

May 15, 2025

RESULT REPORT Q4 FY25 | Sector: Consumer Durables

Crompton Greaves CE Ltd

Superior margin delivery; reiterate BUY

Result Synopsis

Crompton has reported lower than estimated revenue growth on account of subdued performance of ECD and Lighting segment. ECD revenue grew by muted 5.7% (9% lower than estimates). Fans have witnessed muted growth of 5%, while Pumps and Appliances have registered strong growth. Effective execution has resulted in robust growth for pumps. Air-coolers and mixer grinders have ushered solid performance for appliances. Margins in ECD has been stable at 16.7%, while lighting and Butterfly margins gave seen significant bump up. Lighting margins at 15.9% has been positive surprise, strong margin is on back of improved product mix and cost reduction initiatives. Management has stated that there is no one-off that has resulted in margin expansion and higher margins in lighting are sustainable. As far as Butterfly appliances is concerned it is on track to improve its performance on sustainable basis. CROMPTON is actively exploring green field manufacturing project with a proposed investment of Rs3.5bn which will enable the company to strengthen its supply chain eco-system and enhance its in-house manufacturing capabilities. Phase 1 of the expansion will start with the Fans and future expansion will be into other product categories to drive long term growth. The company has started to deliver on double digit revenue growth with margin expansion on consolidated basis. Also, company is looking to expand into adjacencies and has entered high growth solar roof top segment. Considering strong growth potential and industry leading margins we reiterate our BUY rating with PT of Rs402.

We believe initiatives taken by CROMPTON of setting new manufacturing facility and entering adjacencies will augur well for growth going forward. The company is confident of maintaining its industry leading margins despite higher spends on the brand. We now bake in FY25-27E Revenue/EBITDA/PAT CAGR of 12%/14%/22% and arrive at our PT of Rs402 valuing the company at 33x FY27EPS and reiterate BUY and believe risk reward has turned favorable.

Result Highlights

- Quarter Summary** – CROMPTON consolidated revenue grew 5% yoy. with ECD (+5%) Lighting (-2%) Butterfly (+10.8%). Fans growth has been muted led by TPW fans.
- Margins** – Gross margins has seen improvement of 201 bps to 33.9%, while EBITDA margin at 12.8% has improved by 245 bps despite higher A&P spends which has been commendable. Pricing action and a better mix has led to gross margin improvement.
- Butterfly Appliances**–Performance of Butterfly appliances is on improving trajectory. In Q4 its key categories like Mixer grinder, wet grinder etc. has seen double digit volume growth. Market share has improved on sequential basis for Butterfly appliances.
- Capex**- The company is significantly expanding its manufacturing capacities through active exploration of a greenfield project where phase 1 cost is estimated to be Rs3.5bn for the fans portfolio. The company is also focusing on expanding its presence in the solar rooftop market as the opportunity size is large with a TAM of 200bn.

Exhibit 1: Actual vs estimates

Rs mn	Actual	Estimate		% Variation		Remarks
		YES Sec	Consensus	YES Sec	Consensus	
Sales	20,606	22,311	21,603	-8%	-5%	Pricing action, cost reduction initiatives and favorable product mix has resulted in margin beat.
EBITDA	2,644	2,454	2,471	8%	7%	
EBITDA Margin (%)	12.8%	11.0%	11.4%	183 bps	139 bps	
Adjusted PAT	1,717	1,611	1,596	7%	8%	

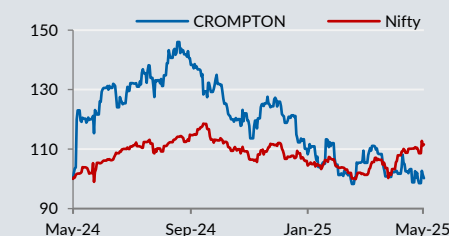
Source: Company, YES Sec

Reco	: BUY
CMP	: Rs 326
Target Price	: Rs 402
Potential Return	: +23.2%

Stock data (as on May 15, 2025)

