are saving on top of that. Now what we have saved this quarter, part of that is sustainable cost saving, which will keep being there quarter-on-quarter. Now like I have always said we are today the industry leader in terms of our profitability and margin, so as these cost savings keep emerging and as the business comes back to normal life COVID passes away, we will keep looking at opportunities to reinvest these cost savings in innovation, brand building and demand growth. For example our investment in R&D, for example our investment in data systems like the tally patch etc., right, I guess the one thing which we can say with some confidence is that having been able to deliver this kind of margin structure in spite of losing close to half the business due to COVID, we have confidence in our ability to sustain this margin structure and be able to invest in the areas, which will give us long-term growth as we look out in the future. But I am sorry I cannot tell you that I mean X Crores of rupees will come in every month in the bottom line. We do not kind of talk that level of information. Sandeep, anything you want to add?

Mathew Job: Shantanu I will add couple of points. This is Mathew. The only thing I would like to add is you will recall that in every year over the last few years we have been saving roughly anywhere between 100 to 150 Crores of cost through what we call project Unnati cost production program, obviously in Q1 because the activity was roughly half of the previous year, the absolute quantum of cost saving that came in this project was also half what you would normally get in a quarter in the previous year; however, as the activity starts to recover, the quantum of savings in terms of absolute rupees coming from this cost saving will go back to the kind of levels we have had last year. The COVID specific saving which we spoke about in this quarter was roughly in excess of 60 Crores of cost which we have shaved off additionally, they were related to COVID, about 40% of that was on spends of advertising, the advertising spend that has come down. The rest of it has been a combination and a small part of that could be available in the next few quarters as well. So you know you can add the normal savings that we have been delivering roughly 100 to 120 Crores for the years plus a part of this could carry over and of course as Shantanu mentioned our intention is to reinvest the bulk of that into getting our top line back by gaining share. That is it.

Moderator: Thank you. The next question is from the line of Bhavin Vithlani from SBI Mutual Fund. Please go ahead.

Bhavin Vithlani: Thank you for the opportunity and congratulations on the cost and margin front. I have two questions, one is if you can give us the update on the new model launched on the premium side, how has been the performance of those fans? And any update that you see on the new energy rating which was due what is the new timeline on that and second question is you spoke about R&D initiatives, which is really heartening, it will be useful if you could speak a bit more detail, are you speaking about completely new product lines or innovations within the product line, some flavor on that keeping in mind your competitors positioning whatever you can divulge?

Shantanu Khosla: Okay. Let let me take your second question and then I will return to Mathew for the first. Obviously there are a number of areas which we focus and identify the key opportunity areas to focus R&D work on. This work could cover both new product lines and also big initiatives on existing product lines. Some of the areas which we were looking at are on building our capability is one is obviously connectivity, IOT, and technology that area. The second which we are looking at is really big, it was an existing need and we have done initiative like anti vac on that in the past, but clearly we believe due to COVID this is going to be a fast accelerating need and that is looking at technologies and innovations in the area of wellness and the third area which we are looking at is materials and technology in terms of materials and how they impact. So we have identified these three or four areas, which we will be investing in and in fact commenced investment. They could lead to big initiatives on existing businesses or completely new lines of business. Mathew, first one.

Mathew Job: Yes. When the new standards would be effective for fans, which was supposed to be this year, July but now it has been postponed to 2022. So roughly 18 months as things stand today and the implementation of the new energy standards in fans have been postponed by 18 months. The second question was in the performance of the launch of our recent premium fans, the silent profans, which are the plastic fans with very low noise and high level of efficiency was launched in the month of February. We expected great traction in the month of April and May because that is the peak selling season. So there was I would say a setback because of the lockdown and we did not get traction in those period but what we start to see now is we are getting our products placed in stores and wherever we have placed the feedback and response has been excellent. So we think that by looking at it from a one-year horizon, the target which we have set for ourselves for the new range of fans remain intact in spite of short term that is the first three months there has been an impact, but we are holding on and very confident of achieving the year one and year two numbers in terms of the entire category of plastic fans.

Moderator: Thank you. The next question is from line of Mayur Patel from IIFL Asset Management. Please go ahead.

Mayur Pate: Thanks for giving elaborate commentary on cost savings. Is it fair to assume this 150 Crores cost saving, this year also there would be incremental 150 Crores costing savings and obviously some of it you will deploy back into the area as you mentioned?

Shantanu Khosla: The answer is yes that is our goal and if you track our performance over the last four years you would actually see that we have been delivering cost savings of about that scale every year, now obviously these cost savings go into reinvestment where needed it is not just about building margin, in fact I think I have mentioned it earlier, our overall thinking now margins is we are the industry leader as a company at least on margins and our objective now is not to further keep enhancing margin, but our objective is to continue to drive costs out of the system to create more flexibility to invest in innovations, brand, add various capabilities for the short mid and long term demand building and share building.

