

Crompton Greaves Consumer

India | Consumer Electricals | Result Update



17 May 2025

Eyeing the future with premiumization, capex

Crompton Greaves Consumer Electricals (CROMPTON IN) saw a quarter of muted growth as delayed Summer and early rains dragged fans demand, and overall consumer demand remains subdued. CROMPTON however continues to expand its premium portfolio, which is driving margin improvement despite higher ad spend. It has also announced a capex of INR 3.5bn and foray into rooftop solar scheme offering. We retain **Buy** with a higher TP of INR 490 on 36x March FY27E P/E based on premiumization-led margin improvement potential, Butterfly Gandhimati (BGAM) recovery, Union Budget-led ramping up of consumer demand, and the stock having underperformed the Nifty by 12% in the past six months.

Focus on premiumization to improve margin: CROMPTON has been focused on growing its premium portfolio for the past few quarters, which has been showing results in the form of continued margin improvement every quarter in the past year. FY25 EBITDA margin has grown 150bp YoY to 11.3% despite a large increase in ad spend to expand reach. Amid a muted demand scenario, premiumization has helped offset lack of volume with an increase in average selling price. The company's new premium Brushless Direct Current (BLDC) fans, premium air coolers, and new innovative platform-based Nucleoid & Niteo fans have seen robust demand.

Greenfield capex of INR 3.5bn announced along with foray into rooftop solar: The company has announced a large Greenfield capex plan of INR 3.5bn for the next 1-2 years, wherein phase 1 will focus on fans, with future expansion in other product categories, to sustain growth run-rate. It has also announced entry in the rooftop solar segment, with CROMPTON's product offerings having a total addressable market of INR 200bn as per management. The company looks to grow this category similar to its growth in solar pumps, supported by strong sectoral tailwinds.

Butterfly sees profitability rebound: After a series of negative quarters wherein muted kitchen demand dragged sales and profitability, *Butterfly* saw a rebound in Q4FY25, with topline- growth of 11% YoY along with a profit of INR 123mn vs a loss of INR 261mn in the base quarter. This was led by double-digit growth in mixer grinders, cookers, wet grinders along with price action implemented across retail, modern trade and export channels. The company also saw sequential growth in market share in mixer grinders & pressure cookers.

Retain Buy with a higher TP of INR 490: We have incorporated BGAM's financials into CROMPTON. We lower our FY26E and FY27E EPS by 4% each on early rains impacting fans demand, along with persistent weakness in overall demand. We introduce FY28E. However, we retain **Buy** with a higher TP of INR 490 from INR 475 on 36x (unchanged) March FY27E P/E, led by continued margin improvement, a recovery at BGAM and the Union Budget focusing on revamping consumption demand, along with strong growth potential in pumps, appliances and rooftop solar. The stock has underperformed the Nifty by 12% in the past six months. We expect an earnings CAGR of 22% during FY25-28E with an average ROE of 34% during FY26-28E.

Key financials

YE March	FY24	FY25	FY26E	FY27E	FY28E
Revenue (INR mn)	73,128	78,636	88,536	99,352	111,599
YoY (%)	6.5	7.5	12.6	12.2	12.3
EBITDA (INR mn)	7,137	8,882	10,400	11,969	13,855
EBITDA margin (%)	9.8	11.3	11.7	12.0	12.4
Adj PAT (INR mn)	4,418	5,641	7,221	8,639	10,181
YoY (%)	(7.3)	27.7	28.0	19.6	17.8
Fully DEPS (INR)	6.9	8.8	11.2	13.4	15.8
RoE (%)	13.5	15.5	17.5	18.3	18.9
RoCE (%)	14.5	17.9	19.9	21.2	22.8
P/E (x)	51.1	40.0	31.3	26.1	22.2
EV/EBITDA (x)	32.2	25.9	22.1	19.2	16.6

