## Crompton

## Information Update - Q2 FY20

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## Key Highlights - Q2 FY20

- ECD growth of ~11\% YoY in Q2FY20
- Growth across all 3 businesses viz. Fans, Pumps and Appliances
- Fans volume growth at $8 \%$
- Appliances business witnessed exponential growth in geyser (38\%)
- Agro Pumps continued it's growth momentum (17\%)
- Lighting (ex EESL) de-grew 3.9\% YoY in Q2FY20
- LED portfolio continues to face price erosion driven by market forces
- LED Panel and Battens registered 35\% volume growth
- B2B business grew ~9\% in Q2 FY20 aided by improved execution
- Expansion of GM- w.r.t. last year same period by 330 bps
- Improved sales mix within business
- New value added launches aiding margin expansion
- Benefits accruing from cost optimization program visible in margin expansion
- Increase in Market Share on a YoY basis
- Fans increased by 80bps
- LED lamps increased by 108bps
- Share gain continues in Geysers
- Cash Conversion
- Cash conversion continues to be strong aided by efficient working capital management and profitable growth


## Summary of Q2 Results

| Particulars | $\begin{gathered} \text { Q2 FY20 } \\ \text { Rs. Cr } \end{gathered}$ | $\begin{gathered} \text { Q2 FY19 } \\ \text { Rs. Cr } \end{gathered}$ | GoLY | $\begin{gathered} \text { Q1 FY20 } \\ \text { Rs. Cr } \end{gathered}$ |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Net Sales | 1,076 | 1,038 | 3.7\% | 1,347 |  |
| Less: Material Cost | 733 | 741 | -1.1\% | 907 |  |
| Material Margin | 343 | 297 | 15.6\% | 440 |  |
| as a \% of Net Sales | 31.9\% | 28.6\% |  | 32.6\% |  |
| Less: |  |  |  |  |  |
| Employee Cost | 81 | 68 | 19.9\% | 82 |  |
| Advertisement \& Sales Promotion | 23 | 9 | 156.8\% | 45 | - Step up in A\&P activity |
| Other Expenses | 110 | 96 | 13.7\% | 121 | - Up due to initiatives in B2B |
| EBIDTA | 130 | 124 | 4.5\% | 192 | lighting |
| as a \% of Net Sales | 12.0\% | 11.9\% |  | 14.3\% |  |
| Less: Depreciation \& Amortization | 6 | 3 | 97.8\% | 6 | - Depreciation increased due to |
| EBIT | 123 | 121 | 2.0\% | 186 | adoption of Ind AS 116 |
| as a \% of Net Sales | 11.4\% | 11.6\% |  | 13.8\% |  |
| Less: Finance Cost | 9 | 15 | -42.1\% | 15 | - Lower on account of repayment of |
| Add: Other Income | 12 | 10 | 24.5\% | 17 | debentures (300 crs in Q1 FY20) |
| Profit Before Tax | $\begin{array}{r} 127 \\ 118 \% \end{array}$ | $\begin{array}{r} 115 \\ 11.1 \% \end{array}$ | 9.7\% | $\begin{array}{r} 189 \\ 140 \% \end{array}$ | - Other income on YoY is up on |
| as a \% of Net Sales | 11.8\% | 11.1\% |  | 14.0\% | account of increase in cash |
| Tax Expenses | 15 | 39 | -60.1\% | 66 | surplus |
| Net Profit | 111 | 77 | 44.7\% | 123 | - Effective tax rate down |
| as a \% of Net Sales | 10.3\% | 7.4\% |  | 9.1\% |  |

## Segment Details

## Segment Revenue

| Particulars | Q2 FY20 |  | Q2 FY19 | GoLY | Q1 FY20 |
| :--- | ---: | ---: | ---: | ---: | ---: |
|  | Rs. Cr | Rs. Cr | Rs. Cr |  |  |
| Electrical Consumer Durables | 788 | 713 | $11 \%$ | 1,073 |  |
| Lighting Products* | 288 | 325 | $-11 \%$ | 274 |  |
| Total Income from Operation | $\mathbf{1 , 0 7 6}$ | $\mathbf{1 , 0 3 8}$ | $4 \%$ | $\mathbf{1 , 3 4 7}$ |  |