Nifty	25,062
52 Week h/l (Rs)	484 / 301
Market cap (Rs/USD mn)	213133 / 2494
Outstanding Shares (mn)	644
6m Avg t/o (Rs mn):	805
Div yield (%):	0.9
Bloomberg code:	CROMPTON IN
NSE code:	CROMPTON

Stock performance



	1M	3M	1Y
Absolute return	-2.4%	-1.1%	33.2%

Shareholding pattern (As of Mar'25 end)

Promoter	0.0%
FII+DII	87.4%
Others	12.6%

Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	402	421

Δ in earnings estimates

	FY26e	FY27e
EPS (New)	10.5	12.2
EPS (Old)	10.7	12.7
% change	-1.9%	-3.9%

Financial Summary

(Rs mn)	FY25	FY26E	FY27E
Revenue	78,636	88,351	98,945
YoY Growth	7.5%	12.4%	12.0%
EBITDA	8,882	10,160	11,577
YoY Growth	24.5	14.4	13.9
PAT	5,641	6,758	7,837
YoY Growth	7.2%	7.6%	7.9%
ROE	15.5	16.6	17.2
EPS	8.8	10.5	12.2
P/E	37.2	31.1	26.8
BV	59.8	66.7	74.7
EV/EBITDA	23.7	20.4	17.5

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Exhibit 2: Quarterly snapshot (Consolidated)

Particulars (Rs mn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	y/y %	q/q %	FY25	FY24	y/y %
Sales	19,610	21,377	18,960	17,692	20,606	5.1	16.5	78,636	73,128	7.5
EBITDA	2036	2324	2034	1880	2644	29.9	40.6	8,882	7,137	24.5
EBITDA Margin %	10.4	10.9	10.7	10.6	12.8			11.3	9.8	
Depreciation	350	372	382	379	396	13.0	4.3	1,528	1,288	18.6
EBIT	1686	1952	1653	1501	2248	33.4	49.8	7,354	5,849	25.7
EBIT Margin %	8.6	9.1	8.7	8.5	10.9			9.4	8.0	
Interest charges	156	155	120	105	100	(36.1)	(5.0)	480	792	(39.4)
Other Income	160	238	175	116	159	(0.7)	37.3	688	674	2.1
PBT	1690	2035	1707	1512	2308	36.5	52.7	7,562	5,731	32.0
Tax	356	511	427	393	591	65.9	50.4	1,921	1,313	46.3
Effective Tax Rate (%)	21.1	25.1	25.0	26.0	25.6			25.4	22.9	
PAT	1334	1524	1281	1119	1717	28.7	53.4	5,641	4,418	27.7
PAT Margin %	6.8	7.1	6.8	6.3	8.3			7.2	6.0	
EPS (Rs)	2.1	2.4	2.0	1.8	2.7	28.7	53.4	9	7	27.7