Note: Pricing as on 16 May 2025; Source: Company, Elara Securities Estimate

Rating: **Buy**

Target Price: **INR 490**

Upside: **40%**

CMP: **INR 351**

As on 16 May 2025

Key data

Bloomberg	CROMPTON IN
Reuters Code	CROP.NS
Shares outstanding (mn)	644
Market cap (INR bn/USD mn)	226/2,644
EV (INR bn/USD mn)	230/2,691
ADTV 3M (INR mn/USD mn)	1,092/13
52 week high/low	484/301
Free float (%)	100

Note: as on 16 May 2025; Source: Bloomberg

Price chart



Source: Bloomberg

	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25
Shareholding (%)				
Promoter	0.0	0.0	0.0	0.0
% Pledge	0.0	0.0	0.0	0.0
FII	34.4	36.0	34.4	30.3
DII	52.0	50.4	53.0	57.1
Others	13.6	13.6	12.6	12.6

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	9.1	6.4	11.2
Crompton Greaves Consumer	5.6	(5.3)	(10.4)
NSE Mid-cap	11.0	4.3	8.7
NSE Small-cap	12.5	(2.6)	3.0

Source: Bloomberg

Harshit Kapadia

Capital Goods, Consumer Electricals,
Consumer Electronics
+91 22 6164 8542
harshit.kapadia@elaracapital.com

Associates
Nemish Sundar
nemish.sundar@elaracapital.com



Financials (YE March)

Income Statement (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Total Revenue	73,128	78,636	88,536	99,352	111,599
Gross Profit	23,125	25,902	29,263	32,862	36,926
EBITDA	7,137	8,882	10,400	11,969	13,855
EBIT	5,849	7,354	8,847	10,356	12,272
Interest expense	792	480	263	30	30
Other income	674	688	783	857	936
PBT	5,731	7,562	9,367	11,183	13,178
Tax	1,313	1,921	2,146	2,544	2,996
Reported PAT	4,418	5,641	7,221	8,639	10,181
Adjusted PAT	4,418	5,641	7,221	8,639	10,181
Balance Sheet (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Shareholders' Equity	29,996	33,900	43,987	49,869	56,567
Minority Interest	4,494	4,576	294	444	594
Trade Payables	13,145	13,948	15,006	16,894	19,014
Provisions & Other Current Liabilities	4,488	4,532	4,907	5,416	5,996
Total Borrowings	5,990	2,998	2,990	(2)	-
Other long term liabilities	2,705	3,343	3,480	3,574	3,673
Total liabilities & equity	60,817	63,297	70,664	76,195	85,843
Net Fixed Assets	19,113	20,095	19,984	19,150	18,381
Goodwill	12,855	12,855	12,855	12,855	12,855
Business Investments / other NC assets	1,801	1,523	2,789	3,360	2,437
Cash, Bank Balances & treasury investments	9,499	10,742	14,091	16,542	24,390
Inventories	8,304	8,817	10,321	11,922	13,392
Sundry Debtors	7,209	6,912	8,061	9,491	11,160
Other Current Assets	2,036	2,354	2,563	2,876	3,229
Total Assets	60,817	63,297	70,664	76,195	85,843
Cash Flow Statement (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Cashflow from Operations	7,960	7,342	7,143	8,578	10,201
Capital expenditure	(618)	(2,060)	(1,069)	(700)	800
Acquisitions / divestitures	(730)	-	-	-	-
Other Business cashflow	(408)	-	-	-	-
Free Cash Flow	6,204	5,282	6,073	7,878	11,001
Cashflow from Financing	(3,278)	(4,039)	(2,724)	(5,428)	(3,153)
Net Change in Cash / treasury investments	2,926	1,243	3,349	2,451	7,848
Key assumptions & Ratios (%)	FY24	FY25	FY26E	FY27E	FY28E
Dividend per share	3.0	3.0	3.5	4.0	5.0
Book value per share	46.6	52.7	68.4	77.5	88.0
RoCE (Pre-tax)	14.5	17.9	19.9	21.2	22.8
ROIC (Pre-tax)	18.1	23.8	27.7	30.9	36.9
ROE%	13.5	15.5	17.5	18.3	18.9
Asset Turnover	3.8	4.0	4.4	5.1	5.9
Net Debt to Equity (x)	(0.1)	(0.2)	(0.3)	(0.3)	(0.4)
Net Debt to EBITDA (x)	(0.5)	(0.9)	(1.1)	(1.4)	(1.8)
Interest cover (x) (Ebitda/ int exp)	9.0	18.5	39.6	400.9	461.8
Total Working capital days (WC/rev)	48.5	49.8	66.0	72.0	94.0
Valuation	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	51.1	40.0	31.3	26.1	22.2
P/Sales (x)	3.1	2.9	2.6	2.3	2.0
EV/ EBITDA (x)	32.2	25.9	22.1	19.2	16.6
EV/ OCF (x)	28.9	31.3	32.2	26.8	22.6
FCF Yield	0.0	0.0	0.0	0.0	0.0
Price to BV (x)	7.5	6.7	5.1	4.5	4.0
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

