

## Crompton Greaves Consumer

*Broad-based growth, forays into wires; maintain BUY*

A 17.8% EBITDA beat was driven by broad-based growth and controlled SG&A despite RM headwinds, with ECD growth in line with the industry and lighting sustaining industry-leading margins supported by healthy growth in existing products and NPD; while Butterfly underperformed TTK Prestige, it outperformed Stovekraft and Sunflame. We model a 9.5% PAT CAGR over FY25–28 due to a high base, with growth expected to accelerate in FY27/FY28 (19.6% PAT CAGR over FY26E–28E) led by improved demand prospects from the El Niño effect, continued Butterfly recovery, and incremental NPD contributions from solar pumps and rooftops and the wires foray, driving a 240bps expansion in RoCE to 20.2%. At 26.4x/21.6x FY27E/FY28E EPS (near –2SD), the stock offers limited downside; We retain a Buy rating with a target price of Rs340 (30x FY28E EPS), as strong brand equity, leadership across key categories, and a superior margin profile versus peers support a valuation premium.

**Beat on margins:** Revenue grew 7.3% y/y (+7.7/-0.2% vs. ARe/BBG estimate). ECD/Lighting/Butterfly grew 7.6/6.7/6.5% y/y, led by growth in pumps, ceiling lights, accessories, cookers and gas stoves. Gross margin fell 111bps y/y to 32.2, while controlled SGA led to 34bps y/y contraction in EBITDA margin to 10.3% (+88bps/+95bps vs. ARe/BBG estimate). EBITDA grew 3.9% y/y. It reported one-time loss of Rs200m due to new labour code related provisioning. APAT grew 3.2% y/y (+21.6/-12.1% vs. ARe/BBG estimate).

**Outlook and Valuation:** We expect growth to accelerate from FY27/28, driven by improved demand prospects due to the El Niño effect, continued Butterfly recovery and incremental contribution from new categories like solar pumps, rooftops and wires foray. Post Q3, we trim EBITDA margin estimate by 83/90/67bps due to RM headwinds. We model expect revenue/PAT to clock 6.5/9.5% CAGR over FY25-28e, translating into 240bps expansion in RoCE to 20.2%. Rolling over our valuation to FY28e, we maintain BUY rating on the stock with a TP of Rs340, valuing it at 30x FY28e EPS, supported by strong brand equity, category leadership, and superior margin profile vs. peers. **Key Risks:** (a) Milder-than-expected summer; and (b) and slower traction in Butterfly.

| Key Financials (Y/E Mar) | FY24   | FY25   | FY26e  | FY27e  | FY28e  |
|--------------------------|--------|--------|--------|--------|--------|
| Sales (Rs m)             | 73,128 | 78,636 | 79,410 | 86,767 | 94,889 |
| Net profit (Rs m)        | 4,399  | 5,559  | 5,091  | 5,986  | 7,293  |
| EPS (Rs)                 | 6.8    | 8.6    | 7.9    | 9.3    | 11.3   |
| P/E (x)                  | 35.8   | 28.4   | 31.0   | 26.4   | 21.6   |
| EV / EBITDA (x)          | 22.6   | 17.7   | 19.6   | 16.7   | 13.8   |
| P/BV (x)                 | 5.3    | 4.7    | 4.4    | 4.2    | 3.9    |
| RoE (%)                  | 14.7   | 16.4   | 14.4   | 16.1   | 18.1   |
| RoCE (%) (post-tax)      | 11.1   | 13.3   | 12.1   | 13.5   | 15.1   |
| Dividend yield (%)       | 1.2    | 1.2    | 2.2    | 2.7    | 2.7    |
| Net debt / equity (x)    | 0.1    | (0.0)  | (0.0)  | (0.1)  | (0.2)  |

Source: Company, Anand Rathi Research

Rating: **BUY**

Target Price (12-mth): Rs.340

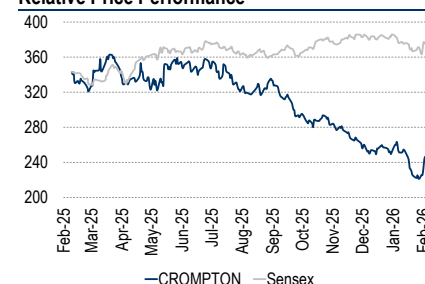
Share Price: Rs.245

| Key Data           | CROMPTON IN / CROP.BO |
|--------------------|-----------------------|
| 52-week high / low | Rs373 / 218           |
| Sensex / Nifty     | 83580 / 25694         |
| Market cap         | Rs163bn               |
| Shares outstanding | 644m                  |

| Shareholding Pattern (%) | Dec'25 | Sep'25 | Jun'25 |
|--------------------------|--------|--------|--------|
| Promoters                | -      | -      | -      |
| - of which, Pledged      | -      | -      | -      |
| Free float               | 100.0  | 100.0  | 100.0  |
| - Foreign institutions   | 20.6   | 25.6   | 29.2   |
| - Domestic institutions  | 65.7   | 61.2   | 58.9   |
| - Public                 | 13.7   | 13.2   | 11.9   |

| Estimates Revision (%) | FY26e | FY27e  | FY28e |
|------------------------|-------|--------|-------|
| Revenue                | (1.8) | (1.9)  | (2.4) |
| EBITDA                 | (9.3) | (9.6)  | (7.8) |
| PAT                    | (9.5) | (11.0) | (8.8) |

