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TRUST | INNOVATION | EXCELLENCE

BUY
TP: Rs 390 | ⮝ 40%

CROMPTON GREAVES | Consumer Durables | 07 November 2025

Operating performance disappoints; solar biz scaling up

- **Misses estimates; revenue/EBITDA was 2%/17% below our estimates (3%/20% below consensus)**
- **Revenue grew 1% YoY, led by 3% YoY growth in Lighting, while ECD declined 2% YoY. BGAL revenue grew 13% YoY**
- **We cut estimates, roll forward to Sept-26 TP with an unchanged 35x multiple to arrive at TP of Rs 390; maintain BUY**

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Misses estimates; commodity cost inflation, product mix and new initiatives costs weigh on margins: Q2 revenue/EBITDA/PAT were 2%/17%/22% below estimates, weighed down by a weak demand for seasonal categories and sharp EBIT compression in ECD. Revenue rose a modest 1% YoY to Rs 19.2bn, driven by continued market-share gains, despite the sequential softness in fans, coolers and TPW. EBITDA margin contracted 250bps YoY to 8.3% on rising commodity costs, negative operating leverage and transformation-related spends, while adjusted PAT declined 25% YoY to Rs 958mn.

Weak seasonal performance drags ECD; Lighting margins continue to improve: ECD revenue declined 2% YoY (-14% QoQ) as coolers, TPW fans and pumps remained under pressure due to unseasonal rainfall and a softer summer. EBIT contracted 30% YoY with EBIT margin slipping 425bps YoY to 10.6%, reflecting weak operating leverage and higher expenses on newer initiatives (solar rooftop business). Also, the mix remained unfavourable as seasonal categories formed a lower share of revenue. Lighting revenue grew 3% YoY, aided by healthy traction in B2B across floodlights, industrial luminaires and project wins. EBIT surged 50% YoY to Rs 405mn, with margin expanding 484bps YoY to 15.5%, driven by optimised manufacturing costs, reduced exposure to legacy lower-margin lamps/battens and a higher-value portfolio shift.

BGAL performance firm; mix drives margin gains: BGAL sustained healthy momentum, delivering 13.6% YoY revenue growth on the back of strong channel execution and new product launches. EBIT rose 25% YoY, with margin improving 71bps to 7.8%, supported by operating leverage and a better product mix. Growth in the Crompton kitchen business also remained robust, reinforcing BGAL's improving execution.

Cut estimates, maintain BUY: We cut FY27-28E EPS by 3-5% respectively to reflect weakness in profitability, also expect some pressure on margin to continue while setting up solar rooftop business. We roll forward to Sep-26 and arrive at TP of Rs 390, assigning an unchanged multiple of 35x on Sep-27 EPS. Maintain BUY.

Key changes

Target	Rating
◀ ▶	◀ ▶

Ticker/Price	CROMPTON IN/Rs 279
Market cap	US$ 2.0bn
Free float	100%
3M ADV	US$ 8.9mn
52wk high/low	Rs 419/Rs 276
Promoter/FPI/DII	0%/40%/44%

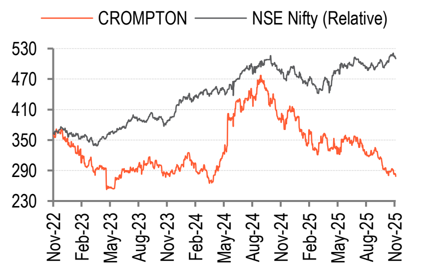
Source: NSE | Price as of 6 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	78,636	80,729	91,211
EBITDA (Rs mn)	8,882	7,513	9,620
Adj. net profit (Rs mn)	5,560	4,801	6,530
Adj. EPS (Rs)	8.6	7.5	10.1
Consensus EPS (Rs)	9.5	12.0	15.0
Adj. ROAE (%)	17.4	13.4	16.3
Adj. P/E (x)	32.3	37.4	27.5
EV/EBITDA (x)	20.3	23.6	18.1
Adj. EPS growth (%)	26.4	(13.6)	36.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly & H1FY26 performance

(Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)	Q2FY26E	Var (%)
Revenue	19,156	18,960	1	19,983	(4)	39,139	40,337	(3)	19,509	(2)
EBITDA	1,584	2,034	(22)	1,917	(17)	3,501	4,358	(20)	1,902	(17)
EBITDA Margin (%)	8.3	10.7	(250bps)	9.6	(130bps)	8.9	10.8	(190bps)	9.8	(148bps)
Depreciation	440	382		395		835	753		405	9
Interest	52	120		98		150	276		65	(21)
Other Income	134	175		237		371	413		200	(33)
PBT	1,226	1,707	(28)	1,661	(26.2)	2,887	3,742	(23)	1,632	(25)
Tax	268	427		422		690	938		411	(35)
Adjusted PAT	958	1,281	(25)	1,239	(22.7)	2,138	2,766	(23)	1,222	(22)
Exceptional item	204	-		0		204	-		0	
Reported PAT	754	1,281	(41)	1,239	(39.1)	1,935	2,766	(30)	1,222	(38)
Adj. PAT Margin (%)	3.9	6.8	(280bps)	6.2	(230bps)	4.9	6.9	(190bps)	6.3	(232bps)
EPS (Rs)	1.5	2.0	(26)	1.9	(22.7)	3.4	4.4	(22)	0.0	#DIV/0!

Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

(Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Segment revenue								
ECD	13,712	13,927	(2)	15,863	(14)	29,574	31,193	(5)
Lighting	2,611	2,531	3	2,330	12	4,940	4,865	2
Butterfly Gandhimathi	2,834	2,502	13	1,791	58	4,625	4,279	8
EBIT								
ECD	1,450	2,064	(30)	2,116	(32)	3,566	4,651	(23)
EBIT Margin (%)	10.6	14.8	(425bps)	13.3	(277bps)	12.1	14.9	(285bps)
Lighting	405	271	50	296	37	702	479	46
EBIT Margin (%)	15.5	10.7	484bps	12.7	282bps	14.2	9.8	435bps
Butterfly Gandhimathi	221	177	25	76	192	296	218	36
EBIT Margin (%)	7.8	7.1	71bps	4.2	357bps	6.4	5.1	131bps

Source: Company, BOBCAPS Researc

Earnings Call Highlights

- The company noted that despite a seasonally weak quarter for coolers and TPW fans, volumes grew ~3% YoY, supported by continued market-share gains across key categories. Pricing actions have commenced to mitigate raw-material inflation, with further improvements expected as the mix normalises through festive period.
- Management highlighted strong traction in the solar portfolio, with rooftop order bookings of ~Rs 5bn. Rooftop business is a structural growth driver with healthy ROCE characteristics and low working-capital intensity.

Fans

- The company reiterated focus on profitable growth through premiumisation and innovation, with Nucleoid and other Nucleus-platform BLDC models continuing to scale. BLDC demand was >50% YoY, with strong momentum expected in Q3 as channel stocking stabilises.
- Price increase had already been implemented in late September to counter commodity inflation. Further adjustments likely ahead of the 1 January BEE transition.
- Management reiterated that October trends were encouraging, with ceiling-fan offtake improving sequentially as festive and winter-season retail flows gain pace.

Appliances

Small Domestic Appliances (SDA)

- SDA continued to grow in strong double digits, supported by healthy momentum across the kitchen-appliances.

Large Domestic Appliances (LDA)

- Demand softness in coolers and water heaters, along with elevated inventory in certain channels, weighed on category profitability. However, the company indicated that pricing and mix interventions have been initiated to restore margins in the coming quarters.

Pumps & Solar

- Strong traction in solar pumps, with ~Rs 920mn of solar-pump orders received in the quarter and reiterated that the combined solar portfolio (pumps + rooftop) is expected to scale toward ~Rs 20bn over the next 18–24 months.
- Solar pumps were emphasised to remain structurally attractive with strong unit economics and do not solely rely on subsidies. The company indicated that PM-KUSUM 2.0 is expanding the market opportunity, enabling sustained penetration in rural and agri segments. Management noted that channel engagement in agri and residential pumps remained strong despite the unseasonal rainfall, enabling the company to outperform the broader market.
- Rooftop + solar pumps together are targeted to scale towards ~Rs 20bn in revenue over the next 18-24 months.

