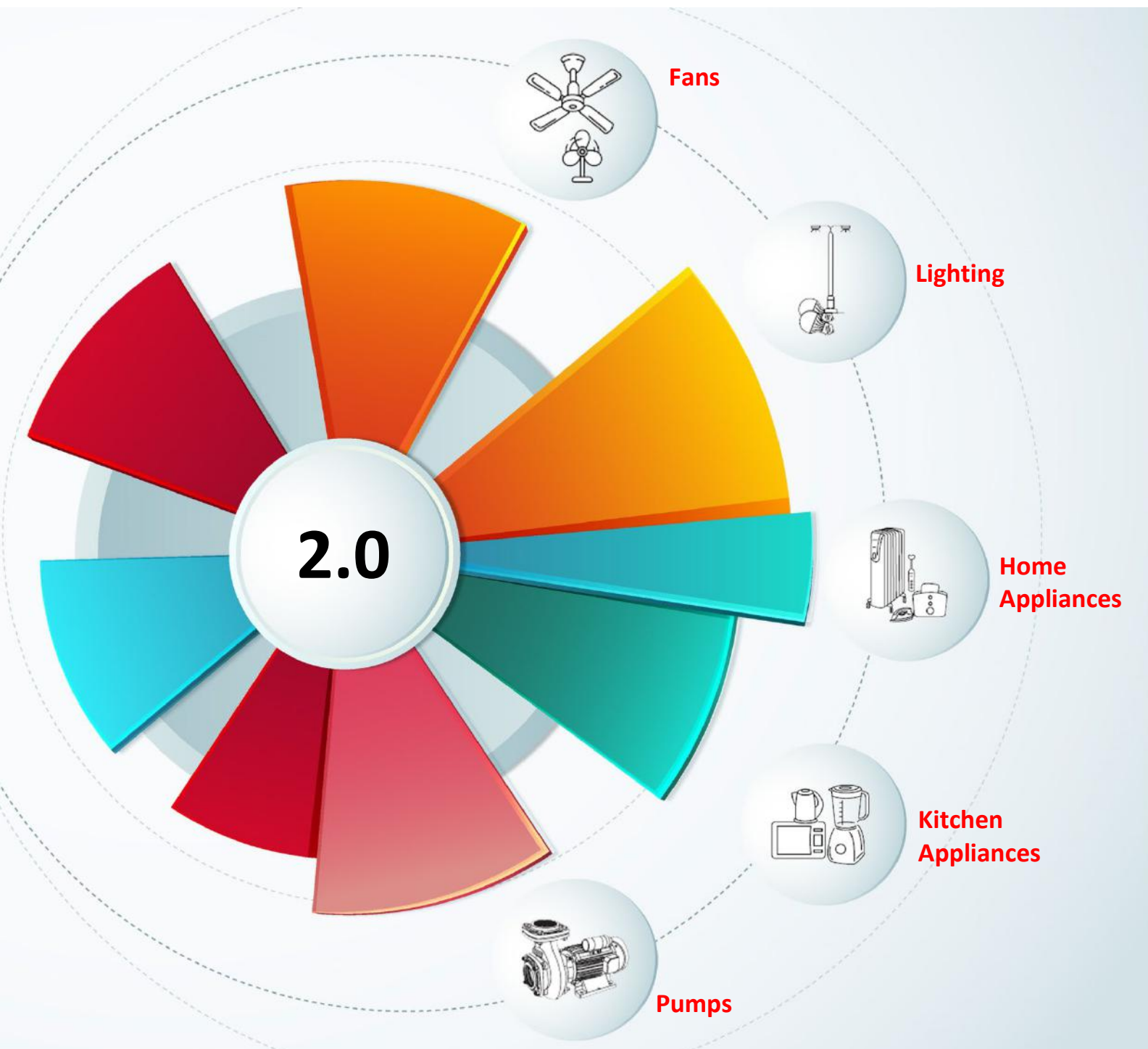


## Crompton Greaves Consumer Electricals



## Crompton 2.0 unlocking potential!

Sanjeev Kumar Singh - Research analyst (Sanjeev.Singh@MotilalOswal.com)

Research analyst: Mudit Agarwal (Mudit.Agarwal@MotilalOswal.com) | Abhishek Sheth (Abhishek.Sheth@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

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## Crompton 2.0 unlocking potential!

- ❖ A leading consumer electricals company: Crompton Greaves Consumer Electricals (CROMPTON) is a prominent player in India's consumer electricals sector, with a strong presence across fans, lighting, pumps, and household appliances. The company is a market leader in the fans segment with ~25% market share and in residential pumps with ~30% market share. CROMPTON is among the top three companies in the lighting segment and is also one of the top five companies in the consumer appliances segment.
- ❖ Butterfly to enhance the appliances portfolio: CROMPTON acquired a majority stake (55%) in Butterfly Gandhimathi Appliances (BGAL) in Mar'22; it currently holds a 75% stake in the company. BGAL is one of the largest integrated domestic kitchen appliance manufacturers in India, and this acquisition has allowed CROMPTON to expand its appliance portfolio. The company anticipates realizing various revenue and cost synergies in the short to medium term and plans to leverage mutual strengths to expand its industry share and market reach.
- ❖ Earnings and return ratios to improve following a dip in FY26E: We initiate coverage on CROMPTON with a BUY rating and a TP of INR350. Our TP is premised on 35x Dec'27E EPS. We estimate an EBITDA/PAT CAGR of 17%/21% over FY26-28 after a decline of 12%/16% in FY26E primarily due to weather-related disruptions, which impacted the ECD segment's performance. We expect OPM to be 10.3%/11.2% in FY27/FY28E vs. 9.7% in FY26.

