

Crompton Greaves Consumer Electricals Limited

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Date: March 31, 2020

To, The General Manager BSE Limited (“BSE”) , Corporate Relationship Department, 2 nd Floor, New Trading Ring, P.J. Towers, Dalal Street, Mumbai – 400 001.	To, The Secretary 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.
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Dear Sir/Madam,

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

With reference to our earlier intimation regarding the conference call for discussion on the Business Implications of COVID-19 Outbreak, held on March 26, 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
Company Secretary & Compliance Officer

Encl: a/a



**“Crompton Greaves Consumer Electricals Limited
Discuss on the Business Implications of COVID-19
Outbreak with Crompton Greaves”**

March 26, 2020

**ANALYST: MR. ADITYA BAGUL – AXIS CAPITAL LIMITED
MR. KASHYAP PUJARA – AXIS CAPITAL LIMITED**

**MANAGEMENT: MR. SHANTANU KHOSLA - MANAGING
DIRECTOR-CROMPTON GREAVES CONSUMER
ELECTRICALS LIMITED**

**MR. MATHEW JOB - CHIEF EXECUTIVE
OFFICER - CROMPTON GREAVES CONSUMER
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**MR. SANDEEP BATRA - CHIEF FINANCIAL
OFFICER - CROMPTON GREAVES CONSUMER
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**MR. YESHWANT REGE – VICE PRESIDENT,
STRATEGY AND FINANCIAL PLANNING -
CROMPTON GREAVES CONSUMER
ELECTRICALS LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Crompton Greaves Consumer Electrical Limited Conference Call hosted by Axis Capital Limited. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal for an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Aditya Bagul from Axis Capital Limited. Thank you, and over to you Sir!

Aditya Bagul: Good afternoon, Ladies and gentlemen and a warm welcome to the Crompton Greaves Consumer Electricals Limited conference call to discuss the Business Implications of COVID-19 outbreak. We have the management here today represented by Mr. Shantanu Khosla, who is the Managing Director; Mr. Mathew Job, who is the Chief Executive Officer; Mr. Sandeep Batra, Chief Financial Officer; and Mr. Yeshwant Rege, Vice President, Strategy and Financial Planning. We thank the entire management team for taking out the time to get on this call with us. I shall hand over the floor to Mr. Shantanu Khosla for his opening remarks and post which we will open the floor for Q&A. Thank you, and over to you, Sir.

Shantanu Khosla: Thank you so much. Thank you everyone for dialing in and welcome to the call. First and most importantly I hope each one of you is taking due precautions to stay safe and you and your family members and friends are all healthy and fair at times like these, that is truly the most important thing. Before we going to questions you may have, I just want to give you a brief overview and then we will throw it open.

I will start actually a little bit prior to the current COVID crisis through January-February and in fact in the early part of March our business was actually performing very well if anything slightly above our own expectations, ECD business continued the momentum that it has been displaying and all key segments were performing well, even the lighting business execution, especially on the B2B side were showing improvements and on the B2C side of the business we continued to register good volume growth. Obviously, I would not get into specific numbers, but the net message is really till the first half of March our business was doing well, and we were very, very positive. At that time prior to this crisis obviously, there was a concern earlier in around February about supplies from China.

Just very briefly let me inform you all that we have passed through that and really there is no challenge at all from a supply side from China as we stand. Of course, the situation as you are all well aware turned around and changed dramatically starting around the March 19, 2020, March 20, 2020 and now of course, we are all in complete lockdown perhaps the first and most important priority during this period really was the safety and health of our employees. We did a number of communications. We did a lot of training, we put in a lot of steps in advance to the lockdown to ensure that our people stay safe and understood what

they and their families need to do. We had already successfully commenced work from home from all our office locations, we had banned travel both domestic and international and have done a lot of education even for our dealers. The stay of lockdown of course matters further really starting with the Janata Curfew day of Sunday and then moving in into the lockdown as you are well aware, like everyone else we are essentially completely shut down, our factories are all shut, our warehouses shut. We have encouraged all our customers/vendors also to shut down the markets and shops and supply chain, as you are aware and as per the government's recent announcement, they will stay shut in that manner till at least the next 21 days.

