

February 13, 2025

## Q3FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
<b>Rating</b>	BUY		BUY	
<b>Target Price</b>	504		536	
Sales (Rs. m)	90,386	1,02,388	93,585	1,05,072
% Chng.	(3.4)	(2.6)		
EBITDA (Rs. m)	10,316	12,042	10,803	12,419
% Chng.	(4.5)	(3.0)		
EPS (Rs.)	10.5	12.6	11.4	13.3
% Chng.	(7.6)	(5.3)		

### Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	73,128	79,797	90,386	1,02,388
EBITDA (Rs. m)	7,137	8,706	10,316	12,042
Margin (%)	9.8	10.9	11.4	11.8
PAT (Rs. m)	4,399	5,462	6,766	8,112
EPS (Rs.)	6.8	8.5	10.5	12.6
Gr. (%)	(6.1)	24.0	23.9	19.9
DPS (Rs.)	3.0	3.0	6.0	6.0
Yield (%)	0.9	0.9	1.8	1.8
RoE (%)	15.5	17.2	19.3	21.0
RoCE (%)	17.8	21.3	25.1	27.6
EV/Sales (x)	2.9	2.7	2.3	2.0
EV/EBITDA (x)	30.2	24.5	20.4	17.1
PE (x)	49.6	40.0	32.3	26.9
P/BV (x)	7.3	6.5	6.0	5.4

### Key Data CROP.BO | CROMPTON IN

52-W High / Low	Rs.484 / Rs.261
Sensex / Nifty	76,171 / 23,045
Market Cap	Rs.219bn / \$ 2,515m
Shares Outstanding	644m
3M Avg. Daily Value	Rs.772.01m

### Shareholding Pattern (%)

Promoter's	-
Foreign	34.36
Domestic Institution	51.99
Public & Others	13.64
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(5.6)	(21.3)	19.7
Relative	(4.1)	(17.7)	11.6

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## Growth momentum maintained, Margins expanded

### Quick Pointers:

- ECD segment up 6.5% YoY driven by TPW fans, solar pumps and SDA
- EBITDA margin expanded by 180bps by cost optimization and pricing actions

**Crompton Greaves Consumer Electricals (Crompton) has delivered moderate growth in ECD segment +6.5% on high base while lighting segment grew +3.4% steadily gaining momentum in both B2B and B2C business. Butterfly EBITDA expanded by 620bps delivering positive momentum in appliances with better pricing and product mix. General Trade channel delivered moderate performance, while the Modern Retail channel experienced double-digit growth. Company continues to invest in premiumization, innovation, and GTM expansion to achieve steady performance across key ECD segments. We estimate Revenue/EBITDA/ PAT CAGR of 11.9%/19.0%/22.6% over FY24-27E. We downward revise FY25/FY26/FY27E earnings estimate by 6.5%/7.6%/5.3% and maintain 'BUY' rating with revised TP of Rs504 (Rs 536 earlier), based on 40x FY27E earnings.**

**Revenue up +4.5% YoY, PAT up +27.7% YoY:** Revenue increased 4.5% YoY to Rs17.7bn (PLe: Rs18.1bn). Gross margin stood at 33.3% (PLe: 32%) up by 80bps YoY. EBITDA grew by 25.5% YoY to Rs1.9bn (PLe: Rs1.8bn) with EBITDA margin expanding by 180bps YoY to 10.6% (PLe: 10.1%). PAT grew by 27.7% YoY at Rs1.1bn (PLe: Rs1.2bn).

**ECD sales +6.5%, lighting sales +3.4% YoY:** ECD segment grew by 6.5% YoY to Rs12.9bn, driven by growth in TPW fans. Pumps segment delivered 19% YoY growth, driven by strong execution of solar pump orders in Q3FY25. Appliances segment saw strong growth in air coolers, and small domestic appliances (SDA) while mixer grinders grew 46% YoY. Lighting segment reported 3.4% YoY revenue growth, led by battens, outdoor and accessories. EBIT margin in ECD expanded by 160bps YoY to 15.2%. EBIT margin in Lighting contracted by 50bps YoY to 10.8%.

