

Crompton Greaves Consumer Electricals

Estimate change



TP change



Rating change



CMP: INR217

TP: INR300 (+38%)

Buy

Earnings in line; broad-based growth momentum intact

New businesses scale up; FY29 margin target reiterated

Bloomberg	CROMPTON IN
Equity Shares (m)	644
M.Cap.(INRb)/(USDb)	139.9 / 1.5
52-Week Range (INR)	311 / 201
1, 6, 12 Rel. Per (%)	-2/-12/-15
12M Avg Val (INR M)	951
Free float (%)	100.0

Financials & Valuations (INR b)

Y/E MARCH	FY26	FY27E	FY28E
Sales	81.0	92.8	103.5
EBITDA	8.3	9.1	10.5
Adj. PAT	4.9	5.5	6.4
EBITDA Margin (%)	10.2	9.9	10.1
Cons. Adj. EPS (INR)	7.6	8.6	10.0
EPS Gr. (%)	-11.6	12.9	15.7
BV/Sh. (INR)	53.4	58.7	64.9

Ratios

Net D:E	-0.1	-0.0	-0.2
RoE (%)	14.3	14.7	15.4
RoCE (%)	16.5	16.0	16.6
Payout (%)	39.3	40.6	40.1

Valuations

P/E (x)	28.5	25.2	21.8
P/BV (x)	4.1	3.7	3.3
EV/EBITDA (x)	16.7	15.1	12.7
Div Yield (%)	1.4	1.6	1.8
FCF Yield (%)	4.6	1.5	5.1

Shareholding pattern (%)

As of	Jun-26	Mar-26	Jun-25
Promoter	0.0	0.0	0.0
DII	66.5	66.1	58.9
FII	19.9	20.5	29.2
Others	13.6	13.4	11.9

FII includes depository receipts

- Crompton Greaves Consumer Electricals (CROMPTON)'s 2QFY27 earnings were in line with our estimates. Revenue grew ~18% YoY to INR22.6b. EBITDA rose ~24% YoY to INR2.0b. OPM was up 45bp YoY at ~9.0%. Adj PAT grew ~38% YoY to INR1.2b.
- Management indicated that 2QFY27 performance was supported by strong double-digit growth across businesses. ~80% of commodity inflation has been passed on through pricing actions. ECD growth was led by fans and appliances, while Butterfly and exports also performed well. It continued to expand its solar rooftop and wires businesses. CROMPTON reiterated its FY29 EBITDA margin target of ~11-12% and its target of doubling annual revenue growth from ~15% currently.
- We largely maintain our earnings estimates for FY27/FY28E and expect ~14% earnings CAGR over FY26-28E, driven by growth in existing categories and supported by new businesses. It trades at 25x/22x FY27E/FY28E EPS. We value CROMPTON at 30x FY28E EPS to arrive at our TP of INR300. Reiterate BUY.

ECD revenue up ~19% YoY; margin at 11.6% (est. 12.8%)

- Consol. revenue/EBITDA/adj. PAT stood at INR22.6b/INR2.0b/INR1.2b (+18%/+24%/38% YoY and +6%/+1%/+1% vs. our estimates). Gross margin contracted 1.8pp YoY to ~30%. OPM increased 45bp YoY to ~9.0%.
- Segmental highlights: **1) ECD** revenue grew ~19% YoY to INR16.3b, EBIT increased ~31% YoY to INR1.9b, and EBIT margin rose 1.0pp YoY to ~11.6%. **2) Lighting** revenue increased by ~14% YoY to INR3.0b, EBIT declined ~5% YoY to INR385m, and EBIT margin dipped 2.6pp YoY to ~13%. **3) Butterfly** revenue increased ~17% YoY to INR3.3b, EBIT rose ~11% YoY to INR246m, and EBIT margin declined 35bp YoY at ~7.4%.
- In 1HFY27, revenue/EBITDA/PAT grew 15%/20%/25% YoY to INR45.0b/INR4.3b/INR2.6b. OPM increased 45p YoY to 9.5%. Operating cash outflow stood at INR2.4b vs. operating cash inflow of INR550m in 1HFY26 due to an increase of INR5.8b in working capital. Capex stood at INR355.7m vs. INR414.6m in 1HFY26. Net cash outflow stood at INR2.7b vs. net cash inflow of INR135.6m in 1HFY26.