* Lighting revenue decline excluding EESL is -3.9\%


## Segment EBIT

| Particulars | Q2 FY20 |  | Q2 FY19 |  | Q1 FY20 |  |
| :--- | ---: | ---: | ---: | ---: | ---: | ---: |
|  | Rs. Cr | EBIT \% | Rs. Cr | EBIT \% | Rs. Cr EBIT \% |  |
| Electrical Consumer Durables | 151 | $19.2 \%$ | 135 | $18.9 \%$ | 217 | $20.3 \%$ |
| Lighting Products | 15 | $5.2 \%$ | 21 | $6.5 \%$ | 14 | $5.1 \%$ |
| Total | $\mathbf{1 6 6}$ | $\mathbf{1 5 . 4 \%}$ | $\mathbf{1 5 6}$ | $\mathbf{1 5 . 0 \%}$ | $\mathbf{2 3 1}$ | $\mathbf{1 7 . 2 \%}$ |

## Cash Flow Highlights

## Crompton

| Particulars | H1 FY 20 Rs Cr. | H1 FY 19 Rs Cr. |
| :---: | :---: | :---: |
| Profit before exceptional items and tax | 315 | 273 |
| Adjustments for: |  |  |
| Depreciation, Interest and other adjustments | 20 | 34 |
| (Increase) / Decrease in Working Capital | -23 | -110 |
| Cash from Operation | 312 | 197 |
| Taxes paid | -81 | -90 |
| Net Cash from Operating Activities (A) | 231 | 107 |
| Cash flows from Investing Activities |  |  |
| Interest income | 13 | 17 |
| Sale of Fixed Assets | 0 | - |
| Purchase / sale of current investments (net) | 195 | -45 |
| Investment in bank deposits | 25 | - |
| Purchase of Fixed Assets | -16 | -8 |
| Net Cash (used in) /from investing activities (B) | 217 | -36 |
| Cash flows from financing Activities |  |  |
| Issue of shares | 1 | 1 |
| Payment of dividend including DDT | -150 | -132 |
| Repayment of Debentures | -300 | - |
| Repayment of Lease Liability | -5 | - |
| Interest paid | -58 | -59 |
| Net Cash (used in) /from financing activities (C) | -512 | -190 |
| Net increase / (decrease) in cash and Bank balances | -64 | -119 |
| Opening balance | 116 | 173 |
| Closing balance | 51 | 53 |

## Net Debt

| Particulars | As on Sep 19 Rs. Crs | As on Sep 18 Rs. Crs | As on June 19 Rs. Crs |
| :---: | :---: | :---: | :---: |
| Total Debt | 350 | 649 | 350 |
| Less: Cash and Bank | 51 | 58 | 64 |
| Less: Current Investment | 354 | 413 | 431 |
| Total Net Debt | -56 | 178 | -145 |
| Net Debt/Equity | NA | 0.2 | NA |

- During the quarter company paid dividend of Rs 150 crs for FY 19 at Rs 2/equity share


## Summary of H1 Results

| Particulars | $\begin{gathered} \text { H1 FY20 } \\ \text { Rs. Cr } \end{gathered}$ | $\begin{gathered} \text { H1 FY19 } \\ \text { Rs. Cr } \end{gathered}$ | GoLY |
| :---: | :---: | :---: | :---: |
| Net Sales | 2,423 | 2,242 | 8.1\% |
| Less: Material Cost | 1,640 | 1,555 | 5.4\% |
| Material Margin | 783 | 686 | 14.0\% |
| as a \% of Net Sales | 32.3\% | 30.6\% |  |
| Less: |  |  |  |
| Employee Cost | 163 | 139 | 16.9\% |
| Advertisement \& Sales Promotion | 68 | 55 | 23.9\% |
| Other Expenses | 231 | 201 | 14.7\% |
| EBIDTA | 321 | 291 | 10.3\% |
| as a \% of Net Sales | 13.3\% | 13.0\% |  |
| Less: Depreciation \& Amortization | 12 | 6 | 92.3\% |
| EBIT | 309 | 285 | 8.5\% |
| as a \% of Net Sales | 12.8\% | 12.7\% |  |
| Less: Finance Cost | 24 | 30 | -21.7\% |
| Add: Other Income | 30 | 19 | 58.3\% |
| Profit Before Tax | 315 | 273 | 15.2\% |
| as a \% of Net Sales | 13.0\% | 12.2\% |  |
| Tax Expenses | 82 | 92 | -11.4\% |
| Net Profit | 233 | 181 | 28.8\% |
| as a \% of Net Sales | 9.6\% | 8.1\% |  |

## Key Financial Ratios

EBIDTA Margins



PBT Margins


RoCE


## Note : ROE and RoCE has been annualised

## Thank You