**Concall Takeaways:** **1)** Fans grew in mid-single digit led by TPW segment with focus on premium models and deepening channel partners **2)** Premium fans and TPW grew double digit while BLDC category grew by more than 20%. **3)** Pump segment grew by 19% with YoY in Q3FY25 with successful execution on solar pumps. **4)** Appliance segment has robust growth in air coolers and SDA while mixer grinders reported strong growth of 46% due to robust demand and introduction of higher wattage mixer, grinders and nutri blenders while demand for water heaters were impacted by regulatory concerns. **5)** Lighting Segment: B2B business improved despite ongoing price erosion while B2C business growth was fueled by batons, outdoor lighting, accessories, and a focus on panels. **6)** Four manufacturing plants have been consolidated into larger facilities, resulting in improved cost efficiency and enhanced production capacity. with a ~50% increase in production capacity and backward integration. **7)** Company's other income is declining due to debt repayment and interest savings on the debt raised for the acquisition of Butterfly. **8)** In the Butterfly business, EBITDA margin expanded by 620bps YoY to 7.2% driven by gross margin expansion and strategic pricing and product mix action. **9)** Company continues to invest in premiumization, innovation, and GTM expansion to achieve steady performance across key ECD segments.

**Exhibit 1: Q3FY25 Result Overview (Rs mm)**

Y/e March	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	YoY gr. (%)	9MFY25	9MFY24	YoY gr. (%)
<b>Net Sales</b>	<b>17,692</b>	<b>16,927</b>	<b>4.5</b>	<b>18,960</b>	<b>-7</b>	<b>58,029</b>	<b>53,518</b>	<b>8.4</b>
<b>Expenditure</b>								
Operating & Manufacturing Expenses	11,801	11,428	3.3	12,756	-7	39,118	36,651	6.7
<i>% of Net Sales</i>	<i>66.7</i>	<i>67.5</i>	<i>-0.8</i>	<i>67.3</i>	<i>-0.6</i>	<i>67.4</i>	<i>68.5</i>	<i>-1.1</i>
<b>Gross Profit</b>	<b>5,891</b>	<b>5,499</b>	<b>7.1</b>	<b>6,204</b>	<b>-5</b>	<b>18,911</b>	<b>16,867</b>	<b>12.1</b>
<i>% of Net Sales</i>	<i>33.3</i>	<i>32.5</i>	<i>0.8</i>	<i>32.7</i>	<i>0.6</i>	<i>32.6</i>	<i>31.5</i>	<i>1.1</i>
Personnel Cost	1,497	1,457	2.8	1,597	-6	4,712	4,392	7.3
<i>% of Net Sales</i>	<i>8.5</i>	<i>8.6</i>	<i>-0.1</i>	<i>8.4</i>	<i>0.0</i>	<i>8.1</i>	<i>8.2</i>	<i>-0.1</i>
Other Expenses	2,514	2,544	-1.2	2,572	-2	7,962	7,374	8.0
<i>% of Net Sales</i>	<i>14.2</i>	<i>15.0</i>	<i>-0.8</i>	<i>13.6</i>	<i>0.6</i>	<i>13.7</i>	<i>13.8</i>	<i>-0.1</i>
Total Expenditure	15,812	15,429	2.5	16,926	-7	51,791	48,417	7.0
<b>EBITDA</b>	<b>1,880</b>	<b>1,498</b>	<b>25.5</b>	<b>2,034</b>	<b>-8</b>	<b>6,238</b>	<b>5,101</b>	<b>22.3</b>
<i>Margin (%)</i>	<i>10.6</i>	<i>8.8</i>	<i>1.8</i>	<i>10.7</i>	<i>-0.1</i>	<i>10.7</i>	<i>9.5</i>	<i>1.2</i>
Other income	116	167	-30.4	175	-34	529	514	3.0
Depreciation	379	325	16.8	382	-1	1,133	938	20.8
<b>EBIT</b>	<b>1,617</b>	<b>1,340</b>	<b>20.7</b>	<b>1,828</b>	<b>-12</b>	<b>5,634</b>	<b>4,677</b>	<b>20.5</b>
Interest	105	215	-51.4	120	-13	380	636	-40.2
<b>PBT before exceptional item</b>	<b>1,512</b>	<b>1,125</b>	<b>34.4</b>	<b>1,707</b>	<b>-11</b>	<b>5,254</b>	<b>4,040</b>	<b>30.0</b>
Total Taxes	393	270	45.4	427	-8	1,331	957	39.1
<i>ETR (%)</i>	<i>26.0</i>	<i>24.0</i>	<i>2.0</i>	<i>25.0</i>	<i>1.0</i>	<i>25.3</i>	<i>23.7</i>	<i>1.6</i>
<b>Adj. PAT</b>	<b>1,119</b>	<b>855</b>	<b>31.0</b>	<b>1,281</b>	<b>-13</b>	<b>3,923</b>	<b>3,084</b>	<b>27.2</b>
Minority Interest	-21	5		-32		-59	-68	
<b>PAT</b>	<b>1,098</b>	<b>860</b>	<b>27.7</b>	<b>1,249</b>	<b>-12</b>	<b>3,865</b>	<b>3,016</b>	<b>28.2</b>