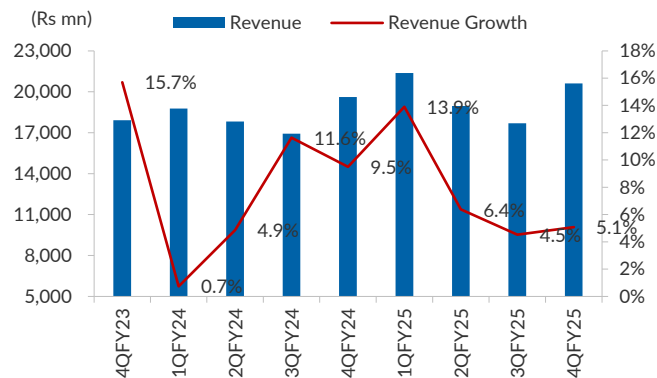
Source: Company, YES Sec

Exhibit 3: Segmental Performance

Rs mn	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YOY(%)	QOQ(%)	FY25	FY24	YoY (%)
Electrical consumer durables	15,160	17,266	13,927	12,878	16,029	5.7	24.5	60,100	53,922	11.5
Lighting products	2,811	2,333	2,531	2,577	2,761	(1.8)	7.1	10,203	9,982	2.2
Butterfly Products	1,639	1,777	2,502	2,237	1,817	10.8	(18.8)	8,333	9,225	(9.7)
Total Sales	19,610	21,377	18,960	17,692	20,606	5.1	16.5	78,636	73,128	7.5
PBIT										
Electrical consumer durables	2533	2587	2064	1957	2675	5.6	36.7	9,283	7,747	19.8
Lighting products	251	209	271	278	440	75.4	58.2	1,196	1,053	13.6
Butterfly Products	-261	41	177	123	123	(147.0)	(0.5)	464	82	466.3
Total PBIT	2,523	2,836	2,512	2,358	3,237	28.3	37.3	10,943	8,882	23.2
Finance Costs	156	155	120	105	100	(36.1)	(5.0)	480	792	(39.4)
Unallocable expense	677	646	684	742	830	22.6	11.9	2,902	2,359	23.0
as % of sales	3.5	3.0	3.6	4.2	4.0			3.7	3.2	
Exceptional Items	0	0	0	0	0	0.0	0.0	0	0	
PBT	1690	2035	1707	1512	2308	36.5	52.7	7,562	5,731	32.0
PBIT Margins (%)						(bps)	(bps)			(bps)
Electrical consumer durables	16.7	15.0	14.8	15.2	16.7	(2)	149	15.4	14.4	108
Lighting products	8.9	8.9	10.7	10.8	15.9	701	514	11.7	10.6	117
Butterfly Products	(15.9)	2.3	7.1	5.5	6.7	2,265	124	5.6	0.9	468
Total PBIT	12.9	13.3	13.2	13.3	15.7	284	238	13.9	12.1	177

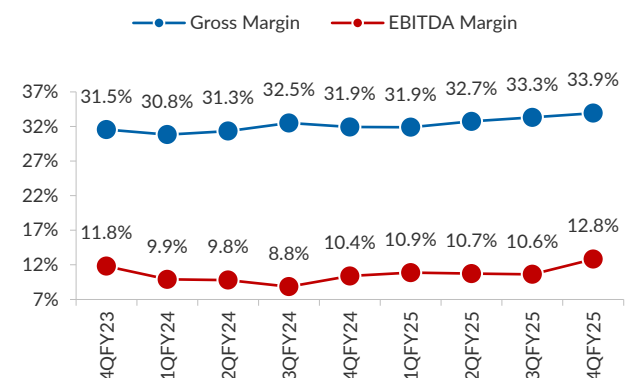
Source: Company, YES Sec

Exhibit 4: Revenue growth has been muted on back of subdued performance of Fans



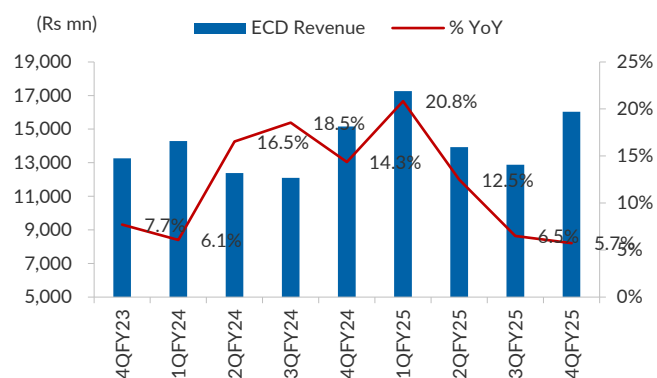
Source: Company, YES Sec

Exhibit 5: Input cost reduction, mix improvement and cost optimization measures results in margin expansion



