

May 15, 2026

## Strong execution across categories drives growth...

About the stock: Crompton Greaves Consumer electricals (CGCE) is one of the leading fast moving electrical goods (FMGE) companies with presence in electrical consumer durables (ECD). With a legacy spanning over 85+ years and robust distribution backbone of 2800+ distributors, 236,000+ retail touchpoints and over 860 service centres, CGCE is well positioned to capitalize its network for existing segments as well as provide a runway for its newer businesses to scale.

**Q4FY26 performance:** Crompton reported healthy set of results with revenue at ₹2283 crore (up 10.8% YoY/20.3% QoQ). ECD segment reported revenue grew 9.4% YoY to ₹1755 crore led by strong growth in BLDC fans, pumps and SDA. Lighting segment grew by 14.5% YoY to ₹316 crore with strong volume growth in both B2B and B2C segments. Butterfly posted revenue of ₹218 crore up 16.6% YoY led by growth in cookers and gas stoves. EBITDA margins at 11.9% which declined by 97 bps YoY (up 157 bps QoQ), owing to commodity price increases. Adj. PAT reported at ₹172 crore up 1.8% YoY and 52% QoQ. Exceptional item of ₹716 crores relates to impairment of investment in Butterfly Gandhimathi.

### Investment Rationale

- **Strong execution across core & emerging categories:** Crompton's revenue growth accelerated to double digit after 6 quarters to 10.8% YoY with broad-based growth across ECD, Lighting and Butterfly businesses. Core categories such as fans, pumps, lighting, etc. continued to witness market share gains supported by premiumisation and product innovation along with distribution expansion. BLDC fans grew 30%+ YoY and SDA business maintained strong growth momentum. Further emerging categories such as solar pumps, solar rooftops, wires & mobile, power solutions among others shall scale TAM from ~₹75000 – 85000 cr to ~₹2 lakh cr+. Overall, Crompton remains well positioned to capitalize on its expanding addressable market and sustain healthy double-digit growth over medium term.
- **Margin expansion driven by pricing discipline and premiumisation:** Crompton's Q4FY26 margins remained lower YoY due to elevated input cost inflation arising from geopolitical uncertainties. However, EBITDA margins improved sequentially to ~11.9% (vs. 10.3% in Q3FY26) aided by pricing actions, operating leverage and favourable mix. Management highlighted that increasing contribution from higher-margin categories such as BLDC fans, premium lighting, SDA and Butterfly's premium kitchen appliance portfolio shall continue supporting margin resilience. Management expects healthy margin profile to sustain supported by premiumisation across categories, alongside cost optimization and scale-up in solar and new adjacencies.

### Rating and Target Price

- CGCE has a strong distribution network, brand identity and execution capabilities which enables it to achieve market leadership in most of its categories. We believe company is now moving from low to mid-teen business growth trajectory alongwith potential for margin improvement which shall support better valuations. We maintain BUY rating on the stock with target price of ₹ 350 valuing the stock at 30x PE on FY28E EPS.

# Crompton

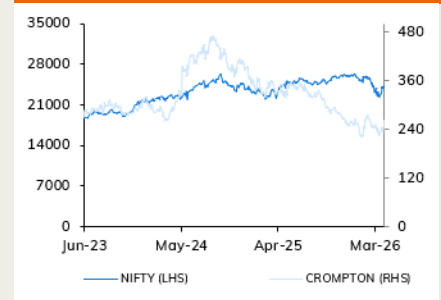
### Particulars

Particular	Amount
Market cap (₹ crore)	18,593.0
Total Debt (₹ crore)	0.0
Cash & Inves (₹ crore)	183.9
EV (₹ crore)	18,409.1
52 Week H/L (₹)	364/217
Equity Capital (₹ crore)	128.8
Face Value(₹)	2.0

### Shareholding pattern

	Jun-25	Sep-25	Dec-25	Mar-26
Promoter	0.0	0.0	0.0	0.0
FII	29.2	25.6	20.6	20.5
DII	58.9	61.2	65.7	66.1
Public	11.9	13.2	13.7	13.4
Others	0.0	0.0	0.0	0.0