Source: Company, PL

**Exhibit 2: Segmental Breakup (Rs mn)**

Y/e March (Rs mn)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	YoY gr. (%)	9MFY25	9MFY24	YoY gr. (%)
<b>Revenues</b>								
Electric Consumer Durables	12,878	12,093	6.5	13,927	-7.5	44,071	38,762	13.7
Lighting Products	2,577	2,494	3.4	2,531	1.8	7,442	7,171	3.8
Butterfly Products	2,237	2,341	-4.4	2,502	-10.6	6,516	7,586	-14.1
<b>EBIT</b>								
Electric Consumer Durables	1,957	1,642	19.2	2,064	-5.2	6,608	5,214	26.7
<i>EBIT margin (%)</i>	<i>15.2</i>	<i>13.6</i>	<i>1.6</i>	<i>14.8</i>	<i>0.4</i>	<i>15.0</i>	<i>13.5</i>	<i>1.5</i>
Lighting Products	278	280	-0.8	271	2.7	757	803	-5.7
<i>EBIT margin (%)</i>	<i>10.8</i>	<i>11.2</i>	<i>-0.5</i>	<i>10.7</i>	<i>0.1</i>	<i>10.2</i>	<i>11.2</i>	<i>-1.0</i>
Butterfly Products	123	(19)	NA	177	-30.4	341	802	-57.5
<i>EBIT margin (%)</i>	<i>6.3</i>	<i>-0.8</i>	<i>7.1</i>	<i>7.1</i>	<i>-0.8</i>	<i>5.2</i>	<i>10.6</i>	<i>-5.3</i>

