Equity Research Report Consumer Durables

Equity Research

Date: Feb 09, 2026

Crompton Greaves Consumer Electricals Ltd

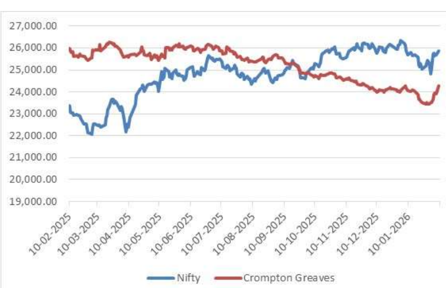
Analyst Recommendation: BUY

BSE Code: 539876 **NSE: CROMPTON**

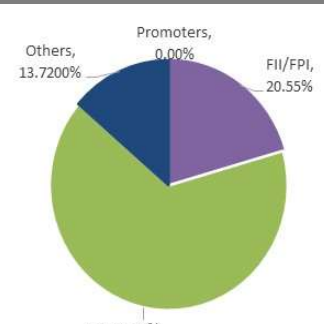
CMP:	Rs 263
2 Year Target -	Rs 320

Face Value	2.00
Market Cap (Rs Crores)	17,091
Stock PE	34.9
Dividend Yield	1.13%
Shares O/S (Cr)	64.4
Book Value per Share (Rs)	52.8
Sensex	84,066
Nifty	25,867

1 yr. Price Chart of Stock and Nifty



Shareholding pattern as on 31st Dec 2025



Investor's Rationale

In-line quarter; revenue/EBITDA broadly stable vs expectations:

Q3FY26 revenue/EBITDA were largely in line, with revenue rising 7% YoY to Rs 19bn, driven by broad-based growth across segments. Gross margin contracted 110bps YoY, on account of increase in commodity costs. EBITDA grew 4% YoY to Rs 2bn, while EBITDA margin declined by 30bps YoY to 10.3%; partly offset by disciplined A&P spends and cost optimisation. Adjusted PAT increased 8% YoY to Rs 1.2bn, while reported PAT declined 10% YoY, due to an exceptional charge of ~Rs 200mn related to the new labour code.

ECD growth remains steady; margin pressures persist:

ECD revenue grew 8% YoY (+1% QoQ) to Rs 13.9bn, aided by stable demand in core categories (BLDC fans, 2x growth in pumps and LDA), pickup in solar portfolio. However, the weakness in TPW over ceiling fans continued. EBIT decreased 8% YoY to Rs 1.8bn, with EBIT margin contracting 220bps YoY to 13.0%; indicating continued pressure from commodities and higher competitive intensity.

Residential wires entry adds new growth lever:

Crompton announced entry into residential wires, with a full-range launch expected in ~6 weeks in select markets. This expands the company's addressable market meaningfully by Rs 360bn to Rs 1.6-1.7trn.

Valuation

We cut FY27-28E EPS by 9-10% to factor in Crompton's foray into HW, which will likely be margin-dilutive till the segment scales meaningfully. We roll forward to Dec-26 and arrive at TP of Rs 320

Y/E 31 Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E
Total revenue	78636	80871	91973	103953
EBITDA	8882	7678	9018	10372
Adjusted net profit	5560	4912	5918	7085
ROCE	20.2	15.4	17.2	18.4
Adjusted ROAE	17.4	13.7	14.9	15.9
EV/Sales	2	1.9	1.7	1.5
EV/EBITDA	17.7	20.3	17.2	14.6
Adjusted P/E	28.4	32.1	26.7	22.3
P/BV	4.7	4.2	3.8	3.3

Concall Highlights

- Management highlighted that Crompton's expansion strategy is structured around "Play-to-win" vs "Play-to-participate" categories, with wires/solar being play-to-win and mobile accessories being play-to-participate.

- While commodity cost inflation persisted, pricing actions were taken with further interventions expected.

Fans

- Management stated that Crompton executed the BEE 2.0 transition in ceiling fans seamlessly, effective 1 Jan 2026, with no disruption; while channel inventory of legacy 1-star fans is being liquidated gradually.
- On BLDC, management indicated continued traction, with BLDC volumes growing 50%+ sequentially, implying market share gains despite an uneven season.
- On pricing, the company highlighted that a net 1-1.5% price hike has already been taken, with two more rounds planned in Q4 and Q1. This is to offset commodity inflation and BEE-related cost increases, supported by ongoing cost reduction initiatives.
- Exports are a renewed focus area, and the company strengthened its exports team during the quarter to scale international opportunity in fans.

Appliances

- Crompton has strengthened presence in water heaters and is now the #2 player in General Trade nationally, while retaining strong positioning in e-commerce.

