BUY
TP: Rs 330 | ∧ 22%

CROMPTON GREAVES | Consumer Durables | 07 August 2026

Margin expansion holds through supply and cost pressure

- **Revenue grew 12% YoY to Rs 22.4 bn, with ECD up 11%, Lighting up 15% and Butterfly up 18%**
- **Gross margin down 90bps YoY to 31.2% on commodity inflation; lower ad spends and operating leverage lifted EBITDA margin 40bps YoY**
- **We assign 30x multiple on Jun'28E EPS to arrive at Jun'27TP of Rs 330, Maintain BUY**

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EBITDA beats on lower brand spends: Q1FY27 revenue grew 12% YoY to Rs 22.4 bn while EBITDA grew 17% YoY to Rs 2.2 bn, 9% above our estimate, with margin at 10.0% (+40bps YoY) aided by an 18% YoY reduction in advertising and sales promotion spend and by operating leverage. Adj. PAT rose 15% YoY to Rs 1.4 bn, 8% ahead of estimate, with EPS at Rs 2.2.

ECD growth broad-based; BLDC scales sharply: ECD revenue grew 11% YoY to Rs 17.5 bn, with fans led by BLDC (+44% YoY) followed by TPW and ceiling fans despite supply constraints. Domestic appliances grew double digits on water heaters, while pumps grew across categories with market share gains and the B2C solar pumps rollout. EBIT grew 12% YoY to Rs 2.4 bn (margin at 13.5%, +18bps YoY) on pricing interventions and operating leverage.

Lighting growth accelerates; B2B contracts weigh on margin: Lighting revenue grew 15% YoY to Rs 2.7 bn on double-digit growth in both B2C and B2B category. B2C was led by ceiling lights, new product introductions and the outdoor street/flood range, while B2B by commercial followed by industrial and street. EBIT grew 9% YoY to Rs 323 mn with margin at 12.0% (-68bps YoY), as pre-contracted B2B order rates carried elevated input costs, partly offset by B2C margin expansion.

Butterfly sustains growth at flat margin: Butterfly revenue grew 18% YoY to Rs 2.1 bn on growth across offline and online channels, market share gains in mixer grinders, pressure cookers and glass cooktops, and relaunches in induction, infrared cooktops and electric rice cookers. EBIT grew 18% YoY to Rs 90 mn, with margin flat YoY at 4.2%, as price hikes and operating leverage offset input cost escalation.

Tweak estimates, Maintain BUY: We have marginally revised (1-3%) our FY27-29E estimates to factor in the current performance. We estimate Crompton to deliver 11%/12%/16% revenue/EBITDA/PAT CAGR over FY26-29E. We assign 30x (unchanged) to June28E EPS to arrive at June-27TP of Rs 330. Maintain BUY.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	CROMPTON IN/Rs 270
Market cap	US$ 1.8bn
Free float	100%
3M ADV	US$ 9.6mn
52wk high/low	Rs 338/Rs 217
Promoter/FPI/DII	0%/40%/44%

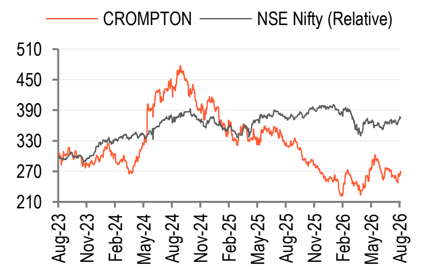
Source: NSE | Price as of 6 Aug 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	80,955	91,200	1,01,666
EBITDA (Rs mn)	8,274	8,910	10,202
Adj. net profit (Rs mn)	5,143	5,713	6,816
Adj. EPS (Rs)	8.0	8.9	10.6
Adj. ROAE (%)	16.2	18.0	18.7
Adj. P/E (x)	33.8	30.4	25.5
EV/EBITDA (x)	20.6	19.1	16.5
Adj. EPS growth (%)	(7.5)	11.1	19.3

