BUY
TP: Rs 280 | ▲ 30%

CROMPTON GREAVES | Consumer Durables | 19 October 2026

Growth broadens as pricing sticks and volumes return

- **Revenue grew 18% YoY to Rs 22.6 bn, with ECD up 19%, Lighting up 14% and Butterfly up 17%**
- **Gross margin down 180bps YoY to 29.8% on commodity inflation; lower A&P spends and operating leverage lifted EBITDA margin 80bps YoY**
- **We assign 25x multiple on Sep'28E EPS to arrive at Sep'27TP of Rs 280, Maintain BUY**

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Opex savings more than absorb gross margin squeeze: Q2FY27 revenue grew 18% YoY to Rs 22.6 bn, 9% above our estimate, aided by general trade and record exports. Gross margin fell 180bps YoY to 29.8% on commodity inflation and solar rooftop mix, but lower A&P (-130bps of sales) and operating leverage (~100bps) lifted EBITDA margin 40bps to 9.0%. EBITDA grew 29% YoY to Rs 2.0 bn (27% above estimate) and Adj. PAT 30% to Rs 1.2 bn.

Price-led growth, but volumes turn positive: ECD revenue grew 19% YoY to Rs 16.3 bn, the fastest in nine quarters, largely on 11-15% price hikes (17-18% cumulative in fans), with volumes positive across categories. Fans grew double digits led by BLDC (+40% YoY), as did conventional pumps, water heaters and SDA (+20%), while solar pumps slowed as KUSUM 1.1 tapered. EBIT grew 31% YoY to Rs 1.9 bn (margin 11.6%, +102bps YoY) on operating leverage.

Legacy B2B contracts delay margin recovery: Lighting revenue grew 14% YoY to Rs 3.0 bn, led by ceiling lights, outdoor and LED battens in B2C, and industrial and indoor commercial in B2B. EBIT fell 5% YoY to Rs 385 mn (margin 12.9%, -261bps YoY) as B2B orders booked at pre-inflation prices could not pass on higher input costs. Margin improved 89bps QoQ on 11% sequential revenue growth and a richer premium B2C mix.

Pricing offsets inflation; brand spends cap margin: Butterfly revenue grew 17% YoY to Rs 3.3 bn, largely price-led, with growth across pressure cookers, induction cooktops, mixer grinders and rice cookers, and share gains in mixer grinders, glass cooktops and pressure cookers. Commodity inflation was largely passed through, but higher brand spends held EBITDA margin flat at 9.5%; EBIT grew 11% YoY to Rs 246 mn with margin down 35bps to 7.4%.

Tweak estimates, Maintain BUY: We have cut our FY28-29E estimates by 0-3% to factor sustained margin pressure due to commodities. We estimate Crompton to deliver 11%/11%/14% revenue/EBITDA/PAT CAGR over FY26-29E. We assign 25x unchanged to Sep'28E EPS to arrive at Sep'27TP of Rs 280. Maintain BUY.

Key changes

Target	Rating
▼	◄ ►

Ticker/Price	CROMPTON IN/Rs 216
Market cap	US$ 1.4bn
Free float	100%
3M ADV	US$ 9.4mn
52wk high/low	Rs 311/Rs 201
Promoter/FPI/DII	0%/40%/44%

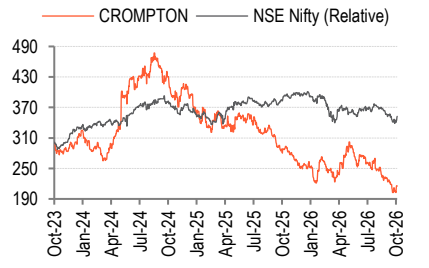
Source: NSE | Price as of 16 Oct 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	80,955	92,556	1,02,379
EBITDA (Rs mn)	8,274	8,945	10,316
Adj. net profit (Rs mn)	5,143	5,716	6,909
Adj. EPS (Rs)	8.0	8.9	10.7
Adj. ROAE (%)	16.2	18.0	18.9
Adj. P/E (x)	27.0	24.3	20.1
EV/EBITDA (x)	16.4	15.2	13.0
Adj. EPS growth (%)	(7.5)	11.1	20.9

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly & H1FY26 financial snapshot

