Crompton Greaves Consumer Electricals Limited
Registered & Corporate Office:
05GBD, Godrej Business District, Pirojshanagar,
Vikhroli (West), Mumbai 400079. India
Tel: +91 7304575254
W: www.crompton.co.in CIN: L31900MH2015PLC262254
Email: crompton.investorrelations@crompton.co.in

Date: May 21, 2025

To, **BSE Limited ("BSE")**, Corporate Relationship Department, 2nd Floor, New Trading Ring, P.J. Towers, Dalal Street, Mumbai – 400 001.	To, **National Stock Exchange of India Limited ("NSE")**, "Exchange Plaza", 5th Floor, Plot No. C/1, G Block, Bandra- Kurla Complex Bandra (East), Mumbai – 400 051.
BSE Scrip Code: 539876	**NSE Symbol: CROMPTON**
ISIN: INE299U01018	**ISIN: INE299U01018**
Our Reference: 22/2025-26	**Our Reference: 22/2025-26**

Dear Sir/Madam,

Sub: Disclosure under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcript of Earnings Call

With reference to our earlier intimations dated May 06, 2025, and May 15, 2025, regarding the Earnings Call on the Audited Financial Results for the quarter and financial year ended March 31, 2025, held on May 15, 2025, please find enclosed herewith the transcript of the same.

You are requested to take the above information on your record.

Thanking you,

For **Crompton Greaves Consumer Electricals Limited**

Rashmi Khandelwal
Digitally signed by Rashmi Khandelwal
Date: 2025.05.21 18:03:42 +05'30'

Rashmi Khandelwal
Company Secretary & Compliance Officer
ACS – 28839

Encl: A/a

Crompton Greaves Consumer Electricals Limited

Q4 FY25 Post Result Conference Call

May 15, 2025

MANAGEMENT: MR. PROMEET GHOSH – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – CROMPTON GREAVES CONSUMER ELECTRICALS LIMITED

MR. KALEESWARAN ARUNACHALAM – CHIEF FINANCIAL OFFICER – CROMPTON GREAVES CONSUMER LIMITED ELECTRICALS LIMITED

Ms. SWETHA SAGAR – CHIEF BUSINESS OFFICER – BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

MS. NATASHA KEDIA – HEAD – INVESTOR RELATIONS

HOST ANALYST: MR. ANIRUDDHA JOSHI – ICICI SECURITIES

Promeet Ghosh

Good evening, everyone and welcome to our Q4 FY25 Earnings Call. I want to thank the team at ICICI Securities for hosting our call. Joining me today are Mr. Kaleeswaran Arunachalam, Ms. Swetha Sagar and Ms. Natasha Kedia. My remarks today track with our Investor Presentation.

Beginning with fans, the category was led by robust growth in TPW, strong margin improvement YoY. During the year, as you would have seen, our margins are now back to pre-BEE 1.0 levels. The pricing actions and a slate of new launches has helped us enhance competitiveness.

You would have seen that we announced two platforms for the next generation of motor technologies, one for BLDC and the other for induction motors. We have very consciously decided to adopt a Platform-First approach, and that's culminated in the launch of Nucleus and X-Tech. And frankly, it's I think, an important strategic decision, which sets us apart from our peers. It's something that I anticipate will in due course of time over the next few quarters bear significant fruit for us, including as we launch the next generation of BLDC fans, as the industry and we get ready for the next big leap in energy transition. So, our Platform-First strategy, or the kinds of benefits that it offers, greater control over product development, enhanced agility to adapt to evolving consumer needs, improved after-sales service turnaround and builds on deep industry expertise that we have.

We have felt for some time, for instance, that industry as a whole needed to further strengthen the reliability of the BLDC products that are available in the market. We went to work kind of developing something that we believe will significantly address those issues so that we are able to fundamentally address the products that we put out and assume over a period of time, the market itself will move to a different trajectory and that's why Nucleus, which is the advanced in-house BLDC technology, which enhances both performance as well as reliability.

Meanwhile, we have also invested again as market leaders, we felt this was important. We have also invested significantly on the induction motor technology, and we're calling this X-Tech. This is a platform which you'll see gradually being rolled out for all our fans. It has already been incorporated in many of our fans, but over a period of time, all our fans will have it. This embodies our commitment to energy efficiency and durability. The hallmark of our products has been durability, and this technology will provide both that as well as exceptional levels of energy efficiency going forward. I do believe this Platform-First approach will materially help us strengthen our leadership position in the future.

