



Crompton

Investor Presentation

December 2017

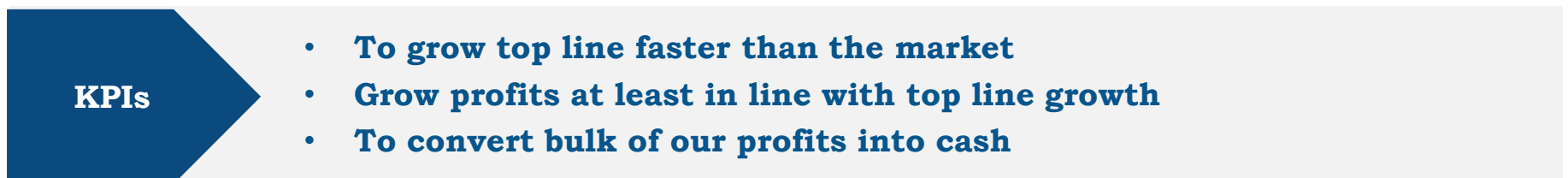
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Crompton: A New Beginning ...



Key Milestones Post Demerger



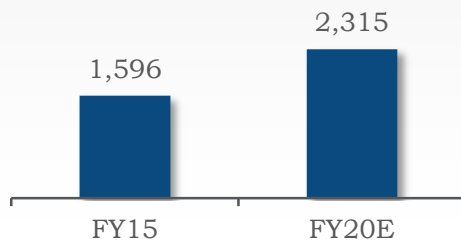
1. As per Q2 FY18 financials.

Significant Macro Opportunity...

Key Drivers in Place...

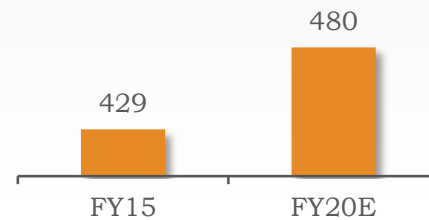
Rising Disposable Income

(GDP Per Capita⁽¹⁾, in US\$)



Increasing Urbanization

(Urban Population, in mn)



Increasing Electrification

Government aims to electrify every household by 2018:

250+ million electrified households

Thrust on Affordable Housing

Government aims to create affordable Housing For All by 2022:

