CMP: ₹248 | Target ₹ 300 (21%) | Target Period: 12 months

BUY

August 10, 2026

Steady Q1, Tracking double digit growth & margin

About the stock: Crompton Greaves Consumer electricals (CGCE) is one of the leading fast moving electrical goods (FMEG) 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.

Q1FY27 performance: Crompton reported steady revenue growth of 11.2% YoY (-3% QoQ) to ₹2022 crore wherein double-digit growth was witnessed across segments. Gross margins came in at ~31.2% down 91 bps YoY and 36 bps QoQ owing to elevated input cost. Management took calibrated price hike in single digit to low double digit to pass on the increased cost. EBITDA came in at ₹224.5 crore with EBITDA margins of 10% up 45 bps YoY owing to operating leverage however declined by 181 bps sequentially. Adj. PAT came in at ₹140.5 crore up 14.8% YoY while down 18.1% due to seasonality.

Investment Rationale:

- **Core categories to sustain growth; BLDC and premiumisation to remain key drivers:** Crompton delivered steady Q1FY27 performance with revenue growth of 11.8% YoY despite supply-side disruptions, with management indicating that most constraints were resolved by June-end and Q2 has started on a strong note. ECD growth of 10.6% YoY was supported by continued market share gains across fans and pumps, while BLDC fans grew ~44% YoY following portfolio expansion and better product placement. We believe BLDC remains a key medium-term growth driver given the low penetration and significant headroom for premiumisation, while premium induction fans are also gaining traction. Further, water heaters have emerged as a clear volume leader in general trade, highlighting continued market share gains in domestic appliances. Kitchen appliances segment is now delivering double digit growth, aided by induction and cooktops while expanded on air fryer side.
- **Pricing actions and operating leverage to support margin recovery:** Despite elevated commodity inflation, Crompton expanded EBITDA margin by 20bps YoY to 10% in Q1FY27, aided by calibrated pricing actions, cost efficiencies and operating leverage. The company has already passed on ~80% of commodity inflation through high single-digit to low double-digit price hikes, with management indicating that no significant further pricing action is currently required as earlier hikes have largely settled into the market. Going ahead, pricing actions flowing through and revenue growth driving operating leverage, we expect double digit EBITDA margin to sustain.

Rating and Target Price:

CGCE's Q1FY27 remained modest largely due to supply constraint however underlying demand remains healthy. Further Crompton has been able to deliver double digit margins in last 3 quarters. We believe company is now moving from low to mid-teen business growth trajectory alongwith potential for margin improvement while supply chain constraint and intensify competition could bring some volatilities. We maintain BUY rating on the stock with target price of ₹300 valuing the stock at 26x PE on FY28E EPS.

Crompton

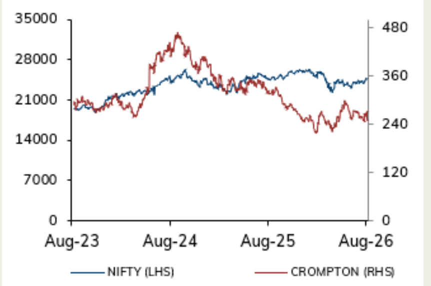
Particulars

Particular	Amount
Market Cap (₹ Crore)	15,944
FY26 Debt (₹ Crore)	0
FY26 Cash (₹ Crore)	183.9
EV (Rs Crore)	15,760
52 Week H/L (₹)	338 / 217
Equity Capital (₹ Crore)	128.8
Face Value	2

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	0	0	0	0
FII	25.6	20.6	20.5	19.9
DII	61.2	65.7	66.1	66.5
Public	13.2	13.7	13.4	13.6

Price Chart



Key risks

(i) Intensifying competition Execution delays

(ii) Underwhelming demand uptick

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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

(₹ crore)	FY23	FY24	FY25	FY26	3 Year CAGR	FY27E	FY28E	2 Year CAGR
Net Sales	6870	7313	7864	8095	5.6%	9278	10451	13.6%
EBITDA	770	714	888	827	2.4%	988	1160	18.5%
EBITDA Margin (%)	11.2	9.8	11.3	10.2		10.7	11.1	
Adj. Net Profit	463	440	556	502	2.7%	624	736	21.0%
EPS (₹)	7.3	6.8	8.6	7.8		9.7	11.4	
P/E (x)	34.1	36.3	28.7	31.8		25.6	21.7	
RoE (%)	17.4	14.7	16.4	16.9		17.5	18.8	
RoCE (%)	17.6	15.9	18.7	20.1		20.9	22.8	

