

BUY**TP: Rs 390 | ▲ 22%****CROMPTON GREAVES**

Consumer Durables

08 August 2025

Muted quarter; seasonal categories weigh on performance

- Misses estimates; revenue/EBITDA was 9%/16% below our estimates (9%/19% below consensus)
- Revenue declined 7% YoY led by 8% YoY decline in ECD, while lighting was flat YoY; BGAL revenue grew 1% YoY
- Cut estimates, introduce FY28E, roll forward to June-26 TP with an unchanged 35x multiple to arrive at TP of Rs 390; maintain BUY

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Below expectation, seasonal categories dent performance: Q1 revenue/EBITDA/PAT was 9%/16%/14% below our estimates. Revenue saw a decline of 7% YoY led by 8% YoY fall in the ECD segment; while lighting was flat YoY. Gross margin improved marginally by 20bps YoY (-180bps QoQ) to 32.1%, on account of improved product mix. EBITDA margin contracted 130bps YoY to 9.6% on weak operating leverage. Adjusted PAT saw a 19% YoY/28% QoQ decline to Rs 1.2bn.

Weakness in ECD due to seasonal products: ECD segment declined 8% YoY, impacted by weak seasonal demand in Fans, air coolers, and pumps. TPW fans saw a sharper drop than ceiling fans. Management indicated an 11% industry decline, implying market share (MS) gains. Crompton's performance was better vs peers Havells/V-Guard/Bajaj, as ECD sales declined 14%/16%/11% YoY respectively, while Orient was flat. EBIT margin contracted 160bps YoY to 13.3% due to weak operating leverage.

Lighting margins sustained at elevated level: In the lighting segment, revenue flat YoY, impacted by continued price erosion. However, volume saw double-digit growth in B2B segment. Profitability improved — EBIT margin expanded 380bps despite flat revenue. Margin uplift was driven by a structural shift in product mix, with panels emerging as the largest sub-segment, surpassing traditional lamps and battens.

Sustainability at an affordable price; maintains capex plan: Among its key priorities, Crompton aims to launch low-carbon, sustainable products. It maintains its earlier announcements of (a) a Rs 3.5bn greenfield capex to expand fan capacity (Phase 1, including land acquisition; details awaited) (b) entry into the solar rooftop segment via an outsourced model.

Cut estimates, maintain BUY: We cut FY26-27E EPS by 7-8% respectively to reflect weakness in seasonal categories. We introduce FY28E and roll forward to June-26 and arrive at a TP of Rs 390, assigning an unchanged multiple of 35x on June-27 EPS. We maintain BUY.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	CROMPTON IN/Rs 319
Market cap	US\$ 2.3bn
Free float	100%
3M ADV	US\$ 8.8mn
52wk high/low	Rs 484/Rs 301
Promoter/FPI/DII	0%/40%/44%

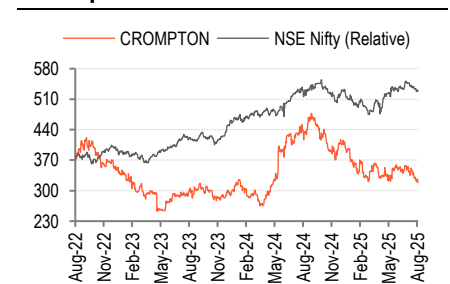
Source: NSE | Price as of 7 Aug 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	78,636	81,994	91,403
EBITDA (Rs mn)	8,882	8,793	10,100
Adj. net profit (Rs mn)	5,560	5,759	6,890
Adj. EPS (Rs)	8.6	8.9	10.7
Consensus EPS (Rs)	9.5	12.0	15.0
Adj. ROAE (%)	17.4	16.0	16.9
Adj. P/E (x)	37.0	35.7	29.8
EV/EBITDA (x)	22.1	22.8	20.1
Adj. EPS growth (%)	26.4	3.6	19.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly performance