~ Revenue CAGR of 12% during FY25-28E

Note: Pricing as on 16 May 2025; Source: Company, Elara Securities Estimate

Exhibit 1: Quarterly performance

YE March (INR mn)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	Q4FY25E	Variance (%)
Revenues	20,606	19,630	5.0	17,692	16.5	15,995	28.8
EBITDA	2,644	2,055	28.7	1,880	40.6	1,667	58.6
EBITDA Margin (%)	13	10	136.2	11	120.5	10	23.1
Other Income	159	155	2.7	116	37.3	140	13.8
Interest	100	156	-36.1	105	-5.0	130	-23.5
Depreciation	396	237	67.3	379	4.3	200	97.9
PBT	2,308	1,818	27.0	1,512	52.7	1,477	56.3
Tax	591	385	53.5	393	50.4	357	65.3
Tax rate (%)	26	21	343.0	26	-138.5	24	5.7
Reported PAT	1,717	1,433	19.8	1,119	53.4	1,119	53.4
Adj. PAT	1,717	1,433	19.8	1,119	53.4	1,119	53.4
NPM (%)	8	7	14.2	6	31.6	7	19.2
EPS (INR)	3	2	19.8	2	53.4	2	51.8

Source: Company, Elara Securities Estimate

Conference call highlights

Fans

- ▶ Mid single-digit growth in FY25 due to weak demand
- ▶ Fans demand was flat in Q4 due to a delayed Summer and subdued consumer sentiments
- ▶ Margin expansion led by pricing actions and launch of new premium products

Lighting

- ▶ Margin improvement in B2C and B2B due to new product introductions and better mix
- ▶ Ceiling lights and battens saw good growth during the year
- ▶ Double-digit price erosion continues in the industry

Other appliances (pumps, kitchen appliances)

- ▶ Robust growth in pumps led by solar pumps
- ▶ Agri pumps took a hit due to weak agriculture demand, delayed season, and postponement of government initiatives
- ▶ Air coolers saw growth of 50% YoY during FY25
- ▶ Mixer grinders grew 30% YoY
- ▶ Large kitchen appliances clocked in revenue of INR 600mn with EBITDA losses narrowing

Butterfly Gandhimati

- ▶ Double-digit revenue growth in mixers grinders, cookers, and wet grinders
- ▶ Market share gain in mixer grinders and pressure cookers QoQ

Outlook and guidance

- ▶ Announced Greenfield capex of INR 3.5bn
- ▶ In the initial phase, this capex will primarily be used for fans, with other products included in the next phase
- ▶ Production may begin within 2-3 years of this capex
- ▶ Expanding its presence in the rooftop solar market with increased product offerings in which Total Addressable Market (TAM) may be INR 200bn.

