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Date: August 1, 2017

To, BSE Limited ("BSE") , Corporate Relationship Department, 2 nd Floor, New Trading Ring, P.J. Towers, Dalal Street, Mumbai – 400 001.	To, National Stock Exchange of India Limited ("NSE") , "Exchange Plaza", 5 th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex Bandra (East), Mumbai – 400 051.
BSE Scrip Code: 539876	NSE Symbol: CROMPTON
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Our Reference: 32/2017-18	Our Reference: 31/2017-18

Dear Sir/Madam,

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

With reference to our earlier intimation regarding the earnings call on unaudited financial results for the quarter ended June 30, 2017, kindly find enclosed the transcript of the same, held on July 28, 2017.

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

Thanking you,

For Crompton Greaves Consumer Electricals Limited
Pragya Kaul**Company Secretary and Compliance Officer**

Enclosed: A/a



Crompton

“Crompton Greaves Consumer Electricals Limited
Post 1Q FY18 Results Call”

July 28, 2017

Analyst : Ms. Renu Baid - Institutional Equities – Research, IIFL

Management: Mr. Shantanu Khosla – Managing Director
Mr. Mathew Job – Chief Executive Officer,
Mr. Sandeep Batra – Chief Financial Officer,
Mr. Yeshwant Rege – Vice President-Strategy and
Financial Planning

Moderator: Ladies and gentlemen, good day and welcome to the Crompton Greaves Consumer Electricals Limited Post 1Q FY18 Results Call, hosted by IIFL Institutional Equities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Renu Baid from IIFL Limited. Thank you and over to you Madam!

Renu Baid: Thanks Rayo. Good morning everyone. On behalf of IIFL Institutional Equities, I would like to welcome you to the first quarter FY18 earnings call of Crompton Greaves Consumer Electricals Limited. We have with us today the top management of the company represented by Mr. Shantanu Khosla - Managing Director; Mr. Mathew Job - Chief Executive Officer; Mr. Sandeep Batra - Chief Financial Officer; Mr. Yeshwant Rege - Vice President-Strategy and Financial Planning. I would now request Mr. Khosla for his opening remarks on the quarter and post which we can open the session for the Q&A. Over to you Sir!

Shantanu Khosla: Thank you Renu. Good morning everyone. This is Shantanu here at our office in Mumbai. With me as Renu mentioned Mathew, Sandeep, and Yeshwant. I will just give some as usual brief opening comments and I will try and keep as much time as we have for questions. I would like to really just talk two areas, first is GST and what we are seeing and our take and second is some more perspective on our quarterly numbers. First GST, the way we look at it, GST implementation really has three phases. Phase one was if you are aware the preparation phase, which is up to July one. Phase two is the phase we are in right now, which is the actual execution phase of GST and phase three, which will be sometime in the future, which is when all the execution and transition issues are over and we can begin to leverage the benefits of this wonderful change in our tax system such as more efficient supply chain, logistic savings, etc.

Let me talk in first a bit of phase one, which is up till July 1 because that really is the phase we were in during the quarter, which we are talking about. In phase one, there were really two broad parts. Part number one was our own work, which we have been doing to make sure we as a company are fully prepared for GST in terms of pricing, systems, etc. The second part of the work, which we went through during this period, is obviously intense work on training and working closely with our vendors to help them also get ready for GST. This part of the work went we believe really, really well. In fact we were able to implement GST billing from July 2 to make it easier for some of our customers we actually

commenced invoice saying with separate excise invoices from the first week of June itself. So we are able to manage this transition internally and among our supplier base extremely affectively and efficiently.

The second dynamic, which happened during phase one, was the entire uncertainty in trade, which really pervaded the industry all our channel partners from the end of May. There was a combination of uncertainties. It started really way the uncertainty on the rates itself, which only got clarified through June, some uncertainties in fact still remain such as how will excise-free zones be treated. The other big, big uncertainty obviously with our channel partners, which had an impact on our business in this quarter, was what exactly will be the treatment of stock, which our channel partners have on the ground. Due to this as has been widely reported and we also experienced, the industry experienced. There was a severe holdback of purchases by really all channel partners starting in fact from around the end of May, beginning of June, but got really, really significant towards the back half of June. That was really the impact and how we see phase one.