Now in view of some time ago, you've seen us announce Crompton 2.0 focus on a bunch of areas that you are familiar with. I'm not going to go into Crompton 2.0 strategy. But in view of our confidence of continued revenue growth in the future, volume growth in the future and the growing focus on the next generation of technologies, as we position ourselves, I'm very pleased to announce that the company is very actively exploring the development of a greenfield manufacturing facility. This will involve a proposed investment of about Rs. 350 Cr. We should be in a position in the next few weeks to come back to you with much more details of how, when, where and all of those details, because those are as we speak being worked upon and tied down. Now needless to say, this is a major strategic initiative, and this will go a long way in overall bolstering the strength of our supply chain and supporting our long-term growth trajectory. We do believe that with this step, we will have the right balance between expanding our in-house capabilities as well as leveraging the trusted and long-term relationships that we enjoy with our vendors.

With this state-of-the-art facility, we aim to elevate overall quality, resilience, responsiveness of our supply chain ecosystem, ensuring that we consistently meet and exceed market expectations. There will be a couple of phases in this project and like I said, the first phase is expected to have an outlay of about Rs. 350 Cr. The first phase will primarily focus on fans with plans to upscale going forward, adding other production lines and laying the foundation for sustained innovation and growth in the company in the years ahead. We should be in a position to share more details with you over the next, near-term.

Now, a question I get asked very often, what are the new categories that we are going to be entering? How are we expanding the TAM of our products? You are familiar that our approach has always been to announce them, when actually are already entering them or have been on the verge of doing that. Now I'm happy to inform one more category, large category that we are entering as a part of our Crompton 2.0 strategy. We are expanding into the rooftop solar business.

Many of you are familiar that the size of opportunity in the solar rooftop business is significant. It's order of magnitude is about Rs. 20,000 Cr. Now needless to say, our approach has been to first build up the capability and give ourselves the confidence that we are able to, when we enter a business, able to execute really well. Now you will be familiar that we did something similar with solar pumps. I'm happy to report that's a business that has scaled up significantly since we entered that area about year and half ago or year and nine months ago.

Now this year, that's just gone by, we recorded approximate sales of about Rs. 200 Cr, that has come out of practically three years ago. So, that gives us the confidence that we have both the product capabilities, the supply chain capabilities as well as the execution capabilities to be able to get a material share of the solar rooftop business. I actually anticipate that in the near term, we will also be making further announcements, including in adjacencies of areas that we are already in, but material size TAMs. And we'll keep you posted about some of those in the weeks and months to come.

Now as far as our segment performance is concerned, I spoke about fans. Pumps continue to perform very well, bolstered, as you know, both by market share gains in the residential pumps business, as you know, we are market leaders by some distance, and significant growth in the solar pumps business. In Q4 specifically, we won orders from MEDA and MSEDL on the solar pump side. We are now moving ahead into the next level of stepping up our investments in the solar pumps business. We have, in fact, also materially strengthened our organisation structure on the solar pump side.

Appliances delivered a high-teen growth. As you know, appliances comprise two parts. One part of it is what we call LDA, which is the Large Domestic Appliances, which is the air coolers and water heaters business and separately the kitchen appliances business, which we call SDA. But since we've talked about appliances together previously, I'm going to talk about them together here as well. High-teen growth overall, standout performances in air coolers over 50% growth, mixer grinders again 30%+ growth. Despite a delayed summer, we've actually had pretty good results on the air cooler side.

Large Kitchen Appliances clocked a revenue of about Rs. 60 Cr while EBITDA remains negative, losses have continued to narrow, and Crompton is also gaining traction online. And now I think we are apparently ranked third on Amazon. Earlier in the year, about a couple of months ago, we have had a change in the team structure there. I'm happy to report that the changes are helping bolster the trajectory of that business.

In our Lighting segment, revenue rose by about 2%, holding steady through the year despite continued pricing pressures. Now this is one of the bright spots again of our business. I remember one and a half years ago, there was a lot of talk about where our lighting business is going, and we have seen the trajectory there change. While the revenue growth this quarter is flat, I'm very glad to say that we have managed to change the product mix in this segment quite a lot, both on adding new products as well as growing our panels business. For the year gone by, the panels business is now for a company which has always been very heavy in lamps and battens, panels are now our largest business, and a large share of business is now contributed by products which are outside of panels, lamps and battens. And in fact, the lighting business is now going to lead the foray into solar rooftops as well as other announcements that we may make in allied areas shortly.