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Financials and valuations

# Crompton Greaves Consumer Electricals

BSE SENSEX

84,560

S&P CNX

25,819

## Crompton

### Stock Info

Bloomberg	CROMPTON IN
Equity Shares (m)	644
M.Cap.(INRb)/(USDb)	160.4 / 1.8
52-Week Range (INR)	406 / 248
1, 6, 12 Rel. Per (%)	-8/-33/-43
12M Avg Val (INR M)	825
Free float (%)	100.0

### Financials & Valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	80.6	87.2	94.7
EBITDA	7.8	8.9	10.6
Adj. PAT	4.7	5.5	6.9
EBITDA Margin (%)	9.7	10.3	11.2
Cons. Adj. EPS (INR)	7.3	8.5	10.7
EPS Gr. (%)	-15.6	16.8	25.3
BV/Sh. (INR)	64.0	69.2	76.2

### Ratios

Net D:E	-0.1	-0.2	-0.3
RoE (%)	11.4	12.3	14.0
RoCE (%)	12.2	13.0	14.6
Payout (%)	41.2	41.1	37.5

### Valuations

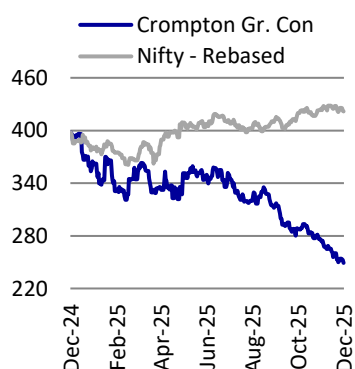
P/E (x)	34.2	29.3	23.4
P/BV (x)	3.9	3.6	3.3
EV/EBITDA (x)	20.2	17.1	13.9
Div Yield (%)	1.2	1.4	1.6
FCF Yield (%)	2.4	3.8	4.6

### Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	0.0	0.0	0.0
DII	61.3	58.9	50.4
FII	25.6	29.2	36.0
Others	13.2	11.9	13.6

FII includes depository receipts

### Stock performance (one-year)



CMP: INR249

TP: INR350 (+40%)

Buy

## Crompton 2.0 unlocking potential!

### Investing in the transition from tradition to technology

- **A leading consumer electricals company:** Crompton Greaves Consumer Electricals (CROMPTON) is a prominent player in India's consumer electricals sector, with a strong presence across fans, lighting, pumps, and household appliances. The company is a market leader in the fans segment with ~25% market share and in residential pumps with ~30% market share. CROMPTON is among the top three companies in the lighting segment and is also one of the top five companies in the consumer appliances segment.
- **Butterfly to enhance the appliances portfolio:** CROMPTON acquired a majority stake (55%) in Butterfly Gandhimathi Appliances (BGAL) in Mar'22; it currently holds a 75% stake in the company. BGAL is one of the largest integrated domestic kitchen appliance manufacturers in India, and this acquisition has allowed CROMPTON to expand its appliance portfolio. The company anticipates realizing various revenue and cost synergies in the short to medium term and plans to leverage mutual strengths to expand its industry share and market reach.
- **CROMPTON 2.0 – a renewed focus on revenue growth to drive profitability:** The company launched 'Crompton 2.0' in Jun'23, emphasizing a renewed focus on revenue growth and profitability improvement. The Crompton 2.0 strategy entails substantial investments in growth initiatives, including people and process capabilities, brand reinforcement, consumer-driven innovation, and advanced go-to-market strategies.
- **Higher advertising expenses to strengthen brand value:** CROMPTON has established a robust brand presence in the Electrical Consumer Durables (ECD) segment, offering a diverse portfolio of products across various categories and maintaining a pan-India footprint. The company has intensified its spending on advertising and promotions to enhance overall brand visibility.
- **Earnings and return ratios to improve following a dip in FY26E:** We initiate coverage on CROMPTON with a BUY rating and a TP of INR350. Our TP is premised on 35x Dec'27E EPS. We estimate an EBITDA/PAT CAGR of 17%/21% over FY26-28 after a decline of 12%/16% in FY26E primarily due to weather-related disruptions, which impacted the ECD segment's performance. We expect OPM to be 10.3%/11.2% in FY27/FY28E vs. 9.7% in FY26.
- **Key downside risks:** 1) higher competitive intensity and 2) a possible dip in demand due to the economic slowdown.

### A leading consumer electricals company

- CROMPTON is a leader in the Indian fan market with ~25% market share. The company has a fan manufacturing capacity of 1.6m units per month. According to our channel checks, customers prefer the CROMPTON brand for its durability, efficiency, performance, and better after-sales services.
- It is among the leading players in the lighting segment with its innovative product launches in both B2B and B2C segments, market expansion, and excellent response to changing consumer demand. The company has a lighting manufacturing capacity of 5.6m units per month.
- CROMPTON is a leading player in the residential pumps segment with ~30% market share. In contrast, it holds a market share of ~7-8% in the agricultural pumps segment currently. CROMPTON's pump capacity stands at 49,725 units per month currently.

### ‘Butterfly’ to enhance the appliances portfolio

- CROMPTON acquired a majority stake (55%) in BGAL in Mar’22 and currently holds a 75% stake in the latter. The acquisition of BGAL expanded its appliances portfolio. The acquisition also fostered a synergistic partnership, allowing CROMPTON to enhance its appliance manufacturing capabilities, improve its operations and distribution, and integrate its businesses through the value chain.
- BGAL maintains a strong leadership position in the kitchen appliances sector in South India, particularly recognized for its wet grinders and LPG stoves. This sustained leadership is driven by compelling brand appeal, technical proficiency, and success in the e-commerce sector.
- In FY25, BGAL’s revenue dipped ~7% YoY to INR8.6b, and its share in CROMPTON’s consolidated revenue was ~11%. In FY24, it has implemented strategic initiatives aimed at business revival and improving profitability, which led to a revenue dip in FY24/1HFY25. We estimate BGAL’s revenue share will increase to ~12% over FY26-28. We estimate BGAL’s revenue/EBITDA CAGR of ~10%/16% over FY26-28E.

### Crompton 2.0 – a renewed focus on revenue growth to drive profitability

- The company launched ‘Crompton 2.0’ in Jun’23, emphasizing a renewed focus on revenue growth and profitability improvement. The Crompton 2.0 strategy entails substantial investments in growth initiatives, including people and process capabilities, brand reinforcement, consumer-driven innovation, and advanced go-to-market strategies.
- Crompton 2.0 is centered on four key pillars: 1) growth and protection of the core portfolio; 2) wins in the kitchen segment; 3) transformation of the lighting business; and 4) foray into new segments. Organizational development, brand building, operational excellence, an effective go-to-market approach, digital enablement, consumer need-driven innovation, and portfolio premiumization are the key enablers to achieve the Crompton 2.0 objectives of accelerated growth and profitability.
- CROMPTON has stepped up investments in advertisements to enhance the overall brand visibility. Allocation towards digital platforms has been raised to drive consideration and preference for the brand. This has led to an increase in the brand’s salience and resulted in higher engagement on social media, given that the new-age audience spends significant time on social platforms.