Key highlights from the management commentary

- ECD segment benefited from healthy growth and operational efficiencies. Fans recorded double-digit growth, with BLDC fans growing ~40% through general trade, driven by portfolio interventions, improved distribution and increasing consumer preference for energy-efficient products.
- In Lighting, revenue was driven by ceiling lights and outdoor lighting in B2C, and industrial and indoor commercial lighting in B2B. Both B2B categories delivered strong double-digit growth
- Wire business, launched in South India in 1QFY27, is expanded into Punjab, Delhi and Gujarat.

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuation and view

- CROMPTON's 2QFY27 performance was in line with our estimates, driven by broad-based growth and pricing actions that helped offset commodity inflation. We remain constructive on its growth prospects, supported by BLDC fan penetration, improving product mix, and the scale-up of solar rooftop and wires. The refreshed brand identity and cost efficiencies should aid long-term growth and margin expansion, with management targeting 11-12% EBITDA margin by FY29.
- We estimate CROMPTON to report a CAGR of 13%/12%/14% in revenue/EBITDA/PAT over FY26-28. We estimate its OPM to remain flat at ~10% in FY28E from ~10% in FY26. RoIC is expected to improve to ~25% by FY28 from ~23% in FY26. RoE is likely to be ~15% in FY28E vs. ~14% in FY26. CROMPTON trades at 25x/22x FY27E/FY28E EPS. **We reiterate our BUY rating with a TP of INR300, based on 30x FY28E EPS.**

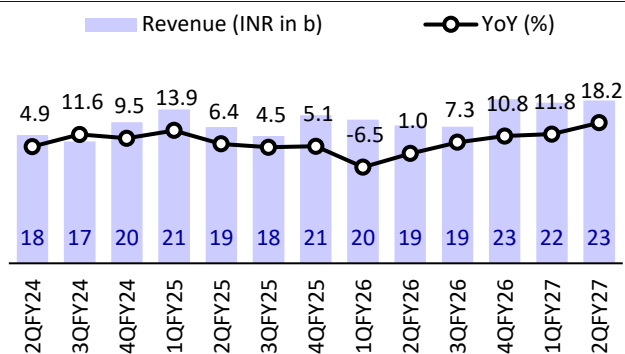
Quarterly Performance (Consolidated)

	(INR m)											
	FY26				FY27E				FY26	FY27E	FY27	Var.
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	
Sales	19,983	19,156	18,983	22,833	22,350	22,633	21,269	25,580	80,955	91,832	21,343	6%
Change (%)	-6.5	1.0	7.3	10.8	11.8	18.2	12.0	12.0	2.9	13.4	11.4	
Adj EBITDA	1,917	1,649	1,953	2,707	2,245	2,046	1,952	2,905	8,226	9,148	2,029	1%
Change (%)	-17.5	-19.0	3.9	2.4	17.1	24.1	0.0	7.3	-7.4	11.2	23.1	
Adj EBITDA margin (%)	9.6	8.6	10.3	11.9	10.0	9.0	9.2	11.4	10.2	10.0	9.5	(47)
Depreciation	395	440	436	447	452	456	461	536	1,718	1,905	470	-3%
Interest	98	116	84	94	97	97	107	117	392	417	112	-13%
Other Income	237	134	128	158	218	176	166	192	657	751	188	-7%
PBT	1,661	1,226	1,561	2,324	1,913	1,669	1,550	2,444	6,772	7,577	1,635	2%
Extra-ordinary items	-	204	200	7,160	-	-	-	-	7,564	-	-	
Tax	422	268	350	475	486	425	395	601	1,515	1,907	415	
Effective Tax Rate (%)	25.4	21.8	22.4	20.4	25.4	25.5	25.5	24.6	22.4	25.2	25.4	
Reported PAT	1,239	754	1,010	-5,311	1,427	1,244	1,155	1,844	-2,307	5,670	1,219	2%
Change (%)	(18.7)	(41.1)	(9.8)	(409.2)	15.2	64.9	14.4	(134.7)	(140.9)	(345.7)	61.7	
Minority Interest	16.1	42.5	26.9	28.6	22.2	50.5	30.0	17.4	114.1	120.1	35	
Adj PAT	1,223	863	1,132	1,697	1,405	1,193	1,125	1,826	4,916	5,550	1,184	1%
Change (%)	(19.4)	(30.9)	3.1	0.2	14.9	38.3	(0.6)	7.6	(11.6)	12.9	37.2	