All other back end systems are continuing to operate and they are working via our work from home processes which we developed and the detail business continuity plan we have put into place, so banking transactions, payments importantly to our creditors, statutory compliances, employee reimbursement, money which needs to get into the hands of our employees, payroll accounting all of that continues to work wonderfully well with our business continuity practices essentially happening virtually and that is going good.

Businesses of course, is shut down all the way from our suppliers to our customers. We feel that this is the right thing to do in the long run. It is critical that the virus gets in control in a country like India. We believe that this business, the moment the virus issue gets resolved, will continue and come back to normal very, very fast so we think it is the right thing to do for the sake of the nation frankly the sake of the world as stands.

Really while we are doing this and beginning to focus on what we need to do to obviously minimize all non-essential costs. Variable costs of course will automatically come down, but even where we can look at other costs, which potentially can be delayed without significantly impacting our people or organizations or our business in the future, we will do that. Obviously, we are working detail plans with a braided kind of gates and drapes since there is still uncertainty, all that is certain is the next 21 days would be locked down. The benefits we have as we look forward is one of our organization and our people, very happy to inform you all that till date all of our employees are safe and healthy.

As you are aware, we have also with our continuing work maintained a very healthy balance sheet and a very strong cash position. We believe in times like these it will help us stand relatively better than a lot of our competition and finally, of course, we have got a brand and the brand franchise which continues to be extremely be strong so all these elements we think will help us the moment things become okay, get our business back and firing on all cylinders soon.

With that overview I would like to pass it over to questions you may have and as always we will do our best to answer them transparently.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Nitin Arora from Axis Mutual Fund. Please go ahead.

Nitin Arora: Thank you first of all to the management for coming out and talking to the investors in such a situation. My first question is nothing to delve on growth but more to do with how you are tackling the issue with respect to the cost element. We started that topic but if you get this quantify just to understand let us say that if the shutdown and lockdown remains for three months what will be monthly fixed cost at this point in time? What is the cash flow, you think you can anticipate, this kind of a cash flow will be required to support fixed cost and as well as certain unanticipated costs which you obviously must be thinking at this point in time that is broadly the question?

Shantanu Khosla: Let us hold it to one question and then we can come around. Let me just give a very kind of overview philosophical response to your question and then I will pass this over to Sandeep to provide you any more details which he may have. First one of the things which we are very clear is we do have a healthy cash position; we do have a fundamentally healthy business module. We do believe we are in the position given the strength of our balance sheet that we should be able to weather the storm over this period for a month maybe even longer. As things stand, we are very clear that our people are important and we will continue to support our people and spend on that through this entire period. Sandeep you have anything to add.

Sandeep Batra: Just to give some specifics our fixed overheads, which excludes, all discretionary spend is around Rs.40 Crores a month. We have cash balance I mean a treasury balance of in excess of Rs.550 Crores, which can easily be scaled to nearly 2x of that if the need to arrive but with the cash balance of Rs.550 Crores and a monthly overhead bill of maybe Rs.40 Crores-50 Crores, I think we are more than well positioned to ride out this disruption.

Nitin Arora: Got it. When I talked about the unanticipated parts, for example any thoughts of the management, any thinking that how to support in the time where you are supporting your employees longer and how to really support the dealers and distributors because even if we come out of this issues things will take time to fix and pickup so anything on those lines just from a business stand and unanticipated part

Shantanu Khosla: Let me give you two responses on this. One is our responsibility as good corporate citizens not only to the society at large, we do not make products which are directly abuse as essential products in this crisis so what we are doing is we are already donating cash as a company to the appropriate relief fund we will continue this donations also through the month of April so it would not just be a one-time thing. Secondly, we have been looking at it and this is ongoing continuous work, but we have been looking at key dealers and also key vendors and we have been making sure for example we are supporting them especially, the ones which are having challenges in terms of paying their own employees. Similarly,

with dealers we have communicated to our dealers that because our trade tends to run on quarterly and annual incentive basis we told them that given this unique situation we will figure out a way working together with them so they do not suffer from their long-term incentives. For our own employees frankly we will cover any need they have from health point of view, for us that goes without saying.

Nitin Arora: Thank you Shantanu for answering. Thanks a lot and all the best.

Moderator: Thank you. The next question is from the line of Aaron Armstrong from Aviva Life. Please go ahead.