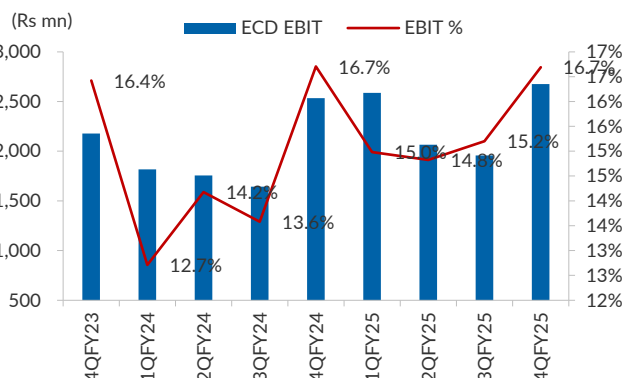
Source: Company, YES Sec

Exhibit 6: Pumps and Appliances have driven revenue growth



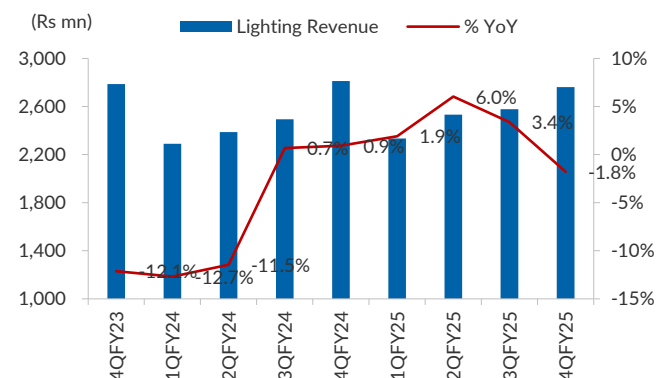
Source: Company, YES Sec

Exhibit 7: EBIT margins have seen improvement due to pricing actions taken in premium products



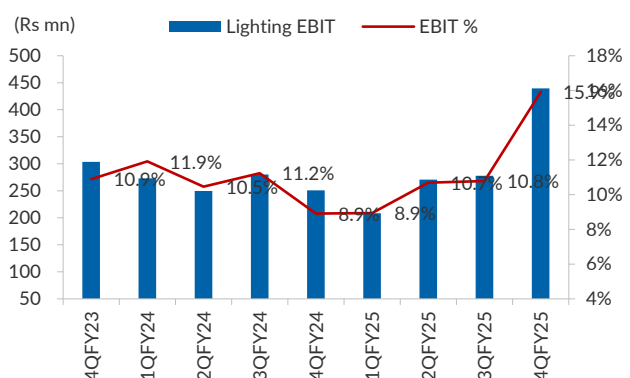
Source: Company, YES Sec

Exhibit 8: Growth has been led by NPD in B2B segment and strong performance in ceiling and battens



Source: Company, YES Sec

Exhibit 9: EBIT margin has seen improvement on back of price hikes



Source: Company, YES Sec

KEY CON-CALL HIGHLIGHTS

- **Management commentary** – Product launches and channel engagement will drive the growth going forward. CROMPTON is looking to build capabilities in new product categories like roof-top solar and also looking to enter adjacent product categories.
- **Fans** – Fans growth in mid-single digit has been led by TPW resulted in margin improvement. New platform for Fans will be the growth driver going forward. CROMPTON has already launched two new products on the new platform focusing of durability and energy efficiencies.
- **New manufacturing facility** – The company is actively exploring setting up new manufacturing facility which will increase in-house capabilities and capacities. Investments required will be Rs3.5bn. Phase 1 will be for Fans to start with. Capex will be incurred in next 2 to 3 years.
- **New product categories** – The company is entering into roof-top solar business. Opportunity size (addressable market is Rs200bn). Approach is to first build capabilities and focus will be on execution. Expect to enter adjacencies announcement will made going forward.
- **Solar roof-top** - CROMPTON has hired team for the solar roof-top business. Experience of solar pumps business will result in better execution capabilities. The company expect to ramp up Solar-rooftop business quickly.
- **Pumps** – Solar pumps business has cross Rs2bn. Pumps as a category has done well for the company with company maintaining leadership position in the residential pumps. Strong order-book in solar pumps will result in growth continuing in solar pumps.
- **Appliances growth** – Appliances has growth has been in mid-teens with both LDA and SDA doing well.
- **Large kitchen appliances business** – Revenue growth has been flattish and is lower than anticipated. The company has differentiated product offering needs execution improvement to drive growth
- **Lighting** – Product mix change and new product has resulted in strong margin expansion. Panels has been driver for the lighting business, with panel becoming the largest category in lighting.
- **B2B lighting** – Building up capabilities with indoor, outdoor and street lighting. Going forward the company will continue to build capabilities in B2B lighting
- **Butterfly Appliances** – Butterfly on return to growth path. Performance in key categories like mixer grinder, wet grinders has seen double digit growth. Sharp improvement is on back of price increase across the channels and product categories. In medium term expect Butterfly to grow in mid-teens and margins in double digit.
- **Inhouse manufacturing vs outsourcing** – The company is unlikely to go to complete in sourcing model. There will reasonable amount of outsourcing.