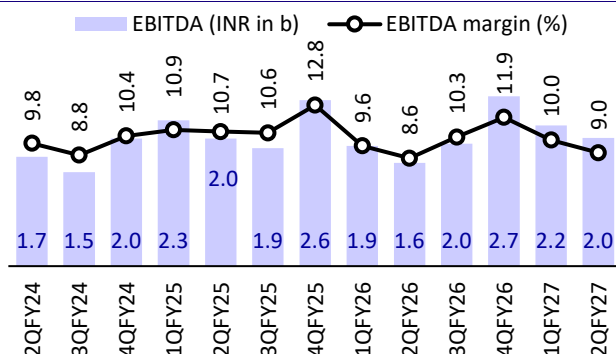
Segmental Performance (INR m)

	FY26								FY26	FY27E	FY27	Var.
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	
Sales												
ECD	15,863	13,712	13,850	17,553	17,541	16,345	15,651	19,775	60,978	69,312	15,357	6%
Lighting Products	2,330	2,611	2,750	3,156	2,688	2,983	2,997	3,478	10,846	12,145	2,897	3%
Butterfly	1,791	2,834	2,383	2,123	2,121	3,305	2,622	2,327	9,131	10,375	3,089	7%
EBIT												
ECD	2,116	1,450	1,800	2,724	2,372	1,895	1,956	2,926	8,090	9,149	1,966	-4%
Lighting Products	296	405	333	384	323	385	360	426	1,419	1,495	363	6%
Butterfly	76	221	140	131	90	246	131	121	567	588	185	33%
EBIT Margin (%)												
ECD	13.3	10.6	13.0	15.5	13.5	11.6	12.5	14.8	13.3	13.2	12.8	(121)
Lighting Products	12.7	15.5	12.1	12.2	12.0	12.9	12.0	12.3	13.1	12.3	12.5	40
Butterfly	4.2	7.8	5.9	6.2	4.2	7.4	5.0	5.2	6.2	5.7	6.0	144