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Q1FY27 Financial Snapshot

Particulars (Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Q1FY27E	Var (%)
Revenue	22,350	19,983	12	22,833	(2)	22,528	(1)
Gross Profit	6,981	6,424	9	7,214	(3)	6,984	(0)
Gross Margin (%)	31.2	32.1	(90)	31.6	(40)	31.0	23bps
EBITDA	2,245	1,917	17	2,707	(17)	2,058	9
EBITDA Margin (%)	10.0	9.6	40bps	11.9	(180bps)	9.1	91bps
Depreciation	452	395		447		450	1
Interest	97	98		94		65	49
Other Income	218	237		158		225	(3)
PBT	1,913	1,661	15	2,324	(17.7)	1,768	8
Tax	486	422		475		445	9
Adjusted PAT	1,427	1,239	15	1,850	(22.9)	1,323	8
Exceptional item	-	-		7,160		0	
Reported PAT	1,427	1,239	15	(5,311)	(126.9)	1,323	8
Adj. PAT Margin (%)	6.4	6.2	20bps	8.1	(170bps)	5.9	51bps
EPS (Rs)	2.2	1.9	15	2.9	(22.8)	2.1	7.9

Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

(Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Segment revenue					
ECD	17,541	15,863	11	17,553	0
Lighting	2,688	2,330	15	3,156	(15)
Butterfly Gandhimathi	2,121	1,791	18	2,123	0
EBIT					
ECD	2,372	2,116	12	2,724	(13)
EBIT Margin (%)	13.5	13.3	18bps	15.5	(199bps)
Lighting	323	296	9	384	(16)
EBIT Margin (%)	12.0	12.7	(68bps)	12.2	(15bps)
Butterfly Gandhimathi	90	76	18	131	(32)
EBIT Margin (%)	4.2	4.2	0bps	6.2	(194bps)

Source: Company, BOBCAPS Research

Earnings Call Highlights

- Management quantified the supply disruption at Rs 2.0 bn of lost primary sales, largely in fans and ECD but extending to lighting, and characterised availability rather than pricing as the binding constraint. It stated the issues stabilised around end-June, with July back to normal and a strong start to Q2.
- Management does not intend to revisit its lean-inventory, asset-light model on account of what it termed a one-off, though it would review course corrections if required.

Fans

- Management stated that premium fans on the induction side are expected to provide impetus from Q2-Q3 onwards. On the BEE doubling transition, management believes Crompton is positioned to consolidate share at the entry segment, on the view that competitors may not be able to absorb and pass back the incremental cost.

Appliances

- Management stated that water heaters now command clear leadership in volume terms in general trade, having performed in both trade and e-commerce channels.
- In SDA, management indicated the business has been among the fastest growing over the last six quarters, and that material pricing action taken there has raised profit margins manifold, though it did not disclose the figure.

Pumps & Solar

- The solar rooftop order book stands at ~Rs 5.0 bn, of which ~Rs 4.5 bn is expected to execute over the next six to eight months, the bulk being an Andhra Pradesh contract covering ~38,000 rooftops in SC/ST homes. Revenue is recognised on installation completion, which management expects to convert largely in Q2, with the government paying 40% upfront and the balance from MNRE. In solar pumps, government payment pace has stepped up over the last two quarters and into July; monsoon affects installation rather than demand.
- On renewables, management stated gross margin is lower than the core business but EBITDA margin is similar to the company level, as installation is outsourced to a partner bearing costs below the gross margin line. These businesses do not run on negative working capital, though ROCE remains satisfactory.

Lighting

- Management reiterated a material change in trajectory in lighting, with growth in both B2B and B2C, and indicated the segment would have grown faster still but for supply constraints. B2C margins continued to expand.

Butterfly Gandhimathi

- Management attributed the growth gap versus peers to limited participation in induction cooktops and to gas cylinder supply issues that held back gas stove offtake from oil marketing companies, and characterised its approach as back-to-basics growing core product portfolio and channels while de-emphasising episodic revenue streams, with auxiliary categories to be accelerated only from Q2 onwards.