Having said that, a little more detail there, B2C segment saw top line growth as well as mix improvement, like I've said. B2B segment, we have been building up our capabilities in street, flood, industrial and indoor areas. As you may recall, we've had great strengths in street lighting, and I'm glad to see that we've added other capabilities there. EBIT performance was robust, margins expanded to about 11.8% in FY25 and a sharp rise to 15.9% in Q4 supported by a rich product mix and new product introductions. So again, I keep telling you that we don't want to lose sight of profitability because that's what enables us to go out and get market share gains. That's what allows us to introduce new products. And I think you can see that in play.

Moving on to Butterfly, another area where over a period of time we've been asked a bunch of questions about where that is. And similar to lighting, we initially took some time off to get the basics right. And sometimes when you get the basics right, it doesn't look pretty. But when those begin to deliver results, then they look nice. I think you can see some of that happening in Butterfly. The annual revenue was at Rs. 865 Cr. The Q4 FY25 revenue was Rs. 187 Cr, marking a 12% growth YoY. So, you see a return to growth. And that growth has been driven by strong performance in key categories such as mixer grinders, cookers, and wet grinders, all of which had double-digit growth increases. Sequential market share has obviously grown as well. Importantly, the gross margin has improved materially as well. And this has come from efficiency improvements, price increases. Now we've been telling you that this is something that we've been doing. That has meant resetting terms of trade with many of our trading partners, but we've taken the pain and now you can see some of the benefits, optimisation of input costs and of trade scheme. This is altered in EBITDA margin of 8.6% for Q4 FY25. The business delivered a sharp turnaround in profitability YoY with EBIT rising to Rs. 42 Cr in FY25 and a Q4 swing of Rs. 11 Cr. Pricing actions were implemented across retail, modern trade and exports.

Finally, although consumer demand continued to be subdued in Q4, we are quite optimistic about the trajectory that the business is taking and the fact that many of the issues that the business had, we've been able to address. And I can tell you that, our optimism of the future is also bolstered by upcoming product launches and efforts that we are making on enhanced channel engagements, which I think you will hear of sooner rather than later. Again, we've invested the time to build the right to win, and I think those will start to show.

Irrespective of the macroeconomic situation, weather conditions and forecast, our focus has always been on long-term sustainable growth, and we continue to be disciplined about our execution, responsive in our actions and operations and have continued to build a strong innovation pipeline to drive performance, while remaining closely aligned with evolving consumer needs.

In terms of overall financial performance, FY25 marks the second consecutive year of double-digit revenue growth, a testament to our continued efforts in line with Crompton 2.0 strategy. Our standalone FY25 revenue grew 10% to Rs. 7,028 Cr led primarily by a robust performance in the ECD segment. In FY25, we achieved the highest-ever standalone EBITDA of Rs. 819 Cr. Our margin profile has strengthened with margins improving to 10.5%, driven by reduced input costs despite higher A&P spends. Encouragingly, our bottom-line growth has outpaced our top-line growth with profit growth of 21% in FY25.

Q4 revenue grew by 5% to Rs. 1,879 Cr, reflecting subdued demand conditions, but also underscoring our ability to hold ground even when external tailwinds soften. In Q4, margins held up very well and are at 11.9% with EBIT growing at 8% YoY to Rs. 223 Cr for the quarter.

In the ECD segment, which grew 11% in FY25 and 6% YoY in Q4, we saw a solid performance across all subcategories.

With this, I'll conclude my remarks for the quarter and the financial year and thank you for your patient listening. I think what we missed is we talked about the revenue growth, but not the consolidated profit growth. The consolidated revenue growth was also about 5% and consolidated profit growth is about 28%, I'm sure they have all those details, but I should just mention that. With that rather long opening remarks, I shall pause and take questions.

Aniruddha Joshi Thanks. We will begin the question-and-answer session. Those participants who wish to ask the questions, please raise hand and then we will unmute your line. So first, we have a question from Mr. Aditya Bhartia (Investec). Please unmute your line and go ahead with your question.

Aditya Bhartia Hi, this is Aditya from Investec. My first question is on the solar rooftop business. You kind of spelled out the overall opportunity size. But just wanted to understand how we are thinking of scaling up in this business. What is the kind of targets that we have set for ourselves? And given that we are a slightly late entrant in this business, what's going to be our competitive edge?