(Rs mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	Q1FY26E	Var (%)
Revenue	19,983	21,377	(7)	20,606	(3.0)	22,072	(9)
EBITDA	1,917	2,324	(18)	2,644	(27)	2,270	(16)
EBITDA Margin (%)	9.6	10.9	(130bps)	12.8	(320bps)	10.3	(69bps)
Depreciation	395	372		396		395	0.0
Interest	98	155		100		135	(27)
Other Income	237	238		159		189	25
PBT	1,661	2,035	(18)	2,308	(28)	1,929	(14)
Tax	422	511		591		485	(13)
Adjusted PAT	1,239	1,524	(19)	1,717	(28)	1,443	(14)
Exceptional item	-	-		0		0	
Reported PAT	1,239	1,524	(19)	1,717	(28)	1,443	(14)
Adj. PAT Margin (%)	6.2	7.1	(90bps)	8.3	(210bps)	6.5	(34bps)
EPS (Rs)	1.9	2.4	(20)	2.7	(28)	2.2	(14)

Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

(Rs mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Segment revenue					
ECD	15,863	17,266	(8)	16,029	(1)
Lighting	2,330	2,333	0	2,761	(16)
Butterfly Gandhimathi	1,791	1,777	1	1,817	(1)
EBIT					
ECD	2,116	2,587	(18)	2,675	(21)
EBIT Margin (%)	13.3	15.0	(164bps)	16.7	(335bps)
Lighting	296	209	42	440	(33)
EBIT Margin (%)	12.7	8.9	377bps	15.9	(321bps)
Butterfly Gandhimathi	76	41	84	123	(38)
EBIT Margin (%)	4.2	2.3	191bps	6.7	(253bps)

Source: Company, BOBCAPS Research

Earnings Call Highlights

- Despite seasonal headwinds, the company highlighted MS gains across ceiling fans, TPW fans, and air coolers, outperforming the industry which saw a sharper 11% decline; early recovery signs were visible in July, supported by improving offtake and ongoing channel inventory correction.

Fans

- During the quarter, the company reiterated its focus on premiumisation through innovation-led launches like Fluido, NITEO, and Nucleoid.
- Demand for BLDC fans under the Nucleus platform outpaced supply, with Crompton maintaining its No. 2 position in the category and aiming to become the market leader. Maintained focus on expanding the BLDC portfolio, with more launches planned in the upcoming quarters to strengthen positioning in energy-efficient solutions.

Appliances

Small Domestic Appliances

- Management highlighted that SDA segment delivered strong double-digit growth in Q1FY26, continuing its consistent 15–18% growth trajectory over the last several quarters. This growth was underpinned by robust demand for mixer grinders and induction cooktops, with management reiterating their commitment to driving category penetration and innovation.

Large Domestic Appliances

- The company introduced an industry-first 2000 TDS-certified anti-scaling technology in water heaters, supported by in-house R&D and innovative efforts. Management emphasised that the product aligns with evolving consumer preferences and strengthens Crompton's differentiation in the category. It was noted that air cooler sales were impacted by the subdued summer, in line with broader seasonally sensitive categories.

Large Kitchen Appliances

- Management reported Rs 150mn in sales from the Large Kitchen Appliances (LKA) portfolio in Q1FY26, citing strong traction in cooktops driven by recent launches and a broadened chimney range; the company noted that LKA is gaining momentum through targeted portfolio expansion and a design-led approach.

Pumps

- Management highlighted that the solar pumps business doubled YoY, led by robust execution and strong order inflows, including Crompton's largest-ever single order worth Rs 1.01 bn from the Maharashtra Energy Development Agency.
- Solar pump opportunity is seen as a structural and long-term growth driver, not solely reliant on subsidies like PM Kustum; Crompton expects demand to sustain even post-subsidy, driven by farmer needs for reliable, low-cost energy access.

- Management explained that despite unseasonal rainfall impacting volumes, Crompton outperformed the industry in both residential and agri pumps, supported by strong execution and channel engagement; solar pump execution remained resilient, with working capital and margins broadly in line with company averages.

