

## Crompton Greaves Consumer (CROMPTON) - BUY

### Q4FY26 Result Update

Current Market Price (CMP) <b>Rs.285</b>	Fair Value (FV) <b>Rs.380</b>
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### Rationale:

- Q4FY26: ECD growth near-DDs with an impressive margin delivery.
- FY26 hits: Near-DD growth in Butterfly, >20% growth in SDA, 6% growth in lighting despite price erosion, 2x revenue in solar pumps and Rs5 cr OB in solar rooftop.
- FY26 misses: Fans/air coolers impacted by a weak season.
- Scale-up of new categories (solar/wires) is likely to drive an acceleration in revenue growth in FY27E.
- Price hikes and cost initiatives underway to mitigate impact of raw material inflation.
- We cut FY27/28E EPS by ~7%/2%, largely due to sharp raw material inflation.
- We maintain FV at Rs380, implying 30x June 2028E P/E (unchanged).

### Positives:

- Consolidated revenues grew 10.8% yoy to Rs2,283 cr (in line).
- Solar pumps business has doubled in FY26, rooftop has executed 5K homes already (roughly 11-12% of the total order size).
- Lighting grew 14.3% yoy to Rs316 cr (~6.2% beat), partly aided by price hikes.
- Net cash stood at Rs1,250 cr, as of March 2026, vs Rs790 cr, as of March 2025.

### Negatives:

- Consolidated EBITDA margin contracted 100 bps yoy to 11.9% (our estimate: 12.2%).
- Lighting's EBIT margin contracted 375 bps yoy to 12.2% (our estimate: 15.3%).

(EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization; ECD: Electrical Consumer Durable; DD: Double-Digit; SDA: Small Domestic Appliance; OB: Order Book; EPS: Earnings Per Share; EBIT: Earnings Before Interest and Tax)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

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- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
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- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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