### Price Chart



### Key risks

- Intensifying competition
- Underwhelming demand uptick
- Execution risk in new ventures

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### Key Financial Summary

(₹ crore)	FY23	FY24	FY25	FY26	3 Year CAGR (FY23-26)	FY27E	FY28E	2 Year CAGR (26-28E)
Net Sales	6870	7313	7864	8095	6%	9258	10509	13.9
EBITDA	770	714	888	827	2%	1004	1182	19.6
EBITDA Margin (%)	11.2	9.8	11.3	10.2		10.9	11.3	
Adj. Net Profit	463	440	556	502	3%	632	745	21.8
EPS (₹)	7.3	6.8	8.6	7.8		9.8	11.6	
P/E (x)	39.7	42.2	33.5	37.0		29.4	25.0	
RoE (%)	17.4	14.7	16.4	16.9		17.7	19.0	
RoCE (%)	17.6	15.9	18.8	20.1		21.0	23.0	

Source: Company, ICICI Direct Research

## Concall highlights and outlook

- **Fans segment:** Fans division witnessed healthy recovery during Q4FY26 led by strong traction in premium and BLDC portfolio. March'26 recorded highest-ever monthly fan volumes post successful BEE 2.0 transition. BLDC portfolio continued to outperform with 30%+ growth supported by new launches such as NITEO, Grace, Elevate, Fluidio and SilentPro, aiding premiumisation and market share gains. Management highlighted that pricing actions and improved mix helped offset commodity inflation during the quarter.
- **Pumps:** Pumps business delivered resilient performance despite subdued industry demand owing to prolonged monsoon and weak agricultural activity. Residential pumps continued gaining market share while agricultural and specialty pumps recorded healthy double-digit growth. Solar pumps remained a key growth driver with management indicating strong scale-up and significant growth over FY25 levels.
- **Solar rooftop:** Solar rooftop business continued scaling up meaningfully with order book maintained at ~₹500 crore primarily from Andhra Pradesh and Telangana. Company has already executed installations across ~5,000 homes, while balance execution is expected over coming quarters. Management reiterated medium-term aspiration of building a ₹2,000 crore solar portfolio over next 3–4 years including solar pumps and rooftop solutions.
- **LDA (large domestic appliances) & SDA (small domestic appliances):** LDA business reported double-digit growth in water heaters. Air coolers business remained impacted earlier due to weak summer demand, though inventory normalization has largely completed. SDA segment continued its strong growth trajectory with nearly 30% YoY growth in Q4FY26 driven by mixer grinders, induction cooktops, air fryers, juicers and premium kitchen appliances.
- **Lighting business:** Lighting business reported industry-leading growth of ~14% YoY, highest in nearly six years excluding COVID impacted periods. Growth was broad-based across B2B and B2C segments driven by strong traction in panels, floodlights, commercial lighting and premium consumer lighting products. In B2B lighting, company witnessed healthy momentum in commercial indoor lighting along with better project mix. Margins remained stable despite elevated advertising spends and raw material inflation, supported by supply chain restructuring, favourable mix and execution efficiencies.
- **Butterfly Gandhimathi:** Butterfly business reported strong revenue growth of 17% YoY along with stable EBIT margins and healthy cash generation. Management highlighted that turnaround initiatives undertaken over past 18 months have started yielding results with improved profitability, premiumisation and better operating discipline. Focus categories include gas stoves, mixer grinders, food processors,

chimneys, air fryers and juicers. Company intends to accelerate expansion in North, East and West markets leveraging Crompton’s distribution and service network.