Phase two is what we are going through now from July 1 onwards as GST has been executed. There is still uncertainty in the markets. It is gradually beginning to improve, but especially in the traditional wholesale channel and the small retailers who are serviced by this channel, there is still some extent of uncertainty. There is still some amount of what do I really have to do as they gradually adapt to the new system. We believe this will gradually improve, but it will continue for a little more time and if we were to estimate it will only start getting sorted as our channel partners submit their first tax returns, etc., and get complete clarity on how the system is working, how the uploads are working and how their tax returns are treated by the appropriate authorities. Once phase two is over, we are focused and we are already beginning to do work to ensure we leverage all the benefits, which will come from GST. Benefits which we see which will come largely in our supply chain, we will get benefits in less transport time, which will enable us to reduce inventory while improving service, etc., so it is a long run, this will all we believe be positive especially for branded organized national players like ourself in this industry.

Moving on briefly within this context of GST to some more colour and I will try not to be repetitive on our quarterly results like you are aware are largely for the impact of June due to GST, our overall revenue was down for the quarter at 4.4%. Our PAT was also down if you include the non-cash charge it is down 14%, without the non-cash ESOP charge it was down about 4%. Now a couple of

additional factors just to provide some colour around this, which is not in the top line numbers, apart from GST, which has obviously been getting the major coverage the other factor, which has been happening in our industry, which we alluded to in our last quarterly results is there has been a significant increase in commodity cost over this period. In fact in this quarter, our commodity cost are up in the high teens in fact if I look around the industry and other declared numbers, this impact on commodity cost you can see flowing through there. Now, for us as we have talked we have been working three areas to ensure that we continue to deliver margins in spite of commodities, which we had anticipated would turn into a headwind, number one was an extremely aggressive focussed cost-reduction programme across every element of cost.

The second was really strategic, which is our ongoing attempt and aim to drive the more premium parts of our business and the third like we have always said is pass on anything we cannot cover with these things, these elements in the form of pricing to the consumer. For us, the positive in this quarter as in your numbers there is that we have been, in spite of soft top line, been able to cover the significant commodity cost inflation via our cost reduction programmes and our premiumization programmes, which reflects in our numbers in the fact that we have been able to actually in spite of the GST headwinds marginally grow our gross margin, which we believe sets us up structurally quite well to continue to deliver against expectations and goals as GST settles down and our programs continue to then restore revenue growth. The second thing I would like to point out in this quarter is we were actually quite conscious that we did not want, given the GST scenario to unnecessarily "buy volume" because we did not think it was the right thing to do. We felt that it would only come back and potentially boomerang with if there was excess inventory in the trade transitioning to GST, so actually we held our quarterly promotions spent and did not have any increase in spend as per normal, which again if you look at some of our competitors you can see that as from our market feedback that industry as a whole had an increase in promotional spending through this period.

Finally just to conclude, our key focus areas in spite of these overall external headwinds of continue to do well in this quarter. Our LED business has continued to grow and grew by 41% and now constitutes 66% of lighting segment revenues, which is absolutely in the right direction, as we wanted. Secondly premium fans, which have been a focus area, also continue to deliver growth and grew around 25% during this quarter, so we do see that a five-pronged strategy, which we have been talking about, has continued to deliver. We still believe that this is the right focus area for us, though we have had external headwinds both from GST

and commodities, we have worked to ensure that structurally our margins stay strong, so as the external headwinds dissipate and in fact the positives of GST start coming into play and translate into stronger top line growth, they should continue to result in strong value growth. With that, I just leave it open now and we are happy to take any questions you may have.

Moderator: Sure thank you very much. We will now begin with the question and answer session. Ladies and gentlemen we will wait for a moment while the question queue assembles. We have the first question from the line of Manish Agarwal from Bernstein. Please go ahead.