Strategic Initiatives & Expansion

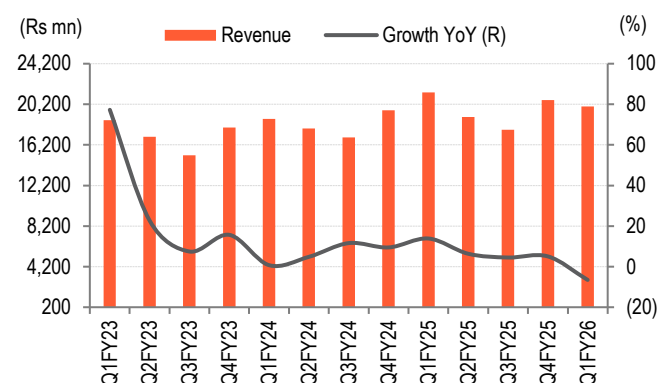
- Management reiterated progress on the solar rooftop foray, following a similar outsourced execution model as solar pumps, with a focus on margin-accretive growth. They also announced a Rs 3.5 billion greenfield manufacturing facility catering to both domestic and export markets, with capex planned over the next 2.5–3 years.

Lighting

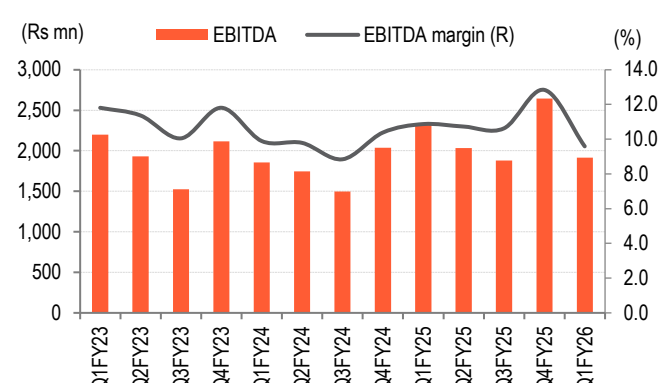
- Management noted strong margin expansion in the lighting business, supported by improved product mix and sustained operational efficiencies.
- It was highlighted that panels have emerged as the largest segment in the lighting portfolio, reflecting a strategic pivot toward higher-value offerings.
- B2B lighting saw double-digit volume growth, driven by commercial floodlights, poles, and industrial project wins, while B2C performance was aided by increased traction in outdoor and decorative, design-led products.

Butterfly Gandhimathi Appliances (BGAL)

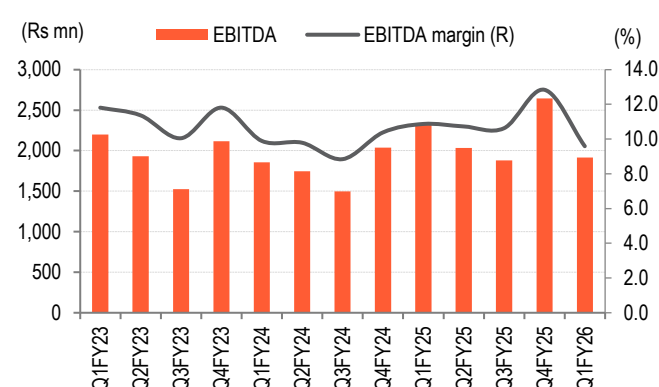
- Management noted strong traction across core categories mixer grinders, gas stoves, and pressure cookers with continued market share gains. Over 40 SKUs were launched under the “Ideas First” innovation series, focused on premium, differentiated products tailored to modern kitchen needs.
- Management unveiled a refreshed brand positioning “Celebrating Change” aimed at appealing to Gen Z and Millennials, aligning with evolving consumer aspirations.
- It was reiterated that the exit trajectory was strong, supporting confidence in delivering double-digit revenue growth in FY26; EBITDA margin improvement guidance of 100 bps was also reaffirmed.