Promeet Ghosh Fair point. Firstly, Aditya, you are probably aware that the size of the market is actually larger. But I specifically talked about Rs. 20,000 Cr because that's the segment that we'll be targeting. What we have done so far, is hired the right people, figured out a bunch of detailing about the product and about the execution that is needed in order for us to succeed in the business.

Now, the reason I think that we will be able to do a reasonable job of it is, one, brand counts for a lot in this business. And that has been demonstrated to us in the pumps business, combined with the execution capability and the sourcing capability that we brought to the pumps business, which again, were we entered by when lots of other people had already entered.

We think a combination of factors, including the fact that it's a consumer product and the Crompton brand is deeply trusted by many, we do think we'll be able to do quite well. I don't want to tell you about specific numbers that we should be able to get, but I think you can already tell from the way that we've done in our pumps business that we should be able to ramp up quite quickly. And we have now a pretty decent team there.

Aditya Bhartia Sure. And you spoke about sourcing capability in this business. If you could just kind of explain, what do you really mean by that? What's the advantage that we'll be having over some of our competitors, especially because we have also seen Havells acquiring a stake in Goldi Solar?

Promeet Ghosh Yeah, I don't want to spell out too much just now, Aditya, if you don't mind. Suffice it to say these are things that we've been working on for a while. We should be competitive in our sense.

Aditya Bhartia Perfect. And my second question is on Large Kitchen Appliances business. While it's good to kind of note that EBITDA losses have started coming down, but it seems that revenue number has broadly remained flattish on a YoY basis. So just wanted to understand what has really been happening around that. What is the longer-term ambition that we have for that particular business?

Promeet Ghosh Yes, you're absolutely right. The revenue growth has not been what we anticipated. And hence my remarks earlier about the way that we are approaching this, including changes to the team, etc. Having said that, Aditya, we are very convinced that we actually have a very good product. We actually have a differentiated product offering. And our understanding is that consumers are quite willing to buy our product, and it's a decent-sized TAM out there.

What we needed to do is to improve our execution, our targeting, our product mix, and that is what we are working on now. And I think what you will see is both a narrowing of the losses going forward as well as a pickup in the trajectory to what really this business deserves. If you recall, we spent a lot of money in innovating and getting the product right. And nobody is probably in a better position to get a product right other than us, because we understand fans and really chimneys are a fan, with electronics thrown in, which we understand pretty well. As you are probably aware, we are investing a fair amount of money in the kitchen side of the business with tablets and hobs, Swetha is here as well because obviously, both Butterfly as well as the Crompton kitchen products benefit from the investments that we are making. So yes, I do believe that there are good times ahead for this segment.

Aditya Bhartia That's helpful. Thank you so much for your answers.

Aniruddha Joshi Thank you. Next, we have a question from Mr. Siddhartha Bera (Nomura). Please unmute your line and go ahead with your question.

Siddhartha Bera Hi, thanks for the opportunity. First question is on the ECD segment. You did allude to that the demand sentiments were a bit subdued at an industry level in the quarter. So, going ahead, for the coming year, how do you expect the recovery to play out? And given that we had done a couple of premium launches and tiding across segments, was there any contribution from those launches in the Q4? Or should we expect that to be the key driver of growth in the coming year?

Promeet Ghosh There was the contribution of some of our new launches in the fan segment. I have to say that because we did a limited launch last quarter. As you ramp up production, it takes some time. So, it's fair to say that the contribution of the new products was fairly limited in the last quarter. You'll begin to see some of the benefits of that this quarter. There is another very big launch, which is happening in fans as we speak. We've launched the Fluido Fan. So, you remember, this is the product which has got a Red Dot award for design. It's a very differentiated looking fan, very differentiated colours. And we do hope that that's something that will also start contributing this quarter.

It's fair to say that the weather conditions which are a contributor typically, Q1 tends to be the quarter where the weather is something that helps drive a lot of the growth, that appears delayed. So, we've consistently had rains across the country, particularly in the South, even in the West and East and also in the North. We do believe that things will change going forward, and that will add momentum to the business.

Siddhartha Bera Got it. Second question is on the pump side. I mean, you did allude to the fact that last year, we did do a strong solar pump revenue. Now, if I look at the coming year, given that you indicated close to maybe Rs. 25 Cr orders pending, should we expect that momentum to sustain what you did in FY25? Or will it depend on the number of number of orders you take now going ahead?