FINANCIALS

Exhibit 10: Balance Sheet

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Equity capital	1,272	1,286	1,288	1,288	1,288
Reserves	29,805	33,204	37,190	41,634	46,787
Net worth	31,077	34,490	38,478	42,921	48,075
Debt	9,222	5,990	2,998	1,998	1,498
Deferred tax liab (net)	123	99	0	0	0
Other non current liabilities	2,004	2,606	3,343	3,479	3,701
Total liabilities	42,425	43,184	44,819	48,398	53,274
Fixed Asset	32,005	31,791	31,644	32,683	32,966
Investments	5,482	6,891	7,211	7,211	7,211
Other Non-current Assets	1,798	1,852	2,724	2,509	2,705
Net Working Capital	2,372	930	1,203	1,276	1,356
Inventories	7,439	8,304	8,817	9,906	11,094
Sundry debtors	6,861	7,335	7,017	7,884	8,829
Loans and Advances	1,668	2,004	2,347	2,637	2,953
Sundry creditors	10,354	13,145	13,948	15,671	17,550
Other current liabilities	2,081	2,448	2,984	3,243	3,525
Cash & equivalents	768	1,721	2,037	4,718	9,036
Total Assets	42,425	43,184	44,819	48,398	53,274

Source: Company, YES Sec

Exhibit 11: Income statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Revenue	68,696	73,128	78,636	88,351	98,945
Operating profit	7,705	7,137	8,882	10,160	11,577
Depreciation	1,159	1,288	1,528	1,748	1,905
Interest expense	1,092	792	480	320	240
Other income	668	674	688	967	1,074
Profit before tax	6,121	5,731	7,562	9,059	10,506
Taxes	1,358	1,313	1,921	2,302	2,669
Minorities and other	-	-	-	-	-
Adj. profit	4,764	4,418	5,641	6,758	7,837
Exceptional items	-	-	-	-	-
Net profit	4,764	4,418	5,641	6,758	7,837

Source: Company, YES Sec

Exhibit 12: Cashflow Statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Profit before tax	7,213	6,523	8,042	9,379	10,746
Depreciation	1,159	1,288	1,528	1,748	1,905
Tax paid	(1,358)	(1,313)	(1,921)	(2,302)	(2,669)
Working capital Δ	7,041	32	(593)	(73)	(80)
Other operating items					
Operating cashflow	14,056	6,530	7,056	8,752	9,901
Capital expenditure	(1,011)	(1,074)	(1,382)	(2,787)	(2,187)
Free cash flow	13,046	5,456	5,674	5,965	7,714
Equity raised	(4,133)	924	278	-	-
Investments	-	-	-	-	-
Debt financing/disposal	(6,853)	(3,232)	(2,992)	(1,000)	(500)
Interest paid	(1,092)	(792)	(480)	(320)	(240)
Dividends paid	(1,908)	(1,929)	(1,931)	(2,314)	(2,683)
Net Δ in cash	(948)	952	316	2,681	4,318