Fig 3 – Revenue growth

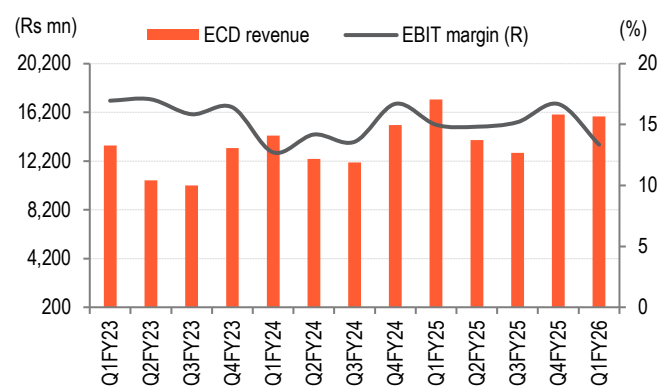
Source: Company, BOBCAPS Research

Fig 4 – EBITDA growth

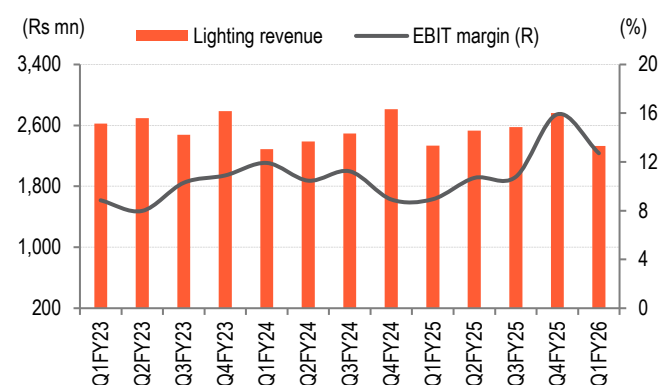
Source: Company, BOBCAPS Research

Fig 5 – Profit growth

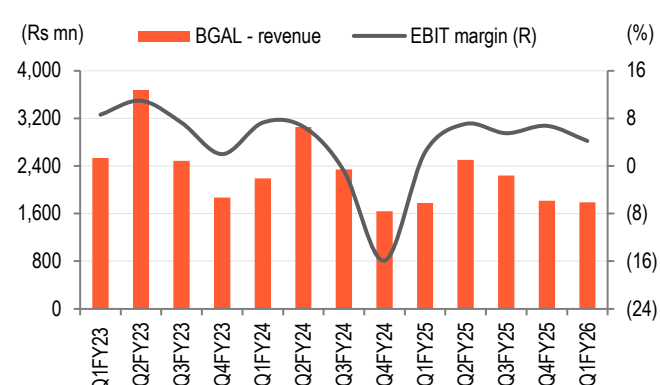
Source: Company, BOBCAPS Research

Fig 6 – ECD business performance

Source: Company, BOBCAPS Research

Fig 7 – Lighting business performance

Source: Company, BOBCAPS Research

Fig 8 – BGAL's performance

Source: Company, BOBCAPS Research

Valuation Methodology

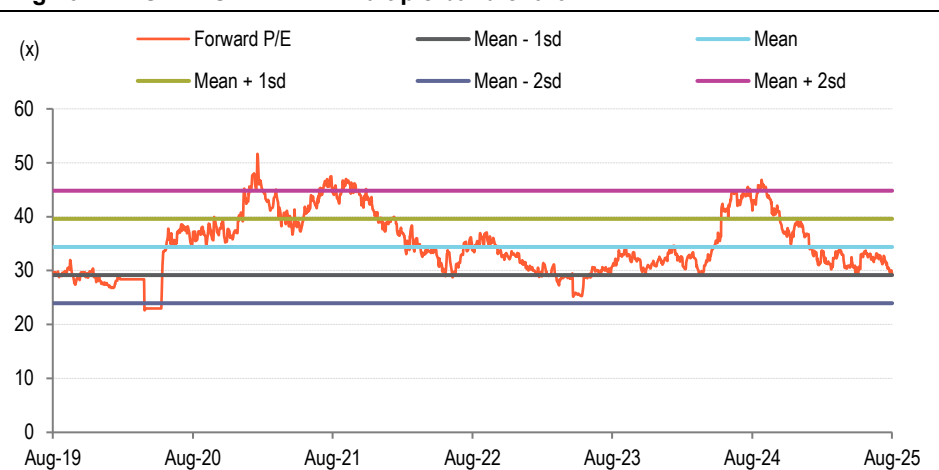
We cut FY26-27E EPS by 7-8% respectively to reflect weakness in the seasonal categories. We introduce FY28E and roll forward to June-26 and arrive at TP of Rs 390, assigning an unchanged multiple of 35x on June-27 EPS. We maintain BUY.