### Relative Price Performance



Source: Bloomberg

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## Quick Glance – Financials and Valuations

**Fig 1 – Income Statement (Rs m)**

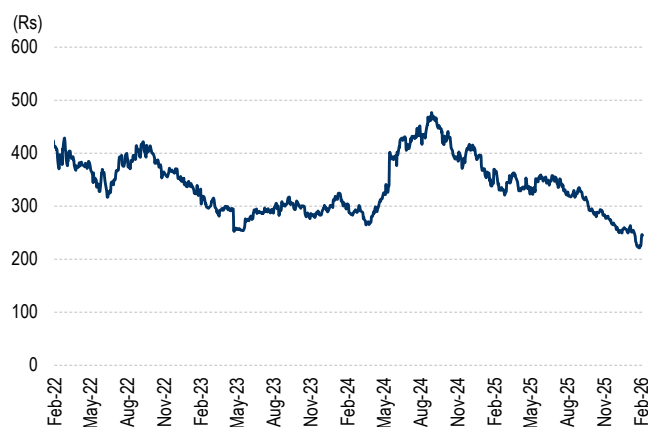
| Y/E Mar                     | FY24          | FY25          | FY26e         | FY27e         | FY28e         |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Net revenues</b>         | <b>73,128</b> | <b>78,636</b> | <b>79,410</b> | <b>86,767</b> | <b>94,889</b> |
| Growth (%)                  | 6.5           | 7.5           | 1.0           | 9.3           | 9.4           |
| Direct costs                | 50,003        | 52,733        | 53,999        | 58,568        | 63,576        |
| Gross margins (%)           | 31.6          | 32.9          | 32.0          | 32.5          | 33.0          |
| SG&A                        | 15,988        | 17,020        | 17,443        | 19,034        | 20,488        |
| <b>EBITDA</b>               | <b>7,137</b>  | <b>8,882</b>  | <b>7,968</b>  | <b>9,165</b>  | <b>10,826</b> |
| EBITDA margins (%)          | 9.8           | 11.3          | 10.0          | 10.6          | 11.4          |
| - Depreciation              | 1,288         | 1,528         | 1,613         | 1,656         | 1,773         |
| Other income                | 674           | 688           | 794           | 868           | 949           |
| Interest expenses           | 792           | 480           | 318           | 217           | 95            |
| PBT                         | 5,731         | 7,562         | 6,831         | 8,160         | 9,906         |
| Effective tax rates (%)     | 22.9          | 25.4          | 24.0          | 25.2          | 25.2          |
| + Associates / (Minorities) | (19)          | (81)          | (100)         | (120)         | (120)         |
| Net income                  | 4,399         | 5,559         | 5,091         | 5,986         | 7,293         |
| <b>Adj. income</b>          | <b>4,399</b>  | <b>5,559</b>  | <b>5,091</b>  | <b>5,986</b>  | <b>7,293</b>  |
| WANS                        | 643.1         | 643.8         | 643.8         | 643.8         | 643.8         |
| <b>FDEPS (Rs)</b>           | <b>6.8</b>    | <b>8.6</b>    | <b>7.9</b>    | <b>9.3</b>    | <b>11.3</b>   |
| FDEPS growth (%)            | (5.0)         | 26.4          | (8.4)         | 17.6          | 21.8          |

