

CMP: ₹210

Target ₹ 275 (31%)

Target Period: 12 months

BUY

October 19, 2026

Topline gaining momentum, margin improvement to follow

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, 2,75,000+ 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.

Q2FY27 performance: CGCE reported healthy Q2FY27 with consolidated revenue growth of 18.2% YoY (+1.3% QoQ) to ₹2,263 crore, marking the third consecutive quarter of double-digit revenue growth along with signs of profitability revival. EBITDA increased 24.3% YoY to ₹205 crore, with margins expanding ~45 bps YoY to 9%. Adjusted PAT up 38.3% YoY. ECD revenue grew 19.4% to ₹1,634 crore, led by 40% growth in BLDC fans, double-digit growth in conventional pumps and water heaters, and over 20% growth in small domestic appliances. Lighting revenue increased 14.3% to ₹298 crore, while Butterfly revenue grew 15.9% to ₹331 crore. Commodity inflation continued to pressure gross margins, which declined to 29.8% from 31.6% a year ago.

Investment Rationale:

- **Growth trajectory improving:** The company has steadily improved revenue growth trajectory from single digit 3 quarters back to mid-high teens now. Double digit growth across all the businesses is noteworthy. Considerable part of the growth is supported by price hikes of 11-15% over the last 6 months. Volume growth although not very strong, is holding firm considering the hikes. The proportion of new businesses including solar products, wires and water purifiers shall increase from ~10% currently to 14-15% over medium term. Exports (largely fans currently) although a small portion in low single digit, has grown 70% YoY in Q2 with significant potential seen by management. Overall, core categories to deliver steady growth while new products to push overall growth in mid-teen trajectory.
- **Margins currently impacted by commodity volatility; but shall eventually stabilise:** Currently, geo-political tension led commodity inflation has impacted CGCE's gross margin (Q2 at 29.8%: down 146 bps QoQ & 181 bps YoY) just as seen at industry level. CGCE expects ~80% of inflation to pass through price hikes and balance margin impact shall be offset by operating leverage and efficiencies. The fan segment has taken 17-18% price hike since last year while margin in B2B lighting is impacted owing to pre-contracted prices. Globally, the situation remains volatile while we believe CGCE is relatively better placed considering its market leadership, diversified product basket and strong balance sheet.

Rating and Target Price:

Growth performance has been healthy across categories which remains key for long term business outlook. The capital employed in new segments is limited as manufacturing is largely outsourced which coupled with debt free balance sheet enables company to navigate current challenges effectively. Margin recoup remains key for profitability & return ratios improvement. We Maintain BUY rating on the stock with target price of ₹275 valuing the stock at 24x PE on FY28E EPS.



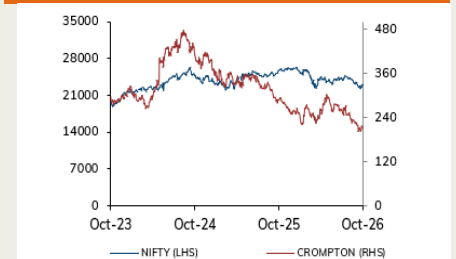
Particulars

Particular	Amount
Market Cap (₹ Crore)	13,522
Q2FY27 Debt (₹ Crore)	0
Q2FY27 Cash (₹ Crore)	154
EV (Rs Crore)	13,368
52 Week H/L (₹)	311 / 201
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
- (ii) Geo-political conflict led inflation
- (iii) Underwhelming demand uptick

Research Analyst

Jaymin Trivedi
jaymin.trivedi@icicisecurities.com

Kirankumar Choudhary
kiran.choudhary@icicisecurities.com

Saksham Mathur
saksham.mathur@icicisecurities.com

Key Financial Summary

(₹ crore)	FY23	FY24	FY25	FY26	3 Year CAGR	FY27E	FY28E	2 Year CAGR
Net Sales	6870	7313	7864	8095	5.6%	9333	10510	13.9%
EBITDA	770	714	888	833	2.6%	994	1167	18.4%
EBITDA Margin (%)	11.2	9.8	11.3	10.3		10.7	11.1	
Adj. Net Profit	463	440	556	502	2.7%	628	740	21.4%
EPS (₹)	7.3	6.8	8.6	7.8		9.8	11.5	
P/E (x)	28.8	30.7	24.3	26.9		21.5	18.3	
RoE (%)	17.4	14.7	16.4	16.9		17.6	18.9	
RoCE (%)	17.6	15.9	18.7	20.2		21.0	22.9	