Fig 9 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	81,994	91,403	1,01,217	89,633	1,05,512	NA	(9)	(13)	NA
EBITDA	8,793	10,100	11,280	9,760	11,479	NA	(10)	(12)	NA
PAT	5,759	6,890	7,976	6,208	7,506	NA	(7)	(8)	NA

Source: BOBCAPS Research

Fig 10 – CROMPTON 1YF PE multiple band chart



Source: Company, BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	73,128	78,636	81,994	91,403	1,01,217
EBITDA	7,137	8,882	8,793	10,100	11,280
Depreciation	1,288	1,528	1,724	1,686	1,677
EBIT	5,849	7,354	7,069	8,414	9,603
Net interest inc./(exp.)	792	480	300	318	279
Other inc./(exp.)	674	688	929	1,115	1,338
Exceptional items	0	0	0	0	0
EBT	5,731	7,562	7,699	9,211	10,662
Income taxes	1,313	1,921	1,940	2,321	2,687
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	4,399	5,560	5,759	6,890	7,976
Adjustments	0	0	0	0	0
Adjusted net profit	4,399	5,560	5,759	6,890	7,976

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	13,145	13,948	14,826	16,277	18,025
Other current liabilities	4,174	4,135	4,717	5,259	5,823
Provisions	-	-	-	-	-
Debt funds	6,832	4,786	4,286	3,536	2,786
Other liabilities	2,177	1,952	2,259	3,578	3,578
Equity capital	1,286	1,288	1,288	1,288	1,288
Reserves & surplus	33,204	37,190	41,509	46,676	52,658
Shareholders' fund	34,490	38,478	42,796	47,964	53,945
Total liab. and equities	60,817	63,298	68,885	76,614	84,158
Cash and cash eq.	2,608	3,530	6,198	9,446	14,524
Accounts receivables	7,209	6,912	8,087	9,266	10,260
Inventories	8,304	8,817	10,333	11,269	12,479
Other current assets	8,927	9,565	10,109	12,020	13,311
Investments	-	-	-	-	-
Net fixed assets	32,439	33,151	32,427	32,241	31,565
CWIP	114	142	500	1,000	500
Intangible assets	0	0	0	0	0
Deferred tax assets, net	-	-	-	-	-
Other assets	1,216	1,180	1,231	1,372	1,519
Total assets	60,817	63,298	68,885	76,614	84,158

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	8,434	7,374	5,709	6,543	8,469
Capital expenditures	(805)	(1,028)	(1,000)	(1,500)	(1,000)
Change in investments	-	-	-	-	-
Other investing cash flows	(1,264)	(283)	(102)	678	353
Cash flow from investing	(2,069)	(1,311)	(1,102)	(822)	(647)
Equities issued/Others	893	204	0	0	0
Debt raised/repaid	(4,394)	(4,021)	(500)	(750)	(750)
Interest expenses	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other financing cash flows	(1,912)	(1,930)	(1,440)	(1,722)	(1,994)
Cash flow from financing	(5,413)	(5,747)	(1,940)	(2,472)	(2,744)
Chg in cash & cash eq.	952	316	2,667	3,248	5,078
Closing cash & cash eq.	2,608	3,530	6,198	9,446	14,524

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	6.9	8.6	8.9	10.7	12.4
Adjusted EPS	6.9	8.6	8.9	10.7	12.4
Dividend per share	3.0	3.0	2.2	2.7	3.1
Book value per share	47.2	52.7	59.4	67.4	76.7

