Crompton Greaves Consumer Electricals Limited
Registered & Corporate Office:
05GBD, Godrej Business District, Pirojshanagar,
LBS Road, Vikhroli (West), Mumbai 400079. India
Tel: +91 7304575254
W: www.crompton.co.in CIN: L31900MH2015PLC262254

Date: November 21, 2024

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: 176/2024-25	**Our Reference: 176/2024-25**

Dear Sir/Madam,

Sub: <u>Disclosure under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) – Transcript of Earnings Call</u>

With reference to our earlier intimations dated November 09, 2024, and November 14, 2024, regarding the Earnings Call on the Unaudited Financial Results for the quarter and half year ended September 30, 2024, held on November 14, 2024, please find enclosed herewith the transcript of the same.

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

Thanking you,

For **Crompton Greaves Consumer Electricals Limited**

Rashmi Khandelwal

Digitally signed by Rashmi Khandelwal
DN: c=IN, o=Personal, pseudonym=e2fb884576f4e1cb24fce1889a42e05, 2.5.4.20=5da9433664eafa69d23a3145c20da45bb4392b456bb9f24d4c3b398bc97a9d, pinajalCode=400079, st=Maharashtra, serialNumber=847b140da041d6d5bff951936512bf6a5e2a4bb897140d47c0868c38c9be8da4, cn=Rashmi Khandelwal
Date: 2024.11.21 10:00:11 +05'30'

Rashmi Khandelwal
Company Secretary & Compliance Officer
ACS – 28839

Encl: A/a

Crompton Greaves Consumer Electricals Limited

Q2 FY25 Post Result Conference Call

November 14, 2024

Management:

Mr. Promeet Ghosh – Managing Director and Chief Executive Officer

Mr. Kaleeswaran Arunachalam – Chief Financial Officer

Ms. Shwetha Sagar – Chief Business Officer – Butterfly Gandhimathi Appliances Limited

Ms. Natasha Kedia – Head – Investor Relations

Equirus Securities

Good evening everyone. On behalf of Equirus Securities, I welcome you all to Quarter 2 of FY25 Result Conference Call of Crompton Greaves Consumer Ltd. We have Senior Management Team from Crompton represented by Mr. Promeet Ghosh, Managing Director and CEO, Mr. Kaleeswaran Arunachalam CFO, Ms. Swetha Sagar, Chief Business Officer of Butterfly Gandhimathi Appliances Ltd. and Ms. Natasha Kedia, Head of Investor Relations. I will request management to start with their opening remarks and following which we can start with the Q&A as well. Thank you and over to you, sir.

Mr. Promeet Ghosh

Thanks. Thanks also to the people who are on the call for joining this earnings call. As you know, a short while ago, we announced our Q2 financials. I will make some preliminary remarks and then we can get to question answers. I am being joined, as you already know, by Kalees, Swetha and Natasha. I am pleased to share that we have been able to continue our growth trajectory, recording double-digit growth during this quarter for the 5th consecutive time. We clocked standalone revenues of Rs. 1,645 crores in Q2 FY25, a growth of 11%. In our ECD business, we witnessed robust growth overall with revenue growing at 13% YOY, to Rs. 1,393 crores this quarter. Our overall performance across categories has been broad-based with many of the businesses continuing to fire, with appliances and pumps taking the lead in what is otherwise a non-seasonal quarter. We have appliances growing at 26% YOY this quarter, followed by pumps, which is growing at 20% YOY. Our largest portfolio, fans also continued to grow at 5% this quarter. More about the details of all of these in a moment.

I would like to also remind you that one of the key strategic initiatives that we had called out when we unveiled Crompton 2.0 was to put the lighting business back on a growth trajectory. Something that we have delivered over the last couple of quarters. We initially saw some green shoots through improved margins Quarter on Quarter, and now in Q2 we have a combination of both growth and margins strengthening. The lighting trajectory, as I said, has been strengthened and we have picked up pace in our revenue growth. It was 1% YOY in Q4 FY24, 2% YOY in Q1 FY25, and is now 6% YOY in Q2 FY25. This has led to us delivering industry-leading revenue growth, led by our B2C business, particularly our outdoor and accessories and non-conventional lighting products.

Moving to the specifics. In fans as industry leaders, we continue to sustainably strengthen both our revenues as well as our profits in their growth trajectory. Over the last several quarters, not only have we grown faster than the market, but we have taken consistent

pricing increases ahead of the competition. Particularly in this quarter, we have seen a consistent lag in pricing actions by the competition. We have remained steadfast in our own actions and will continue to leverage the considerable strengths of our business.