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Net Revenues</b>	<b>73,128</b>	<b>79,797</b>	<b>90,386</b>	<b>1,02,388</b>
YoY gr. (%)	6.5	9.1	13.3	13.3
Cost of Goods Sold	50,003	53,629	60,526	68,527
Gross Profit	23,125	26,168	29,860	33,862
Margin (%)	31.6	32.8	33.0	33.1
Employee Cost	5,899	6,215	6,773	7,459
Other Expenses	6,697	8,084	9,053	10,207
<b>EBITDA</b>	<b>7,137</b>	<b>8,706</b>	<b>10,316</b>	<b>12,042</b>
YoY gr. (%)	(7.4)	22.0	18.5	16.7
Margin (%)	9.8	10.9	11.4	11.8
Depreciation and Amortization	1,288	1,514	1,533	1,629
<b>EBIT</b>	<b>5,849</b>	<b>7,191</b>	<b>8,783</b>	<b>10,413</b>
Margin (%)	8.0	9.0	9.7	10.2
Net Interest	792	454	348	279
Other Income	674	648	714	821
<b>Profit Before Tax</b>	<b>5,731</b>	<b>7,386</b>	<b>9,150</b>	<b>10,955</b>
Margin (%)	7.8	9.3	10.1	10.7
Total Tax	1,313	1,861	2,306	2,761
Effective tax rate (%)	22.9	25.2	25.2	25.2
<b>Profit after tax</b>	<b>4,418</b>	<b>5,524</b>	<b>6,844</b>	<b>8,195</b>
Minority interest	19	63	78	83
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>4,399</b>	<b>5,462</b>	<b>6,766</b>	<b>8,112</b>
YoY gr. (%)	(5.0)	24.2	23.9	19.9
Margin (%)	6.0	6.8	7.5	7.9
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>4,399</b>	<b>5,462</b>	<b>6,766</b>	<b>8,112</b>
YoY gr. (%)	(5.0)	24.2	23.9	19.9
Margin (%)	6.0	6.8	7.5	7.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4,399	5,462	6,766	8,112
<b>Equity Shares O/s (m)</b>	<b>643</b>	<b>644</b>	<b>644</b>	<b>644</b>
<b>EPS (Rs)</b>	<b>6.8</b>	<b>8.5</b>	<b>10.5</b>	<b>12.6</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>22,800</b>	<b>23,749</b>	<b>24,493</b>	<b>25,264</b>
Tangibles	6,812	7,741	8,466	9,216
Intangibles	15,988	16,008	16,028	16,048
<b>Acc: Dep / Amortization</b>	<b>3,215</b>	<b>4,054</b>	<b>5,226</b>	<b>6,451</b>
Tangibles	2,059	2,258	2,789	3,373
Intangibles	1,156	1,796	2,437	3,078
<b>Net fixed assets</b>	<b>19,584</b>	<b>19,695</b>	<b>19,268</b>	<b>18,813</b>
Tangibles	4,753	5,484	5,677	5,843
Intangibles	14,831	14,212	13,591	12,969
Capital Work In Progress	114	100	100	100
Goodwill	12,855	12,855	12,855	12,855
Non-Current Investments	191	230	262	299
Net Deferred tax assets	(13)	56	142	246
Other Non-Current Assets	812	826	841	856
<b>Current Assets</b>				
Investments	6,891	4,988	7,331	8,356
Inventories	8,304	8,589	9,729	11,021
Trade receivables	7,335	7,745	8,773	9,938
Cash & Bank Balance	2,608	3,215	2,915	5,957
Other Current Assets	1,822	1,985	2,245	2,538
<b>Total Assets</b>	<b>60,817</b>	<b>60,620</b>	<b>64,831</b>	<b>71,387</b>
<b>Equity</b>				
Equity Share Capital	1,286	1,288	1,288	1,288
Other Equity	28,710	32,285	35,224	39,524
<b>Total Network</b>	<b>29,996</b>	<b>33,573</b>	<b>36,511</b>	<b>40,812</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	3,518	1,531	531	-
Provisions	1,937	1,756	1,808	2,048
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	3,314	1,814	1,814	1,814
Trade payables	13,285	12,747	14,387	16,288
Other current liabilities	4,174	4,602	5,177	5,817
<b>Total Equity &amp; Liabilities</b>	<b>60,817</b>	<b>60,620</b>	<b>64,831</b>	<b>71,387</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	5,731	7,386	9,149	10,955
Add. Depreciation	1,288	1,514	1,533	1,629
Add. Interest	792	454	348	279
Less Financial Other Income	674	648	714	821
Add. Other	551	(303)	(81)	84
Op. profit before WC changes	8,362	9,051	10,948	12,947
Net Changes-WC	1,224	(2,520)	(277)	(280)
Direct tax	(1,313)	(1,861)	(2,306)	(2,761)
<b>Net cash from Op. activities</b>	<b>8,273</b>	<b>4,669</b>	<b>8,366</b>	<b>9,906</b>
Capital expenditures	(1,087)	(1,611)	(1,105)	(1,174)
Interest / Dividend Income	-	-	-	-
Others	(1,409)	1,903	(2,343)	(1,025)
<b>Net Cash from Invt. activities</b>	<b>(2,496)</b>	<b>292</b>	<b>(3,448)</b>	<b>(2,199)</b>
Issue of share cap. / premium	14	1	-	-
Debt changes	(3,027)	(1,952)	(964)	(493)
Dividend paid	(1,908)	(1,929)	(3,863)	(3,863)
Interest paid	(792)	(454)	(348)	(279)
Others	-	-	-	-
<b>Net cash from Fin. activities</b>	<b>(5,714)</b>	<b>(4,334)</b>	<b>(5,175)</b>	<b>(4,635)</b>
<b>Net change in cash</b>	<b>63</b>	<b>627</b>	<b>(257)</b>	<b>3,073</b>
Free Cash Flow	7,186	3,058	7,261	8,733

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	6.8	8.5	10.5	12.6
CEPS	8.8	10.8	12.9	15.1
BVPS	46.6	52.2	56.7	63.4
FCF	11.2	4.8	11.3	13.6
DPS	3.0	3.0	6.0	6.0
<b>Return Ratio(%)</b>				
RoCE	17.8	21.3	25.1	27.6
ROIC	16.6	18.8	23.8	29.5
RoE	15.5	17.2	19.3	21.0
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.1)	(0.1)	(0.2)	(0.3)
Net Working Capital (Days)	12	16	17	17
<b>Valuation(x)</b>				
PER	49.6	40.0	32.3	26.9
P/B	7.3	6.5	6.0	5.4
P/CEPS	38.4	31.3	26.3	22.4
EV/EBITDA	30.2	24.5	20.4	17.1
EV/Sales	2.9	2.7	2.3	2.0
Dividend Yield (%)	0.9	0.9	1.8	1.8