(Rs mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	H1FY27	H1FY26	YoY (%)	Q2FY27E	Var (%)
Revenue	22,633	19,156	18	22,350	1	44,983	39,139	(13)	20,797	9
Gross Profit	6,739	6,050	11	6,981	(3)	13,720	12,474	(9)	6,447	5
Gross Margin (%)	29.8	31.6	(180)	31.2	(150)	30.5	31.9	140	31.0	(122bps)
EBITDA	2,046	1,584	29	2,245	(9)	4,291	3,501	(18)	1,615	27
EBITDA Margin (%)	9.0	8.3	80bps	10.0	(100bps)	9.5	8.9	(60bps)	7.8	128bps
Depreciation	456	440		452		908	835		451	1
Interest	97	52		97		194	150		100	(3)
Other Income	176	134		218		393	371		230	(24)
PBT	1,669	1,226	36	1,913	(12.7)	3,582	2,887	(19)	1,294	29
Tax	425	268		486		912	690		326	31
Adjusted PAT	1,244	958	30	1,427	(12.8)	2,649	2,138	(19)	968	28
Exceptional item	-	204		0		-	204		0	
Reported PAT	1,244	754	65	1,427	(12.8)	2,649	1,935	(27)	968	28
Adj. PAT Margin (%)	5.5	5.0	50bps	6.4	(90bps)	5.9	5.5	(40bps)	4.7	84bps
EPS (Rs)	1.9	1.5	30	2.2	(12.8)	4.2	3.4	(18)	1.5	28.5

Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

(Rs mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	H1FY26	H1FY27	YoY (%)
Segment revenue								
ECD	16,345	13,712	19	17,541	(7)	33,886	29,574	15
Lighting	2,983	2,611	14	2,688	11	5,671	4,940	15
Butterfly Gandhimathi	3,305	2,834	17	2,121	56	5,426	4,625	17
EBIT								
ECD	1,895	1,450	31	2,372	(20)	4,267	3,566	20
EBIT Margin (%)	11.6	10.6	102bps	13.5	(193bps)	12.6	12.1	53bps
Lighting	385	405	(5)	323	19	709	702	1
EBIT Margin (%)	12.9	15.5	(261bps)	12.0	89bps	12.5	14.2	(170bps)
Butterfly Gandhimathi	246	221	11	90	175	335	296	13
EBIT Margin (%)	7.4	7.8	(35bps)	4.2	322bps	6.2	6.4	(23bps)

Source: Company, BOBCAPS Research

Earnings Call Highlights

Pricing and costs

- Management stated that ~80% of the cost increase has been passed through, with the balance to be addressed through Unnati cost savings. Most of the commodity inflation came between February and June, and most of the pricing was taken then, with the remainder taken in Q2. Lighting price hikes were lower than in other segments as the category moves from deflation to inflation.
- Management stated that the Q1 supply disruptions are behind it and that inventory days have normalised to year-ago levels.

A&P and channels

- Management attributed the lower A&P to curtailed e-commerce promotions, brand relaunch costs booked outside A&P, and new businesses that need little advertising. The historical annual run-rate is Rs 2.5-2.6 bn and ~Rs 1.0 bn was spent in H1. Management aims to keep FY27 spend similar to last year in absolute terms, subject to macro conditions, which implies a step-up in H2.
- E-commerce was subdued as the company repositions its go-to-market to improve channel profitability, similar to the earlier exercise in Butterfly. General trade, ~80% of the business, saw volume growth.

Fans

- Management targets growth at 1.5-1.7x the category. Drivers are headroom in BLDC, entry-level standard fans (where it expects regulation to drive consolidation) and TPW.

Pumps & Solar

- Management expects solar pumps to ramp up in the coming quarters, following the government's announcement of KUSUM 2.0.
- Of the ~38,000-unit Andhra Pradesh rooftop order, ~20,000 units were installed across Q1 and Q2, the larger share in Q2. Most of the balance is expected in Q3, with some spillover into Q4. A 3kW unit is priced at ~Rs 0.18 mn on a turnkey basis, with installation outsourced to a partner agency. B2C and C&I rooftop sales have been rolled out in 6-7 states. Management will bid for further government tenders only selectively, subject to profitability.

Kitchen appliances

- The LKA and Rhion businesses have been moved under Butterfly's leadership to use its ecosystem and materially reduce costs. Management indicated that LKA has historically run EBITDA losses of Rs 160-250 mn.

Butterfly Gandhimathi

- The premium Idea First Series now contributes over 10% of Butterfly's sales, and the GST cut is driving disproportionate growth in pressure cookers. Expansion beyond the South will start in Maharashtra, led by a regional campaign for the 5-star gas cooktop. Growth in the North-East and West is already outpacing the

South, off a small base. Management indicated it would hold gross margin near current levels to prioritise market share gains.