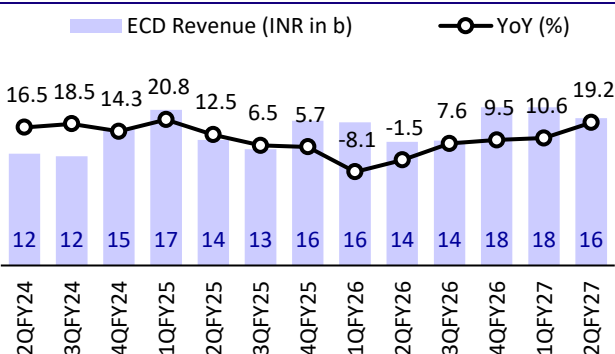
Story in charts

Exhibit 1: Overall revenue increased 18% YoY


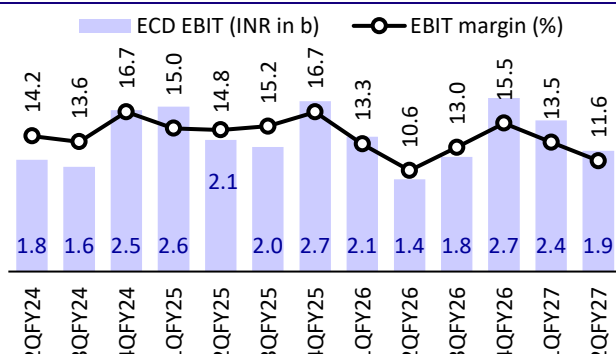
Source: MOFSL, Company

Exhibit 2: EBITDA margin expanded 45bp YoY to 9.0%


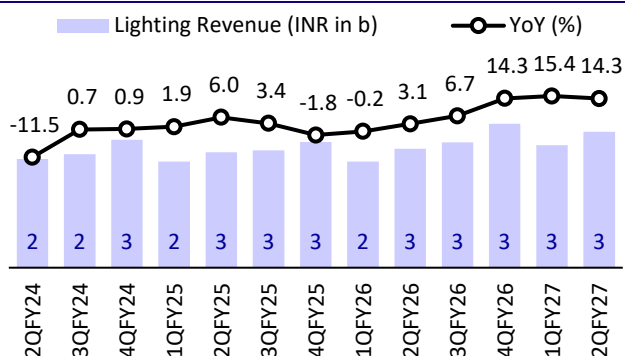
Source: MOFSL, Company

Exhibit 3: ECD revenue grew ~19% YoY


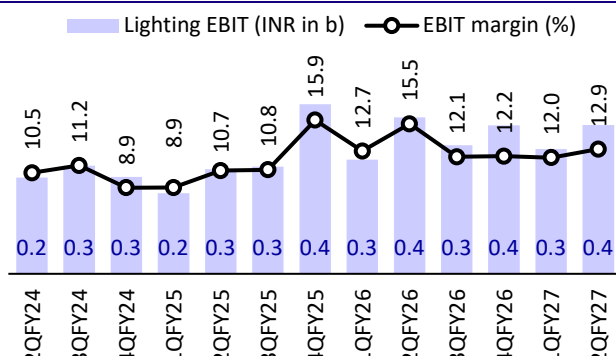
Source: MOFSL, Company

Exhibit 4: ECD EBIT margin rose 1.0pp YoY


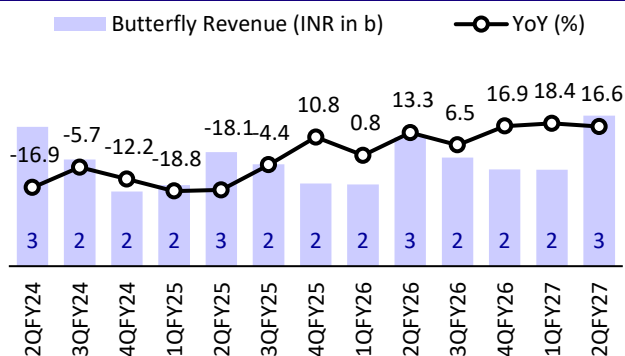
Source: MOFSL, Company

Exhibit 5: Lighting revenue increased ~14% YoY


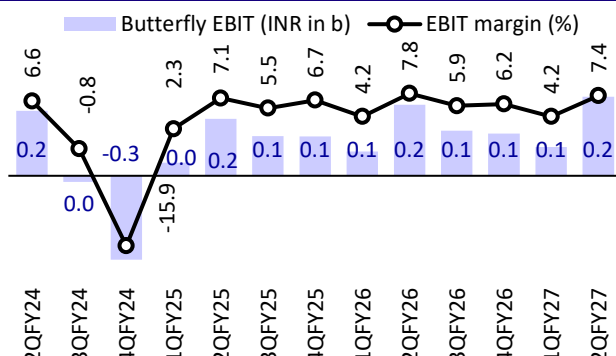
Source: MOFSL, Company

Exhibit 6: Lighting EBIT margin declined 2.6pp YoY


Source: MOFSL, Company

Exhibit 7: Butterfly revenue grew ~17% YoY


Source: MOFSL, Company

Exhibit 8: Butterfly EBIT margin declined 35bp YoY


Source: MOFSL, Company



Key highlights from the management commentary

Demand and pricing

- General and rural trade delivered strong double-digit growth. E-commerce remained subdued due to a conscious reduction in promotions to improve channel profitability.
- Cumulative price hikes across most businesses stood at ~11-15% in the preceding six months, while fans saw price increases of ~17-18% over YTD. ~80% of RM cost inflation has been passed on, and the balance will be addressed through further pricing actions and Unnati cost savings.
- Positive volume growth was observed across categories despite price hikes. It targets fan growth of 1.5-1.7x the category, supported by BLDC fans, regulatory-led consolidation in entry-level fans and growth in table, pedestal and wall fans.
- The refreshed brand identity was launched in Aug'26, with a focus on design-led innovation, technology and smart, connected products.

ECD segment

- Segment benefitted from healthy growth and operational efficiencies. Fans recorded double-digit growth, with BLDC fans growing ~40% through general trade, driven by portfolio interventions, improved distribution and increasing consumer preference for energy-efficient products.