As you can see, we are conscious about how we drive this business and view it holistically. For instance, you would have observed, how we have steadily built our premium offering through new launches, and how we are building our brand equity through aesthetics and style. This quarter, we introduced, albeit towards the later end of the quarter, new premium induction models such as *Avancer Swirl*, *Santos*, *Aura2 – 4 Blade*, which are already contributing to sales and we expect sales from NPD to materially improve going forward. Similarly, to scale our BLDC portfolio, we are working towards increasing our in-house manufacturing, so as to have more control on important aspects of the business as well as further enhance the quality of our products.

This quarter in particular, our non-ceiling portfolio has also shown strong growth. In the fans industry, as we are frontrunners, we endeavor to lead the way through world-class green products. We are the first to receive the GreenPro certification in the consumer products category for ceiling fans. I should also highlight that our business is in the midst of various regulatory changes and we have planned ahead and completed in a timely manner the various BIS transitions in our fans business.

In pumps, we witnessed robust growth across solar and residential pumps. In solar, we executed orders of Rs. 42 crores last quarter and as we speak, as Kaleesh reminded me just before I came in, we have crossed Rs. 100 crores of sales, perhaps a little bit more than Rs. 100 crores of sales, in solar and we have in that business a pretty strong pipeline as well. Despite some headwinds on account of weather disturbances and a delayed agricultural season, we continue to innovate and launch new products and further our premiumization agenda.

In our appliance business, we saw again broad-based growth. High-off-take water heaters, room heaters and in particular air coolers, all of them, grew even though it was off-season and lean season, if you will, for air coolers. Mixer grinders have had a very solid run, supported by new launches in mass premium segment and further channel expansion. Perhaps during the Q&A, I'll talk a little bit more about how we now believe we have a leadership position in the mixer grinders business.

Large kitchen appliances recorded a revenue of Rs. 19 crores and while the business is growing, it is also reducing the EBITDA losses which is showing as an indication that we are getting our arms around the business.

I also want to highlight, like I said earlier, the performance in lighting. A segment that I have faced quite a few questions over the last several quarters from you. We are seeing consistent improvements in that segment and growth continues to pick up Quarter on Quarter. As I said earlier, this quarter we have now recorded a 6% growth. Now, especially if you factor the lack of conventional product sales, which was a part of the corresponding quarter last year, our revenue growth is industry leading. And while we have had good growth in the B2B segment, B2C has also now joined in the momentum. This growth that we are seeing is being particularly driven by non-conventional products. Revenue from ceiling and outdoor category have significantly improved post new product launches. In fact, now battens and bulbs, which accounted for a share of business in the previous quarter in close to about 70%, now account for about 50%, which should tell you how materially the business mix in our lighting business has evolved over the last several quarters.

On the B2B side, the industrial segment is performing well. This quarter we executed a marquee project at Bengaluru's satellite town ring road of the NHAI with high performance LED street lights. Our focus is on converting a strong order pipeline across categories and driving traction for new products. Additionally, we have seen a Quarter-on-Quarter improvement in EBIT margins. This is happening across the board in lighting, despite much higher A&P spends. But higher A&P spends are also a characteristic of the company overall. This quarter, our A&P spend stood at Rs. 58 crore, an increase of 69% over the previous quarter. We have in the past said that stepping up A&P spends to both bolster brand visibility and also help our visibility across various platforms and channels, we would be investing heavily in A&P and you can see that happen.

Similarly, we are also focusing on innovations. This has led to two more patents being granted to us this quarter. Alongside this, we have launched 20 more products in Q2 with meaningful contribution in NPD coming into our sales.

Our focus on alternate channels is generating results. Alternate channels grew 37% by YOY this quarter, increasing saliency to 21% of sales versus what was 18% in the same quarter last year. Here again, this is our fifth consecutive quarter of delivering Rs. 100 crore

plus revenues from the e-commerce channel. We, in fact, delivered Rs. 200 crore+ revenues in the e-commerce channel this quarter.

Our strong revenue performance is also reflecting in our bottom line. Our standalone material margins were 31.9% this quarter versus 30.1% in Q2 FY24. EBIT for the quarter is Rs. 160 crores, a growth of 18% YOY with an EBIT margin of 9.7%. A healthy improvement of 60 basis points despite, like I said, a 70% increase in A&P spends this quarter. This improvement is largely being driven by our ECD business, which had a margin of 14.8%. Our lighting segment EBIT margins also witnessed expansion to 10.7%. Put together, we witnessed a PAT growth of 30% this quarter on a standalone basis, significantly surpassing our peers.