Manish Agarwal: Good morning Sir. Firstly what has been the level of destocking for you in the quarter is there a way to quantify that and also is it that the lighting did not see any impact of GST as it has grown by 10% in the quarter?

Shantanu Khosla: It is difficult to give an accurate number of destocking; however, if what we are looking at internally is an estimate of about Rs.125 to Rs.150 Crores for the quarter in that range. Second question lighting and disparity in terms of lighting, which grew 10% versus ECD, which declined, the reason we believe that lighting grew strongly versus ECD in this GST transition environment is – our ECD business, fans and pumps tends to be much more based on a wholesale traditional channels, the dominance of that channels for that part of the business is significantly higher. That is the nature of channel, which we believe got impacted the greatest during the uncertainty of GST. Lighting on the other hand as we mentioned before, about 50% of lighting business is B2B and 50% is B2C. The uncertainty had a relatively much smaller impact on the B2B business versus more traditional B2C. Secondly as you are aware lighting especially LED lighting was our lead category in which we had been driving a stronger retail focused go to market over the last 12 months, which we have now began to expand selectively on fans and pumps, so the stronger retail coverage focus even in the B2C business versus a stronger wholesale focus on ECD resulted in less of an impact of the transition on lighting.

Moderator: Thank you. The next question is from the line of Aditya Bhartia from Investec. Please go ahead.

Aditya Bhartia: Good morning Sir. Are you expecting a sharp pickup in revenue growth over the next few quarters on account of restocking by trade channel and have you started seeing this already?

Shantanu Khosla: We definitely expect a pickup in the growth rate for Q2 versus Q1. Now these pickups I believe over the quarter will be gradual and gradually keep increasing through the quarter. It is a matter not just of restocking, but it is also a matter that more importantly a matter of making sure that we have availability so we do not have a consumption loss, so we definitely expect higher growth in Q2 versus Q1, but there is still uncertainty in the market. People are definitely not destocking anymore. The question is how it builds back up and how fast it builds back up. The second thing I just like to point out is at least on our fans business, which is a key part of our business we are moving out of season. Our seasonal quarters tend to be Q4 and Q1 linked to the summer and therefore the extent to which inventory gets build back for a seasonal product during the winter months will be less than the inventory the channels normally keep during the season months.

Aditya Bhartia: Understood Sir. Thanks a lot.

Shantanu Khosla: Thank you

Moderator: Thank you. The next question is from the line of Fatema Pacha from ICICI Prudential. Please go ahead.

Fatema Pacha: Hello Sir.

Shantanu Khosla: Morning Fatema

Fatema Pacha: Good morning Sir. Regarding the raw material prices that you spoke about I am made to understand that in January, February, March you have taken decent in price hikes to combat the cost of the raw material pressure despite that we are seeing 100 bps gross margin hit, what are we supposed to look into this and then like if I will say July 1 post the GST whatever rate charges have happened have we effected finally the price hike or we could see this gross margin hit in this year itself?

Shantanu Khosla: Two things, one is the gross margin has not decline versus year ago quarter and like we maintained for a business which tends to be seasonal, it is better to look quarter-on-quarter versus quarter versus previous quarter. Second thing is that commodity cost had continued to grow and continued to increase through this entire period. So also in the environment of the GST implementation it was a challenge to execute all the price increase that we and also other players in the industry had planned. So some of the price increases has got delayed. So most of our gross margin recovery really has been due to our cost-saving program and

our focus on premiumization. The impact of pricing on recovery of the gross margins further, we will have in the coming quarters. Without really as you are aware like to give guidance but we do believe that looking forward our gross margins are protected and we do not see commodities having a further or an additional impact on the total number because we believe with our approach of cost-saving mix and some pricing looking forward we should be on target on gross margins.

Fatema Pacha: Fair enough Sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Chirag Shah from CLSA. Please go ahead.

Chirag Shah: Thanks for taking my question. Staying on GST, can you just give a sense of how the working capital behaved during the quarter in the backdrop of GST transition and also whether any additional cost related to trade support during the transition?