- Conventional pumps delivered double-digit growth, while solar pump demand moderated as PM-KUSUM 1.1 orders approached completion. It expects activity to improve with the rollout of PM-KUSUM 2.0.
- Large domestic appliances grew at double digits, led by water heaters, in which COMPTON's market share continued to improve. Small domestic appliances grew over 20%, driven by air fryers, induction cooktops and mixer grinders, with profitability improving faster than revenue.

Lighting segment

- Revenue was driven by ceiling lights and outdoor lighting in B2C, and industrial and indoor commercial lighting in B2B. Both B2B categories delivered strong double-digit growth.
- Margin was lower YoY due to pre-contracted B2B orders. Pricing actions were relatively lower than in other businesses, given the transition from deflation to inflation.
- Wire business, launched in South India in 1QFY27, has been expanded into Punjab, Delhi and Gujarat. Solar rooftop B2C and Indoor commercial operations have commenced across seven states, supported by channel partners and an established product offering.

Butterfly Gandhimathi Appliances (BGAL)

- Growth was supported by market-share gains in core categories and a higher contribution from premium products. The IDF Pro series contributes a double-digit share of the overall business. Pressure cookers continued to grow strongly following GST rate reductions, and the momentum is expected to sustain.
- It is pursuing selective national expansion, initially focusing on Maharashtra, through a campaign for its five-star gas cooktop. Early growth trends in Western and Northeastern markets are encouraging, although these markets are relatively small. The focus is on improving sales quality by strengthening core

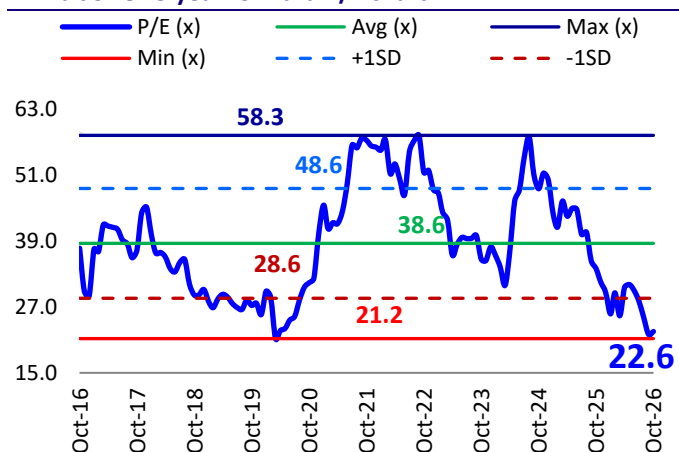
markets before expanding distribution. Gross margins remained broadly flat, as pricing actions largely offset commodity inflation.