Now, a quick overview of our H1 performance. In H1, as you already know, our revenue growth rate has picked up pace. We generated revenues of Rs. 3,605 crores, growing at 15%. Similar growth and profits was also visible. EBIT grew to Rs. 362 crores, a growth of 26% YOY. EBIT margin for H1 was 10.1%, an expansion of 90 basis points, and PAT grew 34%.

Moving on to Butterfly performance. Butterfly, as you know, we are on a trajectory of refreshing the business being led by Swetha, and we are well on that track. Butterfly generated revenue of Rs. 258 crores this quarter, with a strong sequential growth of 42%, helped ofcourse by the ongoing festive season. MOR and export channels are consistently delivering growth. We have successfully executed many pricing actions amidst heightened competitive intensity, which is showing up in the margin performance of the business. EBIT margins saw significant improvements sequentially with expansion of 380 basis points to 8.9%. You will remember last quarter also our margins improved materially over the previous quarter sequentially, and now they have further strengthened bolstering what we believe is the overall financial position of this company and its ability to compete in the market. This was primarily due to pricing actions, price laddering, stronger management of trade spends, process intervention, and reduction in operating costs.

We are happy that our Crompton 2.0 strategy is aiding us to deliver consistently superior results with depth double digit revenue growth for the fifth consecutive quarter and strong EBIT margins. With this, we are exiting the second quarter of the financial year on a solid footing. We continue to expect consistent progress through the remainder of the year. Thank you for your patient listening and now we are open for Q&A.

Equirus Securities	Thank you Promeet sir, for the detailed presentation. We will now begin with the question and answer session. Anyone who wishes to ask a question can use the raise hand feature. I will request everyone to introduce yourself first along with the organization name and then go ahead with the question. We'll wait for a moment till the time question queue gets assembled.
Mr. Promeet Ghosh	Yeah, I mean just one more point for the benefit of the people who are on the call. The investor presentation, which got delayed for some reason, is also on our website. So, if you want to simultaneously access that, please feel free to do so.
Equirus Securities	First question is from the line of Kunal Sheth. Kunal, go ahead.
Mr. Kunal	Hi, sir. Thank you for the opportunity and congratulations for a great set of numbers. Sir, my first question is pertaining to fans. You have mentioned that we have done well in fans including a margin improvement. I just wanted to check this margin improvement is driven by improvement in share of premium fans and if yes, what would be the share of premium fans currently in the overall portfolio?
Mr. Promeet Ghosh	The share of premium fans is at a similar level. This is an improvement that we've seen both at Gross as well as at EBIT margin levels at our fans business. As you are aware, we do believe in growing this business sustainably and we have taken regular price increases in the fans business. We have seen sometimes, particularly last quarter, that there was a significant lag in several competitors taking these prices increase. We don't really think these are sustainable but it's a mix of price increases, stepped up NPD, as well as premium.
Mr. Kunal	And sir, though you mentioned that a lot of competitors are delaying price hike, so is that because of any slackness in demand or it's just an aggressive pricing strategy that they are trying to follow?
Mr. Kaleeswaran Arunachalam	It's pretty difficult for us to comment what is the stand the competitor is taking on for their pricing strategy. From our perspective as a market leader, we want to drive the market to behave in a particular manner in terms of our portfolio and how we want to price it.
Mr. Promeet Ghosh	These situations come and go, so you got to be watchful. I can imagine that our peers have also been seeing us grow consistently with the kind of strategy, both on taking price increases as well as

industry leading growth. So, sometimes that can have some reaction, but these kinds of stuff don't sustainably change the business.

Mr. Kunal: Sure. Sir, my second question is pertaining to pumps. We mentioned that we've grown 20% in the pump business. How much would have the market grown and would we have gained market share in the pumps business?

Mr. Promeet Ghosh: In each one of our businesses, there's the regular market growth and there are a few segments which are growing disproportionately, correct? Well ahead of what the market may be growing at. So, in our solar pumps business, as I said earlier, we did about Rs. 42 crores and we've already done more than Rs. 100 crores this year itself. Clearly, we are growing quite fast. In residential pumps business as well, I would imagine that we've probably gained market share in that business. So, yes is it a dramatic increase in market share? No, but yes, we would be incrementally gaining market share in our core business which is residential and growth is being driven by adding newer areas which is solar.