Shantanu Khosla: Let me just take the second part then for the first part, I will hand it to Sandeep. On the second part like I mentioned in my opening comments. We did not increase our promotional spending. We kept it at historical normal levels for the business. Because we did not believe that in the GST transition it was an effective tool to increase promotion to try and build up inventory.

Sandeep Batra: Hi Chirag, this is Sandeep Batra here. So our working capital did not go up by any significant amount as of end of June. There was some mix shift in the components of working capital. For example, we would have slightly higher inventory in June as compared to the previous period, but in totality there was no major impact on working capital.

Chirag Shah: And the inventory increase would be largely to do with the call on the commodity price hikes?

Sandeep Batra: No, the inventory was because of our sales in June were below what our internal expectations were.

Chirag Shah: I understand. I have more questions, but I will join the queue.

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

Pulkit Patni: Sir thanks a lot for taking my question. Two questions from my side. First of all I do not want you to comment on this whole news flow regarding Kenstar and others but as a company is there a maximum debt level that we are comfortable with it in terms of debt equity ratio?

Sandeep Batra: I think it is not so much the debt to equity ratio that is a reference point for us because of the fact that when we started, when the company demerged, we had hardly any equity. There were no retained earnings and we inherited a debt of Rs.700 odd Crores, so that is not really ratio that sticks with us I think what is important is our ability to service the interest on whatever debt we take. As long as the interest is something that meets all prudent norms, we would be comfortable with that amount of debt.

Pulkit Patni: I understood Sir. Secondly on this employee got the ESOP non-cash expense recognized. For the next few quarters also this is going to come through and if you could highlight what would be the approximate amount in that case?

Sandeep Batra: So this, whatever we took as the charge for this quarter is one-fourth of the charge for the full year.

Pulkit Patni: Okay, understood, that is very helpful. Thanks a lot.

Shantanu Khosla: The only other thing I just like to point out on the ESOP charge, in this quarter there was no charge in the base period. Next quarter also there is no charge in the base period, but after two quarters, there was a charge in the base period and that is simply a timing of when the plan was approved by our shareholders.

Pulkit Patni: Sure. Thank you so much Sir.

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. You mention that in ECD category, the wholesale channel has a higher share, which fields the upcountry retailers. Now are these wholesalers buying right now or still they are on pause mode that is one question and secondly in the long run how would this channel and the cost of distribution evolve for the industry?

Shantanu Khosla: This channel is not yet back to normal. It will take a little more time I believe and we will see them come back over within this quarter. This channel is not on complete halt like it was in the second half of June however. How do we see this channel evolve in the future? I believe the wholesale channel will always be a

strategic channel for our business. They have a critical role to play in terms of efficiently reaching small retailers who our distributors cannot reach as efficiently and secondly, they also have a resupplier role within the markets they operate. That being said, over time as we expand our go to market programme and build the strength of our distributor capabilities like we have done in LED lighting, the relative importance would reduce somewhat but they will continue to be a significant channel.

Amar Kalkundrikar: And about cost of servicing this versus traditional?

Shantanu Khosla: It really depends on... there is no absolute answer to that because it depends on the size of the retailer being serviced. So if you want to service through a distributor, a retailer directly then the retailer needs to have a minimum size to make financial sense in terms of cost to serve. It is the smaller retailers who is stocking and buying and consumption is relatively less where the cost to serve of the wholesaler tends to be more effective. So we do not increase our total cost to serve. You expand your network by using either a distributor or a wholesaler depending on the nature of the retailers they serve.

Amar Kalkundrikar: Thank you.

Moderator: Thank you. We have the next question from the line of Atul Behra from Motilal Oswal Asset Management. Please go ahead.

Atul Behra: Hi Sir, good morning and thanks for the opportunity. Just on lighting business if you could talk about for your portfolio how is the mix as of now in terms of CFL, LED, fixtures and if there is any EESL in the revenue mix?

Mathew Job: This is Mathew. The LED is now almost two-third of the total business in terms of the mix and EESL of course was there in the last quarter at almost the same level as it was in previous year. So ESL business has remained at the same levels in this quarter as the corresponding period last year and the LED in total business of lighting is about two-third.