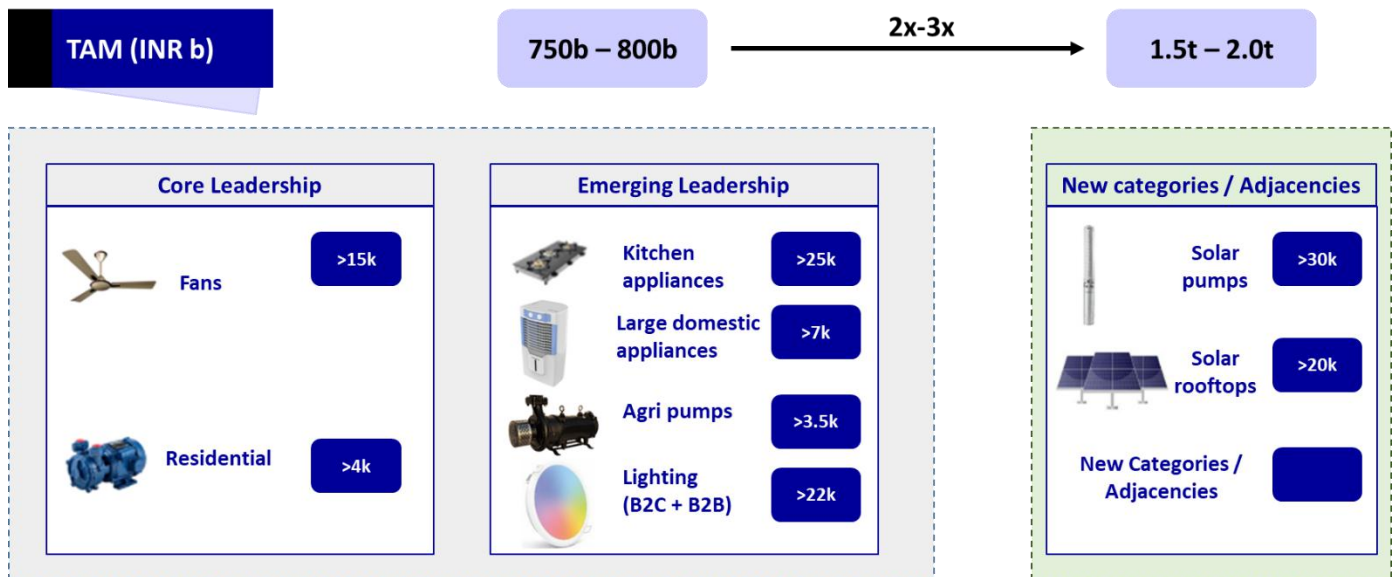
### Earnings and return ratios to improve; initiate coverage with a BUY rating

- We expect CROMPTON to report ~8% revenue CAGR over FY26-28. Revenue CAGR across key segments is estimated as follows: ECD (8%), Lighting (6%), and BGAL (10%).
- We estimate gross margin to improve over FY27-28, led by the company’s pricing strategies, product premiumization, and cost-efficiency measures. We estimate an EBITDA/PAT CAGR of 17%/21% over FY26-28 and an EBITDA margin of 10.3%/11.2% in FY27/FY28 vs. 9.7% in FY26E (avg. 12.3% over FY21-25).
- We believe that higher investments in advertisement and promotional spending, along with its efforts to improve the brand strength and product portfolio, will bolster the future growth trajectory. The stock has traded at an average P/E of 35x in the last five years, and we assign the same multiple in Dec’27E to arrive at our TP of INR350. **We initiate coverage on the stock with a BUY rating, implying a potential upside of 40%.**