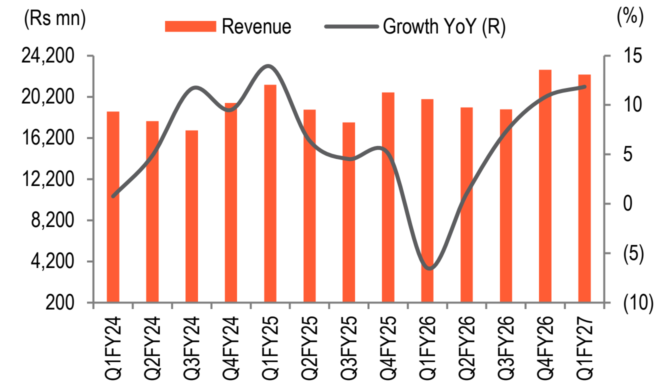
Wires

- Crompton Armor is now present in ~14 towns and cities across Tamil Nadu and Karnataka, with further expansion planned.

Capital allocation

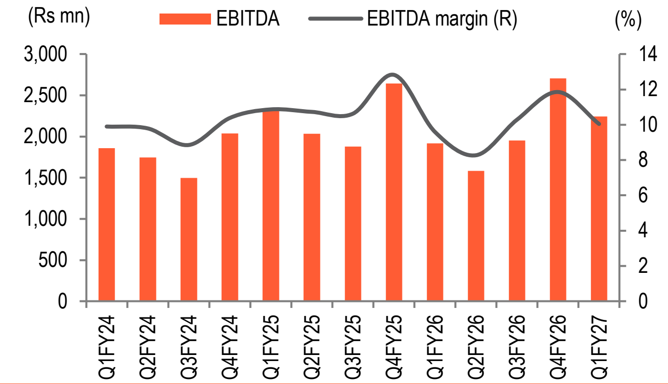
- Management reiterated a mix of in-house and outsourced manufacturing, citing capacity expansion at Baddi as an example of low-investment capacity addition. No manufacturing is planned for wires at present.
- The previously announced greenfield manufacturing location, including a large warehousing unit, will involve spend of ~Rs 3.5 bn over the next two to three years; regular capex trends are otherwise expected to hold.

