

March 4, 2025

Analyst Meet Update

■ Change in Estimates | Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	441		504	
Sales (Rs. m)	90,386	1,02,388	90,386	1,02,388
% Chng.	-	-	-	-
EBITDA (Rs. m)	10,316	12,042	10,316	12,042
% Chng.	-	-	-	-
EPS (Rs.)	10.5	12.6	10.5	12.6
% Chng.	-	-	-	-

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	2.6	2.3	1.9
EV/EBITDA (x)	29.2	23.7	19.7	16.5
PE (x)	48.0	38.7	31.3	26.1
P/BV (x)	7.0	6.3	5.8	5.2

Key Data

CROP.BO | CROMPTON IN

52-W High / Low	Rs.484 / Rs.261
Sensex / Nifty	73,086 / 22,119
Market Cap	Rs.211bn/ \$ 2,420m
Shares Outstanding	644m
3M Avg. Daily Value	Rs.763.46m

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	(10.9)	(30.1)	9.1
Relative	(5.9)	(21.0)	10.2

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Innovation and Premiumization Fuels Growth

We attended the analyst meet of CROMPTON where they showcased its latest innovations—NUCLEUS Platform for BLDC technology and XTECH Platform for induction fan technology. These platforms are India's first to offer wide-range voltage fluctuation protection and high thermal resistance, ensuring reliable fan performance in all conditions. CROMPTON is a market leader in fans and residential pumps with leading brand into mixer grinder category. The company is taking price hikes to offset the cost impact due to implementation of BEE 2.0 in Jan'26. we estimate revenue/EBITDA/PAT CAGR of 13.3%/17.6%/21.8% over FY25-27E. The stock is currently trading at 31x/25x FY26/FY27E, there has been no change in our estimates and maintain 'BUY' rating with revised TP of Rs441 (Rs 504 earlier), based on 35x FY27E earnings (40x earlier).

Key Takeaways:

Fan Industry overview

- Over 90% of Indian households use ceiling fans with more than 40mn units sold annually. Currently, there are approximately 410mn active ceiling fans in use across India.
- CROMPTON is taking price hikes to offset the cost impact due to implementation of BEE 2.0 in Jan'26.

NUCLEUS & XTECH Platforms: Innovative and energy-efficient product offerings

- These platforms are India's first to offer wide-range voltage fluctuation protection and high thermal resistance, ensuring reliable fan performance in all conditions.
- Fans manufactured using these platforms will be produced entirely in-house ensuring supply chain excellence.
- Company plans to double the standard industry warranty of ~2 years.
- Company launched HS Duro which is India's first 5 star rated induction fan and Mini Champ Plus pumps which are energy-efficient ratings and an anti-jamming solution for better performance. other products launches were SuperFlow and Avancer Swirl.
- Company has installed 6000+ solar pumps in its first year and 190+of star rated energy efficient pumps in residential and agricultural pump category.

Expanding market share in premium category

- Company's market share in premium fans has grown from 15-16% to 23-24% and is targeting 40% in the next 3-4 years with premiumisation, innovation and distribution.

- TPW fan market is valued at Rs40-45 bn, with Crompton holding the leading share.
- BLDC category account for 10% of the overall fans segment , where Crompton ranks among the top three players.
- Company offers premium fans priced between Rs2,500 and Rs15,000, with a significant portion of sales expected from Rs2,500-Rs5,000 range.

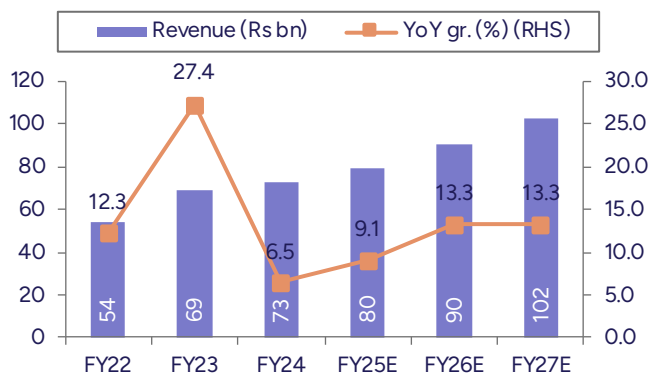
Growth drivers across segments

- Growth in the ECD segment will be driven by both value and volume expansion in the coming years.
- Fan segment will benefit from a combination of volume growth, pricing adjustments, and premiumization, further strengthening its market presence.
- Residential pumps are expected to grow in line with the industry average.
- Solar pumps will witness incremental growth through increased volumes.
- Historically, BLDC and premium fans have exhibited double-digit growth, while the standard category has grown at a single-digit rate.