Source: Company, ICICI Direct Research

Q1FY27 Earnings call highlights

- **Fans segment:** Fans were impacted by supply chain disruptions, resulting in ~₹200 crore of primary sales loss, though market share was maintained. BLDC fans grew ~44% YoY, supported by portfolio interventions and five new launches in Q1. Management sees significant headroom in BLDC and premium fans, with supply constraints largely normalized by June-end and July back to normal.
- **Pumps:** Pumps delivered strong growth across sub-categories with market-share gains. Solar pumps remained a key growth driver, supported by government tenders across multiple states including Haryana, Maharashtra, Rajasthan and Madhya Pradesh.
- **Solar businesses**: Solar rooftop order book stood at ~₹500 crore, with ~₹450 crore expected to be executed over the next 6-8 months. A bulk of the order book is from Andhra Pradesh, involving ~38,000 rooftops, with 40% government payment upfront upon product availability. Revenue recognition is based on installation, while B2C revenues also started during the quarter. Management highlighted good ROCE and improving procurement leverage from declining panel prices. Solar pumps continued to see improving government payments.
- **LDA & SDA:** Domestic appliances delivered double-digit growth, led by water heaters, with Crompton gaining clear volume leadership in general trade. SDA continued its strong growth trajectory, while pricing actions helped margins improve despite cost inflation.
- **Lighting business:** Revenue grew 15.4% YoY to ₹269 crore, driven by B2B and B2C. B2C margins expanded, while B2B margins contracted due to pre-contracted prices. EBIT margin stood at 12%, with management highlighting a sustained improvement in business trajectory.
- **Butterfly Gandhimathi:** Revenue grew 14% YoY to ₹214 crore and 18% excluding internal sales to Crompton. Growth was supported by market-share gains in mixer grinders, pressure cookers and glass tops, with strong performance across retail, large-format retail and e-commerce. EBIT grew 19.5% YoY with 4.2% margin, while the Armor Series continued to support growth.
- **New categories & adjacencies:** Residential wires were launched in Tamil Nadu and Karnataka and expanded to ~14 towns/cities. Management sees a large opportunity and believes Crompton has the right to win through its brand and distribution, though the business remains at an early stage and is currently asset-light.
- **Brand transformation:** Following an extensive consumer study, Crompton is refreshing its brand architecture and positioning. First visible outcomes are expected by end-August, with multiple launches over the next 3-4 months.

- **EBITDA margin indication:** Revenue grew 11.8% YoY to ₹2,235 crore, EBITDA grew 14.2% to ₹224 crore with margin at 10%, while PAT grew 15.2% to ₹143 crore. Price hikes in the high-single to low-double digits covered ~80% of inflationary pressures. Management expects margins to remain supported by pricing, cost optimization and operating leverage, with no significant further hikes currently required.
- **Supply chain & capital allocation:** Management maintained its lean inventory/asset-light approach despite the ~₹200 crore primary-sales loss, viewing the disruption as a one-off. Crompton continues to optimize in-house and outsourced manufacturing and plans a greenfield manufacturing facility with warehousing over the next 2-3 years at ~₹350 crore.
- **Outlook:** Management remains positive on demand, with pricing actions largely accepted and Q2 starting well. Growth is expected from BLDC/premium fans, lighting, water heaters, Butterfly, and scaling solar execution.

Exhibit 1: Variance Analysis

	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comments
Revenue	2,235	1,998	11.8%	2,283	-2.1%	Reported double digit growth across segments i.e. fans, pumps, small domestic appliances & lighting.
Other Income	22	24	-8.1%	16	37.9%	
Total Income	2,257	2,022	11.6%	2,299	-1.8%	
Gross profit	698	642	8.7%	721	-3.2%	
Gross margin %	31.2	32.1	-91 bps	31.6	-36 bps	Gross margin is impacted due to commodity inflation
Operating Expenses	1,824	1,637	11.4%	1,836	-0.7%	
Employee Expenses	187	170	10.1%	176	6.1%	
Total Expenses	2,011	1,807	11.3%	2,013	-0.1%	Overall expenses contained
EBITDA	**224**	**192**	**17.0%**	**271**	**-17.1%**	
EBIDTA %	**10.0**	**9.6**	**45 bps**	**11.9**	**-181 bps**	Overall margins expanded owing to operating leverage
Depreciation	45	40	14.5%	45	1.2%	
Finance cost	10	10	-1.2%	9	3.2%	
PBT	191	166	15.1%	232	-17.7%	
Tax	49	42	15.2%	47	2.4%	
Adjusted PAT after MI	140	122	14.8%	171	-18.1%	