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	2.7	2.5	2.4	2.2	2.0
EV/EBITDA	27.8	22.1	22.8	20.1	18.4
Adjusted P/E	46.2	37.0	35.7	29.8	25.8
P/BV	6.8	6.1	5.4	4.7	4.2

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	76.8	73.5	74.8	74.8	74.8
Interest burden (PBT/EBIT)	98.0	102.8	108.9	109.5	111.0
EBIT margin (EBIT/Revenue)	8.0	9.4	8.6	9.2	9.5
Asset turnover (Rev./Avg TA)	2.2	2.4	2.5	2.8	3.2
Leverage (Avg TA/Avg Equity)	1.2	1.0	0.9	0.8	0.7
Adjusted ROAE	15.5	17.4	16.0	16.9	17.2

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	6.5	7.5	4.3	11.5	10.7
EBITDA	(7.4)	24.5	(1.0)	14.9	11.7
Adjusted EPS	(5.0)	26.4	3.6	19.6	15.8

Profitability & Return ratios (%)

EBITDA margin	9.8	11.3	10.7	11.1	11.1
EBIT margin	8.0	9.4	8.6	9.2	9.5
Adjusted profit margin	6.0	7.1	7.0	7.5	7.9
Adjusted ROAE	15.5	17.4	16.0	16.9	17.2
ROCE	15.9	19.5	17.4	18.8	19.4

Working capital days (days)

Receivables	36	32	36	37	37
Inventory	41	41	46	45	45
Payables	66	65	66	65	65

Ratios (x)

Gross asset turnover	2.1	2.1	2.1	2.3	2.5
Current ratio	1.3	1.3	1.5	1.7	1.9
Net interest coverage ratio	7.4	15.3	23.6	26.4	34.5
Adjusted debt/equity	0.1	0.0	0.0	(0.1)	(0.1)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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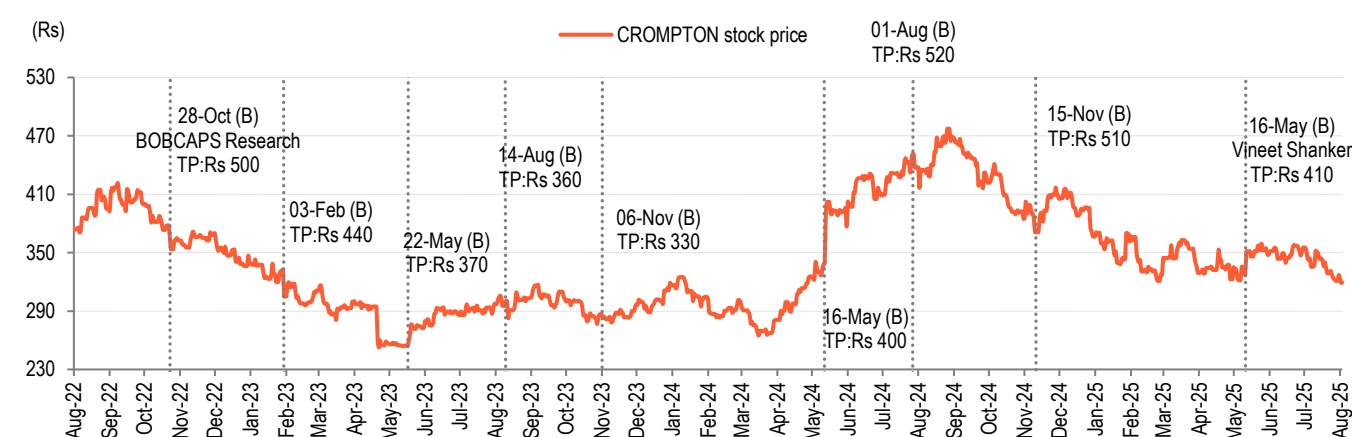
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Note: Recommendation structure changed with effect from 21 June 2021

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Ratings and Target Price (3-year history): CROMPTON GREAVES (CROMPTON IN)



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