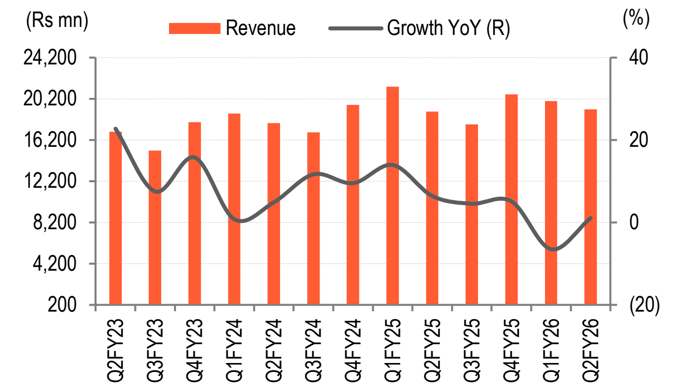
Lighting

- Management reported that Lighting delivered ~3% revenue growth with ~50% EBIT growth, driven by mix improvements, better cost structures and a sharper focus on high-value categories.
- Panels have become the largest B2C segment, supported by strong momentum in industrial and commercial lighting (floodlights, streetlights, and project wins).

Butterfly Gandhimathi Appliances (BGAL)

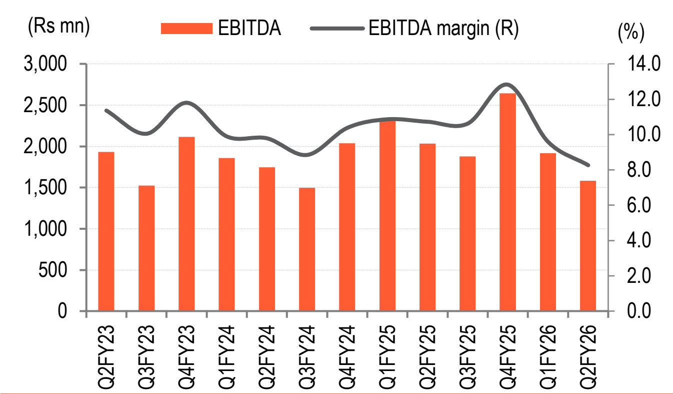
- Strong traction in BGAL driven by channel execution and new product launches, resulting in 13.6% revenue growth and 21% EBITDA growth.
- Broader kitchen-appliances platform continued to gain traction, reflecting healthy momentum across newly introduced products and sustained improvement in execution.