Moderator: Thank you. The next question is from the line of Vinod Bansal from Franklin Templeton. Please go ahead.

Vinod Bansal: Hi Shantanu. I had a couple of questions on the demand recovery side. One you spoke about secondary sales tracking more or less in line with primary, would you have some data on how this primary consumer sales is happening from retailer to consumer? That is one. Secondly since much of sales did not happen in the month of March, I suppose the distribution inventory would have been low, how has been the channel restocking trends in March to June? So how the inventory moved? And the third final question on the same subject is that electricals are supposed to be mostly metros and Tier 1 city business, where cities like Bombay, Delhi have been in severe lockdown, so we talk about 90% of demand recovery to pre-COVID, this includes cities like Bombay and in that sense, could you tell about those cities and is it surprising you that demand has been so strong despite Bombay being under lockdown, Delhi being under lockdown, etc.?

Shantanu Khosla: Let me take the last point first just for clarification, yes that 90% level which we achieved in June with 90% of previous year June across the company or the total all India figure, so it includes everything right Bombay, Delhi, Chennai, small towns, rural, everything. Okay, so we are seeing that demand recovery. Now it varies for example the west has been relatively slower because the lockdown has been a little more extreme, first in Bombay and then in places like Pune. We are quite confident that the demand has come back to this kind of level, and it is not just inventory adjustment game and the reason is we saw it first built in May then in June and frankly we are seeing it sustained over the first three weeks of July. Secondly we have got you know the two bits of data it is not just our primary sales to the dealer but we are also tracking movement out of dealer. So the data is all quite consistent to indicate that it is a smooth and steady increase and it is not artificial inventory buildups which are happening. I think I covered everything. Did I missed anything Mathew?

Mathew Job: If I may just add, you are right. We have all three data points for the month of May. We have our primary sales, we have our secondary sales and we also have the first data from market pulse which tracks the tertiary off takes and in the month of May at least all three are consistent with roughly 25-30% below last year's level for May all three levels, primary, secondary and tertiary. In the month of June we have data only primary and secondary which is showing at close to 90%. We think that you know we will get the data for June, the tertiary sales in the next couple of weeks then we will know if it is all in line but we think it will be.

Shantanu Khosla: The only other thing I would add is and I think I mentioned in one of the earlier calls our category is while I will say are not as essential as say foods that things said that pretty much necessity they are not really a discretionary buys, when you need a fan you will need a fan when you need a light, you need a light so they are not like cars or air conditioners, etc. They are also not things which are bought on credit by the consumer, so the consumer demand I do expect will come back overtime once the operational issues get completely sorted out which have been created due to COVID.

Moderator: Thank you. The next question is from the Arnab Mitra from Credit Suisse. Please go ahead.

Arnab Mitra: Thanks for taking my question similar to your commentary on ECD if you could give us a sense of the nature of recovery in lighting and if you could just split it into B2C and B2B and do you see the ramp here being a lot more slower and more time being taken here for recovery?

Shantanu Khosla: I will tell of the top line and then Matthew can give you more details if you need it, the two businesses B2C and B2B are very different. B2C by and large is following the same recovery trend which we are seeing in ECD, B2B is much slower, B2B is clearly a challenge as both on the order side and also on the execution side right. So this rate of recovery is largely about our consumer facing business and most of our company business is consumers facing business.

Mathew Job: Yes see if you see the B2C volume actually in B2C lighting in the month of June actually the B2C LED volumes have been actually higher than last year of course you may not see that fully in the revenue because compared to the same period last year there is an average of 10% price decline so you do not see it in the value but in volumes actually B2C is actually higher than last year in June and in B2B yes, Shantanu mentioned we see significant slowdown in order acquisition but also in execution because unfortunately in this last quarter our key supply base was for two-third of the time in a containment zone so we had issues also in terms of supply so that is the situation the significant difference between B2C and B2B and the way they are coming up now.

Moderator: Thank you. The next question is from the line of Pulkit Patni from Goldman Sachs, please go ahead.

Pulkit Patni: Yes Sir thanks a lot for taking my question, can you talk about where do you see there are visible portfolio gaps that we have and we have spoken in the past about looking at you know certain inorganic opportunities also given the fact that we have also raised an NCD here anything that we can talk about you know portfolio gaps and what could be our next sort of areas of growth?