Branding & Distribution focus

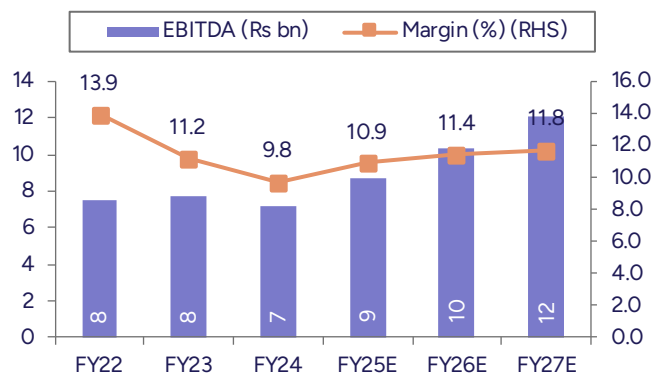
- The company's A&P spend has increased significantly from 1-1.5% to 4% of revenue, reflecting a stronger focus on branding and market expansion.
- Company has strong distribution network with 6500+ channel partners, 300,000 retailers and 1,100+ service centers.

Exhibit 1: Revenue to clock CAGR 13.3% over FY25-27E



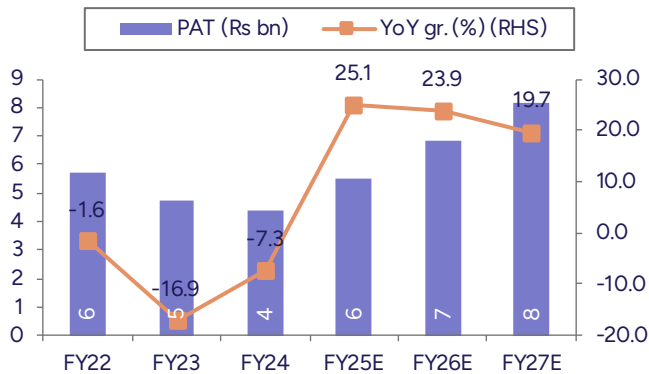
Source: Company, PL

Exhibit 2: EBITDA margins to expand by 80bps



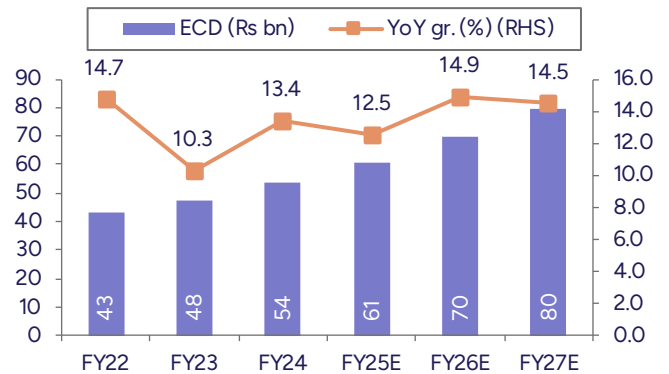
Source: Company, PL

Exhibit 3: PAT to grow at 21.9% CAGR over FY25-27E



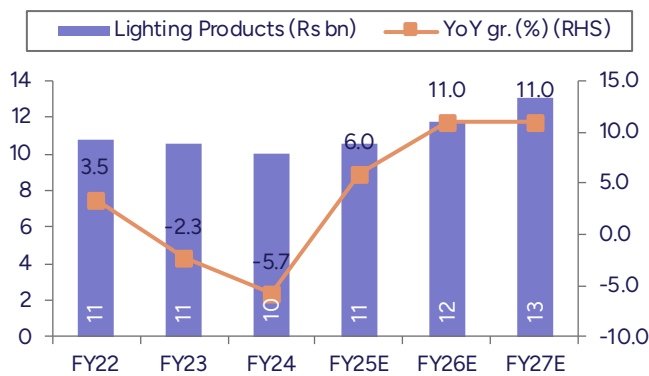
Source: Company, PL

Exhibit 4: ECD revenue CAGR 14.7% over FY25-27E



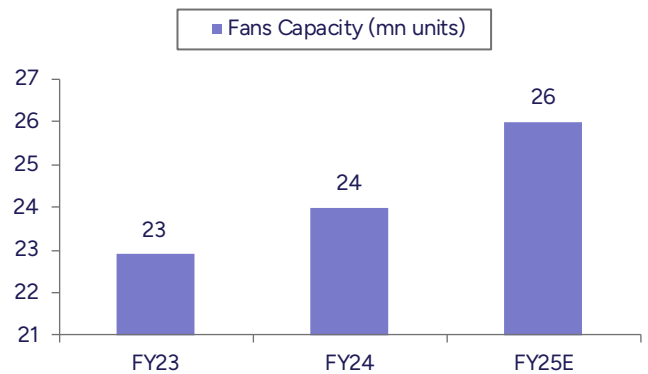
Source: Company, PL

Exhibit 5: Lighting Products revenue CAGR 11.0% over FY25-27E



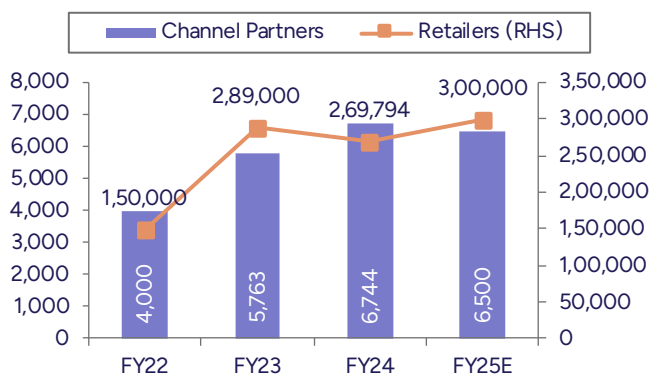
Source: Company, PL

Exhibit 6: Fan capacity increases to 26mn units per annum



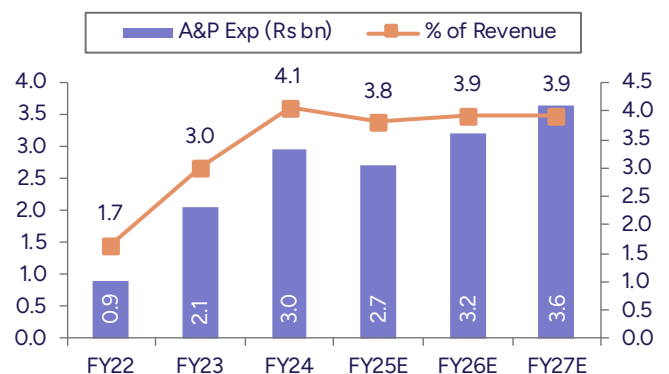
Source: Company, PL

Exhibit 7: Strong distribution network across India



Source: Company, PL

Exhibit 8: A&P exp to reach 3.9% of revenue by FY27



Source: Company, PL

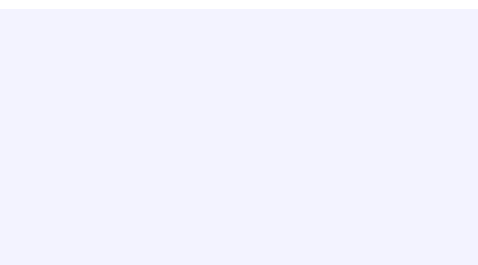


Exhibit 9: New product launch under Nucleus platform.

Crompton #TechWithHeart

Introducing Energion Niteo & Energion Nucleoid
powered by Nucleus Platform

- Energy Efficiency
- Sleek Curvature Black Bottom
- Activsight User Interface
- Saves Upto 60% Energy

The advertisement features a dark blue background with circuit-like patterns. On the left is a fan with wooden blades and a black motor. On the right is a fan with white blades and a white motor. The text is centered and uses a mix of white and light blue colors. The hashtag #TechWithHeart is in the top right corner.