Aaron Armstrong: Good afternoon and thank you for joining the call and thank you for taking questions. My question is around the outlook for FY2021 and please could you give an update on your preexisting strategy for FY2021 be that in terms of new products, new segments, capex or new markets and then any changes to that or any adjustments that you have made given the uncertainty and challenges that we face in short-term.

Shantanu Khosla: Two things. The first is that obviously we do not know how long we will be in a lockdown and how much of Q1 it will impact, I think it is a safe assumption at the very best that the first month April is kind of going to be a write-off. Now assuming only April is a write-off. There is only one area where we will be adjusting our plans to some extent and that is driven by the fact that we have some businesses for example, like coolers which are extremely seasonal so we may because of the seasonality be forced to postpone some of the investments that we had for such a highly seasonal business. Coolers are most seasonal business, fans assuming we start up in April sometimes we do not see a huge adjustment in our plans for fans because the fans season tends to continue all the way to the monsoon. For the rest of our initiated programs that we have planned, actually we see no reason why we should pull back or adjust. We are trying to work out those plans right now frankly before time to do a good planning right now as to how do we get a really good strong vertical startup starting whenever the lockdown ends because we believe that inventory in the entire system literally maybe a little low, we need to bring back stocking, we need to bring back displays, bring back advertising. So, there is no reason to as things stand of course, there is such a unknown black swan event, but assuming things turn out for the better we should not really have a significant need to hold back or adjust. I think this is one of the benefits we get because we got fundamentally good strong margins in the business model with good cash flow and Mathew do you have anything to add to that

Mathew Job: Nothing, I think as Shantanu mentioned obviously the last 10 to 15 days of March being wiped off which is actually a period when a lot of stocking happens especially for fans, I think once things start to resume as Shantanu said we feel we should be pretty much able to cover up except for coolers, we should be able to cover up because these 15 days obviously is the period when lot of stocking would have otherwise happened that is one I will have to

add and just one more point may be for B2B lighting the orders are already there only question when can be executed so those orders are not lost at all, even in B2B lighting I think it is merely a question of a few weeks postponement of orders.

Aaron Armstrong: Thank you. My question was around if we could compare this period of disruption in terms of the competitive landscape to other periods of stress the economy has faced in past few years, perhaps could you compare what you are seeing right now maybe demonetization and in terms of cash flow restrictions that is some of your less well established and less profitable competitors would have suffered with and any kind of competitive games or market share gains what is a very unfortunate situation. There are some opportunities for high quality company to take some market share.

Shantanu Khosla: Well overall this is far-far more severe. Demonetization was less sharp and shorter. I in my 35 plus years of working in India never faced a situation where nothing can be made, nothing can be transported, nothing can be sold, right so there is just no comparison with any event as far as our business goes. The competitive advantage I believe which we will have is when we start up whenever that may be and that competitive advantage comes because we have the balance sheet strength, we have the cash and we have the brand franchise to bring it back fast so for example the first question, we do not really up till now, we see like we are going to have to slash our plans once the event is over and that is the competitive advantage will have.

Moderator: Thank you. The next question is from the line of Akshan Takkar from Fidelity. Please go ahead.

Akshan Thakkar: Thank you guys for doing this call and update and wish everybody in the company from the best of the health for this typical period. Just wanted to understand one thing that assuming things, the curfew etc., from April 15, 2020 or whichever date, how much time does it take for channels to get back to regular level of inventory and the reason that I ask this question is in some of your products like coolers and fans, Q1 is really important so just wanted to understand that typically would you still hit the same sort of sales number if we were get back to normal by April 15, 2020 and how much time does the channel take to start up back on the inventory just two questions my side. Thank you.

Mathew Job: As I mentioned in terms of I look at the key businesses with the exception of the highly seasonal coolers, I do not think it should take too long and of course it depends on whether the lockdown is completely lifted or in phases, in any case if lockdown is completely lifted from on April 15, 2020 I think within this quarter we should be able to get back on track at all these businesses probably with the exception of coolers because the cooler business does tend to start winding down by end of April or early May, so there obviously we will have an impact but coolers for us totally difference is still it is a small portion so I think if things do

get back on track from April 15, 2020 we do not see any significant changes to happen on a going basis that was I would say.