- **New categories & adjacencies:** During the quarter, Crompton formally entered residential wires segment under “Crompton Armor” brand. Initial rollout has commenced in South India with gradual pan-India expansion planned leveraging existing dealer network and distribution reach. Management highlighted strong confidence in wires opportunity given industry size and Crompton’s brand equity.
- Company also announced launch of “Crompton Rion,” a premium product platform focused on super-premium, design-led and technology-driven appliances. Rion products will be distributed through EBOs, large format retail, e-commerce and premium multi-brand outlets.
- **EBITDA margin indication:** Company implemented cumulative price hikes of ~7–8% across key categories such as fans during FY26 to offset commodity inflation. Management indicated additional raw material inflation was witnessed in April due to geopolitical disruptions and supply-side pressures. Despite near-term inflationary headwinds, management remains focused on protecting profitability through calibrated price hikes, premiumisation, cost optimization initiatives and operating leverage benefits.

**Exhibit 1: Variance Analysis**

	Q4FY26	Q4FY25	YoY	Q3FY26	QoQ (%)	Comments
Revenue	2,283	2,061	10.8%	1,898	20.3%	Core categories such as fans, pumps, lighting, etc. continued to witness market share gains supported by premiumisation and product innovation.
Other Income	16	16	-0.8%	13	23.7%	
Total Income	2,299	2,077	10.7%	1,911	20.3%	
Gross profit	721	699	3.2%	611	18.1%	Gross margin impacted due to commodity inflation
Gross margin %	31.6	33.9	-233 bps	32.2	-59 bps	
Operating Expenses	1,836	1,628	12.8%	1,533	19.8%	Overall expenses contained
Employee Expenses	176	168	5.0%	170	3.7%	
Total Expenses	2,013	1,796	12.0%	1,703	18.2%	
<b>EBITDA</b>	<b>271</b>	<b>264</b>	<b>2.4%</b>	<b>195</b>	<b>38.7%</b>	Margins declined YoY due to input cost inflation, however calibrated price hikes kept the margins relatively resilient
<b>EBIDTA %</b>	<b>11.9</b>	<b>12.8</b>	<b>-97 bps</b>	<b>10.3</b>	<b>157 bps</b>	
Depreciation	45	40	12.9%	44	2.5%	
Finance cost	9	10	-5.5%	8	12.0%	
PBT	232	231	0.7%	156	49.0%	Adjusted for Impairment of investment in Butterfly Gandhimathi
Tax	47	59	-19.6%	35	35.6%	
Adjusted PAT after MI	172	169	1.5%	113	51.8%	

## Financial Summary

Exhibit 2: Profit and loss statement				₹ crore
(Year-end March)	FY25	FY26	FY27E	FY28E
<b>Revenue</b>	<b>7,864</b>	<b>8,095</b>	<b>9,258</b>	<b>10,509</b>
Growth (%)	7.5	2.9	14.4	13.5
<b>Expenses</b>				
Raw material exp	5,273	5,516	6,254	7,068
Employee exp	639	681	759	862
Other exp	1,063	1,072	1,241	1,398
Total Operating exp	6,975	7,269	8,253	9,327
<b>EBITDA</b>	<b>888</b>	<b>827</b>	<b>1,004</b>	<b>1,182</b>
Growth (%)	24.5	-6.9	21.5	17.7
Depreciation	153	172	193	219
Interest	48	43	23	25
Other Income	69	66	73	97
PBT	756	-79	862	1,036
Total Tax	192	151	216	276
Minority Interest	8	11	13	15
<b>Adjusted PAT</b>	<b>556</b>	<b>502</b>	<b>632</b>	<b>745</b>
Growth (%)	26.4	-9.7	25.9	17.9
EPS (₹)	8.6	7.8	9.8	11.6