Fig 3 – Revenue growth



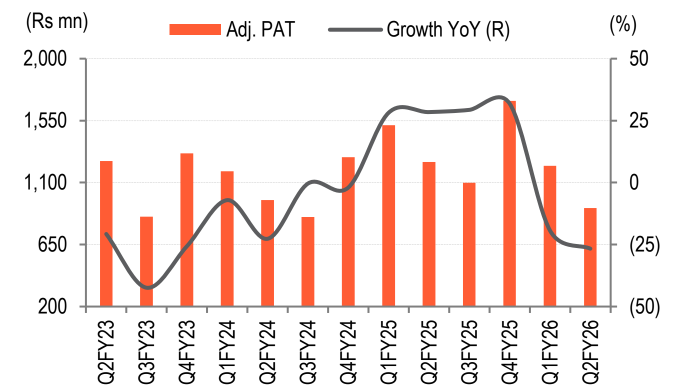
Source: Company, BOBCAPS Research

Fig 4 – EBITDA growth



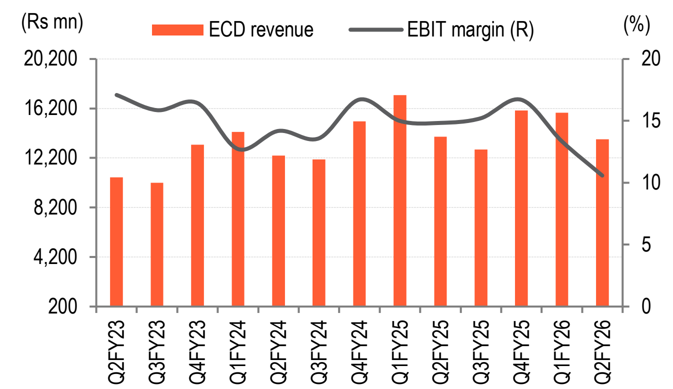
Source: Company, BOBCAPS Research

Fig 5 – Profit growth



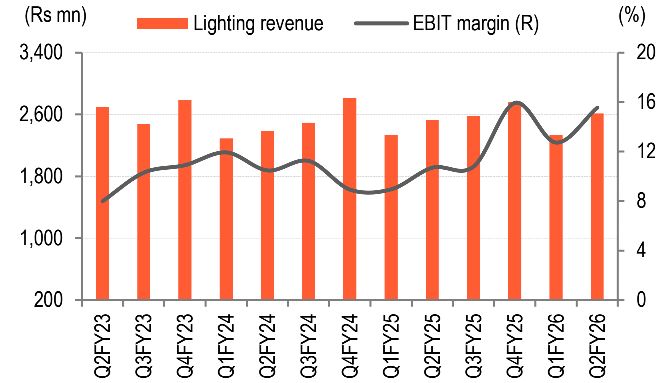
Source: Company, BOBCAPS Research

Fig 6 – ECD business performance



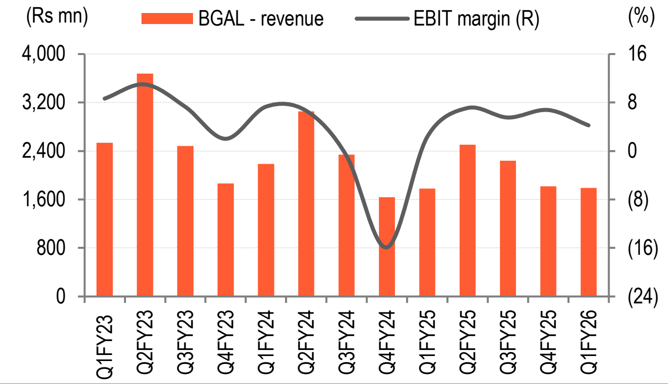
Source: Company, BOBCAPS Research

Fig 7 – Lighting business performance



Source: Company, BOBCAPS Research

Fig 8 – BGAL's performance



Source: Company, BOBCAPS Research

Valuation Methodology

We cut FY27-28E EPS by 3-5% respectively to reflect weakness in profitability. Also expect some pressure on the margin to continue while setting up the solar rooftop business. We roll forward to Sep'26 and arrive at a TP of Rs 390, assigning an unchanged multiple of 35x on Sep-27 EPS. Maintain BUY.

Fig 9 – CROMPTON 1YF P/E

Source: Company, BOBCAPS Research

Fig 10 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	80,729	91,211	1,01,700	81,994	91,403	1,01,217	(2)	0	0
EBITDA	7,513	9,620	10,970	8,793	10,100	11,280	(15)	(5)	(3)
EBITDA margin (%)	9.3	10.5	10.8	10.7	11.1	11.1	(142bps)	(50bps)	(36bps)
PAT	4,801	6,530	7,744	5,759	6,890	7,976	(17)	(5)	(3)

Source: BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	**73,128**	**78,636**	**80,729**	**91,211**	**1,01,700**
EBITDA	7,137	8,882	7,513	9,620	10,970
Depreciation	1,288	1,528	1,724	1,686	1,677
EBIT	5,849	7,354	5,789	7,934	9,294
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	6,419	8,731	10,353
Income taxes	1,313	1,921	1,617	2,200	2,609
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**4,399**	**5,560**	**4,801**	**6,530**	**7,744**
Adjustments	0	0	0	0	0
Adjusted net profit	**4,399**	**5,560**	**4,801**	**6,530**	**7,744**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	13,145	13,948	14,597	16,243	18,111
Other current liabilities	4,174	4,135	4,645	5,248	5,851
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	40,791	45,689	51,497
Shareholders' fund	34,490	38,478	42,078	46,976	52,784
Total liab. and equities	**60,817**	**63,298**	**67,865**	**75,581**	**83,110**
Cash and cash eq.	2,608	3,530	5,416	8,485	13,855
Accounts receivables	7,209	6,912	8,183	9,246	9,752
Inventories	8,304	8,817	10,174	11,245	12,538
Other current assets	8,927	9,565	9,953	11,995	13,374
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	1,212	1,369	1,526
Total assets	**60,817**	**63,298**	**67,865**	**75,581**	**83,110**