Shantanu Khosla: From my point of view I think, you know the process of filling up because what you got to recall is, kind of buckets of inventory are sitting all over the place, our factories, our warehouses, frankly there are some even in transit, sitting in the truck somewhere so I would say within a week or 10 days, maybe two weeks maximum we would want to be absolutely back to normal because fundamentally there will be no impact on demand. The entire business has stopped, so there may even be a little bit of positives coming up later as inventory buildup which should have normally happened in March they happen end of April then maybe a little pent up demand for people, but we have to see all those things right now and frankly, this is all the function of that lockdown gets sorted out in 21 days or not. There is still heavy based water.

Akshan Thakkar: Sure, appreciate that and just one followup question to Sandeep if I may, could you just repeat what was the cost phase that you said in the month, which is not bidding for fixed discretionary cost, what is it per month?

Sandeep Batra: It is about Rs.40 Crores, which is our fixed cost.

Akshan Thakkar: Non-discretionary?

Sandeep Batra: Non-discretionary, non-variable.

Akshan Thakkar: Okay perfect. Thank you so much.

Moderator: Thank you. The next question is from the line of Harinder Bhattacharjee from Genesis. Please go ahead.

Harinder Bhattacharjee: Thanks for taking my question. Just a followup to an earlier question, inventory, at this point, given the uncertainty and we do not know how long it will take and in what form the lockdown will end it could be in stages as its withdrawn what impact do you expect and how are you preparing in terms of on the smaller dealers, it could actually send a lot of smaller dealers into shutting shops, do you see more channel consolidation over a period of time or sales through online and how are you thinking about your sort of distribution strategy if anything needs to be adapted to a growing trend in that direction?

Shantanu Khosla: Assuming this continues only for let us say a month more and not six to nine months in a worst-case kind of scenario, I do not think that there is going to be any significant channel realignment happening. I do not think our channel partners are likely to shut up shops. There may be an odd guy here or there but I do not think there is going to be a significant change if this lasts for a period of a month, if it of course it goes on for six months to nine

months frankly that is a situation at this point we do not even want to think about. In terms of e-commerce, e-commerce is an important channel for us and was an important channel prior to this issue. The fact of the matter is e-commerce is very small product categories apart from small appliances and was going reasonably fast so we continue to disproportionately invest in e-commerce, and we will continue to do that but again for our categories once you know, especially if you think about some of the experiences of the short-term habit changes this happened during demonetization and then rapidly people sit back to the old habit of using cash my judgment and my opinion would be that if it is only for a month or so, there is not likely to be any long-term changes in buying behavior.

Harinder Bhattacharjee: Thank you and if I could just followup with one other question. Earlier on you mentioned support for the key suppliers, vendors etc, in a period like this do you provide let me sort of guarantees in terms of any debt, you might have it, can you share anything specific in terms of how you may support them and what that could cost the business if at all?

Shantanu Khosla: Again, Sandeep correct me if I am wrong, but in general terms there is nothing specific and no guarantee kind of thing. It is much more because we have very good relationships and one-on-one relationships and we understand our vendors because that is so critical as part of our business model so it is more conversations and how we can help vary from party to party.

Sandeep Batra: Not really. I think from the vendor's side we have a fair amount of vendors who has micro, small and medium enterprises. Obviously, we pay them within their contracted period or 45 days and bulk of all and we have opened separate arrangements where we use the cash on our balance sheet to allow the vendors to take early payment of his bill. So that is one facility that we had, and we found huge use for that facility, we continue to keep that ability open and to our channel partners we are more than fair. Well you know in different markets around some amount of relaxation for the credit days that we give them for example, if we as a company charge interest if channel partner does not pay us in 42 days in few markets, we have extended in pan India. We have extended that by about 15 days and that is the call that we will take as and when demand or a need from that may arise from our channel partners.

Harinder Bhattacharjee: Thank you.

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. One question do you see any impact on discretionary demand given the current situation and if you can draw parallel with your past experiences, would there be brief period where they could be subdued growth?