Promeet Ghosh Look, I didn't actually talk about the order book actually. But we do think that we should continue to have good momentum in solar pumps.

Siddhartha Bera Got it. Thanks a lot. I will come back in the queue.

Aniruddha Joshi Thanks. Next, we have questions from Mr. Pulkit Patni (Goldman Sachs). Please unmute your line and go ahead with your question.

Pulkit Patni Yeah. Thank you for taking my question. Regarding this capex that you've announced of Rs. 350 Cr in a manufacturing facility, could you give a sense of whether in the first phase, you will only sort of do fans or something else? Because Rs. 350 Cr sounds like a pretty big amount for a fan factory. So, is it that the land initially would cost a lot more? Some breakdowns on how this capex in different phases will look like?

Promeet Ghosh Okay. So yes, this is initially for fans. Yes, this will in due course also include in the next phase other products. Obviously, the first phase includes the cost of the entire land. So yes, that does get loaded to the first phase. Remember that we are a large fans company. So, our requirements are large, and we are getting ever larger. So, I don't know what size of fans capacity you are thinking about, but this is expected to be - if you don't mind since we haven't currently announced, a few I's which have been dotted and T's which have been crossed, I will come back to you with greater details about where, what, how, etc. But yes, this should be a state-of-the-art facility, and this should be something that is pretty well integrated, and it should be for a material size of plant.

Pulkit Patni Okay. And what is the time period over which we should model this capex in our estimates?

Promeet Ghosh Yeah. So, my guess is that we should be producing two to three years is when we should be producing this. I mean, fortunately, as you know, our capital position continues to be quite strong. We are strongly net debt positive company, let me put it this way. So yeah, you should expect that this comes into production about 2.5 years, so to say.

Pulkit Patni Great. That's useful. Thank you so much and will wait for more details on this capex later. Thank you.

Aniruddha Joshi Yeah, thanks. Next, we have question from Mr. Umang Mehta (Kotak). Please unmute your line and go ahead with the question.

Umang Mehta Yes, thanks a lot for the opportunity. The question was again on the capex. If I'm not wrong, I mean, the fans volume growth this year wasn't that high as such. I mean, so would it be fair to assume that you would be in-sourcing most of the incremental production which you do. And effectively, you could basically look to go from 50% outsourced to entirely in-sourcing after, say, three years? Is it the right way to look at it?

Promeet Ghosh Not really, Umang. We do expect to have, we are not going to go to a fully in-sourced model. Our own expectations of volume growth imply that we will continue to have a reasonable amount of outsourcing going forward. And what will happen is that the overall quality of our supply chain, I think will improve. But while this year, the volume growth has been modest, but from what we've planned, what we are seeing happen, some of which you may see today, some of which you may not see today, means that we continue to have a mix of both in-sourcing and outsourcing. Needless to say, what we in-source, there are lots of advantages of in-sourcing. And those will obviously come to us, but it's not that we will be entirely an in-sourced company.

Kaleeswaran Arunachalam Just to add to what Promeet said, Umang, I think two perspectives. One, in a year where you have modest growth at the scale at which we operate, we add about 1 million to 1.5 million fans to the volume, that is the size at which many companies have their total fans business. So therefore, we don't build projects like greenfield looking at a quarter or two or a year. It is from a view of next five years, how do we see the demand panning out and how consumer behaviours are going to move towards various aesthetics and technology-driven segment. And from that perspective, we think this is something that we need considering our future projections.

Umang Mehta Got it. Very helpful. And the second one was on solar pumps. You did reply to the previous participant partially. But just to understand, do we look at it as an episodic business? Or can we build on the revenue which you already achieved so far. Just asking from a modelling perspective because Rs. 200 Cr, what we are factoring in is the growth on that. So, would that be correct to build or not?

Kaleeswaran Arunachalam Umang, I think the entire solar business is not built in with the thesis of there is a PM KUSUM scheme and that will continue to build this business. This is something similar to EV. You have all seen FAME-I, FAME-II subsidy is now out, but still the business is continuing and probably accelerating in growth. And our hypothesis is that solar pumps will fall in that space.

For a player like us who is a market leader in residential, we always said Agri is going to be an area of focus for us. Now solar pumps is helping us to position that pretty well. It is starting with the backing by the government on PM-KUSUM scheme. But even beyond that, the real need for a farmer to have continuity in power is probably the primary reason to transition to a solar pump. And therefore, we don't see this as a sporadic business, and this is something that is sustainable for a longer period of time.