**Fig 3 – Cash-flow Statement (Rs m)**

| Y/E Mar                        | FY24         | FY25         | FY26e          | FY27e        | FY28e        |
|--------------------------------|--------------|--------------|----------------|--------------|--------------|
| <b>PBT</b>                     | <b>5,849</b> | <b>7,354</b> | <b>6,354</b>   | <b>7,509</b> | <b>9,052</b> |
| + Non-cash items               | 1,288        | 1,528        | 1,613          | 1,656        | 1,773        |
| Oper. prof. before WC          | 7,137        | 8,882        | 7,968          | 9,165        | 10,826       |
| - Incr. / (decr.) in WC        | 2,553        | 1,215        | 10             | 250          | 276          |
| Others incl. taxes             | (1,313)      | (1,921)      | (1,640)        | (2,054)      | (2,493)      |
| <b>Operating cash-flow</b>     | <b>8,377</b> | <b>8,175</b> | <b>6,338</b>   | <b>7,361</b> | <b>8,608</b> |
| - Capex (tang. + intang.)      | 1,077        | 2,268        | 2,000          | 1,000        | 1,000        |
| <b>Free cash-flow</b>          | <b>7,301</b> | <b>5,907</b> | <b>4,338</b>   | <b>6,361</b> | <b>7,608</b> |
| Acquisitions                   | -            | -            | -              | -            | -            |
| - Div. (incl. buyback & taxes) | 1,929        | 1,931        | 3,541          | 4,185        | 4,185        |
| + Equity raised                | 14           | 1            | -              | -            | -            |
| + Debt raised                  | (3,232)      | (2,992)      | (2,998)        | -            | -            |
| - Fin investments              | 1,409        | 320          | -              | -            | -            |
| - Misc. (CFI + CFF)            | (769)        | (258)        | (376)          | (531)        | (734)        |
| <b>Net cash-flow</b>           | <b>1,513</b> | <b>923</b>   | <b>(1,825)</b> | <b>2,707</b> | <b>4,158</b> |

Source: Company, Anand Rathi Research (# - Butterfly Gandhimati being consolidated)

**Fig 5 – Price Movement**



Source: Bloomberg

**Fig 2 – Balance Sheet (Rs m)**

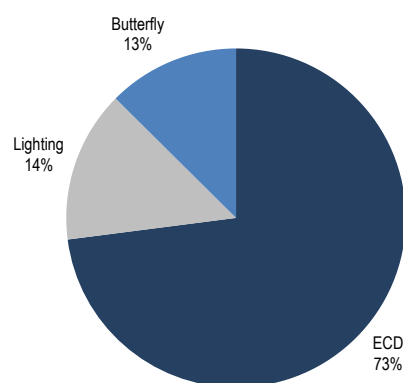
| Y/E Mar                     | FY24          | FY25          | FY26e         | FY27e         | FY28e         |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| Share capital               | 1,286         | 1,288         | 1,288         | 1,288         | 1,288         |
| Net worth                   | 29,996        | 33,901        | 35,451        | 37,253        | 40,361        |
| Debt                        | 5,990         | 2,998         | -             | -             | -             |
| Minority interest           | 4,494         | 4,576         | 4,576         | 4,576         | 4,576         |
| DTL / (Assets)              | 99            | (129)         | (129)         | (129)         | (129)         |
| <b>Capital employed</b>     | <b>40,579</b> | <b>41,347</b> | <b>39,899</b> | <b>41,700</b> | <b>44,808</b> |
| Net tangible assets         | 4,753         | 5,916         | 6,302         | 5,646         | 4,873         |
| Net intangible assets       | 14,831        | 14,381        | 14,381        | 14,381        | 14,381        |
| Goodwill                    | 12,855        | 12,855        | 12,855        | 12,855        | 12,855        |
| CWIP (tang. & intang.)      | 114           | 142           | 142           | 142           | 142           |
| Investments (strategic)     | -             | -             | -             | -             | -             |
| Investments (financial)     | 6,891         | 7,211         | 7,211         | 7,211         | 7,211         |
| Current assets (excl. cash) | 18,765        | 19,135        | 19,339        | 21,131        | 23,109        |
| Cash                        | 2,608         | 3,530         | 1,706         | 4,413         | 8,570         |
| Current liabilities         | 20,238        | 21,822        | 22,037        | 24,079        | 26,333        |
| Working capital             | (1,473)       | (2,688)       | (2,698)       | (2,948)       | (3,223)       |
| <b>Capital deployed</b>     | <b>40,579</b> | <b>41,347</b> | <b>39,899</b> | <b>41,700</b> | <b>44,808</b> |
| Contingent liabilities      | 3,013         | 4,107         | -             | -             | -             |