Fig 3 – Revenue growth



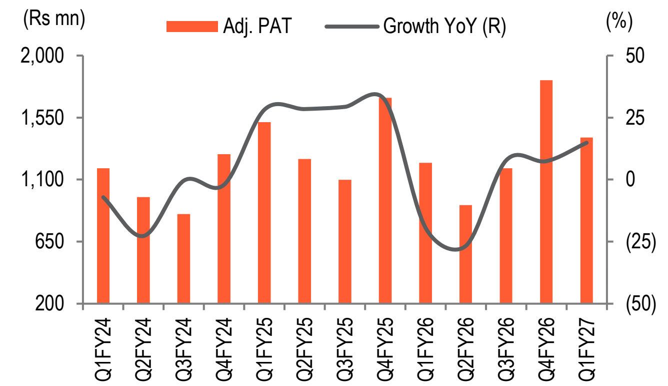
Source: Company, BOBCAPS Research

Fig 4 – EBITDA growth



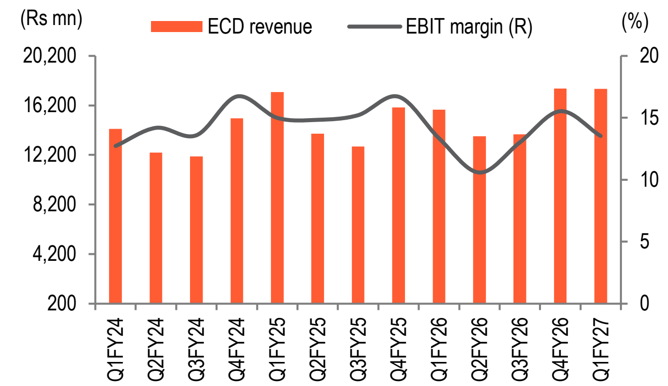
Source: Company, BOBCAPS Research

Fig 5 – Profit growth



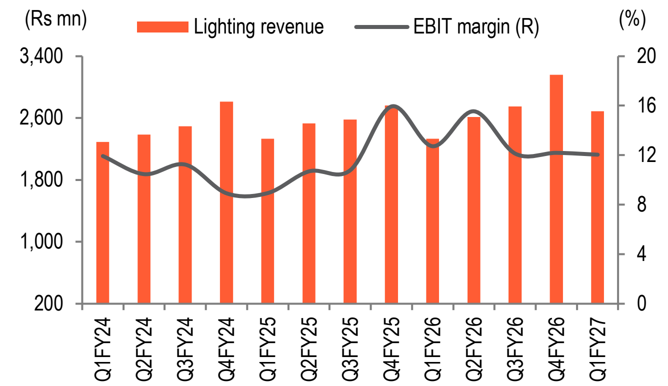
Source: Company, BOBCAPS Research

Fig 6 – ECD business performance



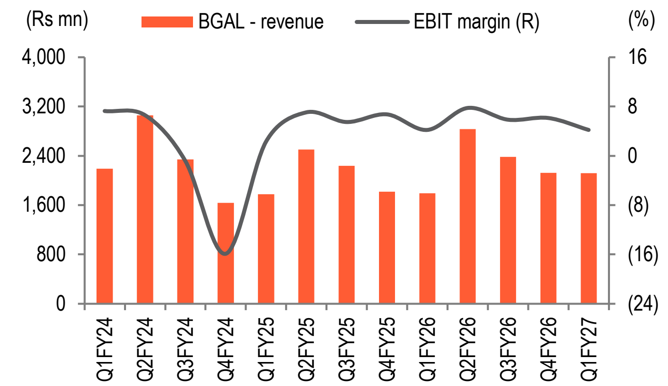
Source: Company, BOBCAPS Research

Fig 7 – Lighting business performance



Source: Company, BOBCAPS Research

Fig 8 – BGAL's performance

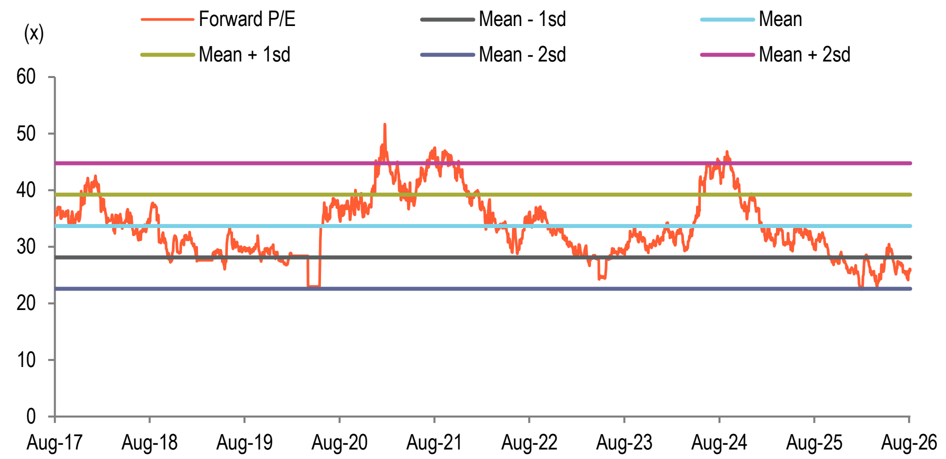


Source: Company, BOBCAPS Research

Valuation methodology

We have marginally revised our FY27-29E estimates to factor in the current performance. We estimate Crompton to deliver 11%/12%/16% revenue/EBITDA/PAT CAGR over FY26-29E. We assign 30x (unchanged) to June28E EPS to arrive at June-27TP of Rs 330. Maintain BUY.