- Large Kitchen Appliances and Rion are being integrated into Butterfly's operating ecosystem to reduce costs and improve profitability. Historical annual EBITDA losses from LKA ranged around INR160m-250m. Exports grew over ~70% YoY, reaching the highest-ever quarterly revenue.

Other highlights

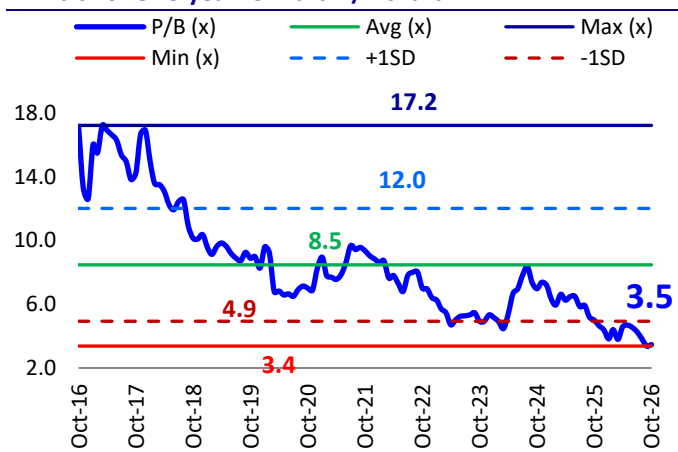
- Solar pumps: More than ~50% of the 38,000-unit Andhra Pradesh order book has been executed, including 20,000 installations by CROMPTON. Most of the remaining execution is expected in 3QFY27, with some spill over thereafter. It estimates the market opportunity at INR260b in solar rooftops and will selectively pursue further government tenders based on profitability.
- It targets new businesses contributing ~14-15% of revenue over the long term. Solar pumps, rooftop and wires will leverage existing distribution, supply-chain and innovation infrastructure, limiting incremental costs.
- The export business is led by fans, with additional sales of pumps and appliances across Africa, the Middle East, Southeast Asia and South Asia. Export margins are slightly lower than domestic margins but benefit from cash sales and no credit exposure.
- Evaluation of a greenfield plant is at an advanced stage, with potential manufacturing capabilities across fans, appliances and wires. Current supply is not constrained, and outsourcing continues to help optimize capital costs.
- It reiterated its FY29 EBITDA margin of ~11-12%, supported by revenue growth, operating leverage and cost efficiencies. It is targeting to double its revenue growth ahead from 15% now.
- CROMPTON expects sustainable double-digit revenue and profit growth, supported by normalized inventory, improved supply availability, pricing actions, cost savings and continued investment in the brand.

Exhibit 9: One-year forward P/E chart



Source: MOFSL, Company

Exhibit 10: One-year forward P/B chart



Source: MOFSL, Company

Financials and valuations (Consolidated)