Mr. Kunal: Sure. Sir, and my last question is..

Mr. Kaleeswaran Arunachalam: I think there are too many people on the queue. You can come back in queue.

Mr. Kunal: Sure. Thank you, sir. Next question is from the line of Siddhartha Bera. Siddhartha, you can go ahead, please just announce your organization name as well.

Mr. Siddhartha Bera: Yeah, thanks for the opportunity, sir. This is Siddhartha from Nomura. Sir, first question again on the fan side. Now, we have consistently seen healthy double-digit growth for the last many quarters. Some colour on this? Is the industry growth in line or have we grown ahead? And how do you see the remaining part of the year for the fans going ahead?

Mr. Promeet Ghosh: Yeah, as you said, we've had robust growth in fans. And for the rest of the year, it's not easy always to say in our business, but I'd say we expect to see moderate growth going forward as well. Not a big change in the demand scenario between now and the rest of the year is the way we see it. The important thing in these situations is to continue to build on your strengths. This is the key thing that you must do in our businesses. So, what you will see us do is introduce NPDs, some of these NPDs we've introduced towards the end of last quarter, they are doing very well. In fact, one of the NPDs that we introduced sold out. I'm not getting into the details of the

presentations, but these are NPDs that we are finding being very well received by the market. It's also to simultaneously bolster our non-ceiling fans category, where we believe they will be continuing both industry growth and industry leading growth from our side. So, while we are doing that, our Unnati project continues the pace. So, we will have growth, sustainable growth, leading growth, as well as strong profits.

Mr. Siddhartha Bera: Got it, sir. So, second question on the light side, you indicated that outdoor and accessory segments led to the growth picking up for lights. Did you mention that these were 50% of the light portfolio for us right now? And here also, should we see further step up given the new products you have launched recently?

Mr. Promeet Ghosh: Yes, I would certainly hope so. Even as we speak, decorative panels are now our single largest segment. That says something for our company where we've been saying that we wanted to increase our ceiling lights portfolio, even as we speak, they are now the largest segment, which kind of tells you about how fast that business has been growing. And so that's not to say that we are de-emphasizing, but obviously this is growing at a faster rate than our lamps and battens business. And similarly, of course, in the outdoor floodlights, accessories business, there is again disproportionate growth. That is not linked to how the market is growing, the significant growth that we are seeing there. I'm very glad to say that the NPD pipeline and NPD introduction pipeline in lighting has already in fact, come into play in the first quarter substantively already. You'll also see more of the first and second quarter already. We'll also see more in H2. But these are profitable products that are selling well.

Mr. Siddhartha Bera: Thanks, sir. Lastly, sir, can you share?

Equirus Securities: Siddharth, I will request you to get back in the queue.

Mr. Siddhartha Bera: Okay sure, yeah.

Equirus Securities: Next question is from the line of Aditya Bhartia. Aditya, you can go ahead.

Mr. Aditya Bhartia: My first question is on the kitchen appliances segment, wherein you mentioned that on the mixer grinder side, we are now having market dominance. It would be very helpful if you could further build some light on that. And how are we looking at this segment in particular? Is it Crompton plus Butterfly combined? What kind of synergies are

we enjoying at this stage between the two entities? That is also something that I'd like to understand. Thanks.

Mr. Promeet Ghosh Yeah, our belief is that as we speak, we have, as a combination of Crompton and Butterfly, the market leadership position in mixer grinders. So, and I believe in some distance, but I don't want to talk too much about what's happening as we speak, because we are now talking about the previous quarter, where the strength of the previous quarter in mixer grinders is clearly sustaining. So, combination of numbers between Butterfly and Crompton is going very well. We've spoken about this in the past, the way that we are leveraging off the strengths of each other in Crompton and Butterfly. So far as the front end is concerned, we have an independent channel, Butterfly is working differently from Crompton. So, Butterfly is doing is a very, very strong brand in South. In small domestic appliances in Crompton, we are a much more national brand, particularly strong in the West. How we are leveraging the strengths of each other is sourcing all its products, mixer grinders in fact, all its products per se in SDA is now already insourcing it from the Butterfly manufacturing system, which is helping both Butterfly as well as Crompton. So, the back-end is being integrated and helping us, but the front end, they are independently going well.