Umang Mehta Great, those are my questions. Thank you so much. And all the best.

Aniruddha Joshi Yeah, thanks. Next, we have a question from Mr. Viraj Kacharia. Please unmute your line and go ahead with your question.

Viraj Kacharia Yeah, just a couple of questions. Most of the questions on Crompton have been answered. Just on Butterfly, you talked about NPD for Crompton. But for Butterfly, how are you going about with NPD and how are you going about measuring the effectiveness and tracking the efficiency in terms of the new product introductions.

Second, largely in terms of the brand positioning and the brand architecture, I think last few calls, you have been talking about the exercise by and large through for Crompton and looking at similar exercise in Butterfly. Can you give some colour, how the brand would be positioned both for Crompton and Butterfly in common markets and both in those region in terms of price points, will it be made premium? Any colour you can give on that?

Promeet Ghosh Look Viraj, let me just reiterate and say that you should be able to see some of these things play out fairly soon. One, I'd say watch the space. But if Swetha is willing to give any more. So look, there's a fair amount of activity on the brand as well as on the new product launches at Butterfly. The idea would be that we get those out particularly ahead of the season, because the kitchen appliance season is different from the fans and air cooler season. And it's important to get those out ahead of season. So yes, you should see quite a bit of activity there. You will get clarity on the questions. And needless to say, it's not fair to kind of lay it out just now ahead of the actual launch.

Viraj Kacharia Okay. Just two questions there. One is, when we acquired Butterfly which was a brand which was strong in South. So, will there still be opportunities? Will we still be looking at the cross-pollination, is the brand going pan-India and leveraging synergies in network and similarly for Crompton in south? Any colour you can give on that?

Promeet Ghosh Yes, firstly, absolutely, Viraj. It is our intent over time to take Butterfly to other parts of India. What you're seeing happen just now is Butterfly focusing on strengthening the core. It's a brand that is very strong in the south, but there are things that we needed to do to ensure that our core was further strengthened, our products were strengthened, our brand has strengthened, and some of those actions you've already seen and you are already seeing the benefits of those. You will see some more of these happen soon enough. But even as we do that, we do see the opportunity of taking Butterfly to other parts of the country and leveraging of that.

Viraj Kacharia Okay, I'll come back. Thank you.

Aniruddha Joshi Yeah, next question is from the line of Mr. Indrajit Agarwal (CLSA). Please unmute your line and go ahead with the question.

Indrajit Agarwal Thanks for the opportunity. I have two questions. First, again, coming back on capex. Crompton historically has enjoyed very high ROCEs and the flexibility of sourcing because of outsourced model. So, with this capex, is the objective to have a better view on sourcing or better returns or both?

Promeet Ghosh Both.

Kaleeswaran Arunachalam Both.

Indrajit Agarwal So, this will be ROCE accretive?

Promeet Ghosh Yes. Look, at the end of the day again, don't want to get into specifics as yet, but we do think that this investment will generate good ROCE for us. More importantly, this is something that will elevate the Crompton supply chain from new products, new technologies, quality, faster to the market, etc. Let's understand what's happening here. I think you should be able to put together and join the dots. We've announced investments in the next generation of fan platforms. Now you will also see that translating into differentiation into the market. And the investments that we are making, we do think will help us quite a bit in the market.

Indrajit Agarwal Sure. Thank you. Secondly, you talked about the unseasonal rain and cooler weather. With that context, how is the trade inventory levels currently? Is it significantly higher than normal seasonality? Or do you think it's something that can be drawn down if things improve in the next couple of months?

Promeet Ghosh The trade does stock up ahead of the season. That is obviously a feature of how the market behaves. And if unseasonal rains arrive, then obviously, the trade is holding higher stocks than they would have anticipated at this point in time.

Having said that, it is our belief that it's not like the season is gone. It's just that it shifted. And I think we do have to understand that this is not a one-off in the future. It is quite possible that the timings of seasons will move. We've had extended winters, we've had shortened winters, but that's the trade, that you have to have an agile system, growth and your supply chain as well as at the frontend to be able to deal with these. And yes, I do think that as the weather gets warmer, this will get addressed. And it is beginning to get warmer in some parts of India. Again, somebody was asking about supply chain earlier and new greenfield, etc. This is, again, an indication that you need to have an agile system, which is quickly able to pivot as you go forward and everything helps, everything that you can do to get that helps.