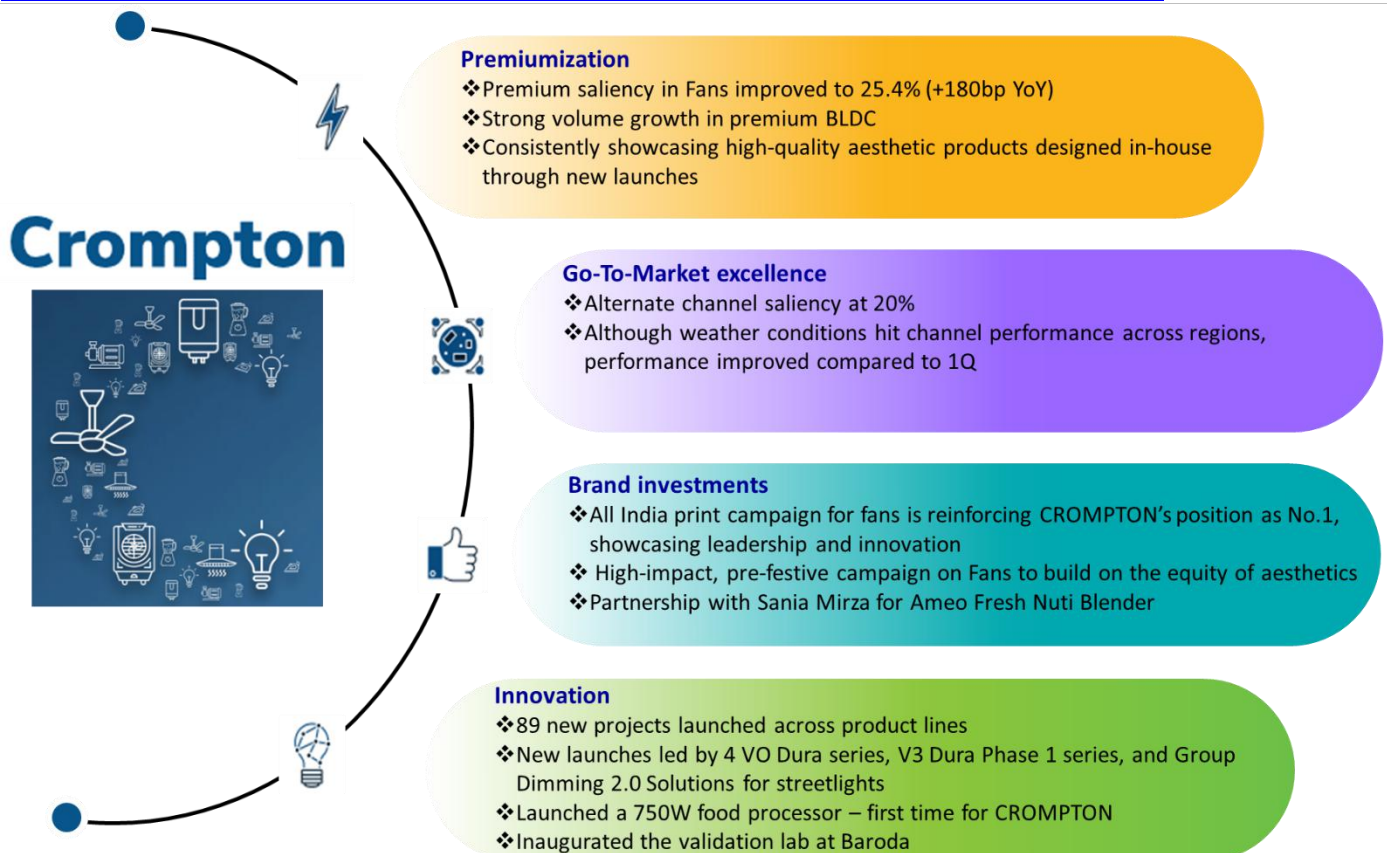


## STORY IN CHARTS

### Expanding Total Addressable Market (TAM)

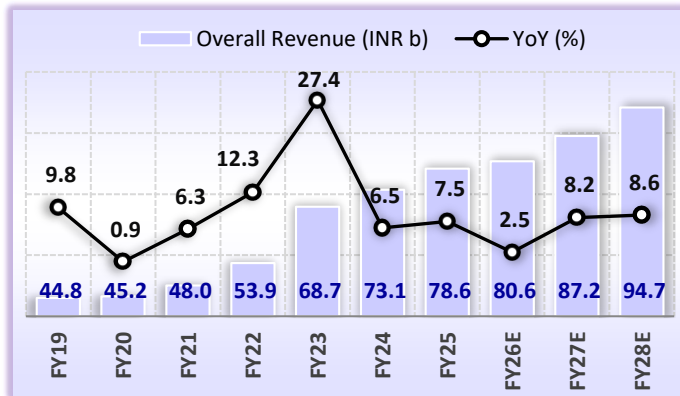


### Key initiatives and developments under the Crompton 2.0 strategy [update for 2QFY26]

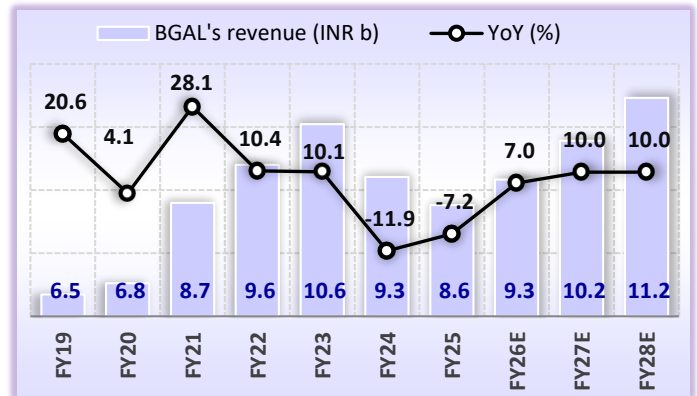


Source: MOFSL, Company

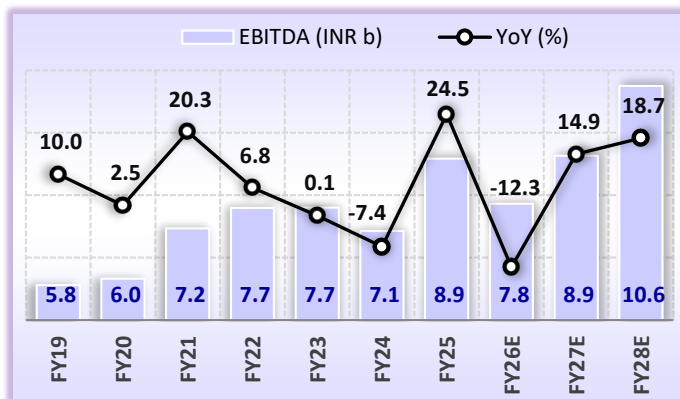
**Overall revenue CAGR at 8% during FY26-28E**



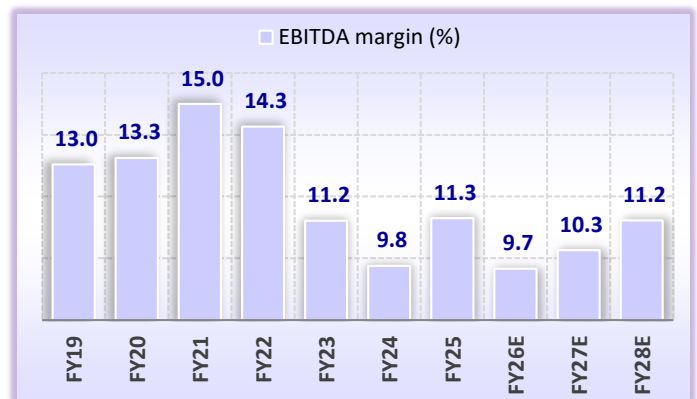
**BGAL's revenue to register a CAGR of ~10%**



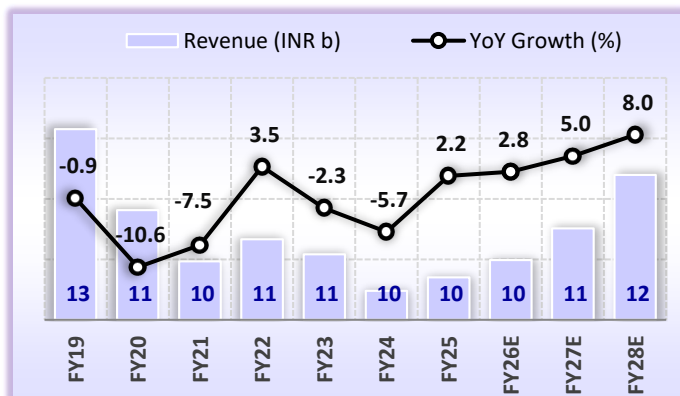
**Estimate an EBITDA CAGR of 17% over FY26-28**



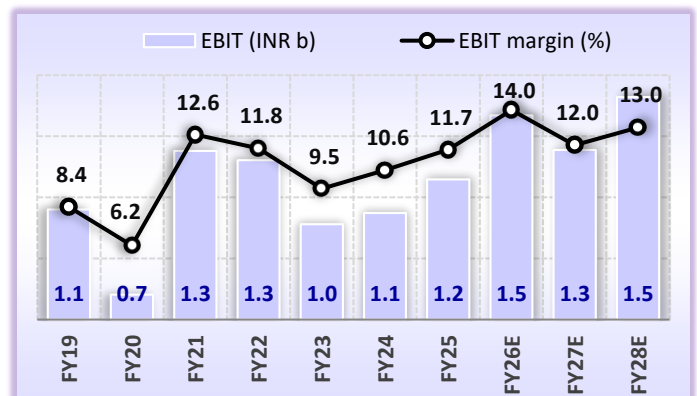
**Estimate EBITDA margin to be range bound**