Income Statement

Y/E March	2021	2022	2023	2024	2025	2026	2027E	2028E
Net Sales	48,035	53,941	68,696	73,128	78,636	80,955	92,832	1,03,520
Change (%)	6.3	12.3	27.4	6.5	7.5	2.9	14.7	11.5
Raw Materials	32,672	37,018	46,804	50,003	52,733	55,152	64,283	71,587
Gross margin (%)	32.0	31.4	31.9	31.6	32.9	31.9	30.8	30.8
Staff Cost	3,366	3,624	5,408	5,899	6,390	6,813	7,568	8,275
Other Expenses	4,792	5,605	8,780	10,089	10,630	10,716	11,833	13,200
EBITDA	7,205	7,695	7,705	7,137	8,882	8,274	9,148	10,458
Change (%)	20.3	6.8	0.1	-7.4	24.5	-6.8	10.6	14.3
% of Net Sales	15.0	14.3	11.2	9.8	11.3	10.2	9.9	10.1
Depreciation	297	423	1,159	1,288	1,528	1,718	1,905	1,984
Interest	429	353	1,092	792	480	440	417	397
Other Income	758	727	668	674	688	656	751	695
PBT	7,236	7,645	6,122	5,731	7,562	6,771	7,577	8,772
Tax	1,070	1,732	1,358	1,313	1,921	1,515	1,907	2,208
Rate (%)	14.8	22.6	22.2	22.9	25.4	22.4	25.2	25.2
Extra-ordinary Inc.(net)	0	-130	0	0	0	-7,564	0	0
Reported PAT	6,167	5,784	4,764	4,418	5,641	-2,308	5,670	6,564
Change (%)	24.2	-6.2	-17.6	-7.3	27.7	-140.9	-345.7	15.8
Minority Interest	0	0	132	19	81	114	120	145
Adjusted PAT	6,167	5,880	4,632	4,399	5,559	4,916	5,550	6,419
Change (%)	24.2	-4.6	-21.2	-5.0	26.4	-11.6	12.9	15.7

Balance Sheet (Consolidated)

(INR M)

Y/E March	2021	2022	2023	2024	2025	2026	2027E	2028E
Share Capital	1,255	1,267	1,272	1,286	1,288	1,288	1,288	1,288
Reserves	18,059	23,263	25,328	28,710	32,614	28,375	31,671	35,514
Minority Interest	0	7,825	4,477	4,494	4,576	4,694	4,814	4,959
Net Worth	19,314	32,354	31,077	34,490	38,478	34,357	37,773	41,761
Loans	4,788	16,075	9,222	5,990	2,998	0	0	0
Deferred Tax Liability	-586	394	123	99	-129	-398	-398	-398
Capital Employed	23,517	48,824	40,422	40,579	41,347	33,958	37,374	41,363
Gross Fixed Assets	10,056	33,894	34,663	35,184	37,063	31,402	32,402	33,402
Less: Depreciation	906	1,159	2,164	3,215	4,113	5,832	7,736	9,720
Net Fixed Assets	9,150	32,735	32,499	31,968	32,950	25,570	24,666	23,682
Capital WIP	109	130	265	585	343	300	300	300
Investments	7,697	6,242	5,482	6,891	7,211	9,710	9,710	9,710
Curr. Assets	18,433	25,380	18,298	21,373	22,665	24,806	27,804	35,352
Inventory	5,186	7,210	7,439	8,304	8,817	7,442	8,534	9,516
Debtors	4,608	6,154	6,861	7,335	7,017	10,857	12,450	13,883
Cash & Bank Balance	6,040	9,152	1,095	2,608	3,530	1,839	1,877	6,735
Other Current Assets	2,599	2,863	2,904	3,125	3,301	4,668	4,943	5,218
Current Liab. & Prov.	11,872	15,662	16,123	20,238	21,822	26,428	25,105	27,681
Creditors	8,204	10,178	10,486	13,285	14,107	18,703	16,730	18,656
Other Liabilities	1,520	2,567	2,640	2,976	4,375	4,749	5,174	5,599
Provisions	2,148	2,918	2,997	3,977	3,340	2,976	3,201	3,426
Net Current Assets	6,561	9,717	2,175	1,135	843	-1,622	2,699	7,671
Application of Funds	23,517	48,824	40,422	40,579	41,347	33,958	37,374	41,363

Financials and valuations (Consolidated)