Shantanu Khosla: Well, like I mentioned earlier as a little different because till the middle of March we were seeing no subdued growth and from the Janata Curfew, Sunday everything just halted so there is no question of demand because there is no market where you can go and buy anything. So, it just becomes zero. The question now is like I mentioned earlier how quickly we can vertically startup, personally I do not see and looking at how things happened during the demonetization and watching the consumer consumptions trends there is no reason that we have to believe that there will be any impact on consumption trends. Like I mentioned there is a possible upside because if you really needed a fan because your fan is broken you cannot buy a fan today in India so that pent up consumption demand may also come in as a positive, but that is kind of unknown.

Bhavin Vithlani: Sure. Thank you so much for taking the question.

Moderator: Thank you. The next question is from the line of Amar Kalkundrikar from HDFC Mutual Fund. Please go ahead.

Amar Kalkundrikar: Thank you for the opportunity. Thanks for holding this call. Lighting has been a space where we have seen pricing led competition of couple of years in the view of this disruption as well as the fact that you have a stronger balance sheet and cash flow benefits that we have emphasized, how do you see this category shaping up for you in the next maybe six months to one year

Mathew Job: I think even as Shantanu mentioned January-February, we have had continued to have strong volume growth in B2C lighting and in B2B lighting while the demand remains a little sluggish compared to normalcy period I think our execution and fulfillment of orders have significantly picked up in the early part of January and all through February until March 15, 2020 and also in the recent past most of the competitor for the first time we have seen that in B2B lighting the prices have started to increase after a period of almost I do not know how many years for the first time we saw that the prices have started to move up almost across the entire B2B category so we start to see continued good volume growth and with reversal of the price decline or I would say a decrease in the price decline that we have seen in the past, I think going forward we should start to see revenue growth coming back in lighting as a whole that is what I would say and in the last month or so we have seen most of the competitors and including Crompton have announced the price increase in B2C lighting.

Amar Kalkundrikar: That is across the bulbs, batons and everything.

Mathew Job: Yes bulbs, batons and panel primarily across B2C.

Amar Kalkundrikar: Thank you very much Sir. All the best.

- Moderator:** Thank you. The next question is from the line of Renu Baid from IIFL. Please go ahead.
- Renu Baid:** Good afternoon Sir. Thank you for taking the question. My first question would be what kind of impact on your GTN strategy would be given the disruption that we have seen so one would expect some material derangement or they would probably continue as expected
- Shantanu Khosla:** Once business restarts, we would expect GTN strategy and execution to absolutely continue because we have been seeing a lot of benefits through the last two, three to four months. Our distribution has been increasing, we have now got secondary data coming in through our tally batch of in excess of 50% of our business and frankly that secondary data was very good guide for us to take decisions in the periods after the first half of March when the concern started happening. Our dealer portal is continuing to expand and is working well for the dealers, so all these elements of go-to-market strategy we think are working, we think there is a key part of what has been driving our shared growth in a four categories and we definitely intent to continue driving them as one of our key investments moving forward.
- Renu Baid:** Right and aligned with this we understand coolers is extremely seasonal sales for this one-and-a-half two months given the fact that lockdown situation broadly that will end of April. Would this also impact from summer season offtake in our view or probably we should not see any material because Q1 is typically a very strong quarter for us so do we see that portion of demand getting impacted?
- Shantanu Khosla:** Segment of ours which is likely to have the biggest impact over this entire period is likely to be coolers because it is sharply seasonal.
- Renu Baid:** That is not significant in our revenue pie?
- Shantanu Khosla:** But it is not that absolutely it is not that significant in our total company revenue pie, though it was it like our appliance businesses has been one of our growth focus areas. Geysers, water heaters, coolers are doing really well in January-February so will have to see what happens with the cooler whether the demand, you know how quickly we can restock, how quickly the lockout lifts and then how we can drive the demand. Fans I feel more comfortable with because it tends to have a steadier season relatively speaking.
- Renu Baid:** Sir this one last question you did mention initially that until mid-march the performance was exceptionally better than your internal expectation so even if for the last two weeks of March have been missed out because of the lockdown the impact for you would be material or should not be as significant for the company as a whole?