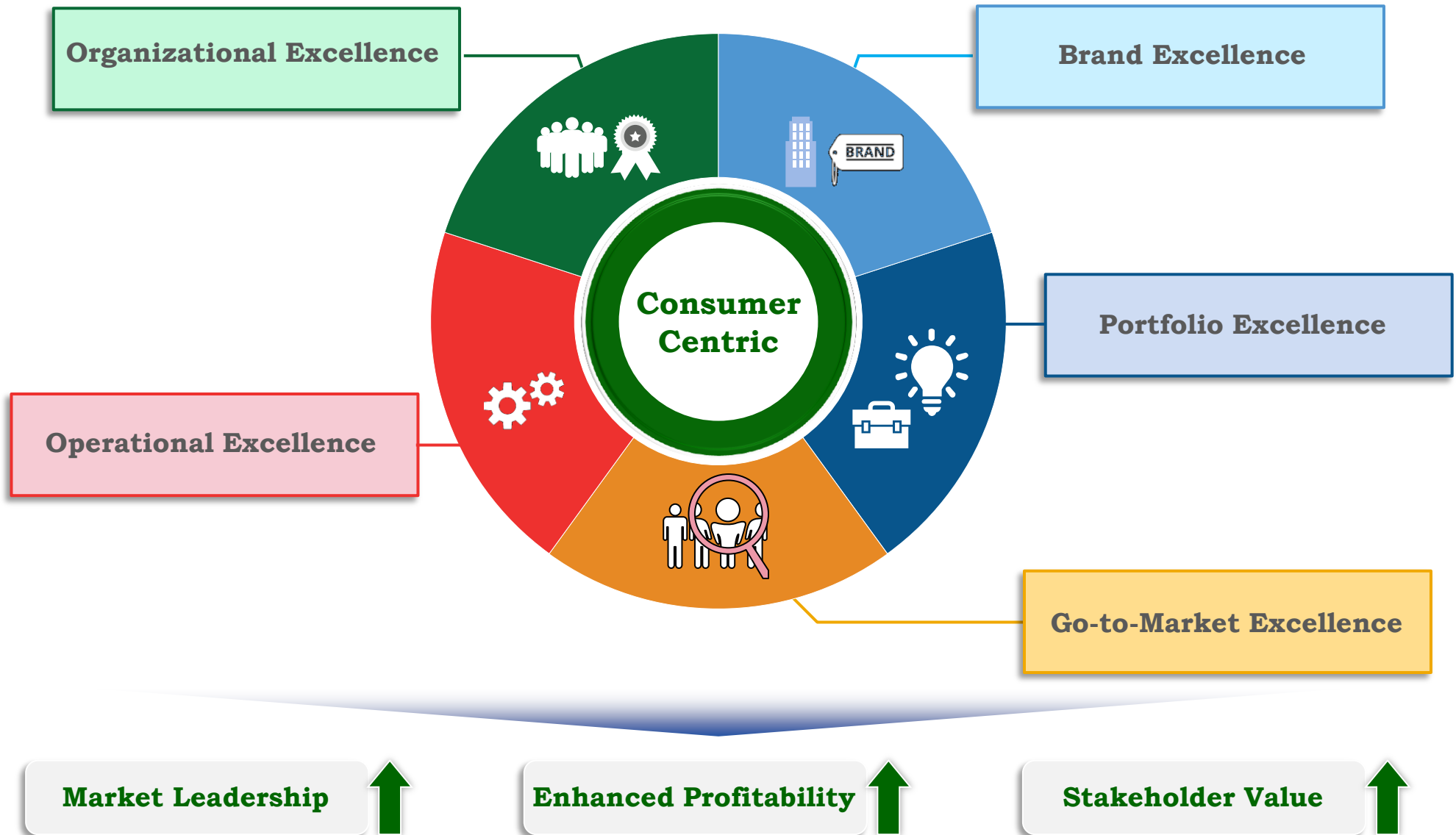
20 million houses to be built across the nation

...Leading to Significant Industry Opportunity⁽³⁾

~INR 300 bn market opportunity growing at 10%+ for the organized sector
– Lighting (~INR 120bn), Fans (~INR 75bn), Pumps (~INR 75bn), Appliances⁽²⁾ (~INR 30bn)

Crompton Poised to Capitalize on the Macro Opportunity...

The Management has identified **Five Strategic Levers** to capture this opportunity



... by putting Strategic Levers to Work



Leading to market leadership and enhanced profitability thereby, maximizing shareholder value

Leveraging 75+ Years of Brand Heritage



75+ years brand legacy

Superbrand

accreditation to Fans, Lighting and Pumps Brands

4 editions

of Superbrands (2004, 2007, 2009, 2012) - only consumer electrical player to be selected



Avancer Prime – Anti Dust Fan

Crompton leveraging its strong brand legacy and operational excellence to gain disproportionate market share

Continuous Investments into Energizing the Brand ...

TV Advertisements



In-shop Branding



Print Campaign



... Following a Multi-Channel Holistic Approach

Crompton has created a compelling Brand Idea, **“Let’s Hangout Ghar Pe”**

Brand Idea

New brand campaign to reach the consumer across various touch points



Let’s Hangout Ghar Pe!