Exhibit 2: Valuation

(INR)	
EPS – FY26E	11.2
EPS – FY27E	13.4
Five-year average P/E (x)	31.7
Target multiple (x)	36.0
March 2027E EPS	13.4
Target price	490

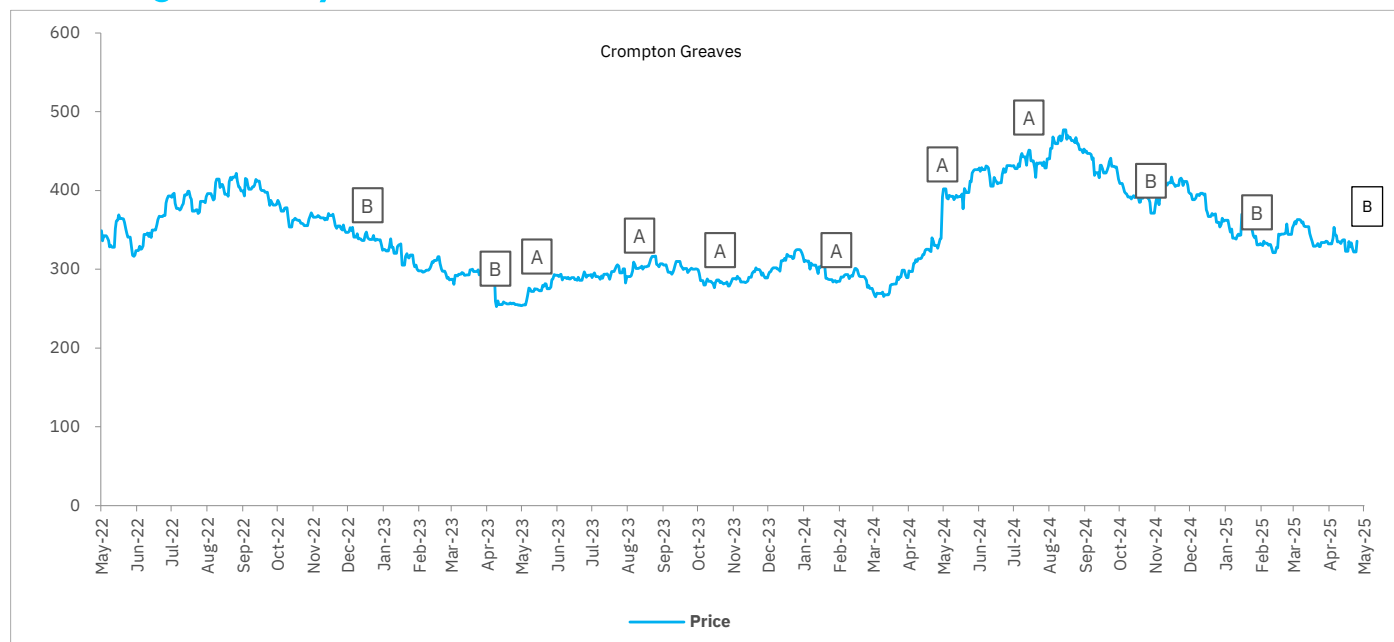
Source: Elara Securities Estimate

Exhibit 3: Change in estimates

(INR mn)	Earlier		Revised		% Change		New
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY28E
Revenue	90,624	102,646	88,536	99,352	(2.3)	(3.2)	111,599
EBITDA	10,548	12,358	10,400	11,969	(1.4)	(3.1)	13,855
EBITDA margin (%)	11.6	12.0	11.7	12.0			12.4
PAT	7,507	9,016	7,221	8,639	(3.8)	(4.2)	10,181
EPS (INR)	11.7	14.0	11.2	13.4	(4.0)	(4.0)	15.8
TP (INR)		470		490		4.3	

Source: Elara Securities Estimate

Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
04-Jan-2023	Buy	390	305
25-Apr-2023	Buy	320	259
31-May-2023	Accumulate	300	275
28-Aug-2023	Accumulate	325	302
06-Nov-2023	Accumulate	315	283
15-Feb-2024	Accumulate	325	283
17-May-2024	Accumulate	455	392
31-Jul-2024	Accumulate	515	451
14-Nov-2024	Buy	455	371
14-Feb-2025	Buy	475	331
16-May-2025	Buy	490	351

Guide to Research Rating

BUY (B)	Absolute Return >+20%
ACCUMULATE (A)	Absolute Return +5% to +20%
REDUCE (R)	Absolute Return -5% to +5%
SELL (S)	Absolute Return < -5%