Ratios

Y/E March	2021	2022	2023	2024	2025	2026	2027E	2028E
Basic (INR)								
Adjusted EPS	9.8	9.3	7.3	6.8	8.6	7.6	8.6	10.0
Growth (%)	24.1	-5.5	-21.6	-6.1	26.2	-11.6	12.9	15.7
Cash EPS	10.3	10.0	9.1	8.8	11.0	10.3	11.6	13.0
Book Value	30.8	51.1	48.9	53.6	59.8	53.4	58.7	64.9
DPS	2.5	2.5	2.5	9.0	3.0	3.0	3.5	4.0
Payout (incl. Div. Tax.)	30.4	26.6	34.1	43.5	34.7	39.3	40.6	40.1
Valuation (x)								
P/Sales	2.8	2.6	2.0	1.9	1.8	1.7	1.5	1.4
P/E	22.1	23.4	29.8	31.8	25.2	28.5	25.2	21.8
Cash P/E	21.1	21.8	23.9	24.6	19.7	21.1	18.8	16.6
EV/EBITDA	18.7	18.8	19.0	20.0	15.7	16.7	15.1	12.7
EV/Sales	2.8	2.7	2.1	2.0	1.8	1.7	1.5	1.3
Price/Book Value	7.1	4.3	4.4	4.0	3.6	4.1	3.7	3.3
Dividend Yield (%)	1.1	1.1	1.1	4.1	1.4	1.4	1.6	1.8
Profitability Ratios (%)								
RoE	31.9	18.2	14.9	12.8	14.4	14.3	14.7	15.4
RoCE	27.8	12.7	13.9	12.4	14.5	16.5	16.0	16.6
RoIC	55.1	16.8	15.1	14.5	17.9	22.7	21.0	25.4
Turnover Ratios								
Debtors (Days)	35	42	36	37	33	49	49	49
Inventory (Days)	39	49	40	41	41	34	34	34
Creditors. (Days)	62	69	56	66	65	66	66	66
Asset Turnover (x)	2.0	1.1	1.7	1.8	1.9	2.4	2.5	2.5
Leverage Ratio								
Net Debt/Equity (x)	-0.1	0.2	0.3	0.1	0.0	-0.1	0.0	-0.2

Cash Flow Statement

Y/E March	2021	2022	2023	2024	2025	2026	2027E	2028E
PBT before EO Items								
PBT before EO Items	6,707	7,381	5,712	5,111	6,981	5,810	7,201	8,424
Add : Depreciation	297	423	1,159	1,288	1,528	1,718	1,905	1,984
Interest	429	353	1,092	792	480	440	417	397
Less : Direct Taxes Paid	575	1,798	1,399	984	1,782	1,585	1,907	2,208
(Inc)/Dec in WC	(1,445)	(1,005)	1,039	(2,226)	(167)	(852)	4,583	415
CF from Operations	8,303	7,364	5,526	8,434	7,374	7,235	3,034	8,183
(Inc)/Dec in FA	(198)	(1,706)	(708)	(805)	(1,028)	(795)	(1,000)	(1,000)
Free Cash Flow	8,105	5,658	4,818	7,629	6,346	6,440	2,034	7,183
(Pur)/Sale of Investments	(4,760)	(15,653)	3,340	(1,264)	(283)	(951)	375	348
CF from Investments	(4,957)	(17,359)	2,632	(2,069)	(1,311)	(1,746)	(625)	(652)
(Inc)/Dec in Net Worth / Others	73	603	416	893	204	24	-	-
(Inc)/Dec in Debt	1,181	10,539	(7,179)	(3,640)	(3,528)	(3,629)	300	300
Less : Interest Paid	342	505	765	754	618	458	417	397
Dividend Paid	1,874	1,564	1,578	1,912	1,930	1,932	2,254	2,576
CF from Fin. Activity	(962)	9,073	(9,105)	(5,413)	(5,872)	(5,994)	(2,371)	(2,673)
Inc/Dec of Cash	2,384	(922)	(948)	952	191	(505)	38	4,857
Add: Beginning Balance (including bank deposits)	3,656	10,060	2,043	1,656	3,339	2,344	1,839	1,877
Add: Balance pursuant to scheme	-	14	-	-	-	-	-	-
Closing Balance	6,040	9,152	1,095	2,608	3,530	1,839	1,877	6,735

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NOTES

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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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