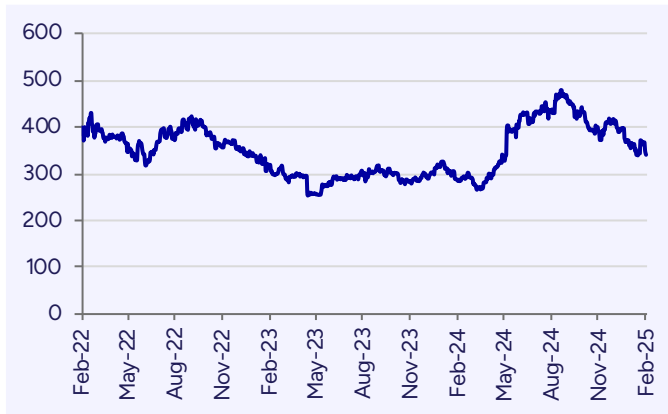
Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
<b>Net Revenue</b>	<b>19,610</b>	<b>21,377</b>	<b>18,960</b>	<b>17,692</b>
YoY gr. (%)	9.5	13.9	6.4	4.5
Raw Material Expenses	13,352	14,561	12,756	11,801
Gross Profit	6,258	6,816	6,204	5,891
Margin (%)	31.9	31.9	32.7	33.3
<b>EBITDA</b>	<b>2,036</b>	<b>2,324</b>	<b>2,034</b>	<b>1,880</b>
YoY gr. (%)	(3.7)	25.1	16.6	25.5
Margin (%)	10.4	10.9	10.7	10.6
Depreciation / Depletion	350	372	382	379
<b>EBIT</b>	<b>1,686</b>	<b>1,952</b>	<b>1,653</b>	<b>1,501</b>
Margin (%)	8.6	9.1	8.7	8.5
Net Interest	156	155	120	105
Other Income	160	238	175	116
<b>Profit before Tax</b>	<b>1,690</b>	<b>2,035</b>	<b>1,707</b>	<b>1,512</b>
Margin (%)	8.6	9.5	9.0	8.5
Total Tax	356	511	427	393
Effective tax rate (%)	21.1	25.1	25.0	26.0
<b>Profit after Tax</b>	<b>1,334</b>	<b>1,524</b>	<b>1,281</b>	<b>1,119</b>
Minority interest	(49)	6	32	21
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>1,384</b>	<b>1,517</b>	<b>1,249</b>	<b>1,098</b>
YoY gr. (%)	5.5	28.2	28.5	27.7
Margin (%)	7.1	7.1	6.6	6.2
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>1,384</b>	<b>1,517</b>	<b>1,249</b>	<b>1,098</b>
YoY gr. (%)	5.5	28.2	28.5	27.7
Margin (%)	7.1	7.1	6.6	6.2
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>1,384</b>	<b>1,517</b>	<b>1,249</b>	<b>1,098</b>
Avg. Shares O/s (m)	628	628	628	628
<b>EPS (Rs)</b>	<b>2.2</b>	<b>2.4</b>	<b>2.0</b>	<b>1.7</b>

Source: Company Data, PL Research

**Price Chart**



**Recommendation History**

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-25	BUY	536	368
2	18-Nov-24	BUY	536	371
3	08-Oct-24	BUY	536	430
4	26-Sep-24	BUY	536	420
5	01-Aug-24	Accumulate	476	451
6	05-Jul-24	Accumulate	462	409
7	17-May-24	BUY	406	339
8	05-Apr-24	BUY	359	281
9	28-Mar-24	BUY	359	266
10	16-Feb-24	BUY	384	283

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Astral Ltd.	BUY	1,808	1,470
2	Avalon Technologies	BUY	900	733
3	Bajaj Electricals	Reduce	647	733
4	Century Plyboard (I)	Hold	811	804
5	Cera Sanitaryware	Hold	7,712	7,188
6	Crompton Greaves Consumer Electricals	BUY	536	368
7	Cyient DLM	BUY	692	515
8	Finolex Industries	Accumulate	229	195
9	Greenpanel Industries	Hold	373	352
10	Havells India	BUY	1,890	1,578
11	Kajaria Ceramics	BUY	1,224	960
12	Kaynes Technology India	BUY	5,528	4,661
13	KEI Industries	BUY	5,041	4,128
14	Polycab India	BUY	8,233	6,251
15	R R Kabel	BUY	1,812	1,245
16	Supreme Industries	BUY	5,040	4,022
17	Syrma SGS Technology	BUY	629	505
18	Voltas	BUY	1,593	1,261

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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