**Lighting revenue dipped over FY19-24 due to price erosion; we estimate a stable revenue over FY26-28**



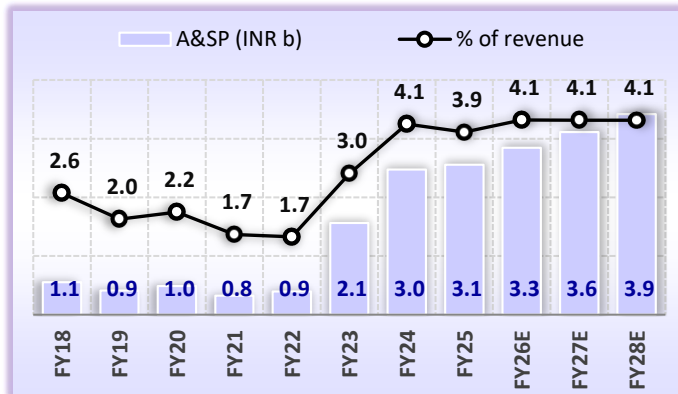
**EBIT margin improved in FY24/FY25, led by cost-saving initiatives and better product mix**



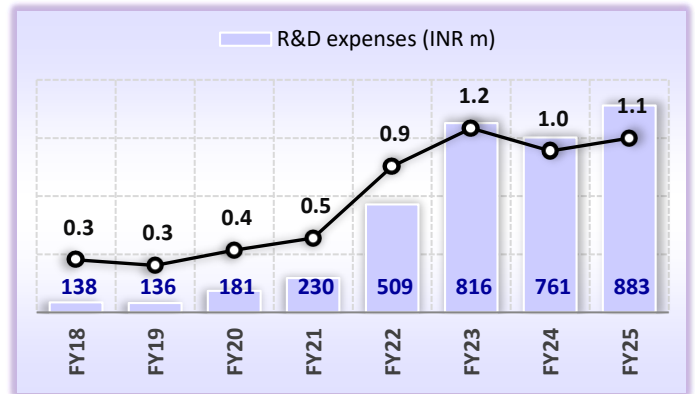
Source: MOFSL, Company

Source: MOFSL, Company

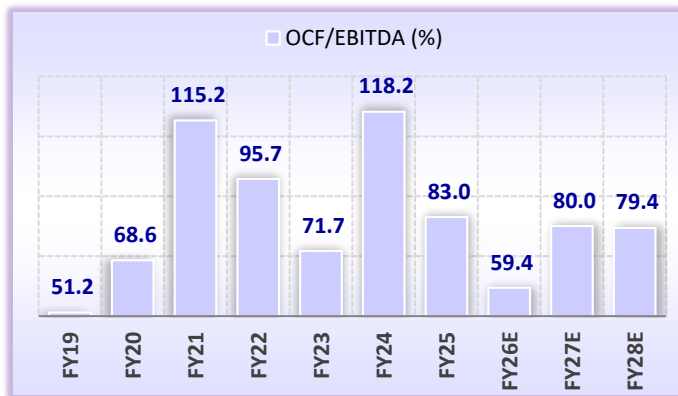
We estimate the A&SP expenses to be ~4% of revenue over FY26-28



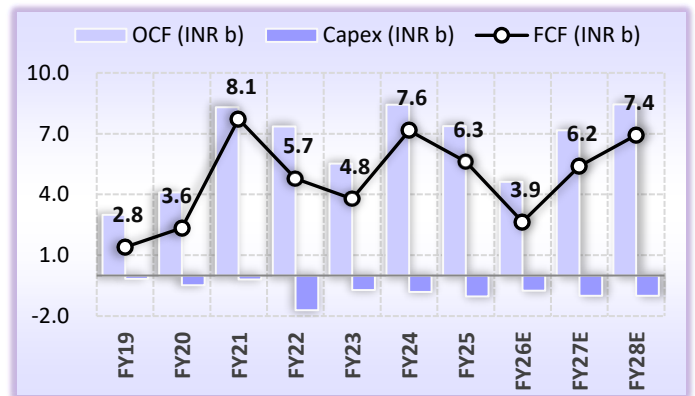
R&D spending at 1% of revenue in FY25



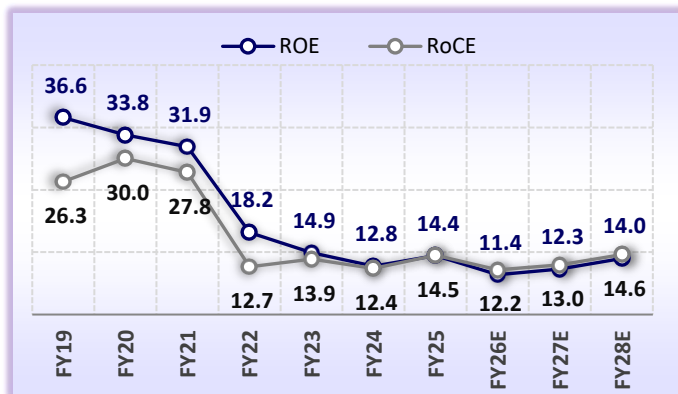
OCF/EBITDA to be ~80% during FY27-28E



FCF generation to improve in FY27-28E

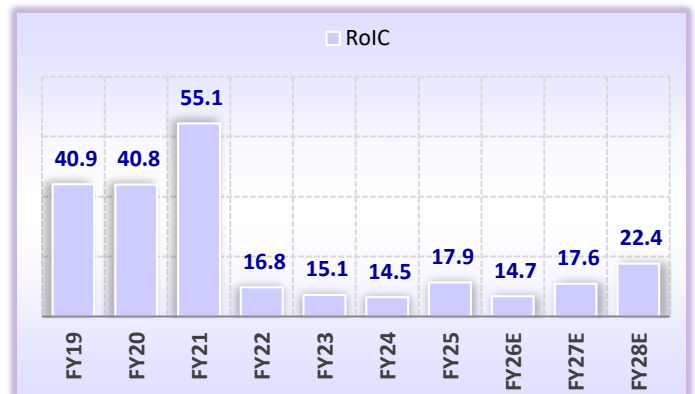


RoE/RoCE to improve during FY27-28E...