- Shantanu Khosla:** It will be material and part of the reason is because our primary sales tends to be more in the second half of a month than in the first half of the month, but when I look at secondary sales, that is far more even.
- Renu Baid:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Adesh Mehta from Motilal Oswal AMC. Please go ahead.
- Adesh Mehta:** Sir you mentioned that lighting is actually seeing improvement in pricing after quite some time just wanted to understand what is the reason for this improvement, is it due to supply constraints in China or is it because the competitive intensity is coming off or channel consolidation is happening just wanted to get some sense in that?
- Mathew Job:** I think if we look at our own cost structure is coming in from China, while there may be a short-term change because of the situation that was there in China for a few months and supply having dropped on a going basis we do not see significant change in the cost structure of the product or the component that are coming from China, but I think what is happening is you know in most of the categories in lighting especially B2C we have I think a reach pretty much close to the bottom where we can go so I think although overtime I think the pricing actions have played on and this is what we also mentioned six months ago or three months ago when we had the last quarter call that we really do see things that the pricing decline will start to come down and start reversing at one point of time. I think it just happened that this time, that time has come, and companies have been picking up the price. I think it is more likely to remain in this trajectory from now onwards.
- Adesh Mehta:** Thank you. Wish you all the best Sir.
- Moderator:** Thank you. The next question is from the line of Dhaval Shah from Birla Mutual Fund. Please go ahead.
- Dhaval Shah:** Good afternoon. Thank you for having this call. I just wanted to understand, any kind of a slowdown, typically impacts unorganized sector much more and given if the lockdown continues for long do you see any change in trends across segments where you could think that unorganized pie could actually fall and that would help the organized players per se?
- Shantanu Khosla:** Like I mentioned before, by and large there is not a huge amount of unorganized players, but the second thing I would lie on is, you know, this is a conversation that happens when GST was implemented, this was a conversation that happens when demonetization was implemented and if I just go by those two experiences in our categories, we did not see dramatic realignment between organized and unorganized maybe that is because unorganized sector and our categories is really not, not that large. I think the only one

Mathew jump in if you have anything to add on this where they could be more of an impact of this shift is in lighting because in lighting that tend to be a lot of small players. They might, whether you call them organized or unorganized they may end up getting consolidated, but we will have to see that as we move forward. Anything to add Mathew

Mathew Job: No, nothing. I think that is all, nothing more to add.

Dhaval Shah: So in lighting when the price increases actually happened because of primarily supply issues from China when actually further price increases actually happened do you see these marginal players also taking that kind of a price increase or how are they behaving the guys like Indiabulls or Jaguar and others

Mathew Job: I would say that, you know once the leading players have started to taking prices up they have followed because we know it is not that way we are doing very well in terms of their lighting business profitability so obviously all of them are followed once the bigger ones are moving the prices up.

Dhaval Shah: My second question is, you know, typically these kinds you know, you have many desperate promoters who wanted to cash out possibly, you know, looking aggressively so are you finding, you know more acquisition targets specifically in kitchen appliances where you know was one segment that you have always mentioned historically that you are trying to look at our acquisition talks increase over the last few days or do you think that will happen over the next many weeks as we move forward?

Shantanu Khosla: As we have been doing in the past we continue to look all the time at inorganic opportunities, and we are continuing to do so beyond that I do not think it is appropriate for me to comment on specifics.

Dhaval Shah: Thank you.

Moderator: Thank you. The next question is from the line of Baidik Sarkar from Unifi Capital. Please go ahead.

Baidik Sarkar: Most of my questions have been answered. But if I could request Mr. Shantanu for his comments, the financial strength of the channel to be able to absorb, the kind of inventories that the entire system might come down on them and say April and May, if you could just expand a bit because I am assuming that channel financing, foreign institutions is also under pressure even there is systemic liquidity risk, so I am just trying to understand how would you read that situation?

Shantanu Khosla: As we build inventory, I do not see that there is going to be a huge necessary issue and the reason is our key channel partners, especially the larger ones are used to this in a normal

cycle because the business is seasonal. Normally in the month of March they do build a significant inventory in anticipation of demand coming to summer. That is why March and April tends to be our biggest primary sales month. Now assuming that by this crisis ends, like we all hope it and did not too distant future basically that inventory stocking will get postponed by a month. Now, that is the best-case scenario. Obviously, what we will do - we work very closely with all our channel partners. Now Sandeep will comment more but we are not going to suddenly say we are changing formal steady policy or things like that because we do not really believe in stuffing inventory that being said we will work with channel partners as wherever we had key channel partners who have genuine issues created by this stoppage. We will help them bridge those issues in various ways anything to add Sandeep