Fig 9 – CROMPTON 1YF P/E band chart



Source: Company, BOBCAPS Research

Fig 10 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	91,200	1,01,666	1,09,904	92,265	1,04,369	1,12,825	(1)	(3)	(3)
EBITDA	8,910	10,202	11,528	8,931	10,444	11,810	0	(2)	(2)
EBITDA Margin (%)	9.8	10.0	10.5	9.7	10.0	10.5	9bps	3bps	2bps
PAT	5,713	6,816	7,926	5,751	6,997	8,136	(1)	(3)	(3)

Source: BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**78,636**	**80,955**	**91,200**	**1,01,666**	**1,09,904**
EBITDA	8,882	8,274	8,910	10,202	11,528
Depreciation	1,528	1,718	1,803	1,834	1,842
EBIT	7,354	6,555	7,107	8,369	9,686
Net interest inc./(exp.)	480	440	388	358	358
Other inc./(exp.)	688	656	919	1,103	1,268
Exceptional items	0	0	0	0	0
EBT	7,562	6,771	7,637	9,113	10,596
Income taxes	1,921	1,515	1,925	2,296	2,670
Extraordinary items	0	7,564	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**5,560**	**(2,422)**	**5,713**	**6,816**	**7,926**
Adjustments	0	7,564	0	0	0
Adjusted net profit	**5,560**	**5,143**	**5,713**	**6,816**	**7,926**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	13,948	18,497	16,241	18,105	19,572
Other current liabilities	4,135	4,278	5,247	5,849	6,323
Provisions	-	-	-	-	-
Debt funds	4,389	1,494	1,494	1,494	1,494
Other liabilities	1,952	1,702	3,578	3,578	3,578
Equity capital	1,288	1,288	1,288	1,288	1,288
Reserves & surplus	37,190	33,069	37,353	42,465	48,410
Shareholders' fund	38,478	34,357	38,641	43,753	49,697
Total liab. and equities	**63,298**	**60,826**	**65,699**	**73,277**	**81,162**
Cash and cash eq.	3,530	1,839	1,486	5,567	10,386
Accounts receivables	6,912	10,846	11,244	12,534	13,550
Inventories	8,817	7,442	12,493	13,927	15,055
Other current assets	9,565	13,050	11,993	13,370	14,453
Investments	-	-	-	-	-
Net fixed assets	5,916	6,218	5,915	5,581	5,239
CWIP	142	88	1,000	500	500
Intangible assets	27,236	19,564	19,564	19,564	19,564
Deferred tax assets, net	-	-	-	-	-
Other assets	1,180	1,778	2,003	2,233	2,414
Total assets	**63,298**	**60,826**	**65,699**	**73,277**	**81,162**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**7,374**	**7,235**	**1,837**	**7,015**	**8,481**
Capital expenditures	(1,028)	(795)	(1,500)	(1,500)	(1,500)
Change in investments	-	-	-	-	-
Other investing cash flows	(283)	(951)	738	270	(181)
Cash flow from investing	**(1,311)**	**(1,746)**	**(762)**	**(1,230)**	**(1,681)**
Equities issued/Others	204	24	0	0	0
Debt raised/repaid	(4,021)	(3,000)	0	0	0
Interest expenses	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other financing cash flows	(1,930)	(3,018)	(1,428)	(1,704)	(1,981)
Cash flow from financing	**(5,747)**	**(5,994)**	**(1,428)**	**(1,704)**	**(1,981)**
Chg in cash & cash eq.	**316**	**(505)**	**(353)**	**4,081**	**4,819**
Closing cash & cash eq.	**3,530**	**1,839**	**1,486**	**5,567**	**10,386**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	8.6	(3.8)	8.9	10.6	12.3
Adjusted EPS	8.6	8.0	8.9	10.6	12.3
Dividend per share	3.0	3.0	2.2	2.6	3.1
Book value per share	52.7	46.1	52.7	60.7	69.9