Aniruddha Joshi Yeah. Next, we have a question from Bhoomika Nair (DAM Capital). Please unmute your line and go ahead with the question.

Bhoomika Nair Yeah. Hi, so my first question is on the margins that we are seeing in the Lighting segment, which is driven by an improved mix as you had alluded earlier. Now is this something which is very specific to this quarter where we've seen this sharp jump? Or is this something that we can now start seeing an improvement towards these high double-digit or teen-levels kind of margins?

Kaleeswaran Arunachalam See, Lighting as a segment, if you look at it, we have been calling out clearly for the last six or seven quarters. Prima facie price decline is not something in our control from an output product perspective. And we have been sharp enough to ensure how do we make some of these products fit-for-purpose. You know that our flagship cost reduction programme, Unnati, is helping us to ensure that both direct and indirect costs, not only at lighting level, but across the organisation has been reduced.

Third, our mix is improving compared to where we used to be in our LED bulb led category. We are moving towards panels and ceiling. That is also helping us to move the margin model. Now the idea, as we always talked about as part of the Crompton 2.0 strategy is not continuously expand the margins. It is also to look at growth. Some part of this margin, we have started to reinvest behind the brand. For Lighting as a category specifically, you saw some of those campaigns that were run during last year. We will be accelerating that during the course of this year to ensure that we are able to capture the revenue growth opportunities, too.

Promeet Ghosh And by the way, the margin improvement is despite the fact that we've stepped up investments in the brand. This is despite the fact that we've made more investments in the brand. And we will continue to do that. But these are not sudden one-offs that have happened in this quarter too. Fundamentally, in every business, you have to strengthen your profitability position so that you can give back.

Bhoomika Nair Understood. So basically, the Lighting where there was a lack of growth either in terms of top line or in terms of the margin profile, that is coming back towards a balanced growth. That's the way we should think about it as we move ahead.

Promeet Ghosh That's right. Also, I'd say that some of the growth initiatives, which are adjacent to lighting will also now get announced as we get comfortable with the fact that the lighting business is back on track.

Bhoomika Nair Sure. My second question is on Butterfly. We've obviously done a very good job. We've seen an improvement in terms of our margin profile and double-digit growth with margins further improving to historical 9%-10%?

Kaleeswaran Arunachalam I think if you look at it, we called out a strategic road map for Butterfly about a year back, somewhere around last year Q4, where we said the first job that we need to do is get the channel mix right, get the pricing actions right and get some of the go-to-market work started, also get the team in place. And we said that end of Q4, we should be able to arrest the decline and get back to growth path. Phase 1 has been well done, and we are on the right track, and it is moving in the right direction. So, in far as Phase 2 is concerned, which is effective FY26 onwards, we did talk about in the previous question that there is a brand repositioning and a bunch of NPDs that are going to get into the market in a differentiated route. We expect this one to augur or augment the revenue growth. Our endeavour in Butterfly is to grow the revenue in double-digit and start expanding margins. We are at about 7-7.5% EBITDA margin. The idea is to take to about 8-8.5%, but that's also on the back of significant investments will go behind the brand, considering FY26 is going to be a year of relaunch and repositioning.

In the medium to long run, in the next three to five years, we expect Butterfly to grow at about mid-teens and reach close to double-digit EBITDA margin.

Bhoomika Nair Sure. So that's very helpful. Thank you very much. All the best.

Kaleeswaran Arunachalam Thank you.

Aniruddha Joshi Yeah. Next question we have from Natasha Jain (Phillip Capital). Please unmute your line and go ahead with the question.

Natasha Jain Yeah, hi, this is Natasha from PhillipCapital. So, I just have one question. The last time when we had come for the Investor Meet, you had showcased the 5-star induction fan. Now when I went to the channel, I did find your products, but I could not find other 5-star indexed fans in terms of your competitors. I know the season has been lean, but can you just give us a feedback how the channel is accepting that? That's it. Thank you.

Kaleeswaran Arunachalam So, when we talked about the HS 5 Star, as we said, it's an industry first. The idea is that 5-star is probably your best energy saving fan under an induction motor, which is similar to BLDC. The market today is positioning this largely towards BLDC as a segment to drive energy efficiency. But considering that one is on an induction motor platform, and one is on electronic platform, the durability and the consumer experience is far better in the induction motor 5-star. So, we have been one of the pioneer to start the initiative towards this. And at a point of time, we expect this to scale up at the industry level also.