Advertising Equity

Consumer Touch Point

- Specific hard claims / features⁽¹⁾

- Educational⁽²⁾

Customer Touch Point

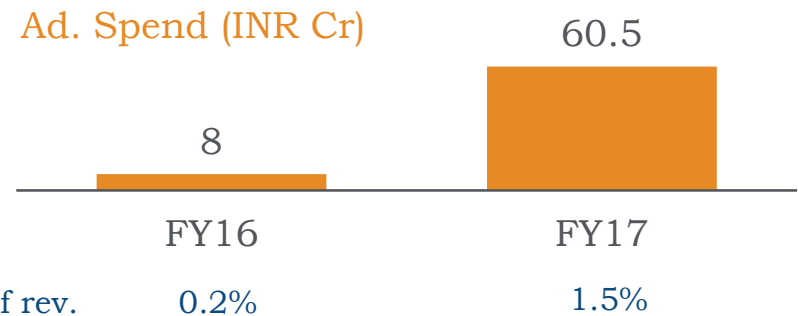
- Creating Brand Ambassadors⁽³⁾

- In-store Initiatives⁽⁴⁾

Trials

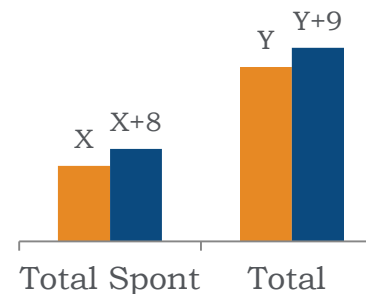
Impact

Crompton has leveraged advertising effectively in order to improve brand recall



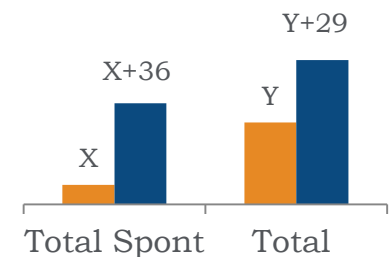
Fans

% Brand recall



Pumps

% Brand recall



Before launch (Mar'16) After launch (Oct'16)

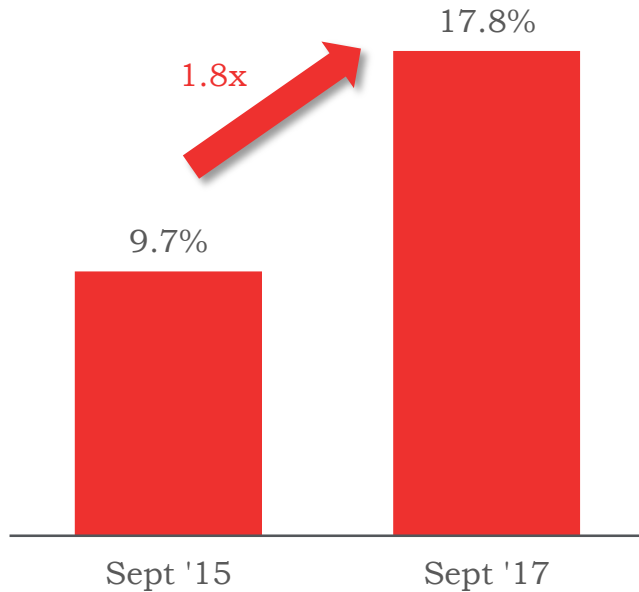
Source: Market Pulse

Notes: (1) Digital, TV, Print, Radio, OOH etc.; (2) Brochures, 3rd party / Architects, Apps, Digital etc.; (3) Retailers, Electronics, Plumbers etc.; (4) Look & feel, Shopper claims, etc.

Customer Centric Innovation Driving Portfolio Excellence

Premium Fans

(% Salience)



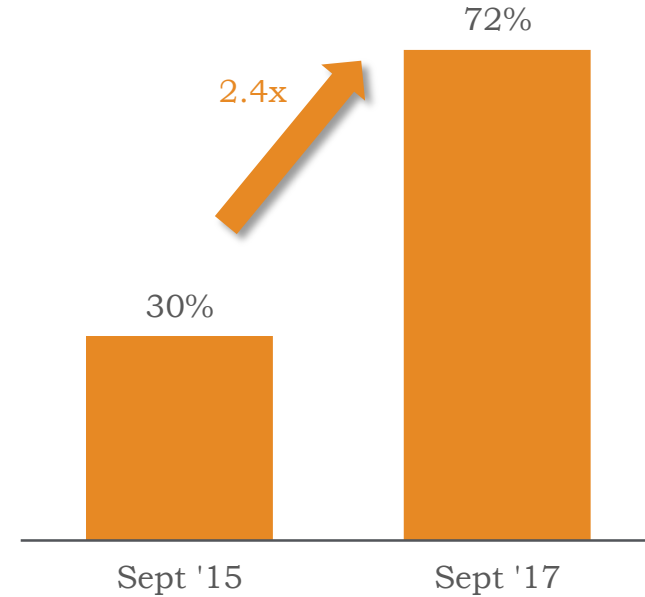
Innovation and in-store placement

Launched innovative products (Eg: Anti-Dust Fans) to increase salience in premium fans