Exports

- Exports grew over 70% YoY, led by fans and lighting, across Africa, the Middle East and South/Southeast Asia, all under the Crompton brand. Margins are slightly below domestic, offset by cash terms with no credit. Management hopes to sustain a similar growth rate over the next couple of years.

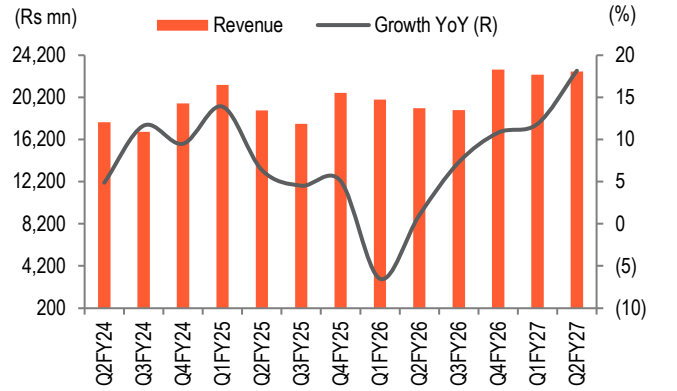
New businesses and capex

- New businesses were ~10% of Q2 revenue, against the FY29 ambition of 14-15%. Wires, launched in South India in Q1FY27, has been extended to Punjab, Delhi NCR and Gujarat. New categories will use the existing go-to-market and supply chain rather than separate cost centres.
- The greenfield plant for fans, appliances and wires is at an advanced stage of evaluation.

Outlook

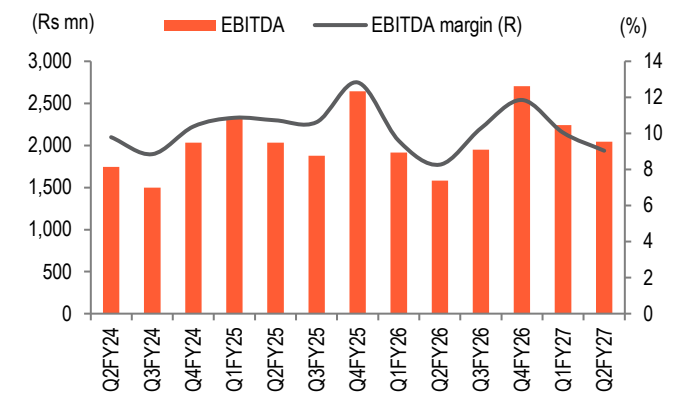
- Management reiterated that it is on track for its FY29 targets of 13-14% revenue CAGR and an 11-12% exit EBITDA margin. It expects the margin expansion to come from operating leverage on a larger revenue base, and sees a multi-quarter double-digit growth trajectory.