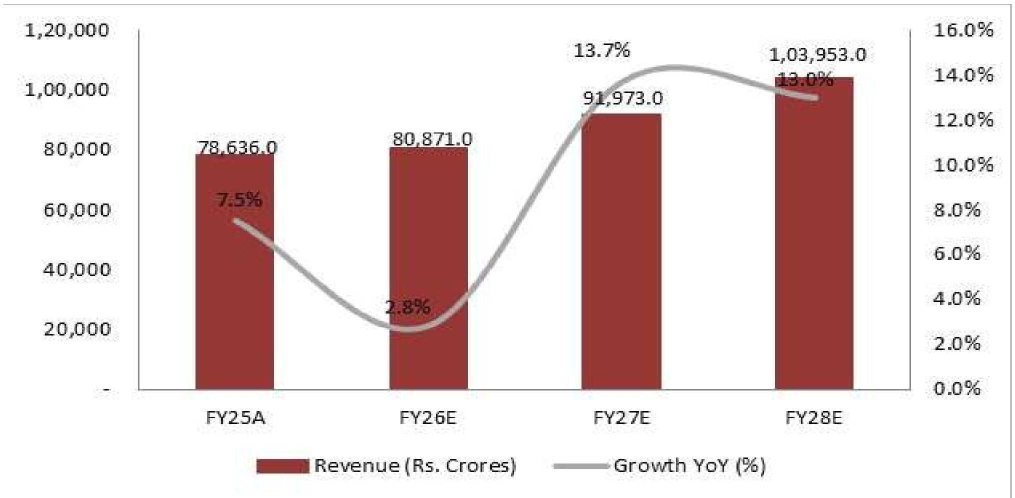
Pumps & Solar

- On solar pumps, management indicated that the business continues to scale strongly, with revenue having more than doubled YoY in the quarter. This is despite a broader market decline, implying continued market share gains.
- Solar rooftop business has begun revenue recognition, with ~Rs 180-190mn booked in Q3. Management reiterated that the initial order book of ~Rs 5.0bn is being executed largely through government-intermediated orders, though end installations are at residential homes.
- Management reiterated that scale benefits across solar pumps and rooftop are driving material improvement in gross margins. Working capital for rooftop execution is expected to remain manageable, given the structured payment schedules.

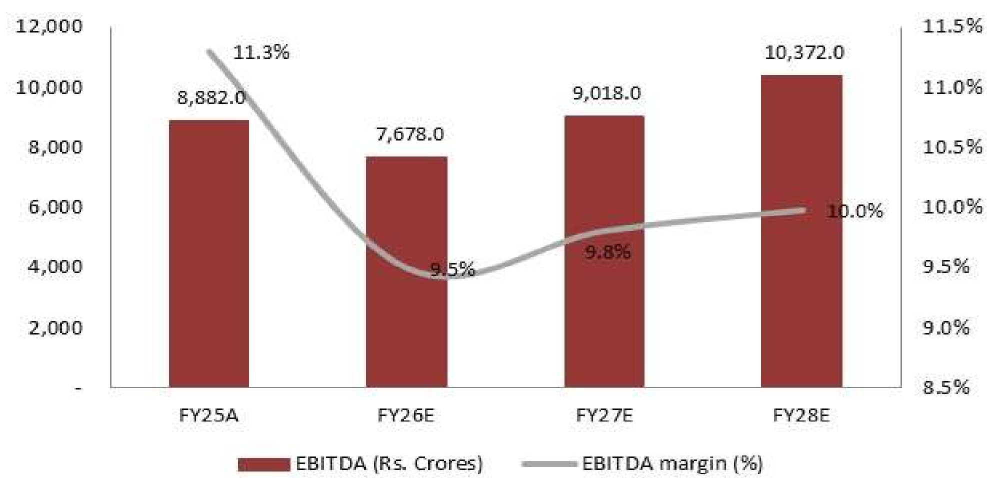
Butterfly Gandhimathi Appliances (BGAL)

- The premium Idea First Series continues to scale, contributing to higher ASPs and improved profitability, alongside ongoing reset in go-to-market terms of trade.

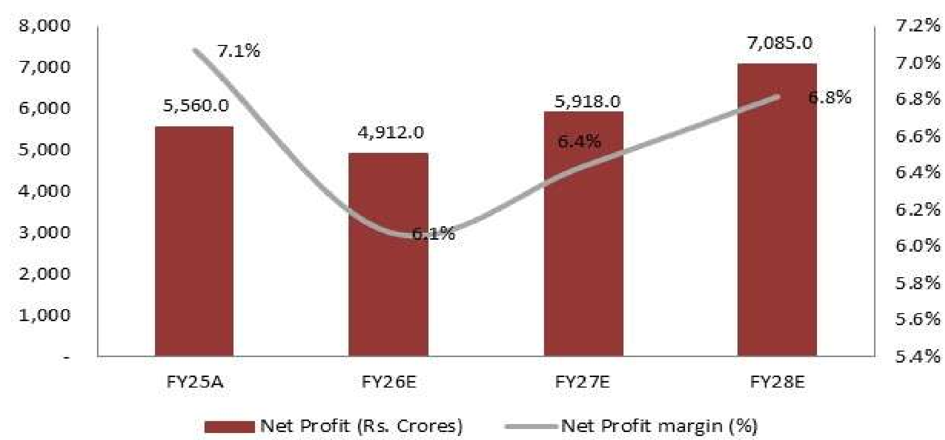
Revenue growth to be steady



EBITDA to grow going ahead



Net profit to surge going ahead



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Outlook and Valuation

We cut FY27-28E EPS by 9-10% to factor in Crompton's foray into HW, which will likely be margin-dilutive till the segment scales meaningfully. We roll forward to Dec-26 and arrive at TP of Rs 320