Source: Company, ICICI Direct Research

Financial summary

Exhibit 2: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Revenue	**7,864**	**8,095**	**9,278**	**10,451**
Growth (%)	7.5	2.9	14.6	12.6
Expenses				
Raw material exp	5,273	5,516	6,286	7,044
Employee exp	639	681	761	857
Other exp	1,063	1,072	1,243	1,390
Total Operating exp	6,975	7,269	8,290	9,291
EBITDA	**888**	**827**	**988**	**1,160**
Growth (%)	24.5	-6.9	19.5	17.4
Depreciation	153	172	192	209
Interest	48	43	27	25
Other Income	69	66	83	97
PBT	756	-79	852	1,024
Total Tax	192	151	215	272
Minority Interest	8	11	14	16
Adjusted PAT	**556**	**502**	**624**	**736**
Growth (%)	26.4	-9.7	24.2	17.9
EPS (₹)	8.6	7.8	9.7	11.4

Source: Company, ICICI Direct Research

Exhibit 3: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit after Tax	556	502	624	736
Add: Depreciation	153	172	192	209
(Inc)/dec in Current Assets	-44	-353	-125	-318
Inc/(dec) in CL and Provisions	83	439	-149	296
Others	48	43	27	25
CF from operating activities	796	804	569	948
(Inc)/dec in Investments	-32	-250	-194	-233
(Inc)/dec in Fixed Assets	-227	-175	-150	-173
Others	67	-20	36	30
CF from investing activities	-192	-445	-309	-376
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	-27	-25
CF from financing activities	-513	-528	-317	-411
Net Cash flow	92	-169	-56	161
Opening Cash	261	353	184	127
Closing Cash	**353**	**184**	**127**	**289**

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Liabilities				
Equity Capital	129	129	129	129
Reserve and Surplus	3,261	2,838	3,428	3,778
Total Shareholders' funds	**3,390**	**2,966**	**3,557**	**3,907**
Minority Interest	458	469	483	499
Debt	300	0	0	0
Other liabilities	144	153	168	185
Total Liabilities	**4,292**	**3,589**	**4,208**	**4,590**
Assets				
Gross Block	2,421	2,295	2,607	2,688
Less: Acc Depreciation	411	513	625	745
Total Fixed Assets	**2,044**	**1,812**	**2,026**	**1,990**
Goodwill	1,285	779	779	779
Other investments	0	0	0	0
Inventory	882	744	991	1,088
Debtors	713	1,086	991	1,174
Other Current assets	216	334	306	345
Cash	353	184	127	289
Total Current Assets	**2,164**	**2,348**	**2,417**	**2,896**
Creditors	1,412	1,870	1,601	1,804
Provisions	334	298	379	427
Other CL	309	326	364	410
Total Current Liabilities	**2,054**	**2,493**	**2,345**	**2,641**
Net current assets	110	-146	72	255
Other non-current assets	131	173	165	168

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per share data (₹)				
EPS	8.6	7.8	9.7	11.4
Cash EPS	11.0	10.5	12.7	14.7
BV	52.7	46.1	55.3	60.7
DPS	3.0	3.5	4.5	6.0
Operating Ratios (%)				
EBITDA Margin	11.3	10.2	10.7	11.1
PAT Margin	7.1	6.2	6.7	7.0
Asset Turnover	3.2	3.5	3.6	3.9
Inventory Days	40.9	33.6	39.0	38.0
Debtor Days	33.1	49.0	39.0	41.0
Creditor Days	65.5	84.3	63.0	63.0
Return Ratios (%)				
RoE	16.4	16.9	17.5	18.8
RoCE	18.7	20.1	20.9	22.8
RoIC	35.4	36.8	34.7	41.0
Valuation Ratios (x)				
P/E	28.7	31.8	25.6	21.7
EV / EBITDA	16.9	17.7	14.7	12.1
EV / Net Sales	1.9	1.8	1.6	1.3
Market Cap / Sales	2.0	1.9	1.7	1.5
Price to Book Value	4.7	5.4	4.5	4.1
Solvency Ratios				
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	0.7	0.7

Source: Company, ICICI Direct Research

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Sell: <-15%

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