Source: Company, ICICI Direct Research

Q2FY27 Earnings call highlights

- **Fans segment:** Fans delivered double-digit growth, with BLDC fans continuing strong momentum at ~40% YoY, supported by focused portfolio interventions and improved reach, particularly in general trade. Cumulative price hikes in fans stood at ~17–18% since last year, with ~80% of inflationary pressures passed on across the business. Management expects volume growth to be supported by BLDC and premium fans, regulatory-led consolidation in entry-level fans, and table, pedestal and wall fans. Supply chain disruptions witnessed in Q1 have been resolved, with inventory levels normalized.
- **Pumps:** Conventional pumps, including residential, agricultural and specialty pumps, delivered double-digit growth. Solar pumps witnessed a slowdown as order inflows under the PM-KUSUM 1.0 scheme tapered with the scheme nearing completion. Management expects growth to pick up in the coming quarters, supported by the government's announcement of PM-KUSUM 2.0. Solar pumps continue to support conventional agricultural pump expansion through wider distribution and portfolio reach.
- **Solar businesses:** Solar rooftop execution gained momentum, with more than 50% of the Andhra Pradesh government order book executed, including installation of ~20,000 units out of the total ~38,000 units. Management expects most of the remaining order execution in Q3, with some to be executed in the subsequent quarter. B2C and C&I solar rooftop operations have commenced across seven states, with channel partners onboarded and products rolled out. Management highlighted a ~₹26,000 crore solar rooftop market opportunity, with attractive ROCE and cash-flow characteristics in B2C and C&I. Battery energy storage systems (BESS) and inverters represent potential future adjacencies.
- **LDA & SDA:** Large domestic appliances delivered double-digit growth, led by water heaters, with continued market-share gains in the category. Small domestic appliances sustained strong momentum, growing over 20% YoY, driven by air fryers, induction cooktops and mixer grinders. Improving revenue growth in SDA is translating into disproportionate profitability growth.
- **Lighting business:** Revenue grew 14.3% YoY to ₹298 crore, driven by ceiling lights and outdoor products in B2C, alongside strong double-digit growth in industrial and indoor commercial segments in B2B. EBITDA margin stood at 12.9%, lower YoY due to re-contracted B2B orders. Management highlighted continued improvement in the business trajectory, supported by volume growth, strong average selling prices and an improving B2C mix.

- **Butterfly Gandhimathi:** Revenue grew 15.9% YoY, excluding internal mixer-grinder sales to Crompton in the base period, supported by sustained recovery across core categories and retail channels. Management sees an emerging opportunity in infrared cooktops. Butterfly is also pursuing a phased pan-India expansion, starting with Maharashtra, while focusing on improving sales quality in new markets.
- **New categories & adjacencies:** Residential wires, launched in South India in Q1FY27, were expanded to Punjab, Delhi NCR and Gujarat during Q2. Management sees a significant opportunity in wires and solar rooftop, with a long-term ambition for new businesses to contribute ~14–15% of revenue. Evaluation of a greenfield manufacturing facility is also in advanced stages, with planned capacity across fans, appliances and wires.
- **Brand transformation:** Crompton launched its refreshed brand identity in August 2026, featuring a new monogram, Cephyr, along with a new tagline and distinctive sonic identity. The company's innovation strategy is focused on design-led innovation, technology-forward products, and smart and connected solutions.
- **Outlook:** Management remains positive on demand and expects the company to sustain double-digit revenue and profit growth, having delivered three consecutive quarters of double-digit revenue growth. General trade and rural channels continue to demonstrate strong momentum, while volume growth has turned positive across categories following price increases. Growth is expected to be driven by BLDC and premium fans, conventional pumps, water heaters, SDA, lighting, Butterfly, solar rooftop and wires, alongside expanding exports. Management remains confident of delivering its medium-term growth strategy, with a focus on market-share gains, innovation, brand building, cost optimization and improving profitability.