Crompton Greaves - Company Overview

Crompton Greaves Consumer Electricals Limited is one of the leading consumer companies in India with a 75+ years old brand legacy. It is an independent company under professional management and have 2 business segments – Lighting and Electrical Consumer Durables. They market their products under the "Crompton" brand name in India and select export markets. The company has been revamping itself since June 2023. The company spent 3.6% of FY25 revenue on A&P. Investments in innovation stands at Rs. 100 Cr+ in FY25.

The company launched 170 new products in FY25.
In Crompton 2.0, company is targeting :
1) Premiumization
2) GTM excellence
3) Brand Investments
4) Innovation

Revenue Breakup FY25
Electrical Consumer Durables: 76%
Lightning Products: 13%
Butterfly: 11%

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Balance sheet (Consolidated)

Y/E 31 Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E
Accounts payables	13948	14402	16379	18512
Other current liabilities	4135	4653	5292	5981
Provisions	-	-	-	-
Debt funds	4389	4139	3639	3139
Other liabilities	1952	2259	3578	3578
Equity capital	1288	1288	1288	1288
Reserves & surplus	37190	40874	45313	50627
Shareholders' fund	38478	42162	46601	51914
Total liab. and equities	**63298**	**68011**	**75885**	**83521**
Cash and cash eq.	3530	2851	5230	8669
Accounts receivables	6912	9970	11339	12816
Inventories	8817	11078	12599	14240
Other current assets	9565	9970	12095	13671
Investments	-	-	-	-
Net fixed assets	33151	32427	32241	32065
CWIP	142	500	1000	500
Intangible assets	0	0	0	0
Deferred tax assets, net	-	-	-	-
Other assets	1180	1214	1380	1560
Total assets	**63298**	**68011**	**75885**	**83521**

Profit & Loss Account (Consolidated)

Y/E 31 Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E
Total revenue	78636	80871	91973	103953
EBITDA	**8882**	**7678**	**9018**	**10372**
Depreciation	1528	1724	1686	1677
EBIT	**7354**	**5954**	**7331**	**8695**
Net interest inc./(exp.)	480	331	328	314
Other inc./(exp.)	688	757	909	1090
Exceptional items	0	0	0	0
EBT	**7562**	**6380**	**7912**	**9472**
Income taxes	1921	1467	1994	2387
Extraordinary items	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0
Reported net profit	5560	4912	5918	7085
Adjustments	**0**	**0**	**0**	**0**
Adjusted net profit	**5560**	**4912**	**5918**	**7085**

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Cash Flow (Consolidated)

Y/E 31 Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	**7374**	**1884**	**5206**	**6890**
Capital expenditures	-1028	-1000	-1500	-1500
Change in investments	-	-	-	-
Other investing cash flows	-283	-85	652	320
Cash flow from investing	**-1311**	**-1085**	**-848**	**-1180**
Equities issued/Others	204	0	0	0
Debt raised/repaid	-4021	-250	-500	-500
Interest expenses	-	-	-	-
Dividends paid	-	-	-	-
Other financing cash flows	-1930	-1228	-1480	-1771
Cash flow from financing	**-5747**	**-1478**	**-1980**	**-2271**
Chg in cash & cash eq.	316	-679	2379	3439
Closing cash & cash eq.	**3530**	**2851**	**5230**	**8669**

Key Ratios & Valuations (Consolidated)

	FY25A	FY26E	FY27E	FY28E
YoY growth (%)	**0**	**0**	**0**	**0**
Revenue	7.5	2.8	13.7	13
EBITDA	24.5	-13.6	17.5	15
Adjusted EPS	26.4	-11.6	20.5	19.7
Profitability & Return ratios (%)	0	0	0	0
EBITDA margin	**11.3**	**9.5**	**9.8**	**10**
EBIT margin	9.4	7.4	8	8.4
Adjusted profit margin	7.1	6.1	6.4	6.8
Adjusted ROAE	17.4	13.7	14.9	15.9
ROCE	**20.2**	**15.4**	**17.2**	**18.4**
Working capital days (days)	0	0	0	0
Receivables	32	45	45	45
Inventory	41	50	50	50
Payables	65	65	65	65
Ratios (x)	0	0	0	0
EV/Sales	2	1.9	1.7	1.5
EV/EBITDA	17.7	20.3	17.2	14.6
Adjusted P/E	28.4	32.1	26.7	22.3
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Large Cap.	Return	Mid/Small Cap.	Return
Buy	More than equal to 10%	**Buy**	More than equal to 15%
Hold	Between 10% & -5%	**Accumulate***	Upside between 10% & 15%
Reduce	Less than -5%	**Hold**	Between 0% & 10%
		Reduce/sell	Less than 0%

** To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.*

Member: BSE, NSE, MCX, MCX-SX, CDSL

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