Source: MOFSL, Company

...and so is RoIC



Source: MOFSL, Company

## A leading consumer electricals company

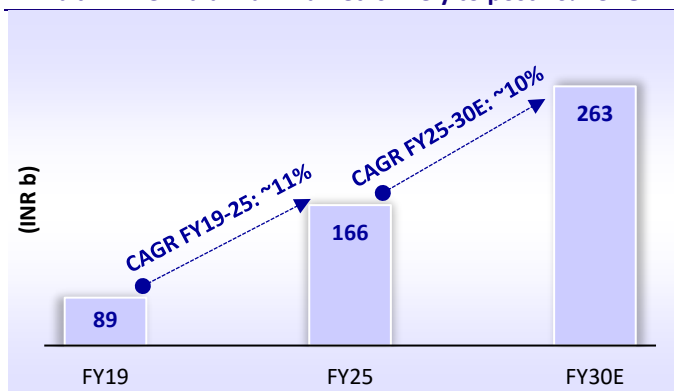
**CROMPTON** is a leading player in India's consumer electricals sector with a strong presence across fans, lighting, pumps, and household appliances.

- **CROMPTON** is a leading player in India's consumer electricals sector with a strong presence across fans, lighting, pumps, and household appliances.
- The Indian electric fan market is estimated to post ~10% CAGR to reach INR263b by FY30 from INR166b as of FY25. **CROMPTON**, being a market leader in the fans segment with a market share of ~25%, should benefit due to the strong demand outlook.
- The company is among the leading players in the lighting segment with its innovative product launches in both B2B and B2C segments, market expansion, and excellent response to the changing consumer demand. Currently, it is expanding the B2B lighting sector, aiming to meet the growing demand for specialized lighting solutions in commercial and industrial spaces.
- **CROMPTON** is one of the fastest-growing pump manufacturers in India. It offers a comprehensive range of consumer pumps designed for residential, agricultural, and specialized applications. The company is a leading player in residential pumps with ~30% market share. In agricultural pumps, it holds ~7-8% market share, and in solar pumps, it currently holds ~6% market share.
- Premiumization of the product portfolio, GTM excellence, brand reinforcement through substantial investments into advertisements, and innovations will drive growth for the company.

### Fans – A market leader on the growth path

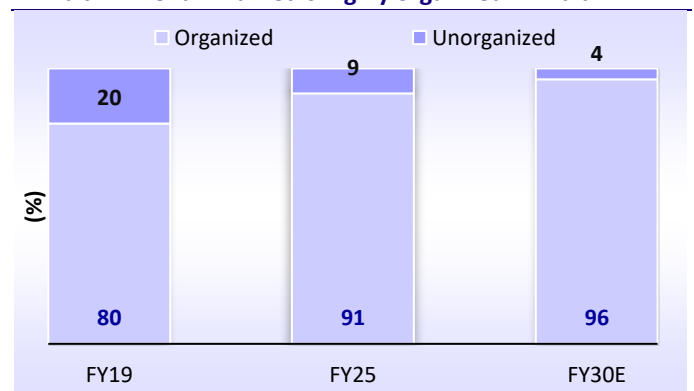
- The Indian fan market is estimated to register ~10% CAGR to reach INR263b by FY30 vs. INR166b as of FY25. The fan market is witnessing a rise in demand for aesthetic and feature-loaded fans (IoT-enabled), which is accompanied by the increasing disposable income and the growing purchasing power of consumers. Urban consumers are increasingly preferring premium fans with aesthetic features in a bid to enhance the visual appeal of interiors.
- The domestic fan market is highly organized, with an organized market having a market share of ~91% of the overall fan market. As the market is shifting towards energy efficiency and premiumization, the share of the organized market in the overall fan market is rising and is expected to improve in the future. The organized market is expected to increase to ~96% of the overall fan market by FY30E.

