

November 10, 2025

Seasonal overhang, Broader picture intact...

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.

Q2FY26 performance: CGCE reported modest Q2 with revenue of ₹1915 crore, up 1.0% YoY / -4.2% QoQ. Fans segment reported single digit de-growth YoY owing to high channel inventory in TPW fans and prolonged monsoon. Similarly, LDA consisting of air coolers and water heaters witnessed sharp de-growth. Lighting reported growth of 3.1% YoY signalling demand and price stability. EBITDA margin declined by 246 bps YoY / 133 bps QoQ at 8.3% owing to subdued sales and rising commodity prices. Adj. PAT reported at ₹91 crore which declined by 29.3% YoY.

Investment Rationale

- **Healthy traction in seasonally non-impacted portfolio; esp. on solar business:** Within fans division, BLDC fans rapidly gaining traction (~50%+ YoY growth in Q2 despite seasonal factors). In pumps division, solar pumps delivered strong 100% YoY growth at ₹92 cr wherein the management is guiding to double topline growth in FY26 from ~₹200 cr in FY25. In the recently entered solar rooftop segment, the company has won order book aggregating ₹500 cr, with execution expected in 6-12 months. Management aims to achieve revenue of ₹2000 cr within next 18-24 months from solar businesses combined. Butterfly Gandhimathi, with its new positioning, has started showcasing results with closer to mid-teen topline growth alongwith margin expansion. Small domestic appliances (SDA) category posted double-digit growth, driven by new launches and festive campaigns. Large kitchen appliances witnessed 34% QoQ growth led by chimney portfolio. Overall, barring for seasonally impacted products (worst probably behind), other segments have delivered healthy growth.
- **Well-established leadership across core categories:** The company holds leadership position in both fans and residential pumps with a share of 25%+, and aims to reach double digit market share in Agri pumps reflecting its sustained market leadership. The company has taken price hike of 1.4-1.5% in oct, to recoup the margin lost in Q2.

Rating and Target Price

- CGCE has strong distribution network, brand identity and execution capabilities which enables it to achieve market leadership in most of its categories. Relative valuations are reasonable, offering favorable risk-reward at current levels. We assign BUY rating on the stock with a target price of ₹ 375 valuing the stock at 36x PE on FY27E EPS.

Key Financial Summary

(₹ crore)	FY22	FY23	FY24	FY25	3 Year CAGR (FY22-25)	FY26E	FY27E	2 Year CAGR (25-27E)
Net Sales	5394	6870	7313	7864	13%	8158	9129	7.7
EBITDA	769	770	714	888	5%	848	1059	9.2
EBITDA Margin (%)	14.3	11.2	9.8	11.3		10.4	11.6	
Adj. Net Profit	588	463	440	556	-2%	525	675	10.2
EPS (₹)	9.4	7.3	6.8	8.6		8.1	10.5	
P/E (x)	30.1	38.1	40.6	32.1		35.1	26.5	
RoE (%)	24.0	17.4	14.7	16.4		14.3	16.5	
RoCE (%)	16.2	17.6	15.9	18.8		17.3	19.8	

Source: Company, ICICI Direct Research

Crompton

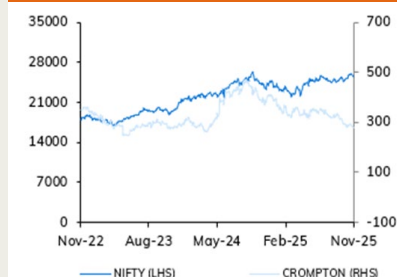
Particulars

Particular	Amount
Market cap (₹ crore)	17,868.0
Total Debt (H1FY26) (₹ crore)	0.0
Cash & Inves (H1FY26) (₹ crore)	34.0
EV (₹ crore)	17,834.0
52 Week H/L (₹)	419/269
Equity Capital (₹ crore)	128.8
Face Value (₹)	2.0