**Fig 4 – Ratio Analysis**

| Y/E Mar                         | FY24  | FY25  | FY26e | FY27e | FY28e |
|---------------------------------|-------|-------|-------|-------|-------|
| P/E (x)                         | 35.8  | 28.4  | 31.0  | 26.4  | 21.6  |
| EV / EBITDA (x)                 | 22.6  | 17.7  | 19.6  | 16.7  | 13.8  |
| EV / Sales (x)                  | 2.2   | 2.0   | 2.0   | 1.8   | 1.6   |
| P/B (x)                         | 5.3   | 4.7   | 4.4   | 4.2   | 3.9   |
| RoE (%)                         | 14.7  | 16.4  | 14.4  | 16.1  | 18.1  |
| RoCE (%) - after tax            | 11.1  | 13.3  | 12.1  | 13.5  | 15.1  |
| RoIC (%) after tax              | 14.5  | 17.9  | 15.6  | 18.7  | 23.3  |
| DPS (Rs)                        | 3     | 3     | 6     | 7     | 7     |
| Dividend yield (%)              | 1.2   | 1.2   | 2.2   | 2.7   | 2.7   |
| Dividend payout (%) - incl. DDT | 43.9  | 34.7  | 69.6  | 69.9  | 57.4  |
| Net debt / equity (x)           | 0.1   | (0.0) | (0.0) | (0.1) | (0.2) |
| Receivables (days)              | 37    | 33    | 33    | 33    | 33    |
| Inventory (days)                | 41    | 41    | 41    | 41    | 41    |
| Payables (days)                 | 66    | 65    | 65    | 65    | 65    |
| CFO : PAT %                     | 190.4 | 147.0 | 124.5 | 123.0 | 118.0 |

Source: Company, Anand Rathi Research (# - Butterfly Gandhimati being consolidated)

**Fig 6 – Revenue-mix (Q3FY26)**



Source: Company

Fig 7 – Financial Performance

| Particulars (Rs m)  | Q3 FY24       | Q4 FY24       | Q1 FY25       | Q2 FY25       | Q3 FY25       | Q4 FY25       | Q1 FY26       | Q2 FY26       | Q3 FY26       | y/y (%)       | q/q (%)      |
|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| <b>Net sales</b>    | <b>16,927</b> | <b>19,610</b> | <b>21,377</b> | <b>18,960</b> | <b>17,692</b> | <b>20,606</b> | <b>19,983</b> | <b>19,156</b> | <b>18,983</b> | <b>7.3</b>    | <b>(0.9)</b> |
| Gross profit        | 5,499         | 6,258         | 6,816         | 6,204         | 5,891         | 6,991         | 6,424         | 6,050         | 6,110         | 3.7           | 1.0          |
| Margins (%)         | 32.5          | 31.9          | 31.9          | 32.7          | 33.3          | 33.9          | 32.1          | 31.6          | 32.2          | (111) bps     | 60 bps       |
| <b>EBITDA</b>       | <b>1,498</b>  | <b>2,036</b>  | <b>2,324</b>  | <b>2,034</b>  | <b>1,880</b>  | <b>2,644</b>  | <b>1,917</b>  | <b>1,584</b>  | <b>1,953</b>  | <b>3.9</b>    | <b>23.3</b>  |
| Margins (%)         | 8.8           | 10.4          | 10.9          | 10.7          | 10.6          | 12.8          | 9.6           | 8.3           | 10.3          | (34) bps      | 202 bps      |
| Depreciation        | 325           | 350           | 372           | 382           | 379           | 396           | 395           | 440           | 436           | 14.9          | (1.0)        |
| Interest            | 215           | 156           | 155           | 120           | 105           | 100           | 98            | 52            | 84            | (19.9)        | 62.6         |
| Other income        | 167           | 160           | 238           | 175           | 116           | 159           | 237           | 134           | 128           | 10.1          | (4.6)        |
| Extraordinary items | -             | -             | -             | -             | -             | -             | -             | (204)         | (200)         | NA            | (1.6)        |
| <b>PBT</b>          | <b>1,125</b>  | <b>1,690</b>  | <b>2,035</b>  | <b>1,707</b>  | <b>1,512</b>  | <b>2,308</b>  | <b>1,661</b>  | <b>1,022</b>  | <b>1,360</b>  | <b>(10.0)</b> | <b>33.1</b>  |
| Tax                 | 270           | 356           | 511           | 427           | 393           | 591           | 422           | 268           | 350           | (10.8)        | 30.8         |
| ETR (%)             | 24.0          | 21.1          | 25.1          | 25.0          | 26.0          | 25.6          | 25.4          | 26.2          | 25.7          |               |              |
| Reported PAT        | 849           | 1,384         | 1,517         | 1,249         | 1,098         | 1,695         | 1,223         | 712           | 983           | (10.5)        | 38.1         |
| <b>Adj. PAT</b>     | <b>849</b>    | <b>1,384</b>  | <b>1,517</b>  | <b>1,249</b>  | <b>1,098</b>  | <b>1,695</b>  | <b>1,223</b>  | <b>864</b>    | <b>1,133</b>  | <b>3.2</b>    | <b>31.1</b>  |
| <b>Adj. EPS</b>     | <b>1.3</b>    | <b>2.2</b>    | <b>2.4</b>    | <b>1.9</b>    | <b>1.7</b>    | <b>2.6</b>    | <b>1.9</b>    | <b>1.3</b>    | <b>1.8</b>    | <b>3.2</b>    | <b>31.1</b>  |