Shantanu Khosla: I have talked about this before, but let me again just clarify. What we look at is enter subcategories or segments where we have the opportunity to not just become a small player but become a number two player. The reason we say that is because it is really the number one, two or three player in every category who creates value. The seventh, eighth, ninth tenth player does not. That is exactly what our game plan has been on geysers, coolers and now mixer grinders. We are looking obviously and have been looking at inorganic opportunities which can help enable this. We are also well aware that we have a competitive strength of our balance sheet right now and there may be people who do not have that balance sheet strength which may provide opportunities during this period. We are actively engaged in those kinds of discussions. Obviously I cannot talk about what those discussions are, but as soon as something going to happen of course you guys will be the first to know but it is inorganic is one of the roots which we are actively pursuing to be able to deliver against the strategy of being in more and more segments, but with a proposition which can get us to a meaningful market leadership position.

Moderator: Thank you. The next question is from the line of Charanjit Singh from DSP Mutual Fund. Please go ahead

Charanjit Singh: Sir you have talked about this changing customer preferences so that is one thing which if you can highlight how customer preferences have changed during this time frame and secondly in terms of the market share gains, if you can highlight more in terms of quantitatively what percentage of level of market share we would have gained and in which particular segment within fans we would have gained the market share Yes that is all from my side?

Mathew Job: In the last one year period in fans we have gained roughly 100 basis points in market share and it is across the categories it is not coming from any single category but it is across all the categories within our fans, 100 bps is what the markets have gained over the last 12 months.

Shantanu Khosla: Okay and the first question was sorry could you repeat it again?

Charanjit Singh: You have talked about you know in your commentary in terms of changing customer preferences?

Shantanu Khosla: Okay got it, these are changes which are happening in many cases but we see the changes accelerating the two key changes one is a channel mix change and the other is a consumer need change and we think both of these present opportunities. In terms of channel there are two key areas, one is obviously e-commerce. Now e-commerce remains very small not just for us, but for the industry as a whole. We see this as an opportunity so we are stepping up our investments in terms of joint business planning, digital marketing and even portfolio development to further leverage and grow the e-commerce channel and we got even in these initial stage we got some wonderful early results like I mentioned our May, June e-commerce sales is up four fold albeit of a small base. The second channel change which was again happening but we are doubling down on our investments there is smaller towns and rural. A little less than a year ago we put a special team in place dedicated to driving greater dealer appointment in 50,000 and below towns and that program is something which we continue to invest and drive because we think that for long-term opportunities potentially accelerating opportunities given the current macroeconomic situation. In terms of consumer need and consumer preference changes, we think one of the big new need segments which was again a trend but we think it will accelerate now is this whole area of health and wellness and cleanliness and that is an area where as I mentioned we are putting a lot of innovation resources behind.

Moderator: Thank you. The next question is from the line of Venugopal Garre from Bernstein. Please go ahead.

Venugopal Garre: Hi thanks a lot for the opportunity just a small question given that your demand is scaling up back to 90% in June and I am assuming it further scaled up in July as we talk about normalization you would also mention that we did have some production challenges especially I think in the lighting part earlier in this quarter so I wanted to understand given the social distancing requirements in factories as well as supply chain side of things, are we in a position to ramp up our production in line with demand going forward from here?

Shantanu Khosla: First you absolutely right about the B2B supply situation but that was a very specific one, we have a vendor of streetlights and that vendor happened to be based outside Mumbai in a containment zone and that has been a containment zone for quite a while so that was a very specific and unique one. In terms of our own factories and our broader vendor base we are operating at about 75-80% of normal implementing with the first priority all the safety measures now we have done things for example adjusting the layout inside the factory to ensure that there is a greater space so social distancing of different workers in the workstations can be done. That has helped us. We have also adjusted our shift strategy. The third thing which we are doing and that is an ongoing process which we have begun is create more low-cost automation right so with a combination of these three things we believe that we are good in terms of capacity requirements, the B2B shortfalls on supply which we had in May and June were very specific related to one specific containment zone and obviously we are now addressing that.

Moderator: Thank you. The next question is from the line of Latika Chopra from JP Morgan. Please go ahead.

Latika Chopra: Thanks for the opportunity just a quick one on the fans business what was the difference between volume and value growth trends, has there been any action in the pricing front also from a channel perspective if you could comment on what you saw in June and early part of July in terms of competitive dynamics, channel incentives and just lastly one bookkeeping question one pumps I think you mentioned something in the initial comments on agri pump growth been higher if you could just give more color on how the pump growth has really panned out by subsegment?

Mathew Job: If I look at the longer term trend for fan the value is growing slightly faster than volume obviously because if I take a year or 18 month trend the premium segment of the market has been growing faster so if you look at the value versus volume market size growth, the value is going slightly faster I would not say, it is significantly faster, but it has always been trending ahead of volume growth. In terms of pumps, yes it is right that in the month of June for example actually pumps has delivered a growth over last year and that has been primarily driven agro pump which has grown roughly 20% with the residential pumps also coming in close to flat so that is how the growth in this quarter has been but you would remember in the last few quarters actually agri pumps was really down so this quarter in the month of May, June sort of we have seen the recovery in agri-pump with residential pumps holding port as usual so that is the answer to your questions.