Source: Company, PL



Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	73,128	79,797	90,386	1,02,388
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
EBITDA	7,137	8,706	10,316	12,042
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
EBIT	5,849	7,191	8,783	10,413
Margin (%)	8.0	9.0	9.7	10.2
Net Interest	792	454	348	279
Other Income	674	648	714	821
Profit Before Tax	5,731	7,386	9,150	10,955
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
Profit after tax	4,418	5,524	6,844	8,195
Minority interest	19	63	78	83
Share Profit from Associate	-	-	-	-
Adjusted PAT	4,399	5,462	6,766	8,112
YoY gr. (%)	(5.0)	24.2	23.9	19.9
Margin (%)	6.0	6.8	7.5	7.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	4,399	5,462	6,766	8,112
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
Equity Shares O/s (m)	643	644	644	644
EPS (Rs)	6.8	8.5	10.5	12.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	22,800	23,749	24,493	25,264
Tangibles	6,812	7,741	8,466	9,216
Intangibles	15,988	16,008	16,028	16,048
Acc: Dep / Amortization	3,215	4,054	5,226	6,451
Tangibles	2,059	2,258	2,789	3,373
Intangibles	1,156	1,796	2,437	3,078
Net fixed assets	19,584	19,695	19,268	18,813
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
Current Assets				
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
Total Assets	60,817	60,620	64,831	71,387
Equity				
Equity Share Capital	1,286	1,288	1,288	1,288
Other Equity	28,710	32,285	35,224	39,524
Total Network	29,996	33,573	36,511	40,812
Non-Current Liabilities				
Long Term borrowings	3,518	1,531	531	-
Provisions	1,937	1,756	1,808	2,048
Other non current liabilities	-	-	-	-
Current Liabilities				
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
Total Equity & Liabilities	60,817	60,620	64,831	71,387