Significantly increased availability of LED lights at price points better customized for consumer needs

LED Lighting

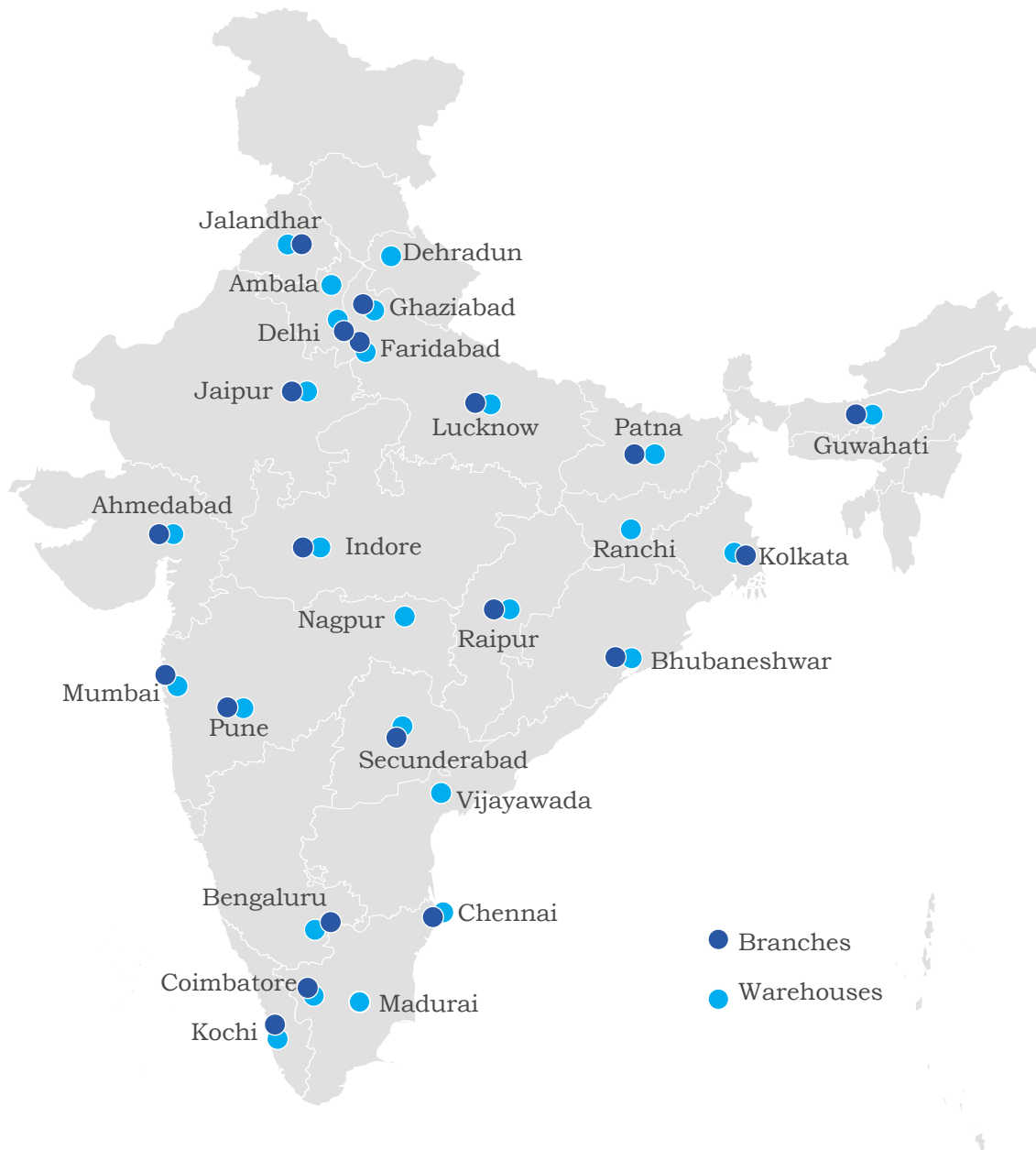
(% Salience)