Sandeep Batra:

In fact in contrary to his concern I actually see it more as an opportunity because generally want to recognize as the primaries would happen in March and the secondaries would happen maybe April and May. In this case actually if primaries are getting postponed from March and they probably will happen once the lockdown lifts then you will see very close overlap of primary and secondary so it is not hypothesis if demand underlying demand goes and things get back to normal immediately after the lockdown we probably would not see any major stress because the March end planned inventory buildup in the channel would not have happened because by so far the primary sales happen, the shipment happens towards the second half of the month so I do not see even if it were to be so we have always been very agile. We were very agile at the time when the demonetization happened in terms of reaching out to our channel partners and making sure we work with them to tide over it in this similar situation we are equally prepared to help them tide over any short-term liquidity issues that they may face.

Baidik Sarkar:

Shantanu just to look closely my last question if you open remarks, I think you mentioned that between January 1, 2020 and March 18, 2020 business is the performing above expectations so considering the delta they were strong. I think in reply to another participation question you said that for the quarter as a whole there might be a prospect of revenue degrowth I am just try to understand mathematically, you know between the March 19, 2020 and March 31, 2020 how much of inventory channel happens anyway?

Shantanu Khosla:

Two factors come into play one is because of the seasonality traditionally March is the biggest month from a primary sales point of view in the quarter. Second a larger percentage of our primary sales in a normal historically tends to happen in the second half of the month so our typical primaries do not happen 50%:50% through the month because that is how the trade behavior historically has been.

Mathew Job:

At this stage also, we will not be in a position really to give any kind of a color on what this would have for this disruption would have in terms of sales growth for the quarter. I do not

think it would be fair to give any guidance but certainly as Shantanu said impact will be material.

Baidik Sarkar: Thanks.

Moderator: Thank you. We will be able to take one last question. We take the last question from the line of Charanveer Singh from DSP Mutual Fund. Please go ahead.

Charanveer Singh: Good afternoon. Thanks for the opportunity. Just two questions from my side one in terms of if you look at our mix of maybe Tier 1 versus Tier 2, Tier 3 how is that right now and do you think that Tier 2, Tier 3's ability to bounce back will be as fast as what Tier 1 cities can see from demand perspective. Secondly we have seen in a good amount of innovations now happening in the last couple of quarters on the fans front from Crompton Consumers side so how has been the response on those new innovations in the market and have you strengthened that entire product portfolio now. That is all for my side.

Shantanu Khosla: Let me talk the first and then Mathew can talk to your second question. On the first question we have not seen such a significant difference except like I mentioned in the last quarter in agricultural farms in terms of our growth trends which were happening in urban, rural both have been growing. Now of course the situation that everything is 0 and will stay 0 for a while, I do not think the consumption trends will change that much but what will happen is the whole process of refill, restart, the smaller towns will take a little more time just simply because they take it is more difficult to reach them, they are more multi-tiered in terms of the channel but from a consumer consumption point of view, I do not see why there should be any significant difference. Mathew, the fan's question.

Mathew Job: I think you have the recent innovations that we launched especially the energy efficient fans and the fans have been doing as per our expectation. It has been delivered in terms of improvements both in distribution and in terms of our portfolio mix as we had expected so they are on track, of course before March 15, 2020 I would say they are being ahead of where we expected them to be.

Charanveer Singh: Great Sir. Thanks a lot for taking my questions. That is all from my side.

Moderator: Thank you very much. We will take that as the last question. I would like to hand the conference back Mr. Aditya Bagul from Axis Capital for closing comments.

Aditya Bagul: Thank you everyone for joining into the call. Thank you to the management team of Crompton for taking out their time and answering our questions in detail. Sir, would you have any closing comments before we log off

Shantanu Khosla: Please everyone stay at home. Stay safe. Make sure your families are safe. I think that is the best we can all do as individual to get everything back to normal as fast as we can. Thank you for taking the time. If you have any further questions do give us a call, but most important just stay safe and healthy. Thank you so much.

Moderator: Thank you on behalf of Axis Capital Limited that concludes the conference. Thank you for joining us. Ladies and gentlemen, you may now disconnect your lines.

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