Shareholding pattern

	Dec-24	Mar-25	Jun-25	Sep-25
Promoter	0.0	0.0	0.0	0.0
FII	34.4	30.3	29.2	25.6
DII	53.0	57.1	58.9	61.2
Public	12.5	12.6	11.9	13.2

Price Chart



Key risks

- Intensifying competition
- Underwhelming demand uptick

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Concall highlights and outlook

- **Fans segment:** Fans division faced challenges due to prolonged monsoon resulting into single digit de-growth wherein TPW fans remained the major dragger owing to higher inventory across channels. BLDC fans continued to show traction showing ~50%+ growth trajectory following launch of products under its indigenous Nucleus platforms. Management expects momentum to continue with further product introductions.
- **Pumps:** During the quarter, pumps segment delivered mid-teen growth wherein solar pumps contributed ~₹92 crores.
- **Solar businesses:** Forayed into solar rooftop business, current order pipeline for over 50,000 units amounting to ~₹500 crore. Solar pump business continues to growing rapidly wherein company has gained market share of ~6-8% nationally in period of 2 years with revenue growing at ~100% YoY. Continues to hold order pipeline of ~₹255 crores in solar pumps. Overall solar business is expected to contribute ~₹2000 crore in revenue in next 18-24mths.
- **SDA segment:** This segment comprises of small domestic appliances, kitchen appliances and Butterfly products. This segment delivered growth in strong double-digits with kitchen segment continuing to be second largest across country.
- **Butterfly Gandhimathi:** Reported a standout quarter supported by strong channel execution and new product launches. EBITDA grew at 21% and expected to continue on similar growth trajectory.
- **Lighting business:** Reported strong performance representing structural changes made in both B2B and B2C category. In B2C, company reoriented its portfolio mix to panels, lamps, battens and floodlights from earlier just battens and lamps. Lamps and battens used to contribute ~65% of product mix earlier which has now reduced to ~40-45%. On B2B front, quality of business seems to be improving with reducing dependence on government contracts and increasing industrial part of business. Secured largest contract in industrial lighting from JSW steel.
- **EBITDA margin indication:** Reported sharp decline in margin attributed to commodity price rise and seasonality challenges impacting coolers and TPW products. Company is planning for price hikes with already ~1.4-1.5% hike taken. Management remains confident in gradual restoration of margins supported by price hikes, mix improvement, cost optimisation and volume normalisation.
- **Exceptional Item:** Incurred ₹20 crores for restructuring Baroda operations wherein it has transformed from single product manufacturing unit to multiple product manufacturing unit with payback expected in 2 years through efficiency gains.

Exhibit 1: Variance Analysis

	Q2FY26	Q2FY25	YoY	Q1FY26	QoQ (%)	Comments
Revenue	1,916	1,896	1%	1,998	-4%	Revenue remained subdued owing to prolonged monsoon and higher inventory in TPW fans and air coolers
Other Income	13	18	-24%	24	-44%	
Total Income	1,929	1,914	1%	2,022	-5%	
Gross profit	605	620	-2%	642	-6%	Price increase across raw material impacted gross margins
Gross margin %	31.6	32.7	-114 bps	32.1	-56 bps	
Operating Expenses	1,592	1,533	4%	1,637	-3%	
Employee Expenses	165	160	3%	170	-3%	Overall expenses contained
Total Expenses	1,757	1,693	4%	1,807	-3%	
EBITDA	158	203	-22%	192	-17%	
EBIDTA %	8.3	10.7	-246 bps	9.6	-133 bps	Margins declined owing to operational deleverage and price rise across raw materials
Depreciation	44	38	15%	40	11%	
Finance cost	5	12	-57%	10	-47%	
PBT	123	171	▼-28%	166	-26%	
Tax	27	43	-37%	42	-37%	
Adjusted PAT after MI	71	125	-43%	122	-42%	Adj. for minority interest