Atul Behera: And EESL as a percentage of revenues for the quarter would be how much?

Management: It would be about 10%.

Atul Behera: And how much would fixtures be in this entire lighting portfolio as of now?

Mathew Job: Fixtures about 60%.

Atul Behera: 60%?

Mathew Job: Yes.

Atul Behera: And just more a medium to longer term on lighting, so what we are in the midst of now is more like first-time LED taking over CFL or in terms of incandescent bulbs, but there will be phase maybe two years down the line or three years down the line when most of the sockets would be having LED lamps and the market should then be replacement oriented. So how do you see this in terms of may be from a three- to five-year perspective lighting market as such, because there will be one phase perhaps one year where we can see really 30%, 40% decline in market as such. So how do you guys really look at this transition?

Shantanu Khosla: Two things I told and you are right, but first given the nature, size, and breadth of India, there are many years of opportunity of new sockets. Because not only will there be existing sockets to convert, but with the entire programme of electrification of villages, urbanization, low-cost housing all of this is going to keep creating sockets. So we are many, many years away from saturating new sockets. Second, coming back I think what was the essence of your point and I believe I have talked this before. We need to think of the LED we are putting in now which people are buying really as the base product. The beauty of LED is not just it is a low power consumption which is a great thing by itself, but also the technology allows us to introduce numerous value-added benefits which CFL did not be there things like connected lights, frameable lights. So many, many value-added opportunities are there. Think of it like you got base fan for Rs.1200 but people also sell fan for Rs.5000, Rs.6000 if the benefit is strong enough. So the second part of the future growth strategy will be based on consumer-based innovation, which this LED, technology platform allows you to do. In fact some of these value-added innovations we are already beginning to implement in the B2B phase like the need for control systems etc, is much, much higher as things currently stand.

Atul Behera: Sir one just final question on light.

Shantanu Khosla: I am sorry, but just to be fair again, let us get the others in

Atul Behera: Thank you so much.

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

Arnab Mitra: My question is mainly regarding the end consumer demand, so if one was to add that Rs.125 Crores to Rs.150 Crores to your top line which is destocking I mean it

indicates that probably the end offtake was up 7%, 8%. So is that the right way to look at it and secondly what we have heard as in some building materials and home improvement categories, the end demand itself has actually weakened post GST on July 1, so is that something you concur with and is there a risk that the demand while destocking does not happen further, the demand itself actually weakens in this period?

Shantanu Khosla: We have retailed audit data, which is third party data, which is the best consumption data, which is available in the industry. Now let me talk about the fans market, because this is where the data is the most robust. Consumption of the fans market actually began to decline from demonetisation and it went through... so the market as per the data actually declined from November through almost March, April, May, which is the latest data, which is available from a consumption point of view, was actually the first month, which showed meaningful consumption growth post demonetisation. I think what we have got to internalize is in our distributed diverse, disperse, retail, universe, the offtake or the consumption impact tend to have quite a lag, so if there was any impact on consumption of GST, I believe it will not show up in July. We will see it when we come to September, October because that kind of when the lag period between consumption and primary shipments. We do not see anything in this period judgmentally from our discussions with our dealers to indicate that there is any significant change in consumption as of July 1. It seems mainly to be at this point in time purchases of channel partners which was severe in the back half of June and is gradually limping back to normal through the first half of July.

Arnab Mitra: Okay, sure. Thanks. That is it from my side.

Moderator: Thank you. The next question is from the line of Prashant Kutty from Sundaram Mutual Fund. Please go ahead.

Prashant Kutty: Thank you for the opportunity Sir. Just one thing Sir on the acquisition side of it since we have been hearing a lot of reports with regard to Kenstar, just wanted to understand typically when we look at inorganic strategy what we are typically looking at over here and how much do we think that in terms of leverage we can actually go up to?