Mr. Aditya Bhartia So, does that mean that the sales team for the two entities are different at this stage for selling kitchen appliances or is there some synergy around that as well?

Mr. Promeet Ghosh No. So, we are today continuing to operate at the operational level in the sales team in South with a separate Butterfly channel and with a separate Crompton channel. If there is Butterfly presence outside of the South, there is some combined selling efforts, but substantively, these are two businesses operating at the front end.

Mr. Aditya Bhartia Understood. And so, my second question is on the pumps business, wherein solar is certainly a growth area for us. If you could just explain to us how we position competition on the solar side? Is it largely bidding based? How exactly are we getting these tenders? And what kind of opportunity are you seeing in front of you from a two-year, three-year perspective? Is KUSUM Scheme also something that you're excited about?

Mr. Promeet Ghosh Yes, KUSUM Scheme is helping. These are tender-based businesses. What helps is that clearly people understand that if a pump is at the heart of a solar pump and that's made by Crompton, then clearly people understand that there is consumer experience and service support, etc. Therefore, the Crompton end to end is helping us grow

	in the solar business. We have a partner who helps us in this project. Frankly, very often, part of how this business will grow over the next several years - very optimistic.
Mr. Aditya Bhartia	Perfect. That's very, very helpful, sir. Thank you so much.
Equirus Securities	Next question is from the line of Bhoomika Nair. Bhoomika, you can go ahead.
Ms. Bhoomika Nair	Yeah, hi. Good evening, sir. Sir, just wanted to understand in terms of the demand trends and specifically from the festive market and also kitchen appliances and how is it really panning out? And my second question is on Butterfly. You know, we're hoping for some improvement in the revenue numbers in the second half. When do we start seeing growth coming back and is our GTM realignment, in terms of the non-profitable aspect, kind of now into the base or do we still continue to see that bit of a challenge continuing?
Mr. Promeet Ghosh	Well, maybe I'll take a quick shot at it and then let Swetha answer that. See, from a group perspective, it's been very important for us that we set the fundamentals of the business on a solid base. And therefore, what you've seen in the business is for us to take some tough falls, let go even of some revenue, if you will, because you can't make an egg without breaking a few eggs. So, if you want to scramble an egg, you've got to crack a few eggs. And I think the business has done that very well that they have worked on the price laddering, they've worked on the terms of trade. And that is showing. And it is showing that the Butterfly brand is strong because these have now been accepted pretty much by the market. And it's certainly my expectation that as we've done this, the revenue growth will also come. It's not I didn't want to, before Swetha takes on this specifically, I want to tell you, this is also symptomatic of how we've consistently dealt with businesses which have required a reset. Lighting is a very similar situation, right? I mean, some quarters ago, we weren't seeing a strong growth momentum. we didn't choose to go out and get that momentum suddenly, but we chose to strengthen the fundamentals of the business, build the profitability of the business and believe that once you have that profitability, you will be able to drive revenues and you are seeing that happen, right? So this is, if you go about it the other way, and don't grow a business sustainably, then it doesn't work out very well. So, it's something that that is a pretty consistent approach of ours. Yes, Swetha.
Ms. Swetha Sagar	So, just to elaborate on what just Promeet said, I think, the first thing is that, fundamentally, I think the approach that we are trying to take for Butterfly is brand first. So, keeping brand at the centre and the

consumer at the centre is what we are trying to work out, our channel strategy, pricing, value chain mapping, the cost at which the business operations are happening, exactly like what he's been mentioning, that's what is showing us what we have done in Q2. Second thing, we have resident knowledge in Crompton in multiple other operations, also in terms of turning around businesses. So, that is also coming in handy for Butterfly to look forward for. I think that's the way that we are looking at Butterfly.

Ms. Bhoomika Nair: Sure. And on the question on the demand trends specifically from a festive point of view, how is it really panning out? Are we seeing green shoots in terms of demand and uptick across categories? Any specific comments, segments where you're seeing a sharper growth, if you can kind of comment on that?

Mr. Promeet Ghosh: Why don't you talk about kitchen appliances then I kind of talk about Crompton.

Ms. Swetha Sagar: Alright. In kitchen appliances segment, the last few weeks of Diwali have been good in terms of consumer demand. They have been positively reassuring us in terms of our offtakes and how the consumer is responding to the festive season. We do see that categories like gas stoves and pressure cookers are doing good for us. While we've been working very, very strongly, the non-electrical businesses have seen a sharper demand from the consumers.