Financial Summary

Exhibit 2: Profit and loss statement

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Revenue	7,313	7,864	8,158	9,129
Growth (%)	6.5	7.5	3.7	11.9
Expenses				
Raw material exp	5,000	5,273	5,503	6,089
Employee exp	590	639	693	767
Other exp	1,009	1,063	1,114	1,214
Total Operating exp	6,599	6,975	7,310	8,070
EBITDA	714	888	848	1,059
Growth (%)	-7.4	24.5	-4.5	24.8
Depreciation	129	153	171	192
Interest	79	48	26	23
Other Income	67	69	67	75
PBT	573	756	698	919
Total Tax	131	192	177	231
Minority Interest	2	8	12	14
Adjusted PAT	440	556	525	675
Growth (%)	-5.0	26.4	-5.6	28.6
EPS (₹)	6.8	8.6	8.1	10.5

Source: Company, ICICI Direct Research

Exhibit 3: Cash flow statement

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Profit after Tax	440	556	509	675
Add: Depreciation	129	153	171	192
(Inc)/dec in Current Assets	-151	-51	-182	-253
Inc/(dec) in CL and Provisions	415	72	8	244
Others	79	48	26	23
CF from operating activities	911	778	533	881
(Inc)/dec in Investments	-141	-32	108	-123
(Inc)/dec in Fixed Assets	-108	-227	-175	-150
Others	-9	86	33	20
CF from investing activities	-258	-173	-33	-253
Issue/(Buy back) of Equity	1	0	0	0
Inc/(dec) in loan funds	-323	-299	-300	0
Dividend paid & dividend tax	-192	-193	-225	-258
Others	11	-20	-25	-23
CF from financing activities	-503	-513	-550	-281
Net Cash flow	151	92	-51	347
Opening Cash	109	261	353	302
Closing Cash	261	353	302	649

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Liabilities				
Equity Capital	129	129	129	129
Reserve and Surplus	2,871	3,261	3,546	3,963
Total Shareholders funds	3,000	3,390	3,675	4,092
Minority Interest	449	458	469	483
Debt	599	300	0	0
Other liabilities	63	139	167	184
Total Liabilities	4,111	4,287	4,311	4,758
Assets				
Gross Block	2,233	2,421	2,545	2,613
Less: Acc Depreciation	322	411	513	624
Total Fixed Assets	1,970	2,044	2,048	2,006
Goodwill	1,285	1,285	1,285	1,285
Investments	689	721	613	736
Inventory	830	882	925	1,050
Debtors	734	702	782	875
Other Current assets	203	235	293	328
Cash	261	353	302	649
Total Current Assets	2,028	2,172	2,303	2,903
Creditors	1,328	1,411	1,408	1,576
Provisions	398	334	333	373
Other CL	245	298	310	346
Total Current Liabilities	1,971	2,043	2,051	2,295
Net current assets	57	129	252	608
Other non current assets	109	107	114	124
Total Assets	4,111	4,287	4,311	4,758

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E
Per share data (₹)				
EPS	6.8	8.6	7.9	10.5
Cash EPS	8.8	11.0	10.6	13.5
BV	46.6	52.7	57.1	63.6
DPS	3.0	3.0	3.5	4.0
Operating Ratios (%)				
EBITDA Margin	9.8	11.3	10.4	11.6
PAT Margin	6.0	7.1	6.4	7.4
Asset Turnover	3.3	3.2	3.2	3.5
Inventory Days	41.4	40.9	41.4	42.0
Debtor Days	36.6	32.6	35.0	35.0
Creditor Days	66.3	65.5	63.0	63.0
Return Ratios (%)				
RoE	14.7	16.4	14.3	16.5
RoCE	15.9	18.8	17.3	19.8
RoIC	30.0	35.3	29.5	37.8
Valuation Ratios (x)				
P/E	40.6	32.1	35.1	26.5
EV / EBITDA	24.2	19.0	19.7	15.4
EV / Net Sales	2.4	2.1	2.1	1.8
Market Cap / Sales	2.4	2.2	2.2	1.9
Price to Book Value	5.9	5.3	4.9	4.4
Solvency Ratios				
Debt / Equity	0.2	0.1	0.0	0.0
Current Ratio	1.0	1.0	1.1	1.2
Quick Ratio	0.5	0.5	0.6	0.6

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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