Shantanu Khosla: To be clear. We do not look at an acquisition strategy. Our strategy as stated in those five points. What we are looking at in those five points is to drive our current core categories. Like we said in the past, we are agnostic as to how this is to be done. We will do it in whichever way based on data and our judgment we believe is the most value creating way to do it.

Prashant Kutty: Okay, typically while you did highlight that it is probably not a part of a plant, but is there endeavour that you are looking a newer category per se because typically on talking about home appliances it is completely a newer category altogether and it is a different channel altogether as well so, that is why I just want to ask you regarding that.

Shantanu Khosla: I think like we have mentioned earlier let me repeat it. Where to play choices, we have said is first we will focus on our core, our core we defined as fans and pumps then we said we want to get discontinuous growth from categories which provide that opportunity or they under developed. In that discontinuous growth come lighting and our appliance business.

Prashant Kutty: Okay thanks sure. Thank you Sir and all the very best to you.

Moderator: Thank you. The next question is from the line of Inderjeet Singh from Macquarie. Please go ahead.

Inderjeet Singh: Thanks for the opportunity. Actually if you look at this company got created two years back and what we can see is that you have done a lot of things on cost side. On the product side what we see is...Primarily this company is a are three-segment company, fan, lights, and pumps and we have done lot of things to deepen the product offering deepen the channel, but I think the three segments remain in that 5%-10% kind of growth category and if I look at aspiration of the company is to grow at a much higher rate than that, you mentioned about the discontinuous growth. At what point of time do you think that these segments you would need to look beyond it or what is the strategy there where we can kind of sustain say a mid teens kind of growth because just being in these three segments and your appliances are much smaller segment, it cannot meaningfully alter the growth trajectory of the company so any thoughts on that would be appreciated?

Shantanu Khosla: Okay you are absolutely right to meet our growth aspirations; we have to grow in categories other than fans and pumps. One of them and the first one was LED lighting where we are demonstrating discontinuous growth in fact currently depending on whose number you look at, in LED we are close to becoming the number two player in the country. We are already working on other categories recognizing exactly the point, which you make. The only thing I would like to point out is we do not wish to enter with a niche proposition. Whatever we do we believe it has to be a strong enough proposition such that it has the potential and over the midterm is on track to becoming at least the number two players in the market. Therefore we are taking our time to make sure we develop the right

propositions, which had the right to win. As we have looked at this industry as a whole, the number of failures are actually much, much more than any one who has really made a big success and you can count them on the fingers of one hand in becoming a number two or number one. So yes to meet our aspirations beyond the fans, pumps and lighting, we have to get into a category at least one where we have the potential to become number two. We are actively working it, unfortunately for the past six to nine months unexpected external challenges first demonetisation and now the GST implantation had led to a little bit sequencing reprioritization because we had to manage the current as we think of the future, but our plan definitely in that it includes exactly what you are saying.

Inderjeet Singh: Thanks Shantanu if I may just squeeze in one related question just on your existing business some of your very creditable competition are making significant changes to way their distribution works and having a very big focus on retailing or retail network. Is there something that you kind of working on in that?

Shantanu Khosla: Oh yes, it is one of our called out choices to reinvent go to market like we have been talking about, we began completely revamping our go to market approach making it much, much sharper and retail focused starting with lighting in South India. We had a lot of success with that. We have expanded that to lighting all India and have also expanded it to a couple of states on to learn and to qualify the execution on both pumps and fans. Of course it is a major focus area and has been since day one.

Inderjeet Singh: Thanks a lot.

Moderator: Thank you. We have the next question from the line of Venkatesh Balasubramaniam from Citi Research. Please go ahead.

Venkatesh B: If I go to back your initial KPIs, one of the initial KPIs was to grow top line at higher than industry rate and grow bottom line at a rate faster than the top line. Now with the KPI like that where you want to grow the bottom line faster than the top line does not it actually put a restriction to the fact that how could you go about acquiring any brand or company or product category opportunities because obviously if you have to make an acquisition, there is a possibility that you might have to pickup debt and if you pickup debt most probably the contribution that you will get from that particular acquisition at the bottom line level might be actually lower than that at the top line level. So does your KPI stay even under a scenario of an acquisition?