Mr. Promeet Ghosh: I think it's fair to say that the demand outlook at a broader level is moderate. And as I said earlier, the key thing in these situations is, continue to mind the demand strongly in these times and grow in segments, and in certain segments grow disproportionately, in order to be able to bolster the overall revenue growth of the company. You already heard in pumps, we've grown disproportionately in solar, in lighting, we've been able to grow our ceiling and our outdoor and accessories business. In kitchen appliances, we've had very strong growth in mixer grinders. Actually in LDA, large domestic appliances, we've had very strong non-seasonal growth in air coolers to supplement our regular growth that we're anyway getting and so on and so forth. In fans, we've had very robust growth in TPW. So, yeah, so those are the kinds of tools and levers that you have to keep using.

Ms. Bhoomika Nair: Yeah, thank you so much, sir.

Equirus Securities: Next question is from the line of Umang Mehta. Umang, you can go ahead.

Mr. Umang Mehta Yeah, thank you for the opportunity and congrats on a good quarter. So, I just wanted to check on pumps. So, this quarter, I believe solar pumps contributed a fair chunk of your overall pumps revenues. And still we've seen ECD margins kind of hold up quite well. Also in terms of receivables and inventories, we've not seen any kind of built up. So, your initial worry about going more aggressive on solar pumps, do you think that's allayed and possibly you could do much more than what we've already seen?

Mr. Promeet Ghosh In each of these businesses, you have to learn to do the business. So, we've scaled up pretty well in solar pumps. And we've done that together with other things that we do well, right. So, we continue to work at the backend quite aggressively, to continue to work on costs. So we have a long standing program, Unnati. Also, in solar, for instance, we've worked on how we bid. Just because you're seeing growth doesn't mean that we've gone and bid randomly. So what that has translated into is a very good rotation of money in the solar pumps business. So, even though there may be government-backed orders, we're getting paid in time, for the most part. So, those are the things that we've kind of gained more and more confidence and that's showing up in the way that we're doing the business.

Mr. Umang Mehta Understood. And the second question is on Butterfly. It's more of a factual question. So, in the base quarter starting Q3, can we assume that the channel correction which had happened in institutional will be over? In the sense, last year Q3 was after the channel correction, right? That would be the correct assumption.

Mr. Promeet Ghosh Okay, let me take a shot at it. I'd say I think we are substantively done with the journey.

Mr. Umang Mehta Got it. Thanks a lot and all the best.

Equirus Securities Next question is from the line of Achal Lohade. Achal, I will request you to announce your organization name as well.

Mr. Achal Lohade Yeah, good evening, team. This is Achal from Nuvama. Thank you so much for the opportunity, sir. First with respect to Butterfly, since we are on that subject, if you look at 2Q performance, the gross margins is stable, while you talked about the price corrections, premiumization thing, and we've seen a substantial drop in employee cost and the other expenses. So, if you could help us understand in second half, because the third quarter will be a seasonally strong quarter. But given the drop in sales, focus on premium products how do we see the second half margins and the growth? Because if I do a

rough math, I am seeing a double-digit decline in terms of revenue for the full year, and margins, maybe about 2%, 3%, 4%. If you could help us understand the journey from here on in terms of growth, and the margins for Butterfly specifically.

Mr. Kaleeswaran Arunachalam

Achal, we cannot comment on margin model that we have created but let us talk about what have we delivered and what are we looking at for balance of the year. So, fundamentally, what we have been consistently saying over the last few quarters is get the unit economics right for Butterfly, which means that we have to ensure that channel parity is brought in place. We have to ensure that pricing actions, including price ups have to be brought in place. And at the same point of time, operating cost needs to be reduced. So, what you see as a reduction in people cost is also part of some of the actions that we have taken to ensure that for a business and size of Butterfly, what are the kind of manpower requirements that you handle. So, today, as we stand compared to last year, our EBITDA margins in Butterfly has improved, even on a lower revenue base that we have delivered. So, that ensures that the health of the business is at the right place. I would like you to recollect and go back four quarters, precisely the statement that we made in lighting, where we said the step one is to get the unit economics right, get the operating parameters right and ensure that the business is in a healthy shape to invest. What is it going to do for us? The money that we have generated is going to help us to do a brand refresh and repositioning on Butterfly, invest in NPD, and that will ensure that it will drive growth for the future. And our priority, as we called out in lighting, here also is, step one is to address the decline and consistently deliver a steady margin and over a period of time start delivering operating leverage and improvement in margin also.