Innovation, filled portfolio gaps, led price disruption to drive adoption

Increased Salience

Go-to-Market Strategy Tailored to Win In-Store



Leverage Existing Pan-India Distribution Network

Nationwide network with **3,000+ distributors** and **100,000+ retailers**

Expanding the Current Reach

Implement Distribution Model across the portfolio basis our learning in lighting

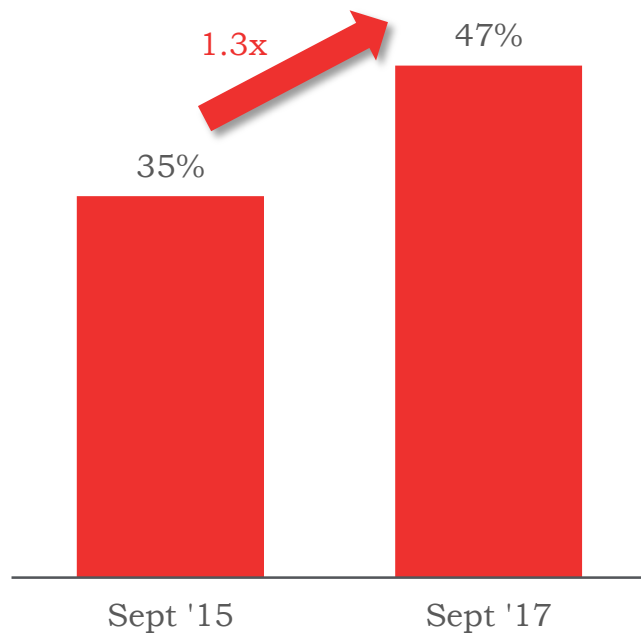
Strong after-sales support with 500+ service centers

Enhancing customer experience across all touch points

Branding and Distribution Initiatives Driving Significant Increase in Reach

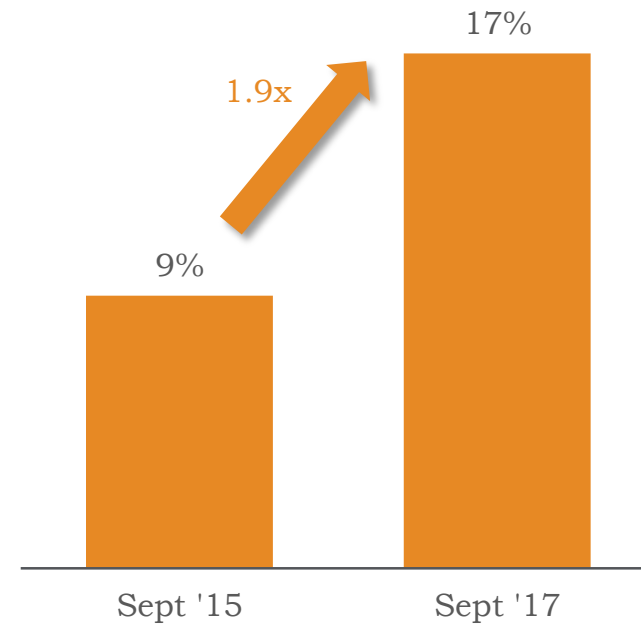
Fans

(% Counter Share⁽¹⁾)



LED Lighting

(% Counter Share⁽¹⁾)



Why did we succeed?

- ✓ Building the right capability and training of the team to drive this initiative
- ✓ Systematic roll-out of initiatives across company divisions and geographies after initial PoC⁽²⁾
- ✓ Continuous monitoring of progress via a defined set of metrics

Sources: Market Pulse, Internal Estimates.