Shantanu Khosla: Two things one small clarification, the bottom line KPI is actually at least equal to top line growth though historically up till now we have been delivering faster than top line growth but KPI is at least equal. Second we will do what is the right thing for the business. If it is absolutely the right thing for the long-term of the business do at some point in time for a quarter or two and this is irrelevant of whether the ideas of an acquisition or the idea of any other business building idea. If it is the right thing to do for the business for a quarter or two to be margin diluted, we will not sort of say but our KPI says this, how can we margin dilute it and therefore not do what is the right thing for the business. So we will always do what is the right thing for the business. We will always keep long-term and midterm shareholder value creation in mind and we will do the smart thing in the short-term. So that is how we will approach this and what we will also ensure that we do that if there is anything which where we are for the midterm taking some form of decision, we will be transparent about it like we have always be with you folks but you cannot not do the right thing for the business just because of KPI written on a piece of paper especially if it is only for short-term.

Venkatesh B: Okay no see the question is more from the prospective because Crompton Greaves Consumer Electricals is a slightly different company compared to the normal companies that we see in the market. In a normal company which we see in the market, there is a promoter family who is the majority shareholder and who might have a horizon of maybe 10 years, 15 years, 20 years in terms of whenever they are taking a decision but here what you have is our two private equity people who have the majority stake whose horizon might not be 15 or 20 years. Ultimately they will also have to exit their position and give an exit to their investors, so their horizon might be maybe five years, six years maximum seven years. So from their perspective I mean do you have full freedom in taking a decision when it comes to acquisitions with a longer-term frame or you need to discuss this with your majority shareholders before taking a call?

Shantanu Khosla: Like I mentioned before we approached this business as if this company and this brand is going to exist forever. That is fiduciary responsibility. If there is any significant material decision to be made, I have to discuss it not with promoters, I have to discuss it with all shareholders, they all have stake in this in fact there are many material decisions where good governance requires me to go to all shareholders. So we run the business for the long term. We run the business on behalf of 100% of our shareholders.

Venkatesh B: Thank you very much for that answer.

Moderator: Thank you. The next question is from the line of Ravi Swaminathan from Spark Capital. Please go ahead.

Ravi Swaminathan: Sir just wanted to know given that GST has been implemented now across your various product categories, which are the ones, which will see maximum benefits say in respect to the rates vis a vis earlier rates, the possibility opportunity from unorganized to organized and any other benefits should be there, which are the products, which will see the maximum benefit and for which product, it will be business as usual?

Shantanu Khosla: In terms of first-rate benefits, overall there is no significant difference. It is a plus minus difference across our businesses. In any case with that being said if there was "a benefit", it is our responsibility to actually pass that benefit on to the customer, but there is no significant benefit really. It is plus minus for us. The benefits will really come over time when it all settles down when we now have a seamless geography. So there are lots of benefits, which will come in terms of how we design our supply chain, where we need to have depots. Because instead of these basic infrastructure things being designed as they are today and have been historically done for tax efficiency reasons, they will be designed for cost conservative reasons. That is where the majority of the benefit will come.

Ravi Swaminathan: Sure Sir. For individual products say like pumps where there is a huge unorganized or unbranded market do you see small fringe players going out of the market completely because of this or is it like it will be the same thing?

Shantanu Khosla: I think there should be over time a little bit of some impact on, I would not call them unorganized, but obviously anyone who was outside the tax net and now comes into the tax net, there should be some impact on them, but because there could have been an unorganized player, a small local player who was completely in the tax net. There is no reason why there should be a big impact on that person. So we will have to see how that shakes out. Clearly on the whole most organized players are compliant and in the tax net, etc., etc., so there should be no impact on that.

Moderator: Thank you. We have the next question from the line of Gunjan Prithyani from JP Morgan. Please go ahead.