Source: Company

| As % of income      | Q3 FY24 | Q4 FY24 | Q1 FY25 | Q2 FY25 | Q3 FY25 | Q4 FY25 | Q1 FY26 | Q2 FY26 | Q3 FY26 | y/y (bps) | q/q (bps) |
|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|
| Gross margins       | 32.5    | 31.9    | 31.9    | 32.7    | 33.3    | 33.9    | 32.1    | 31.6    | 32.2    | (111)     | 60        |
| SG&A                | 23.6    | 21.5    | 21.0    | 22.0    | 22.7    | 21.1    | 22.6    | 23.3    | 21.9    | (77)      | (142)     |
| EBITDA margins      | 8.8     | 10.4    | 10.9    | 10.7    | 10.6    | 12.8    | 9.6     | 8.3     | 10.3    | (34)      | 202       |
| Depreciation        | 1.9     | 1.8     | 1.7     | 2.0     | 2.1     | 1.9     | 2.0     | 2.3     | 2.3     | 15        | (0)       |
| Interest            | 1.3     | 0.8     | 0.7     | 0.6     | 0.6     | 0.5     | 0.5     | 0.3     | 0.4     | (15)      | 17        |
| Other income        | 1.0     | 0.8     | 1.1     | 0.9     | 0.7     | 0.8     | 1.2     | 0.7     | 0.7     | 2         | (3)       |
| Extraordinary items | -       | -       | -       | -       | -       | -       | -       | (1.1)   | (1.1)   | (106)     | 1         |
| PBT                 | 6.6     | 8.6     | 9.5     | 9.0     | 8.5     | 11.2    | 8.3     | 5.3     | 7.2     | (138)     | 183       |
| ETR                 | 24.0    | 21.1    | 25.1    | 25.0    | 26.0    | 25.6    | 25.4    | 26.2    | 25.7    | (23)      | (46)      |
| Adj. PAT margins    | 5.0     | 7.1     | 7.1     | 6.6     | 6.2     | 8.2     | 6.1     | 4.5     | 6.0     | (24)      | 146       |

Source: Company

| Segment-wise (Rs m)     | Q3 FY24 | Q4 FY24 | Q1 FY25 | Q2 FY25 | Q3 FY25 | Q4 FY25 | Q1 FY26 | Q2 FY26 | Q3 FY26 | y/y (%)   | q/q (%)   |
|-------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|
| <b>Net sales</b>        |         |         |         |         |         |         |         |         |         |           |           |
| ECD                     | 12,093  | 15,160  | 17,266  | 13,927  | 12,878  | 16,029  | 15,863  | 13,712  | 13,850  | 7.6       | 1.0       |
| Lighting                | 2,494   | 2,811   | 2,333   | 2,531   | 2,577   | 2,761   | 2,330   | 2,611   | 2,750   | 6.7       | 5.3       |
| Butterfly               | 2,341   | 1,639   | 1,777   | 2,502   | 2,237   | 1,817   | 1,791   | 2,834   | 2,383   | 6.5       | (15.9)    |
| <b>Sales mix (%)</b>    |         |         |         |         |         |         |         |         |         |           |           |
| ECD                     | 71.4    | 77.3    | 80.8    | 73.5    | 72.8    | 77.8    | 79.4    | 71.6    | 73.0    |           |           |
| Lighting                | 14.7    | 14.3    | 10.9    | 13.4    | 14.6    | 13.4    | 11.7    | 13.6    | 14.5    |           |           |
| Butterfly               | 13.8    | 8.4     | 8.3     | 13.2    | 12.6    | 8.8     | 9.0     | 14.8    | 12.6    |           |           |
| <b>EBIT</b>             |         |         |         |         |         |         |         |         |         |           |           |
| ECD                     | 1,642   | 2,533   | 2,587   | 2,064   | 1,957   | 2,675   | 2,116   | 1,450   | 1,800   | (8.0)     | 24.2      |
| Lighting                | 280     | 251     | 209     | 271     | 278     | 440     | 296     | 405     | 333     | 19.9      | (17.8)    |
| Butterfly               | (19)    | (261)   | 41      | 177     | 123     | 123     | 76      | 221     | 140     | 13.8      | (36.5)    |
| <b>EBIT margins (%)</b> |         |         |         |         |         |         |         |         |         |           |           |
| ECD                     | 13.6    | 16.7    | 15.0    | 14.8    | 15.2    | 16.7    | 13.3    | 10.6    | 13.0    | (220) bps | 243 bps   |
| Lighting                | 11.2    | 8.9     | 8.9     | 10.7    | 10.8    | 15.9    | 12.7    | 15.5    | 12.1    | 134 bps   | (341) bps |
| Butterfly               | (0.8)   | (15.9)  | 2.3     | 7.1     | 5.5     | 6.7     | 4.2     | 7.8     | 5.9     | 38 bps    | (191) bps |