Natasha Jain That's it. Thank you so much. That's all.

Aniruddha Joshi Yeah. Next, we have a question from Ashish Jain (Macquarie). Please unmute your line and go ahead with the question.

Ashish Jain Hi, good evening. My first question is on the solar rooftop panel business opportunity that you spoke about. Can you give some more colour on both sourcing and distribution? And at least in the initial period, will it be margin accretive for us given it would be more outsourcing-based business to begin with?

Kaleeswaran Arunachalam See fundamentally, as we talked about earlier, it's a market size, which is a target addressable market of about Rs. 20,000-25,000 Cr. From an overall ecosystem perspective, we did do something similar in solar pumps. In about five quarters, we have reached a run rate of almost, say Rs. 240 Cr per annum. And the business is highly profitable and cash accretive as we have seen it time-after-time and multiple tenders that we have participated in solar pumps.

Now coming to solar rooftop, one of the fundamental differentiator is going to be having a very strong brand that is going into the household. And many of the Indian households have grown with the brand Crompton. And therefore, that brings in a lot of trust for a consumer to go with a rooftop, which has got Crompton on it. So that's the first reason.

Second, our distribution is very strong, both in B2B and B2G. We have got very strong experience that has been built in over a period of time across categories, prima facie led by lighting first, and then we have got this through in solar pumps also. From a sourcing perspective, I don't think so that's a big differentiator. Category after category, we have demonstrated our capabilities to do a very good model of outsourced vendor sourcing at the same point of time, ensuring that the quality and consumer experience is not compromised. And equally, when time is required, we have also not shied away getting into in-house.

Right now, it's going to be an outsourced business. Brand Crompton is going to play a significant role to make an inroad into this category. And it is a business that will be margin accretive, similar to what we have seen in solar pumps.

Ashish Jain Kaleesh, just one clarification, like how much of this business is incentive or tender-based? And how much is government support directly or indirectly driving growth or demand in this sector today?

Kaleeswaran Arunachalam Yeah. See, as we discussed earlier, we talked about EV, which went through a FAME 1 and FAME 2 and similarly, solar pump, which is going through a PM KUSUM scheme. This is also starting with an initiative from the Government of India, which is a subsidy-driven business. The payback for the consumer is very strong, which is what is driving move towards solar rooftop compared to other modes of electricity.

But again, as we have seen in EV and as we would see at a point of time in solar pumps, this would also become mainstream even when the government initiative or subsidy goes away. In the medium-term, we don't see any challenge of a government subsidy going away. As we all know, the initiative was just started in FY24, announced by the Prime Minister. So at least for next four to five years, the subsidy is here to stay. But our hypothesis is that the business will be independent after the subsidy also.

Promeet Ghosh Since the question is repeating about how you build up sales in a product like this. Remember that this is a product that the consumer is spending Rs. 1.5 lakhs, Rs. 2 lakhs and the trust is a key part of the element if you want to buy a product like this. And I don't need to tell you that we have a very different consumer brand for that exemplifies trust in home electricals.

Also remember that this is bolstered by the fact that on a service, the product should be quickly serviced and so on and so forth. And I think the consumer experience over the last 85 years, together with the capabilities that we have in sourcing and in execution will stand us in good stead. This is a little bit different from the solar pumps business where this is a direct engagement with the consumer. And actually, the cash flow characteristics of this are even better than the solar pumps business, because the money is pretty much paid upfront.

Ashish Jain Got it, Promeet. Thank you so much.

Aniruddha Joshi Thank you. That was the last question for the day. I thank the management on behalf of ICICI Securities and hand over the call back to the management for closing comments. Thanks, and over to you.

Kaleeswaran Arunachalam Thank you, guys. Thank you, folks. I think quickly to summarise, we started Crompton 2.0 about two years back. There are four key facets we announced on as part of it. One is on our entire lighting turnaround, which is now complete. The second was getting Butterfly back on track. We are seeing green shoots of that. Third is working on supply chain. We did announce a greenfield project that is going to be coming in very soon. And the fourth is on GTM transformation. That's also another area where we have started work. We will talk about that in detail in the coming quarters. That's all from our end, and thanks a lot.

Promeet Ghosh Thank you.