Gunjan Prithyani: Hi Sir. Thanks for taking my questions. Most of my questions have been answered. I just needed clarification on two things. Firstly the followup on this unorganized hit now did you see that the channel was trying to... these guys were trying to stuff a lot of goods in the market before GST roll out because from what

our understanding is post GST these guys have been struggling in the sense they are not yet ready with their new prices. Is that something that you observed in the market?

Shantanu Khosla: Well, we did not. Towards the back end of June, I do not think anyone was ready being able to stuff. It is independent of whatever offering simply because anything which was pre July 1, 2017 had a cost to it post July 1, 2017. In terms of post July 1, 2017, I think some players are ahead of the game in terms of getting the GST process within themselves. Like I mentioned, we for example were well set up. We had trained our vendors. All the systems and paperwork and the plants and our logistic systems were in place, so we started immediately. I can imagine that there could have been some smaller players who did not have all these ready and only ran around getting it ready post July 1, 2017. Obviously, they would have struggled in the beginning.

Gunjan Prithyani: So does that mean the organized or larger players who were ready get a disproportionate growth when the restocking happens?

Shantanu Khosla: Maybe, maybe not and I again I just want to clarify that in our perspective, the restocking is not a step function. It is not that certainly over one week trader is going to buy Rs.150 Crores more of CG products. It is a more gradual phenomenon over time because again we have a multi-tier distribution system in this country.

Gunjan Prithyani: Just one thing more on this excise loss did we commit to providing any compensation for the loss on the old goods?

Sandeep Batra: Yes Gunjan, we have committed to our trade that whatever credit they are not able to get from the government on unsold stock for all purchases that they may have done in May and June, we will provide that credit.

Gunjan Prithyani: So is it possible to quantify the hit on account on account of that and whether that has been provided in 1Q or will that reflect in Q2?

Sandeep Batra: No it is very difficult to provide any quantification of that because that all depends upon when the dealer makes a claim, but we have adequate provisions made in June to take care of whatever we believe is the likely impact, but we will not be able to explicitly quantify that.

Shantanu Khosla: And also just a last point on that from the beginning of June, we started including the excise component in our invoices. We got excise registration for all our depots, so we could do it and that all helps minimize our potential liability.

Gunjan Prithyani: Sure thank you so much.

Moderator: Thank you. Due to time constraints, we will be able to take one last question. The last question is from the line of Achal Lohade from J M Financial. Please go ahead.

Achal Lohade: Thank you for the opportunity Sir. If you could talk about the sales because of the IndAS, there is a change in the way we disclose, so I believe there is some differential actually in the number for 1Q FY2017, do you have a like-to-like number based on the earlier paper?

Sandeep Batra: No. We are not required to give I-GAAP comparison of the Q1 numbers. Our Q1 numbers for FY2017-FY2018 is as per IndAS however there is a comparison for last year. So last year for the first quarter our revenue as per IGAAP was Rs.1120 Crores. That same number as reported in this year's result is Rs.1130 Crores for the last year. This is only about a 1% higher turnover calculation from Indian GAAP to IndAS.

Achal Lohade: If you could quantify the A&P spending for the quarter Sir?

Sandeep Batra: The total advertising was about Rs.20 Crores and sales promotion would have been about Rs.12 Crores to Rs.13 Crores.

Achal Lohade: And last year same quarter that is the last question?

Shantanu Khosla: Similar values. Advertisement was Rs.23 Crores and sales promotion would have been similar range.

Achal Lohade: Great Sir. Thank you so much.

Moderator: Thank you very much. We will take that as the last question. I would now like to hand the conference back to the management for any closing comments.

Shantanu Khosla: Thank you all. Thank you for dialing in. We appreciate the interest. As you all know, our objective is to be as transparent and help you understand both our performance and how we see the future as transparently as we can. I hope we managed to do that especially in the turbulent times. If any of you have any questions, followups, which we could not get you today, please contact us and we will be happy to talk to them in more detail. Thank you so much and have a great Friday and good weekend. Thank you.

Renu Baid: Thank you everyone for the participating in the call.

Moderator:

Thank you very much. On behalf of IIFL that concludes this conference. Thank you for joining us ladies and gentlemen and you may now disconnect your lines.