Source: Company, ICICI Direct Research

Exhibit 3: Cash flow statement				₹ crore
(Year-end March)	FY25	FY26	FY27E	FY28E
Profit after Tax	556	502	632	745
Add: Depreciation	153	172	193	219
(Inc)/dec in Current Assets	-51	-345	-139	-334
Inc/(dec) in CL and Provisions	72	450	-166	315
Others	48	43	23	25
<b>CF from operating activities</b>	<b>778</b>	<b>823</b>	<b>542</b>	<b>968</b>
(Inc)/dec in Investments	-32	-250	-194	-233
(Inc)/dec in Fixed Assets	-227	-175	-150	-173
Others	86	-39	37	29
<b>CF from investing activities</b>	<b>-173</b>	<b>-464</b>	<b>-307</b>	<b>-376</b>
Issue/(Buy back) of Equity	0	0	0	0
Inc/(dec) in loan funds	-299	-300	0	0
Dividend paid & dividend tax	-193	-225	-290	-386
Others	-20	-3	-23	-25
<b>CF from financing activities</b>	<b>-513</b>	<b>-528</b>	<b>-313</b>	<b>-411</b>
Net Cash flow	92	-169	-78	181
Opening Cash	261	353	184	106
<b>Closing Cash</b>	<b>353</b>	<b>184</b>	<b>106</b>	<b>287</b>

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet				₹ crore
(Year-end March)	FY25	FY26	FY27E	FY28E
<b>Liabilities</b>				
Equity Capital	129	129	129	129
Reserve and Surplus	3,261	2,838	3,436	3,795
<b>Total Shareholders funds</b>	<b>3,390</b>	<b>2,966</b>	<b>3,565</b>	<b>3,924</b>
Minority Interest	458	469	483	498
Debt	300	0	0	0
Other liabilities	139	153	168	185
<b>Total Liabilities</b>	<b>4,287</b>	<b>3,589</b>	<b>4,216</b>	<b>4,607</b>
<b>Assets</b>				
Gross Block	2,421	2,295	2,613	2,695
Less: Acc Depreciation	411	513	626	755
<b>Total Fixed Assets</b>	<b>2,044</b>	<b>1,812</b>	<b>2,026</b>	<b>1,980</b>
Goodwill	1,285	779	779	779
Investments	721	971	1,165	1,398
Inventory	882	744	1,065	1,209
Debtors	702	1,086	905	1,051
Other Current assets	235	334	332	377
Cash	353	184	106	287
<b>Total Current Assets</b>	<b>2,172</b>	<b>2,348</b>	<b>2,409</b>	<b>2,925</b>
Creditors	1,411	1,870	1,598	1,814
Provisions	334	298	378	429
Other CL	298	326	351	399
<b>Total Current Liabilities</b>	<b>2,043</b>	<b>2,493</b>	<b>2,328</b>	<b>2,642</b>
Net current assets	129	-146	82	283
Other non current assets	107	173	164	167
<b>Total Assets</b>	<b>4,287</b>	<b>3,589</b>	<b>4,216</b>	<b>4,607</b>

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios				₹ crore
(Year-end March)	FY25	FY26	FY27E	FY28E
<b>Per share data (₹)</b>				
EPS	8.6	7.8	9.8	11.6
Cash EPS	11.0	10.5	12.8	15.0
BV	52.7	46.1	55.4	60.9
DPS	3.0	3.5	4.5	6.0
<b>Operating Ratios (%)</b>				
EBITDA Margin	11.3	10.2	10.9	11.3
PAT Margin	7.1	6.2	6.8	7.1
Asset Turnover	3.2	3.5	3.5	3.9
Inventory Days	40.9	33.6	42.0	42.0
Debtor Days	32.6	49.0	35.7	36.5
Creditor Days	65.5	84.3	63.0	63.0
<b>Return Ratios (%)</b>				
RoE	16.4	16.9	17.7	19.0
RoCE	18.8	20.1	21.0	23.0
RoIC	35.3	36.8	35.1	41.3
<b>Valuation Ratios (x)</b>				
P/E	33.5	37.0	29.4	25.0
EV / EBITDA	19.8	20.8	17.0	14.1
EV / Net Sales	2.2	2.1	1.8	1.6
Market Cap / Sales	2.3	2.3	2.0	1.7
Price to Book Value	5.5	6.3	5.2	4.7
<b>Solvency Ratios</b>				
Debt / Equity	0.1	0.0	0.0	0.0
Current Ratio	1.0	1.0	1.2	1.2
Quick Ratio	0.5	0.7	0.6	0.6

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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