1. Counter Reach = Number of counters where Crompton is present / Total counters in India. 2. Proof of concept

Operational Excellence Driving Margin Expansion

Operational Streamlining and Optimization

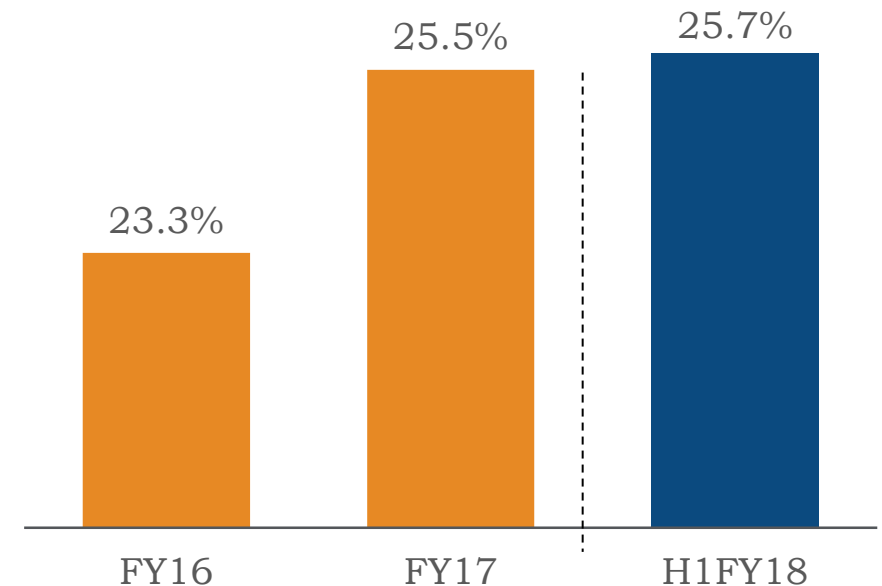
✓ Implemented sales and operational planning to improve material availability

✓ Focusing on various initiatives to leverage IT

✓ ERP Implementation in 8 months

✓ Leverage scale in purchase

Consistent Gross Margin⁽¹⁾ Improvement (%)



Key Drivers

- ✓ Premiumization of product portfolio
- ✓ Focused cost reduction program
- ✓ Value engineering across the portfolio

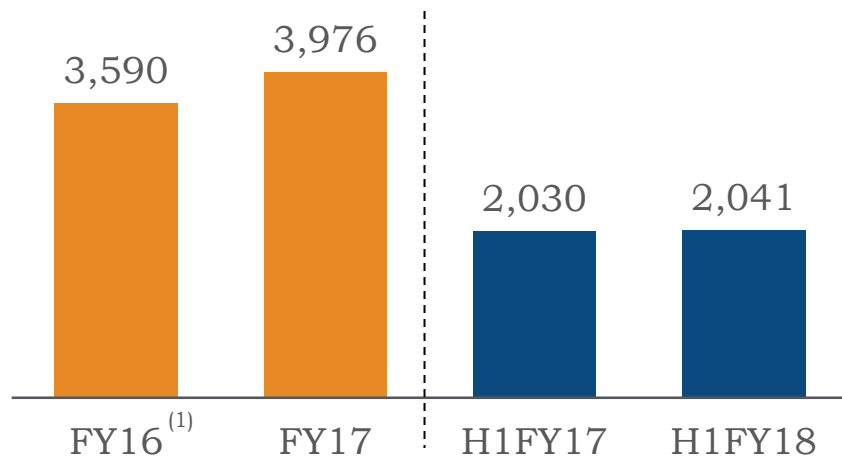
Sources: Company Filings and Internal Estimates.