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)
Net cash from Op. activities	8,273	4,669	8,366	9,906
Capital expenditures	(1,087)	(1,611)	(1,105)	(1,174)
Interest / Dividend Income	-	-	-	-
Others	(1,409)	1,903	(2,343)	(1,025)
Net Cash from Invt. activities	(2,496)	292	(3,448)	(2,199)
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	-	-	-	-
Net cash from Fin. activities	(5,714)	(4,334)	(5,175)	(4,635)
Net change in cash	63	627	(257)	3,073
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
Per Share(Rs)				
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
Return Ratio(%)				
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
Balance Sheet				
Net Debt : Equity (x)	(0.1)	(0.1)	(0.2)	(0.3)
Net Working Capital (Days)	12	16	17	17
Valuation(x)				
PER	48.0	38.7	31.3	26.1
P/B	7.0	6.3	5.8	5.2
P/CEPS	37.1	30.3	25.5	21.7
EV/EBITDA	29.2	23.7	19.7	16.5
EV/Sales	2.9	2.6	2.3	1.9
Dividend Yield (%)	0.9	0.9	1.8	1.8

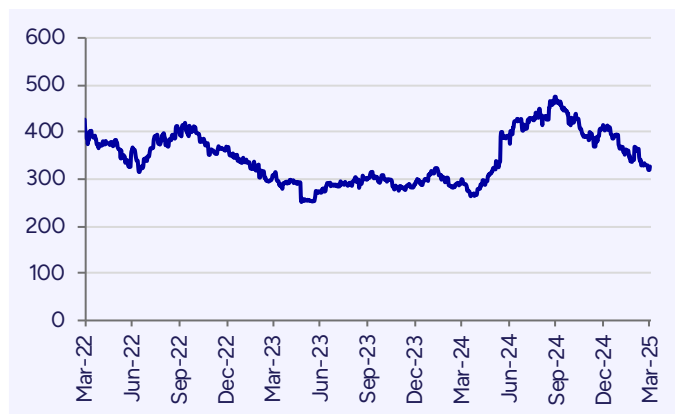
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	19,610	21,377	18,960	17,692
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
EBITDA	2,036	2,324	2,034	1,880
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
EBIT	1,686	1,952	1,653	1,501
Margin (%)	8.6	9.1	8.7	8.5
Net Interest	156	155	120	105
Other Income	160	238	175	116
Profit before Tax	1,690	2,035	1,707	1,512
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
Profit after Tax	1,334	1,524	1,281	1,119
Minority interest	(49)	6	32	21
Share Profit from Associates	-	-	-	-
Adjusted PAT	1,384	1,517	1,249	1,098
YoY gr. (%)	5.5	28.2	28.5	27.7
Margin (%)	7.1	7.1	6.6	6.2
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,384	1,517	1,249	1,098
YoY gr. (%)	5.5	28.2	28.5	27.7
Margin (%)	7.1	7.1	6.6	6.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,384	1,517	1,249	1,098
Avg. Shares O/s (m)	628	628	628	628
EPS (Rs)	2.2	2.4	2.0	1.7

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	13-Feb-25	BUY	504	339
2	08-Jan-25	BUY	536	368
3	18-Nov-24	BUY	536	371
4	08-Oct-24	BUY	536	430
5	26-Sep-24	BUY	536	420
6	01-Aug-24	Accumulate	476	451
7	05-Jul-24	Accumulate	462	409
8	17-May-24	BUY	406	339
9	05-Apr-24	BUY	359	281
10	28-Mar-24	BUY	359	266

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	Cello World	BUY	770	596
5	Century Plyboard (I)	Hold	811	804
6	Cera Sanitaryware	Accumulate	7,456	6,200
7	Crompton Greaves Consumer Electricals	BUY	504	339
8	Cyient DLM	BUY	692	515
9	Finolex Industries	Accumulate	229	195
10	Greenpanel Industries	Hold	373	352
11	Havells India	BUY	1,890	1,578
12	Kajaria Ceramics	BUY	1,224	960
13	Kaynes Technology India	BUY	5,528	4,661
14	KEI Industries	BUY	5,041	4,128
15	Polycab India	BUY	8,233	6,251
16	R R Kabel	BUY	1,812	1,245
17	Supreme Industries	BUY	5,040	4,022
18	Syrma SGS Technology	BUY	629	505
19	Voltas	BUY	1,593	1,261

PL's Recommendation Nomenclature (Absolute Performance)

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

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