**Exhibit 1: The Indian fan market is likely to post 10% CAGR**



Source: Silver Electricals DRHP, MOFSL, Industry

**Exhibit 2: The fan market is highly organized in India**



Source: Silver Electricals DRHP, MOFSL, Industry



**CROMPTON a market leader in the fan segment with ~28% share**

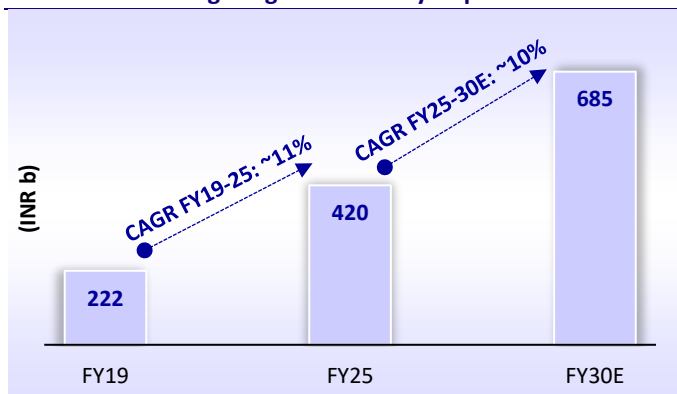


- Despite a difficult market environment and adverse weather conditions that affected seasonally driven categories, the company continued to gain market share in fans. CROMPTON's fan market share stood at ~25%. The company has a fan manufacturing capacity of ~1.6m units/month.
- Demand was soft in the recent quarters owing to unseasonal rains and channel stocking, but the company noted a slight improvement in Oct'25, with early signs of recovery in ceiling fans. TPW fans remained the most impacted due to their high seasonality, though rural-driven demand for crop-drying could offer some support as the monsoon recedes.
- Margins in the fan business were affected by commodity inflation and the overall mix impact of seasonal categories, but CROMPTON has initiated corrective actions. CROMPTON became the first company in the ceiling fan segment to implement a price increase, raising fan prices by 1.4% from Oct'25-end. Management expects competition to follow suit. The company also continues to run its cost-reduction initiatives under the Unnati program to help restore ECD margins.
- Over the years, the fan segment delivered impressive results, fueled by an increasing share of premium fans, new product launches, and growth in non-ceiling fans. The company unveiled its next-generation platforms developed in the last 2 years: Nucleus for BLDC fans and Xtech for induction fans. It believes that these platforms will give it a first-mover advantage over the competition.
- The Nucleus platform offers features such as enhanced thermal resistivity, better adaptability to voltage fluctuations, and interoperability between BLDC and induction platforms, among other features. Xtech includes products such as HS Duro (India's first Hi-Speed 5-Star induction fan), Avancer Swirl Duratech (3-star induction fans with a five-year warranty), and Superflo (a 260 cmm air delivery fan, 25% more than average fans), providing higher durability. Both these product lines will be indigenously manufactured with 100% local supply.
- In the near term, the main focus is readiness for the BEE energy rating transition effective 1st Jan'26. Earlier, it struggled with inventory planning during the last rating transition. However, this time it has been preparing with two structured programs – Utkarsh 1, which governs stocking and destocking of current B-rated fans, and Utkarsh 2, which focuses on scaling production of new, compliant models. The management expects industry-wide up-stocking to be far more moderate this time, as channel partners had over-stocked previously.
- It is also preparing not only for BEE 2.0 but also for BEE 3.0, reflecting long-term product readiness. It highlighted that inventory levels in the fan category - both at CROMPTON and the channel - are at reasonable levels, supported by active monitoring through the Utkarsh programs. In terms of channels, CROMPTON acknowledged that margins in e-commerce and modern retail are structurally lower; however, it has improved profitability in these channels and maintains healthy unit economics for fans.
- **Going forward, the company's key focus areas in the fan segment are:** 1) gross margin expansion through targeted pricing strategy and cost-efficiency measures; 2) strengthening market presence in the e-commerce platform, expanding digital footprint, and regional chain stores; 3) GTM excellence for the premium segment; and 4) leadership in energy efficiency by working on the existing and new technologies.

### Lighting – B2B aids growth; focus on portfolio expansion

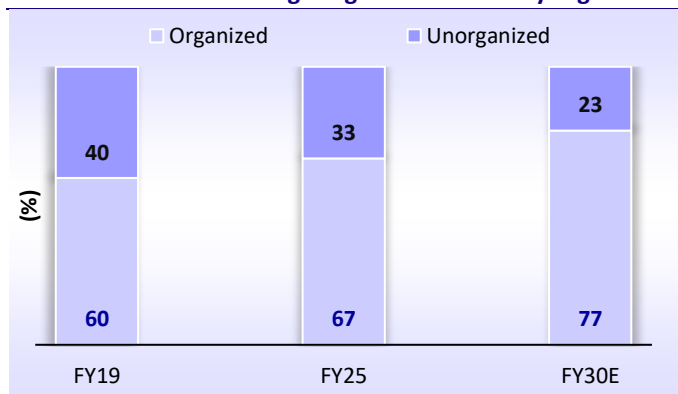
- The Indian lighting market is estimated to register ~10% CAGR to reach INR685b by FY30 vs. INR420b as of FY25. Currently, the lighting market has almost equal contributions from economy and premium segments; however, the premium segment is expected to grow to ~71% by FY30E. Leading companies within the segment are launching smart 'IoT-enabled', 3-in-1 (offering cool, warm, and natural white lighting) lighting products and other value-adding features.
- The lighting industry in India is undergoing major advancements in technology and increasing awareness of energy efficiency. There has been a rapid adoption of LED technology, which offers superior energy efficiency, a longer lifespan, and better light quality compared to traditional lighting solutions. LEDs have become the dominant product segment due to their widespread applications in residential, commercial, and industrial settings. LED lighting made up ~90% of the lighting market in FY25, which is expected to rise to ~99% by FY30.

**Exhibit 3: Indian lighting market likely to post ~10% CAGR**



Source: Silver Electricals DRHP, MOFSL, Industry

**Exhibit 4: The domestic lighting market is mostly organized**



Source: Silver Electricals DRHP, MOFSL, Industry

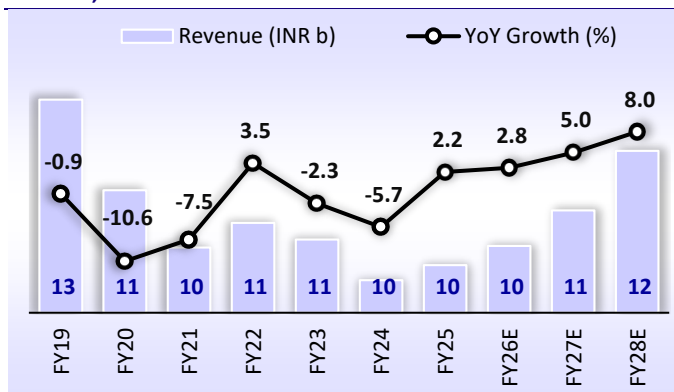
#### Presence across B2B and B2C segments in lighting



- CROMPTON is among the leading players in the lighting segment with its innovative product launches in both the B2B and B2C segments, market expansion, and excellent response to changing consumer demand. The company has a lighting manufacturing capacity of 5.6m units/month.
- **The B2C segment** continued to witness industry-level challenges, including price erosion and high competitive pressure. Despite that, the company focused on expanding its product range and deepening its market penetration through a structured GTM strategy. Further, there has been an increased emphasis on e-commerce platforms, supported by the introduction of new products designed to meet evolving consumer preferences. The company's new product launches included the Trio range of lights, high-wattage battens, decorative battens, extension boards, and solar-powered streetlights.
- Going forward, to achieve healthy growth in the B2C segment, the company's strategy includes: 1) expanding the ceiling portfolio with new offerings targeting both mass-market and premium segments; 2) strengthening the outdoor lighting range through innovation, including the introduction of a solar range; 3) expanding higher-wattage and premium product offerings, including connected lighting products; and 4) leveraging effective brand-building strategies to maximize reach across all distribution channels.

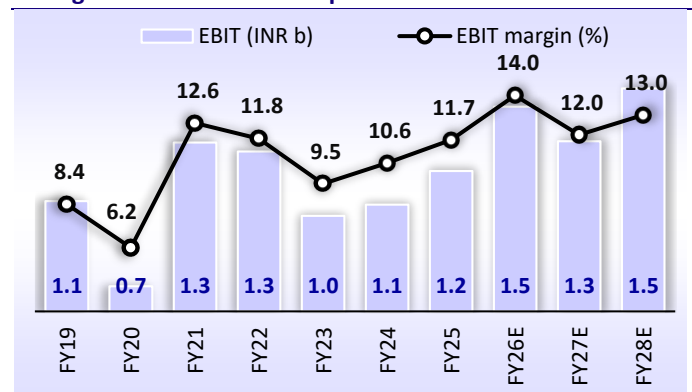
- **The B2B segment** displayed robust growth supported by an uptick in government projects. The company has secured multiple projects, including Mumbai Coastal Road, Noida International Airport, Ahmedabad Municipal Corporation, and Chennai Municipal Administration, which will drive growth.
- Going forward, the company focuses on: 1) securing large wins/orders in the streetlight segment; 2) aggressively pursuing portfolio expansion and growth in industrial, solar, and facade lighting; and 3) expanding distribution networks to increase reach for the trade range of products used in the B2B space.