Fig 3 – Revenue growth



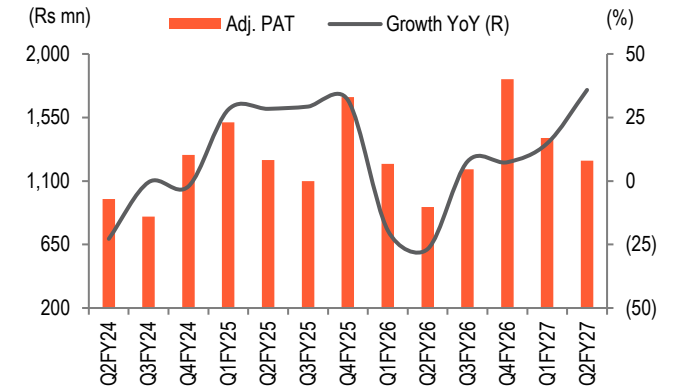
Source: Company, BOBCAPS Research

Fig 4 – EBITDA growth



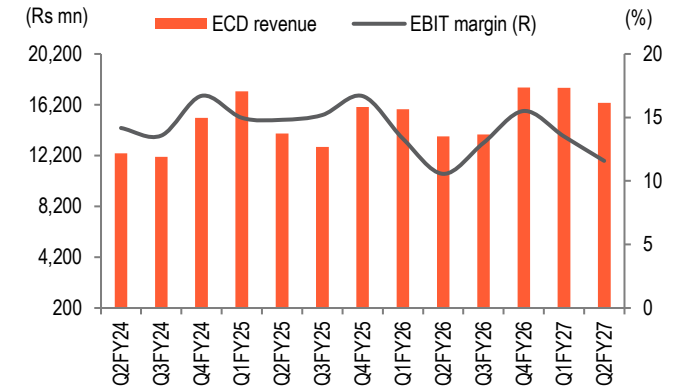
Source: Company, BOBCAPS Research

Fig 5 – Profit growth



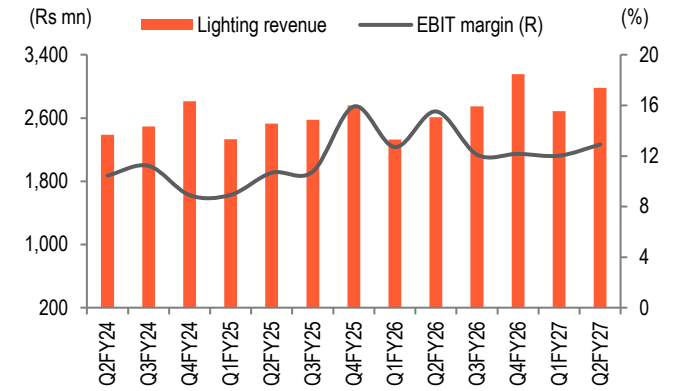
Source: Company, BOBCAPS Research

Fig 6 – ECD business performance



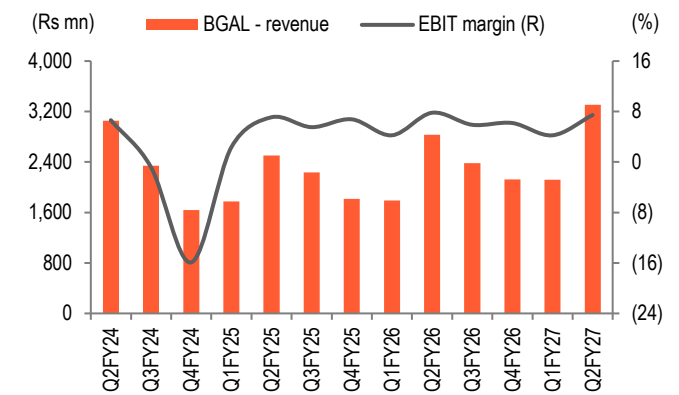
Source: Company, BOBCAPS Research

Fig 7 – Lighting business performance



Source: Company, BOBCAPS Research

Fig 8 – BGAL's performance



Source: Company, BOBCAPS Research

Valuation methodology

We value Crompton on 1Y forward P/E. Rolling forward our valuation, we assign 25x to Sep'28E EPS to arrive at Sep'27TP of Rs 280. Our multiple is at 1 std deviation below the stock's 5Y mean P/E of 35x. We estimate Crompton to deliver 11%/11%/14% revenue/EBITDA/PAT CAGR over FY26-29E. 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	92,556	1,02,379	1,10,221	91,200	1,01,666	1,09,904	1.5	0.7	0.3
EBITDA	8,945	10,316	11,195	8,910	10,202	11,528	0.4	1.1	(2.9)
EBITDA Margin (%)	9.7	10.1	10.2	9.8	10.0	10.5	(10bps)	4bps	(33bps)
PAT	5,716	6,909	7,682	5,713	6,816	7,926	0.1	1.4	(3.1)

Source: BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**78,636**	**80,955**	**92,556**	**1,02,379**	**1,10,221**
EBITDA	8,882	8,274	8,945	10,316	11,195
Depreciation	1,528	1,718	1,834	1,824	1,835
EBIT	7,354	6,555	7,111	8,492	9,361
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	7,641	9,236	10,270
Income taxes	1,921	1,515	1,926	2,328	2,588
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)**	**5,716**	**6,909**	**7,682**
Adjustments	0	7,564	0	0	0
Adjusted net profit	**5,560**	**5,143**	**5,716**	**6,909**	**7,682**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	13,948	18,497	16,483	18,232	19,628
Other current liabilities	4,135	4,278	5,325	5,890	6,341
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	37,356	42,537	48,299
Shareholders' fund	38,478	34,357	38,643	43,825	49,587
Total liab. and equities	**63,298**	**60,826**	**66,021**	**73,517**	**81,126**
Cash and cash eq.	3,530	1,839	1,278	5,534	10,233
Accounts receivables	6,912	10,846	11,411	12,622	13,589
Inventories	8,817	7,442	12,679	14,025	15,099
Other current assets	9,565	13,050	12,172	13,464	14,495
Investments	-	-	-	-	-
Net fixed assets	5,916	6,218	5,884	5,560	5,225
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	2,033	2,249	2,421
Total assets	**63,298**	**60,826**	**66,021**	**73,517**	**81,126**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**7,374**	**7,235**	**1,659**	**7,199**	**8,292**
Capital expenditures	(1,028)	(795)	(1,500)	(1,500)	(1,500)
Change in investments	-	-	-	-	-
Other investing cash flows	(283)	(951)	708	284	(172)
Cash flow from investing	**(1,311)**	**(1,746)**	**(792)**	**(1,216)**	**(1,672)**
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)	(1,429)	(1,727)	(1,921)
Cash flow from financing	**(5,747)**	**(5,994)**	**(1,429)**	**(1,727)**	**(1,921)**
Chg in cash & cash eq.	**316**	**(505)**	**(561)**	**4,256**	**4,700**
Closing cash & cash eq.	**3,530**	**1,839**	**1,278**	**5,534**	**10,233**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	8.6	(3.8)	8.9	10.7	11.9
Adjusted EPS	8.6	8.0	8.9	10.7	11.9
Dividend per share	3.0	3.0	2.2	2.7	3.0
Book value per share	52.7	46.1	52.7	60.8	69.7