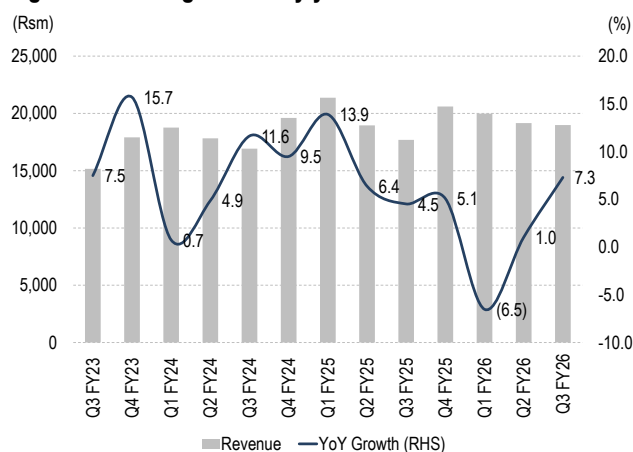
Source: Company

## Earnings Concall – Key Highlights

### Business and Financial Outlook

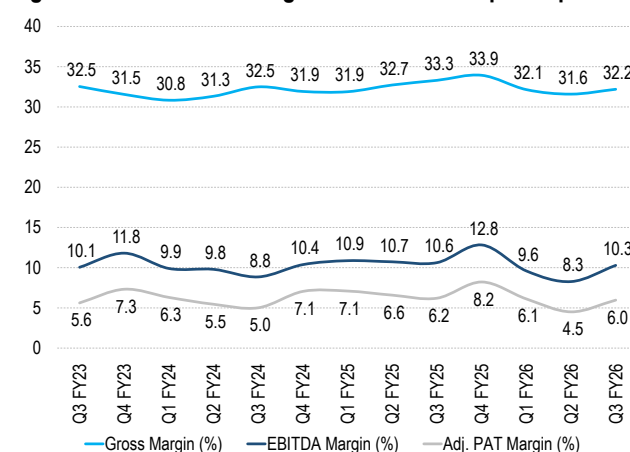
- Launched residential wires; products to be available in select markets in ~6 weeks. Manufacturing will be fully outsourced with no capex. Strong groundwork done on GTM and supply chain. Industry size ~Rs360bn; market presence to be scaled gradually. Cables foray to be evaluated later.
- In FMEG, scale is critical. The company is consciously adding categories that expand TAM and where it can be a leading player. Higher scale supports growth and improves margin profile.
- Outsourcing remains a key strength; Crompton outsources manufacturing across several categories.
- Pricing actions taken in Q3 to offset commodity cost inflation; will continue going forward.
- Implemented a 1–1.5% price hike in Jan'26. Two additional hikes planned in Q4FY26 and Q1FY27, while protecting margins amid commodity inflation.
- Continues to offer industry-leading warranties.
- Has hired an experienced team to scale up exports.

**Fig 8 – Revenue grew 7.6% y/y**



Source: Company, Anand Rath Research

**Fig 9 – Gross/EBITDA margin contracted 111bps/34bps**



Source: Company, Anand Rath Research

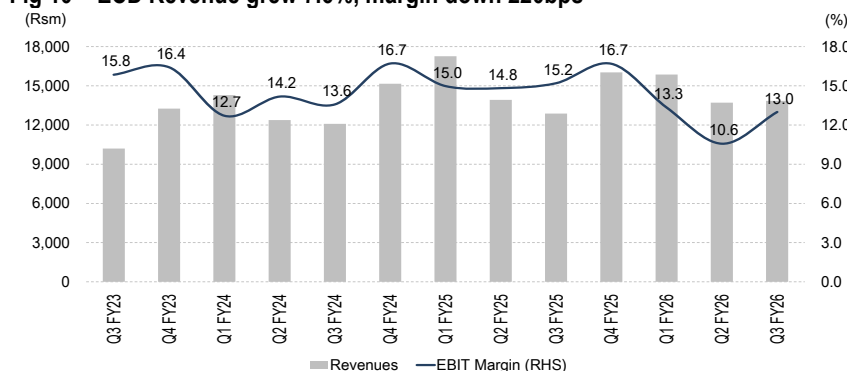
### ECD

- **Fans:** Sequential improvement in fans segment remains impacted by weakness in TPW. Price hikes implemented across categories in Oct-25; additional increases currently underway. From Jan-26, CG is selling only new star-rated fans. Induction motors are unlikely to be priced out by BLDC, as their air-delivery performance remains unmatched.
- **Pumps:** Pumps segment delivered double-digit growth. Agri and specialty pumps are growing faster than industry and now constitute a material share of pumps portfolio. Solar pump biz more than doubled.
- **Appliances:** LDA volume grew in double-digit, aided by storage and immersion water heaters and room heaters. CG emerged as the second-largest water heater brand in general trade at national level. SDA growth was led by small kitchen appliances, including induction

cooktops and air fryers.