Source: Company, YES Sec

Exhibit 13: Du-point analysis

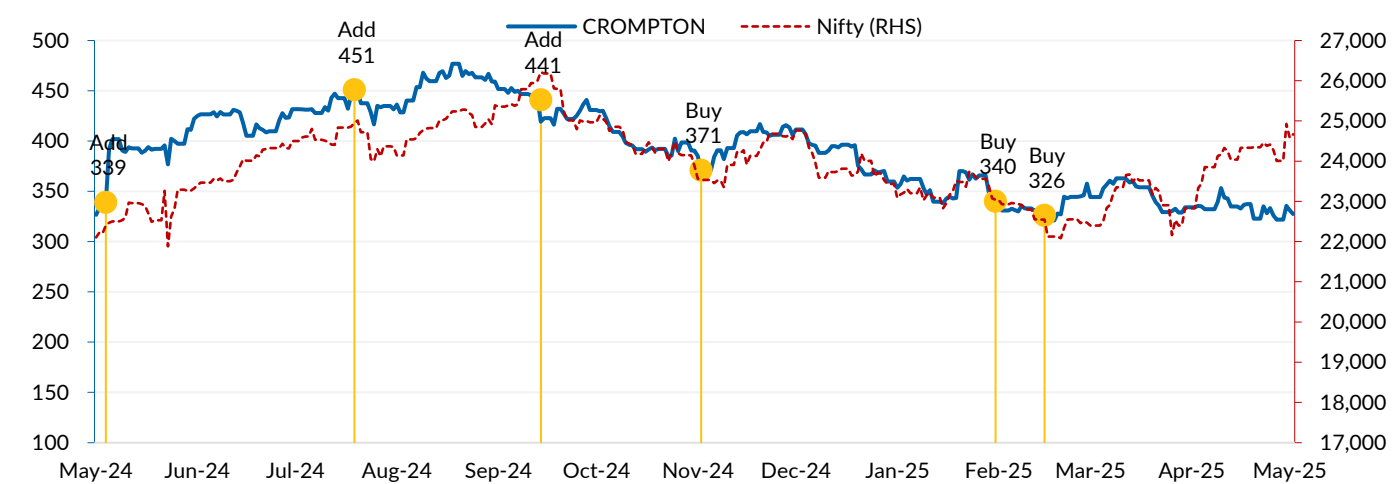
Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Tax burden (x)	0.78	0.77	0.75	0.75	0.75
Interest burden (x)	0.85	0.88	0.94	0.97	0.98
EBIT margin (x)	0.11	0.09	0.10	0.11	0.11
Asset turnover (x)	1.14	1.25	1.27	1.34	1.36
Financial leverage (x)	1.91	1.79	1.70	1.63	1.60
RoE (%)	15.0	13.5	15.5	16.6	17.2

Exhibit 14: Ratio analysis

Y/e 31 Mar	FY23	FY24	FY25	FY26E	FY27E
Growth matrix (%)					
Revenue growth	27.4	6.5	7.5	12.4	12.0
Op profit growth	0.1	(7.4)	24.5	14.4	13.9
EBIT growth	(9.8)	(9.6)	23.3	16.6	14.6
Net profit growth	(19.4)	(7.3)	27.7	19.8	16.0
Profitability ratios (%)					
OPM	11.2	9.8	11.3	11.5	11.7
EBIT margin	10.5	8.9	10.2	10.6	10.9
Net profit margin	6.9	6.0	7.2	7.6	7.9
RoCE	16.3	16.1	19.6	21.7	22.7
RoNW	15.0	13.5	15.5	16.6	17.2

Y/e 31 Mar	FY23	FY24	FY25	FY26E	FY27E
RoA	7.9	7.5	9.1	10.2	10.8
Per share ratios					
EPS	7.5	6.9	8.8	10.5	12.2
Dividend per share	3.0	3.0	3.0	3.6	4.2
Cash EPS	9.3	8.9	11.1	13.2	15.1
Book value per share	48.9	53.6	59.8	66.7	74.7
Valuation ratios					
P/E	43.5	47.5	37.2	31.1	26.8
P/CEPS	35.0	36.7	29.3	24.7	21.5
P/B	7.8	7.0	6.2	5.5	4.8
EV/EBIDTA	28.0	30.0	23.7	20.4	17.5
Payout (%)					
Dividend payout	40.1	43.7	34.2	34.2	34.2
Tax payout	22.2	22.9	25.4	25.4	25.4
Liquidity ratios					
Debtor days	36.5	36.6	32.6	32.6	32.6
Inventory days	39.5	41.4	40.9	40.9	40.9
Creditor days	55.0	65.6	64.7	64.7	64.7

Recommendation Tracker



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