Exhibit 1: Variance Analysis

	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Comments
Revenue	2,263	1,916	18.2%	2,235	1.3%	Reported third consecutive quarter with double digit revenue growth, which was supported by healthy performance across businesses.
Other Income	18	13	31.1%	22	-19.5%	
Total Income	2,281	1,929	18.2%	2,257	1.1%	
Gross profit	674	605	11.4%	698	-3.5%	Gross margins impacted due to commodity inflation
Gross margin %	29.8%	31.6%	-181 bps	31.2%	-146 bps	
Operating Expenses	1,872	1,586	18.1%	1,824	2.7%	Overall margins expanded owing to operating leverage and cost savings under Unnati program
Employee Expenses	186	165	12.8%	187	-0.2%	
Total Expenses	2,059	1,751	17.6%	2,011	2.4%	
EBITDA	205	165	24.3%	224	-8.8%	Overall margins expanded owing to operating leverage and cost savings under Unnati program
EBIDTA %	9.0%	8.6%	45 bps	10.0%	-100 bps	
Depreciation	46	44	3.5%	45	0.7%	Profit growth reviving, aided by all-round performance.
Finance cost	10	12	-16.7%	10	-0.1%	
PBT	167	102	63.6%	191	-12.7%	
Tax	43	27	58.8%	49	-12.5%	Profit growth reviving, aided by all-round performance.
Adjusted PAT after MI	119	86	38.3%	140	-15.0%	

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	9,333	10,510
Growth (%)	7.5	2.9	15.3	12.6
Expenses				
Raw material exp	5,273	5,516	6,323	7,084
Employee exp	639	681	765	862
Other exp	1,063	1,065	1,251	1,398
Total Operating exp	6,975	7,262	8,339	9,344
EBITDA	888	833	994	1,167
Growth (%)	24.5	-6.2	19.3	17.4
Depreciation	153	172	193	210
Interest	48	50	27	25
Other Income	69	66	83	97
PBT	756	-80	857	1,029
Total Tax	192	151	215	274
Minority Interest	8	11	14	16
Adjusted PAT	556	502	628	740
Growth (%)	26.4	-9.7	25.2	17.7
EPS (₹)	8.6	7.8	9.8	11.5

Source: Company, ICICI Direct Research

Exhibit 3: Cash flow statement ₹ crore				
(Year-end March)	FY25	FY26	FY27E	FY28E
Profit after Tax	556	502	628	740
Add: Depreciation	153	172	193	210
(Inc)/dec in Current Assets	-44	-353	-139	-319
Inc/(dec) in CL and Provisions	83	439	-135	298
Others	48	50	27	25
CF from operating activities	796	810	575	953
(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	-9	-27	-25
CF from financing activities	-513	-534	-317	-411
Net Cash flow	92	-169	-51	166
Opening Cash	261	353	184	133
Closing Cash	353	184	133	299

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	3,433	3,786
Total Shareholders' funds	3,390	2,966	3,561	3,915
Minority Interest	458	469	483	499
Debt	300	0	0	0
Other liabilities	144	153	168	185
Total Liabilities	4,292	3,589	4,213	4,598
Assets				
Gross Block	2,421	2,295	2,607	2,688
Less: Acc Depreciation	411	513	626	747
Total Fixed Assets	2,044	1,812	2,025	1,987
Goodwill	1,285	779	779	779
Other investments	0	0	0	0
Inventory	882	744	997	1,094
Debtors	713	1,086	997	1,181
Other Current assets	216	334	308	347
Cash	353	184	133	299
Total Current Assets	2,164	2,348	2,436	2,921
Creditors	1,412	1,870	1,611	1,814
Provisions	334	298	381	429
Other CL	309	326	366	413
Total Current Liabilities	2,054	2,493	2,358	2,656
Net current assets	110	-146	77	265
Other non-current assets	131	173	166	168
Total Assets	4,292	3,589	4,213	4,598

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios				
(Year-end March)	FY25	FY26	FY27E	FY28E
Per share data (₹)				
EPS	8.6	7.8	9.8	11.5
Cash EPS	11.0	10.5	12.8	14.8
BV	52.7	46.1	55.3	60.8
DPS	3.0	3.5	4.5	6.0
Operating Ratios (%)				
EBITDA Margin	11.3	10.3	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	17.6	18.9
RoCE	18.7	20.2	21.0	22.9
RoIC	35.4	37.2	34.9	41.2
Valuation Ratios (x)				
P/E	24.3	26.9	21.5	18.3
EV / EBITDA	14.2	14.7	12.1	10.0
EV / Net Sales	1.6	1.5	1.3	1.1
Market Cap / Sales	1.7	1.7	1.4	1.3
Price to Book Value	4.0	4.6	3.8	3.5
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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Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headservicequality@icicidirect.com Contact Number: 18601231122

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