- **Solar Rooftop:** Solar rooftop business has an OB of ~Rs3.7bn, covering installations across ~38k homes in AP over a 9-12month execution period. Revenue recognition has started with Rs180-190m booked in Q3.

**Fig 10 – ECD Revenue grew 7.6%, margin down 220bps**

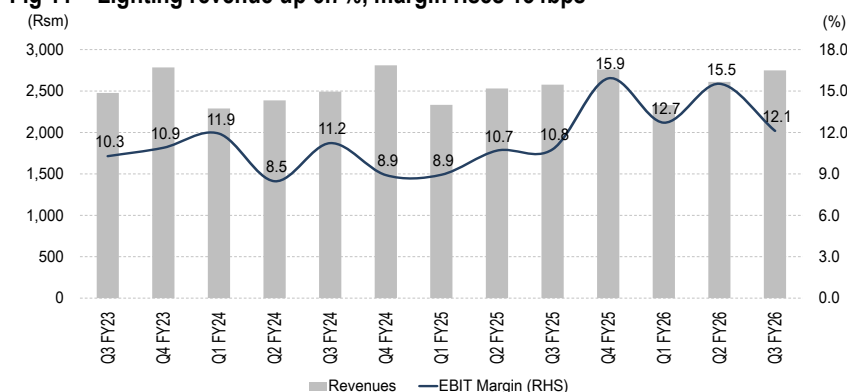


Source: Company, Anand Rathi Research

## Lighting

- **B2C:** Growth was primarily driven by ceiling lights and accessories. Forayed into mobile accessories (chargers, power banks) and power solutions (stabilizers)
- **B2B:** Strong growth witnessed in indoor commercial, street and industrial light. Despite higher raw-material prices, margins remained protected through strong execution capabilities

**Fig 11 – Lighting revenue up 6.7%, margin rises 134bps**

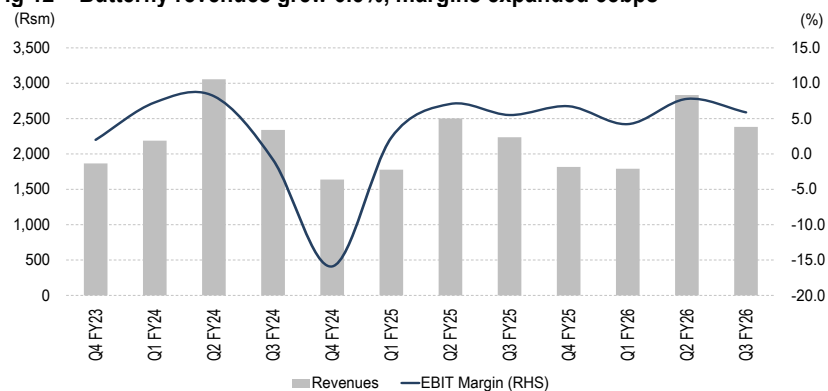


Source: Company, Anand Rathi Research

## Butterfly

- Performance was driven by strong growth in gas stoves and cookers. EBIT margin improved led by higher gross margin and cost optimisation. Gross margin expansion was led by premiumisation, improved channel-mix and reset terms of trade. Butterfly is now challenging the market leader through meaningful innovation.

**Fig 12 – Butterfly revenues grew 6.5%, margins expanded 38bps**



Source: Company, Anand Rath Research

## Outlook and Valuation

We expect growth to accelerate from FY27/28e, driven by improved demand prospects led by El Niño effect, continued Butterfly recovery, and incremental contribution from new product in solar pumps, rooftops and the wires foray. Post Q3, we trim our margin estimate by 83/9067bps due to RM headwinds. We expect its revenue/PAT to clock 6.5/9.5% CAGR over FY25-28e, translating into 240bps expansion in RoCE to 20.2%. Rolling forward our valuation to FY28e, we maintain BUY rating on the stock with a TP of Rs340, valuing it at 30x FY28e EPS. At CMP, the stock trades at 26.4/21.6x FY27/28e EPS.