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	1.8	1.7	1.5	1.3	1.2
EV/EBITDA	15.6	16.4	15.2	13.0	11.6
Adjusted P/E	25.0	27.0	24.3	20.1	18.1
P/BV	4.1	4.7	4.1	3.5	3.1

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	108.8	109.7
EBIT margin (EBIT/Revenue)	9.4	8.1	7.7	8.3	8.5
Asset turnover (Rev./Avg TA)	4.1	13.3	15.3	17.9	20.4
Leverage (Avg TA/Avg Equity)	0.6	0.2	0.2	0.2	0.1
Adjusted ROAE	17.4	16.2	18.0	18.9	18.3

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	7.5	2.9	14.3	10.6	7.7
EBITDA	24.5	(6.8)	8.1	15.3	8.5
Adjusted EPS	26.4	(7.5)	11.1	20.9	11.2
Profitability & Return ratios (%)					
EBITDA margin	11.3	10.2	9.7	10.1	10.2
EBIT margin	9.4	8.1	7.7	8.3	8.5
Adjusted profit margin	7.1	6.4	6.2	6.7	7.0
Adjusted ROAE	17.4	16.2	18.0	18.9	18.3
ROCE	20.2	19.7	22.3	23.0	22.0
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	6.7	6.7	6.6
Current ratio	1.3	1.4	1.7	1.8	2.0
Net interest coverage ratio	15.3	14.9	18.3	23.7	26.1
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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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

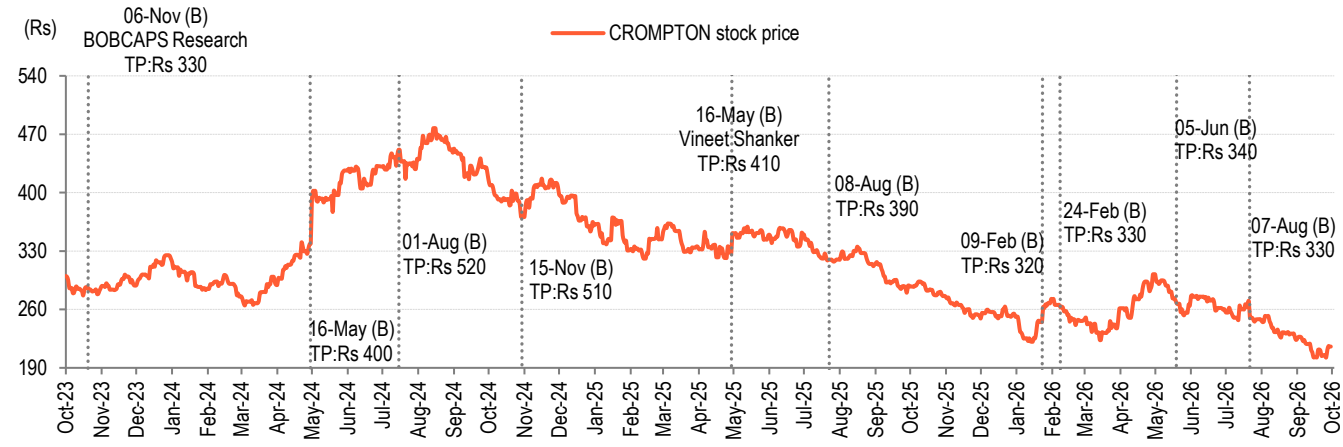
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

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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