Moderator: Thank you. The next question is from the line of Bhavin Vithlani from SBI Mutual Fund. Please go ahead.

Bhavin Vithlani: Okay thanks, a couple of questions one is are you seeing any change in the consumer preference in terms of down trading where the path of premium which you just spoke about there is a change in the trend line on that and second is if you can speak a little bit about the reach where you had given where the overall reach in the lighting was about 15%, fan was about 48% has there been any improvement on that front?

Mathew Job: Yes in terms of if I talk about specifically to the quarter in May for example in the month of May we saw an unexpected demand for TPW fans primarily driven by the need which came up because of a lot of these makeshift hospitals where they needed primarily either a pedestal fan or a table fan so there was even more than usual strong demand in TPW primarily a product but there was even more accelerated demand in the month of May and to some extent in June which we have seen that demand will taper off now so I would say yes there has been some level because TPW fans are comparatively less expensive than ceiling fans so I could say theoretically a mix would deteriorate in the month of May-June I would say for the market as well but we do not see any I would say significant down trading in any segment other than the fact that there was an accelerated demand of the TPW for the particular period. In terms of reach yes if you see the last 12 months there has been an improvement of reach in fans we have grown from about 48% to excess of 50% and in lighting we know we have now present in more than 20% of the stores with the LED bulbs if you are specific for the quarter very difficult to say because this quarter has been very extraordinary quarter, so I would not put too much of importance in the data for the particular quarter because keep in mind most of the sales people, sales teams the salesmen have not been fully active in this quarter so let us discount this quarter reach numbers but the trajectory is definitely on the growing trend for us.

Moderator: Thank you. Ladies and gentlemen due to time constraint we take the last question from the line of Mayur Patel from IIFL Asset Management. Please go ahead.

Mayur Patel: Sir any change in the dividend policy should we see given that now the debt is behind us and good amount of cash generation we are seeing almost on a steady state basis, should we expect any increase in dividend payouts?

Sandeep Batra: If you recall in the month of May when the board met at that time there was a significant amount of uncertainty about how the situation will play out given COVID and at that time the board took a decision of actually not declaring any dividends for last year obviously the situation since then has significantly eased in the couple of months and we have our cash generation is kind of in line with what it was last year; however, does it mean that all the uncertainty around COVID is behind us we do not know. So the board will re-look at the whole approach to dividend and I do not think that would call for any change in the dividend policy, our dividend policy gives a significant amount of headroom to the board to take a call and if there is no need for cash within the company then one of the options before the board certainly is to give it back to the shareholders, but that is something is board decision, I really would not be able to take any call or comment on that, but just to add that our dividend policy is fairly flexible to allow board that choice as and when they were to exercise that, that is all.

Moderator: Thank you. Ladies and gentlemen I now hand the conference over to the management for closing comments.

Shantanu Khosla: Thank you. We have gone through what is once in a lifetime event, in fact we are still in the middle of it and an extremely turbulent external situation. In light of this over this quarter we believe that against the real three key goals which we kept for ourselves, we have kept our people safe, engaged, productive and built their capability, we have emerged with a stronger position in terms of cash and we have maintained our industry leading margin, we have demonstrated the agility to get our operations up to steam and back as quick as circumstances allow us, we have continued to be able to given our profitability and tax position invest in brand innovation and the organization so we feel quite good given the circumstances of where we are and what we have managed in this quarter. Obviously looking forward we do not expect another month like April which is a complete washout so we think there will be continuing steady improvement in the demand picture and the situation which given our profitability and our margins, we believe will lead to industry leading profit situation. That being said, we are also very cognizant of the fact that COVID is still increasing in this country. We still have not reached a situation where the external environment is anywhere near normal, there is significant uncertainty. We do not know what may happen next week, week after or next month before things settle down, but the way we have managed the extreme uncertainty of the past three months has given us great confidence in our ability to manage many more uncertainties, which keep coming into us and we are confident that we will keep investing to make sure that we deliver a stronger brand and balance sheet position and profitability over the coming quarters. Thank you very much and I apologize if we could not handle all the questions, but as always we try to be as transparent as we can. Please feel free to contact any of us if you have any further follow-up questions. Thank you very much and most importantly please stay safe, please stay healthy.

Moderator: Thank you. Ladies and gentlemen, on behalf of Emkay Global Financial Services that concludes this conference. Thank you all for joining us and you may now disconnect your lines.

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