1. Gross Margin = (Net Revenue - Total Material Cost - Direct Cost) / Net Revenue

Financial Highlights

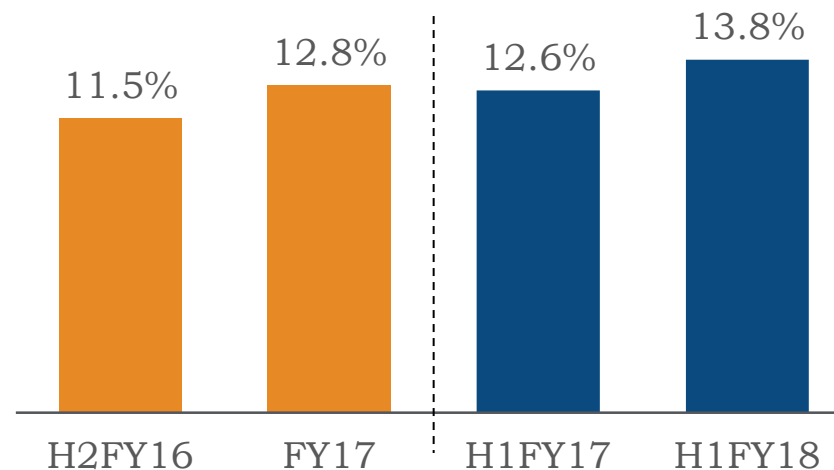
Growing Revenues

In INR Crs



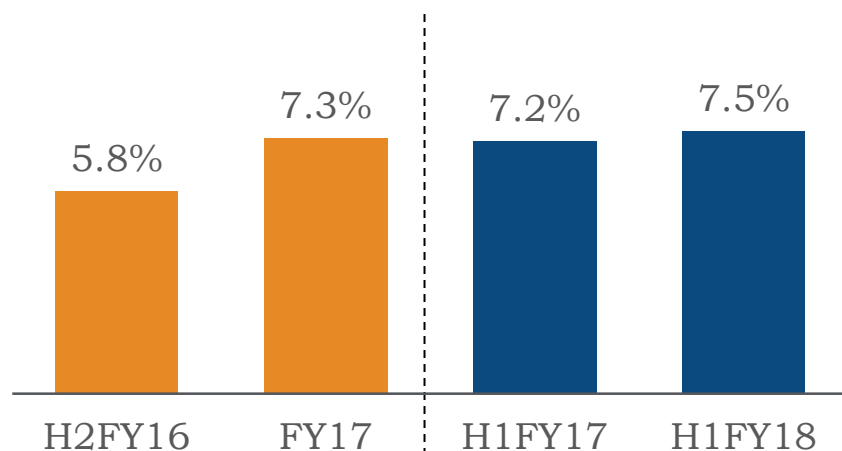
Expanding EBITDA Margin⁽²⁾

In %



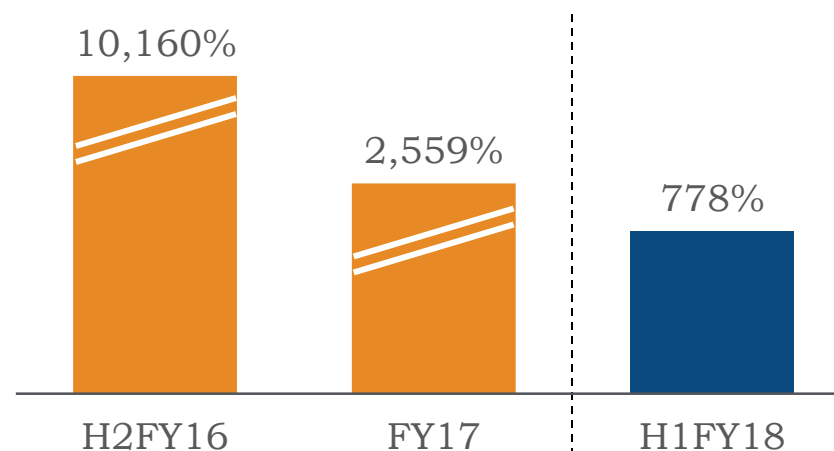
Increasing PAT Margin⁽³⁾

In %



Consistently High Returns

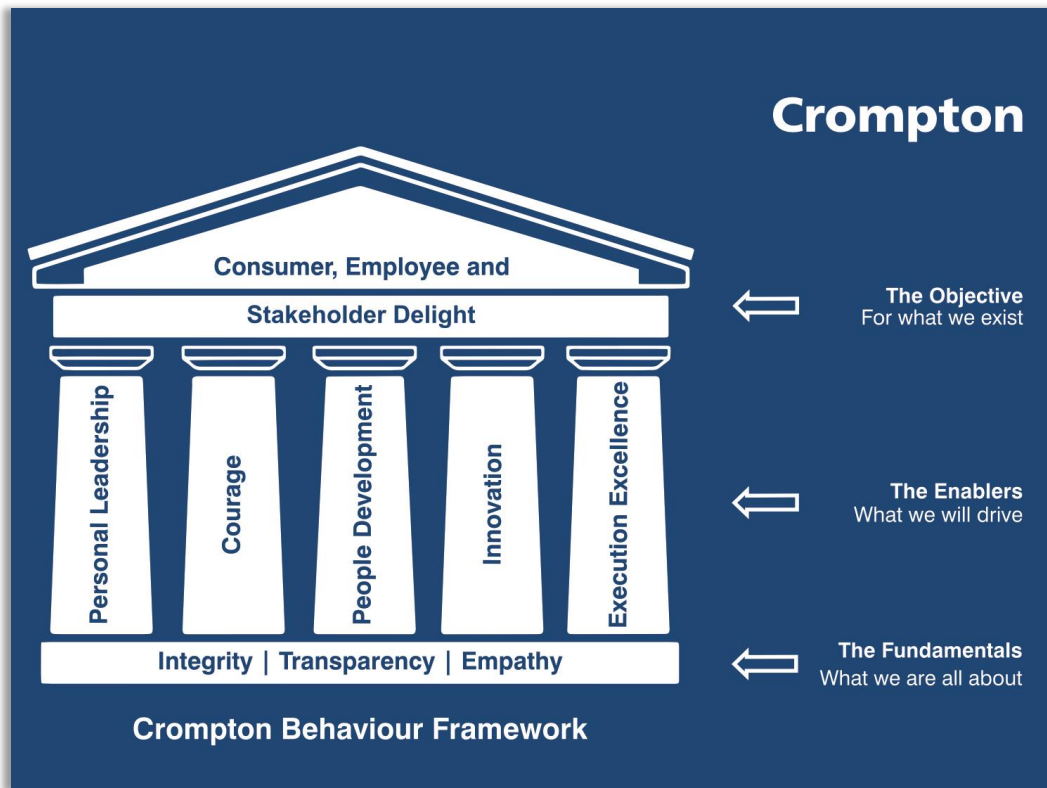
ROCE⁽⁴⁾ in %



1. Revenues for FY16 include corresponding segmental revenues disclosed under CG Power and Industrial Solutions for H1FY16. 2. EBITDA (in INR cr) is pre-ESOP. 3. PAT (in INR cr) for H2FY16, FY17, H1FY17 and H1FY18 is 105, 291, 147, 151 respectively. 4. ROCE: Return on Capital Employed; ROCE (pre ESOP) = EBIT / End Period Capital Employed less Goodwill and Cash; Capital Employed = Shareholders' Equity + Long Term Borrowings + Short Term Borrowings + Current Maturities of Long Term Borrowings.

Organization Being Built for Sustained Excellence

Crompton's Behaviour Framework



Key Appointments to Drive Growth and Innovation

- ✓ Sales Head
- ✓ Design Head
- ✓ Supply Chain Head

Capability Building

- ✓ Through external hires for select positions
- ✓ Tie-up with external agencies
- ✓ Building pipeline through graduate hires from premiere institutes

Creating an agile and sustainable organization capable of meeting ever-evolving customer needs