Mr. Achal Lohade

Understood. And the second question I had with respect to Fans, 5% revenue growth YoY, if you could guide us in the last 12 months, how much price hike have we taken? And also the volume growth for the second quarter? Is it fair to say that volume has been fairly flattish? And most of the growth, what you're seeing is driven by the price hike?

Mr. Kaleeswaran Arunachalam

It is partially volume growth and partially price increase that has helped us to grow in Q2. Over the last quarter, almost a year now, November last year is when we started taking the price increases. We have been taking bite-sized price increase of about 1.5%-2% every quarter. At this point of time, we think a large part of our pricing action is done, unless we see any other reason for us to do it, the commodity or other things. Outlook, as we look at from a gross margin perspective, the levers that we're looking at is one, how do

we improve further our mix. We called out our ambition in terms of premium fans long time back. Also, we are looking at Unnati as a continuous lever to see how do we improve the margin model through that.

Mr. Achal Lohade — Got it. Thank you. I'll fall back in the queue for more questions. Thank you so much.

Equirus Securities — Next question is from the line of Latika Chopra. Latika, I will request you to announce your organization name as well.

Ms. Latika Chopra — Yeah. Hi. Thank you for the opportunity. I'm Latika from J.P. Morgan. A lot of my questions were answered. I wanted to just quickly check with you for some colour on the channel inventory levels, because it seems in appliances, the water heater sales were pretty good for you. And festive season this time was a little early as well, in case it influences the small appliances business for you. And if you could also comment on, how are you looking at the second half for ECD business from a growth perspective? You had 13% revenue growth in this quarter. Is this a number that you're comfortable and you believe all your initiatives on premiumization, channel expansion, new launches are going to sustain this kind of growth? So that was the first question.

Mr. Kaleeswaran Arunachalam — So, Latika, as you know, we don't give forward guidance. But the way we would see it is, I'm answering your first question on demand plus how are we looking at the business. See, we are a portfolio ECD business. We have fans, we have pumps, we have got large domestic appliances led by geysers and coolers. We have a portfolio of small domestic appliances and then there is large kitchen. And there are varied segments that we have within fans, which is ceiling, non-ceiling and within ceiling, premium, non-premium. Pumps, we have clearly forayed into solar and that has delivered consistent growth for us. As far as LDA and SDA are concerned, we have not even tapped the full potential of the geography and the channel opportunities that we have. So, in the medium term to long run we don’t have, I would say, from our perspective, a challenge that we see. We have opportunity to grow and we would expect that in the long run, as we have been calling out, the business can double in about, say, five years time from now, coupled with the existing and new categories.

Ms. Latika Chopra	So, my question was actually on this quarter, did you see any early festive related demand benefit? And if you could also comment on the channel inventory trends. Actually, that was the key question. If you could comment on that, please.
Mr. Kaleeswaran Arunachalam	See, channel inventory, we are in line. We have average channel inventory. We have not got any channel inventory issues as we speak across categories. In terms of festive momentum, it's just a shift, mildly for some of our categories. For us, kitchen is the only category, where we would see as a large beneficiary of festive momentum. Otherwise, it has got nothing to do with an early festive or a later festive season driving a 13% ECD growth for us.
Ms. Latika Chopra	Understood. And the second bit was just on Butterfly. We did hear a lot of qualitative comments. And in one of the prior answers, is it right to assume that we're kind of done with this YoY dips in revenue and now revenue should start to stabilize or still a little early to call that out? That's the last question.
Mr. Kaleeswaran Arunachalam	It's true. We are looking to arrest the decline in revenue. By and large, the channel issues that we had to solve, have been solved.
Ms. Latika Chopra	Okay. So, even if there is any decline, these will be marginal.
Mr. Kaleeswaran Arunachalam	That's right.
Ms. Latika Chopra	All right. Thank you so much.
Equirus Securities	Next question is from the line of Praveen Sahay. Praveen, I will request you to go ahead with the question.
Mr. Praveen Sahay	Yeah. Hi, I'm Praveen Sahay from Prabhudas. So, I have only one question related to the BIS transition. As you had already mentioned in the non-ceiling fan and appliances, you had already transitioned to the BIS.
Mr. Kaleeswaran Arunachalam	Yes, we have
Mr. Praveen Sahay	So, is there any cost element associated to that and which you are able to pass on to? And are there any further segments where you have to transition yet?