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	**8,434**	**7,374**	**4,669**	**6,290**	**8,713**
Capital expenditures	(805)	(1,028)	(1,000)	(1,500)	(1,000)
Change in investments	-	-	-	-	-
Other investing cash flows	(1,264)	(283)	(83)	662	343
Cash flow from investing	**(2,069)**	**(1,311)**	**(1,083)**	**(838)**	**(657)**
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)	(1,200)	(1,633)	(1,936)
Cash flow from financing	**(5,413)**	**(5,747)**	**(1,700)**	**(2,383)**	**(2,686)**
Chg in cash & cash eq.	**952**	**316**	**1,886**	**3,069**	**5,370**
Closing cash & cash eq.	**2,608**	**3,530**	**5,416**	**8,485**	**13,855**

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	6.9	8.6	7.5	10.1	12.0
Adjusted EPS	6.9	8.6	7.5	10.1	12.0
Dividend per share	3.0	3.0	1.9	2.5	3.0
Book value per share	47.2	52.7	58.3	65.9	74.9

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	2.5	2.3	2.2	1.9	1.7
EV/EBITDA	25.8	20.3	23.6	18.1	15.4
Adjusted P/E	40.3	32.3	37.4	27.5	23.2
P/BV	5.9	5.3	4.8	4.2	3.7

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	110.9	110.0	111.4
EBIT margin (EBIT/Revenue)	8.0	9.4	7.2	8.7	9.1
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	13.4	16.3	17.1

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	6.5	7.5	2.7	13.0	11.5
EBITDA	(7.4)	24.5	(15.4)	28.0	14.0
Adjusted EPS	(5.0)	26.4	(13.6)	36.0	18.6
Profitability & Return ratios (%)					
EBITDA margin	9.8	11.3	9.3	10.5	10.8
EBIT margin	8.0	9.4	7.2	8.7	9.1
Adjusted profit margin	6.0	7.1	5.9	7.2	7.6
Adjusted ROAE	15.5	17.4	13.4	16.3	17.1
ROCE	15.9	19.5	14.4	18.1	19.2
Working capital days (days)					
Receivables	36	32	37	37	35
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	19.3	24.9	33.4
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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SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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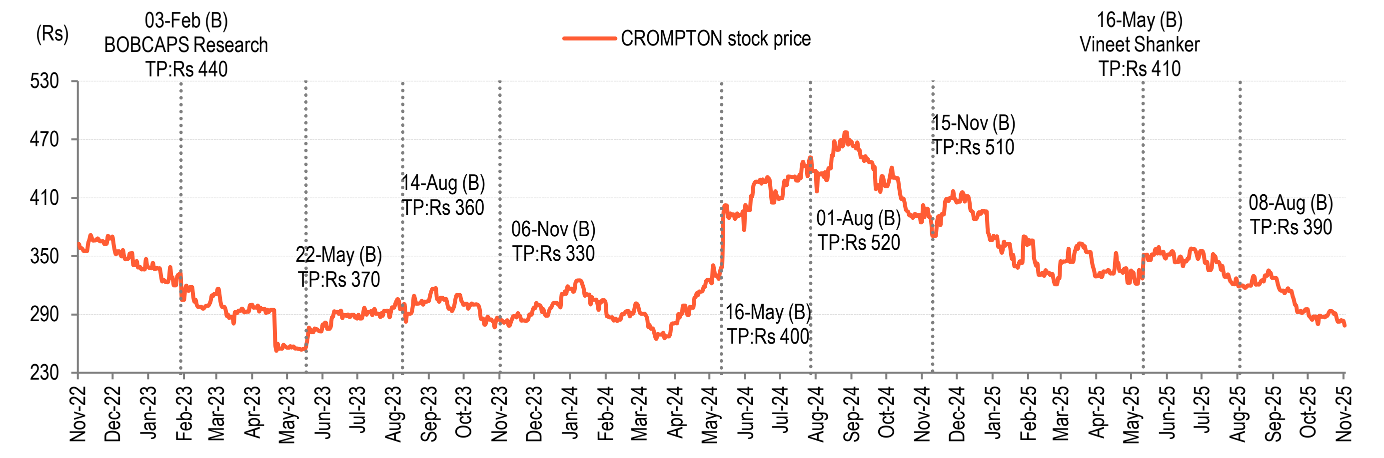
Ratings and Target Price (3-year history): CROMPTON GREAVES (CROMPTON IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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