Experienced Management Team with Diverse Consumer Experience

Shantanu Khosla
Managing Director



- Joined CGCEL in July 2015
- Prior Experience:



MD & CEO
(2002 – 2015)

- **30+ years** of experience in managing consumer business across markets, product categories and functions
- Alumnus of Indian Institute of Technology, Bombay and the Indian Institute of Management, Calcutta

Mathew Job
Chief Executive Officer



- Joined CGCEL in September 2015
- Prior Experience:



MD (2012 – 2015)



MD (2009 – 2012)



Senior Marketing Director (1994 – 2009)

- Alumnus of the Indian Institute of Management, Calcutta

Sandeep Batra
Chief Financial Officer



- Joined CGCEL in September 2015
- Prior Experience:



CFO (2009 – 2015)



CFO (1988– 2009)

- Alumnus of St. Xavier's College, Kolkata, a Chartered Accountant and Company Secretary

Crompton has already built a strong and deep management team, and continues to expand the breadth and depth of the team as an organizational excellence priority.

Distinguished Board of Directors and High Standards of Corporate Governance

Hemant Nerurkar



Managing Director



Shantanu Khosla



Managing Director & CEO



D Sundaram



Vice-Chairman and CFO



P M Murthy



Managing Director



Ravi Narain



Shweta Jalan



Promeet Ghosh



Sahil Dalal



Past/
Current
Affiliations

Past/
Current
Affiliations

In Summary ...