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	2.2	2.1	1.9	1.7	1.5
EV/EBITDA	19.5	20.6	19.1	16.5	14.3
Adjusted P/E	31.3	33.8	30.4	25.5	21.9
P/BV	5.1	5.9	5.1	4.5	3.9

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	73.5	75.9	74.8	74.8	74.8
Interest burden (PBT/EBIT)	102.8	103.3	107.5	108.9	109.4
EBIT margin (EBIT/Revenue)	9.4	8.1	7.8	8.2	8.8
Asset turnover (Rev./Avg TA)	4.1	13.3	15.0	17.7	20.3
Leverage (Avg TA/Avg Equity)	0.6	0.2	0.2	0.2	0.1
Adjusted ROAE	17.4	16.2	18.0	18.7	18.9

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	7.5	2.9	12.7	11.5	8.1
EBITDA	24.5	(6.8)	7.7	14.5	13.0
Adjusted EPS	26.4	(7.5)	11.1	19.3	16.3
Profitability & Return ratios (%)					
EBITDA margin	11.3	10.2	9.8	10.0	10.5
EBIT margin	9.4	8.1	7.8	8.2	8.8
Adjusted profit margin	7.1	6.4	6.3	6.7	7.2
Adjusted ROAE	17.4	16.2	18.0	18.7	18.9
ROCE	20.2	19.7	22.3	22.7	22.7
Working capital days (days)					
Receivables	32	49	45	45	45
Inventory	41	34	50	50	50
Payables	65	83	65	65	65
Ratios (x)					
Gross asset turnover	3.3	6.7	6.6	6.6	6.5
Current ratio	1.3	1.4	1.7	1.8	2.0
Net interest coverage ratio	15.3	14.9	18.3	23.3	27.0
Adjusted debt/equity	0.0	0.0	0.0	(0.1)	(0.1)

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

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Note: Recommendation structure changed with effect from 21 June 2021

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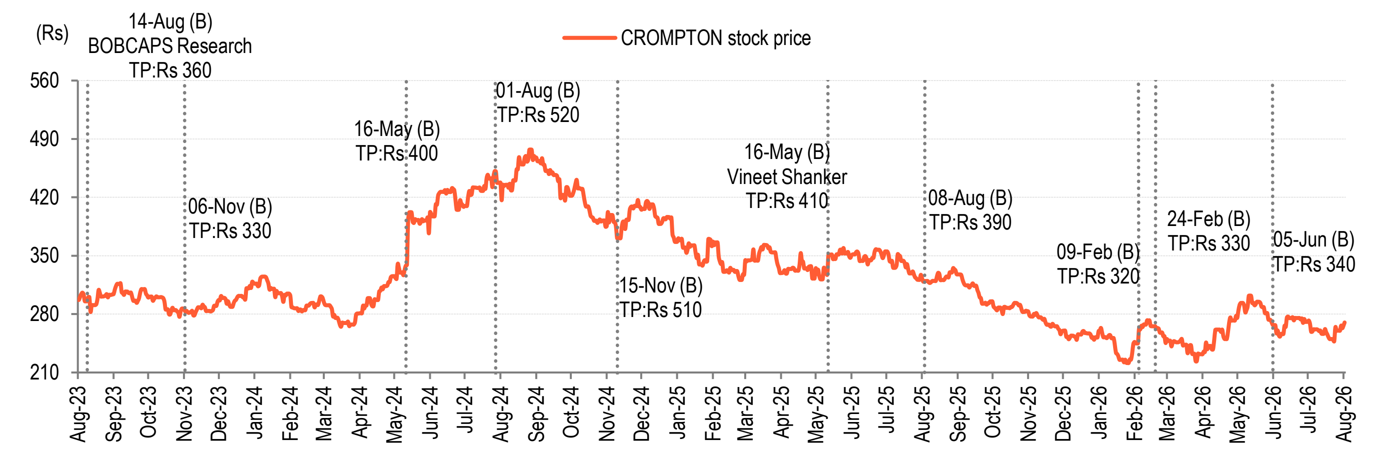

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