**Fig 13 – Actuals vs. BBG Estimates**

| Q1 FY26 (Rs m)     | Actuals | Our Estimate | Deviation (%) | BBG Estimates | Deviation (%) |
|--------------------|---------|--------------|---------------|---------------|---------------|
| Net Sales          | 18,983  | 17,624       | 7.7           | 19,017        | (0.2)         |
| EBITDA             | 1,953   | 1,657        | 17.8          | 1,776         | 10.0          |
| EBITDA margins (%) | 10.3    | 9.4          | 88 bps        | 9.3           | 95 bps        |
| Adj. PAT           | 1,133   | 932          | 21.6          | 1,290         | (12.1)        |

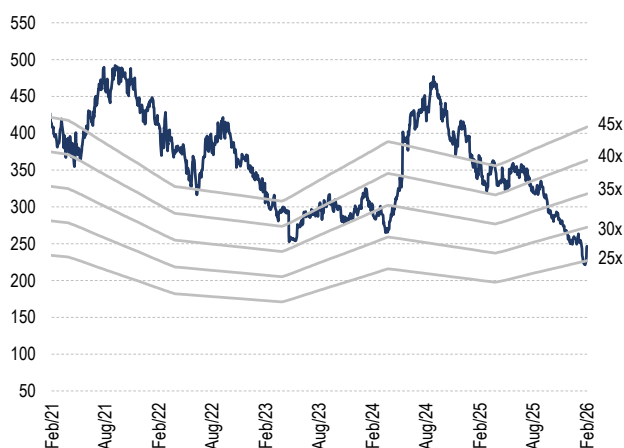
Source: Company, Bloomberg, Anand Rathi Research

**Fig 14 – Change in Estimates**

| (Rsm)             | New Estimates |        |        | Old Estimates |        |        | Variance (%) |          |          |
|-------------------|---------------|--------|--------|---------------|--------|--------|--------------|----------|----------|
|                   | FY26e         | FY27e  | FY28e  | FY26e         | FY27e  | FY28e  | FY26         | FY27     | FY28     |
| Net Sales         | 79,410        | 86,767 | 94,889 | 80,875        | 88,417 | 97,236 | (1.8)        | (1.9)    | (2.4)    |
| EBITDA            | 7,968         | 9,165  | 10,826 | 8,784         | 10,136 | 11,743 | (9.3)        | (9.6)    | (7.8)    |
| EBITDA Margin (%) | 10.0          | 10.6   | 11.4   | 10.9          | 11.5   | 12.1   | (83) bps     | (90) bps | (67) bps |
| PBT               | 6,831         | 8,160  | 9,906  | 7,656         | 9,143  | 10,844 | (10.8)       | (10.8)   | (8.6)    |
| Adj. PAT          | 5,091         | 5,986  | 7,293  | 5,625         | 6,722  | 7,995  | (9.5)        | (11.0)   | (8.8)    |
| Adj. EPS          | 7.9           | 9.3    | 11.3   | 8.7           | 10.4   | 12.4   | (9.5)        | (11.0)   | (8.8)    |

Source: Anand Rathi Research

**Fig 15 – 1-yr forward P/E band**



Source: Company, Anand Rathi Research

**Fig 16 – The stock near at -2SD**



Source: Company, Anand Rathi Research

### Key Risks

- Milder-than-expected summer could prompt us to prune our estimates.
- Inability to scale up the Butterfly business may lead to cuts in FY27/28 projections.



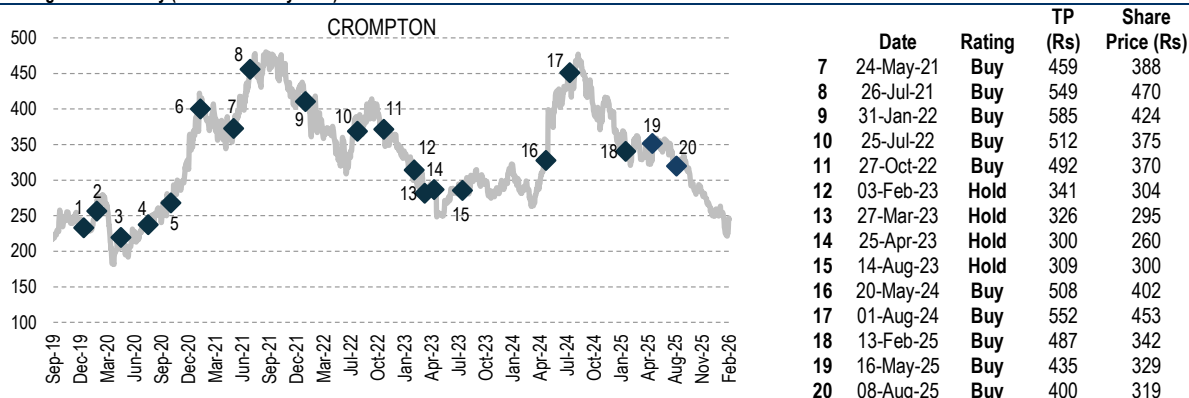
## Appendix

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