Mr. Promeet Ghosh	Yeah, Praveen, actually BIS transition now are a feature of our business. So, in business after business and product after product, you will see BIS transitions being required. The important thing is to get your organization ready to be able to do these in a timely manner. Remember, we are Crompton, right? So if the government says 4th of September, it means 4th of September, every product, whether it is coming out of our own manufacturing facilities or out of some outsourced manufacturing facility. So, far, it's something that takes work, it requires a fair amount of planning, but I'd say that it's something that we've now got our arms around. It's not to say that there are no cost implications of it, but as you already know, our job is to keep working on costs as we go along, and to be either able to pass on those costs to the market or be able to optimize costs internally. So, that's how we've been dealing with it. We have seen in the recent past, some of our peers lag in some of these. I think that tends to show up in margins in many cases, but we'll see how well they are able to sustain it or not. From our perspective, we are leaders and we'd like to do what's right for the business and we do see that's paying off very well for us. So, we do expect to combine market-leading growth with strong profit margins and profit growth.
Mr. Praveen Sahay	Fair to assume that you gained out of that as well in terms of market share?
Mr. Promeet Ghosh	Tough to say. With regulatory change, you've got to make sure that you're on the ball. Whether you gain from it or not, depends on whether the government goes on inspecting everybody, whether everybody has changed and adhered to BIS norm and a bunch of other things. But you got to do what you got to do.
Mr. Praveen Sahay	Got it, sir. Thank you and all the best.
Equirus Securities	Next question is from the line of Harshit Kapadia. Harshit, you can go ahead with your question.
Mr. Harshit Kapadia	Yeah. Hi. Thanks for the opportunity and congrats for a good set of results. So, my question is on solar pumps. Some of the competitors have highlighted that they are facing challenges in sourcing the solar panels because it requires a DCR requirement. So, are you facing some challenges as well for your solar portfolio? That's the first question. And second is on the new product development, would you be able to share how much contribution do you have in each of your product segment for the NPD? Earlier you used to give that data. So, that would be of a value for us. Thank you.

Mr. Promeet Ghosh	The sourcing of solar panels so far hasn't been a material impediment for us. I don't know whether we've given out NPD numbers.
Mr. Kaleeswaran Arunachalam	Yeah, we have stopped calling that out in terms of what is our share of NPD. What we believe is that as a part of premiumization and as part of existing replacements, it does come in. But the way we look at it is what is the kind of investments that we are making towards our R&D and innovation. Currently, we are spending about Rs. 100 crores per annum and the aim is to further invest to bring in much more meaningful products.
Mr. Harshit Kapadia	Understood, sir. Thank you and wishing you all the best.
Equirus Securities	Due to time constraints, this will be the last question from the line of Indrajit Agarwal.
Mr. Indrajit Agarwal	Hi, thank you for the opportunity. I have one question on the solar pump side. Just want to understand, are you bidding it yourself or is it through a partner?
Mr. Promeet Ghosh	We bid together with a partner, but we are the lead partner.
Mr. Indrajit Agarwal	Sure, and which geographies or which states have you won most of the bids in?
Mr. Kaleeswaran Arunachalam	Haryana, Maharashtra.
Mr. Indrajit Agarwal	Sure, and you're only doing the pump side of things, right? Rest is all outsourced. In the sense of panel, the EPC, etc.
Mr. Promeet Ghosh	I mean, look, we obviously contribute substantively to the pump's component of the business, but we get a share of the entire bid. So, we benefit from the entire size of the order.
Mr. Indrajit Agarwal	Sure, that's all from my side. Thank you so much.
Equirus Securities	I think, sir, that was the last question. I would request if you have any closing comments, then we can conclude the call.
Mr. Promeet Ghosh	Thank you for joining. Like I said, I'm delighted with the results that we've had. Looking around the market, I don't see many companies, whether in our businesses or others, which are able to grow their profits at a 30% YoY growth levels. So, that speaks to the kind of leadership that Crompton has together with Butterfly across

products, and the kind of effort that we've been putting in, in solidifying our foundations, in strengthening our brand. And I think it's also visible, when we started out, there were a bunch of questions about how we were going to get growth, how we were going to turnaround, what we were going to do with Butterfly. And I trust that some of those questions, as we speak, are being answered. Because I can say anything, but you want to see what we deliver. And I think we are delivering. And, of course, if you guys have any other further questions, do feel free to reach out to our teams. Thank you.

Mr. Kaleeswaran Arunachalam

Thank you, guys.