**Exhibit 5: Lighting revenue dipped over FY19-24 due to price erosion; we estimate a stable revenue over FY26-28**



Source: Company, MOFSL

**Exhibit 6: EBIT margin improved in FY24/FY25, led by cost-saving initiatives and better product mix**

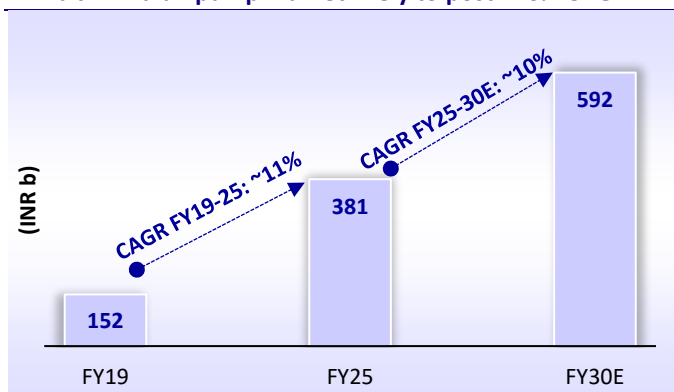


Source: Company, MOFSL

### Pumps – navigating market growth and opportunities

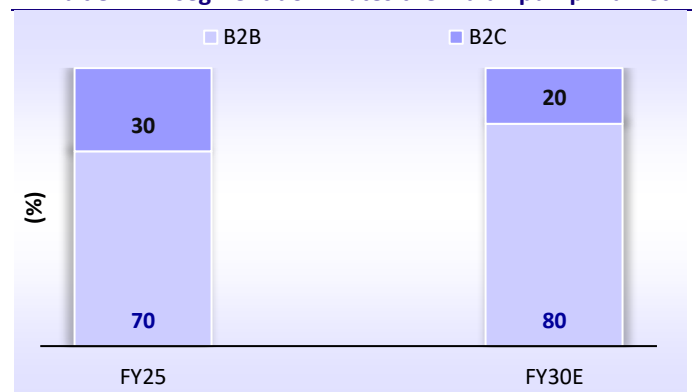
- In India, the pump demand has been supported by agriculture, irrigation, municipal water management, declining groundwater levels, and proactive government policies, which indirectly accelerated the demand for pumps by offering subsidized electricity, exemptions on the use of solar water pumps, etc. India's overall pump industry market size stood at INR381b as of FY25 and has registered a CAGR of ~16% over FY19-25. The pump industry is estimated to register a robust CAGR of ~9% over the next five years to reach INR592b.
- The Indian pump industry is segmented into agricultural, industrial, and residential pumps; the industrial pump segment is projected to witness the fastest growth among all categories, with a robust CAGR of ~12% over FY25-30E, followed by agricultural pumps at ~8% and residential pumps at ~6% during the same period.

**Exhibit 7: Indian pump market likely to post ~10% CAGR**



Source: Silver Electricals DRHP, MOFSL, Industry

**Exhibit 8: B2B segment dominates the Indian pump market**



Source: Silver Electricals DRHP, MOFSL, Industry

**Leading player in residential pump, gaining market share in agriculture**



- CROMPTON is one of the fastest-growing pump manufacturers in India. The company offers a comprehensive range of consumer pumps designed for residential, agricultural, and specialized applications. It is a leading player in the residential pumps segment, with ~30% market share. In agricultural pumps, it holds a market share of ~7-8%, as of now. CROMPTON's pump capacity stood at 49,725 units/month.
- Government initiatives such as Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) and Pradhan Mantri Kisan Urja Suraksha Evam Utthan Mahabhiyan (PM KUSUM) for enhancing farm irrigation and promoting solar pump systems are expected to drive growth in the eco-friendly and energy-efficient pumps segment. The solar pump market size stood at INR164b as of FY25 and has registered a CAGR of ~114% over FY19-25. The solar pump market in India is anticipated to record ~11% CAGR over FY25-30 to reach INR271b.
- The company forayed into the solar pump business in FY24. It has secured the contract to implement the KUSUM tender in Haryana, Maharashtra, Rajasthan, and Madhya Pradesh. It has executed orders of INR3.7b, with an additional order pipeline of INR2.6b. The company has installed 12,000+ units of solar pumps till 1HFY26. It has reached ~6% market share within two years in solar pumps.
- Going forward, the company's key focus areas in the Pumps segment are: 1) aiming to double revenue growth in the solar pumps segment via faster execution to capitalize on the growing demand; 2) further strengthen leadership position in residential pumps and drive accelerated growth in agricultural pumps through timely launch of new products and stepping up marketing efforts; 3) continue building capabilities to execute larger orders and projects; 4) Strategic focus on underpenetrated regions in the West and South; 5) bridging the portfolio gaps in the agricultural segment with a robust range of surface and borewell pumps.
- The Pumps segment demonstrated strong revenue growth, fueled by robust execution of solar pump orders and the launch of new products in the residential segment. The solar pumps category is poised to remain a vital growth category in the coming years.

**Solar rooftop – leveraging strong brand and after-sales support**

- The solar rooftop market is estimated at ~INR200–250b and expected to grow at 20%+ CAGR. The growth will be driven by a strong regulatory tailwind through the launch of PM Surya Ghar Muft Bijli Yojana in Feb'24 with a total outlay of INR750b, aiming to light up 10m households via direct subsidies, low-interest financing (~7%), and DISCOM buyback mechanisms. This policy support, coupled with improving technology affordability, rising consumer awareness, seamless grid integration, and a sharp decline in module and system costs, is driving accelerated adoption in the residential rooftop segment.
- CROMPTON entered into the solar rooftop business in early FY26. It is rapidly scaling up its presence in the solar rooftop business. It secured its first solar rooftop order of INR520m in Telangana, followed by a large order of INR4.5b in Andhra Pradesh, aggregating a total order book of INR5.0b.
- The company has appointed partners for the sourcing and installation of rooftop solar. While leveraging the existing capabilities of the CROMPTON brand, extensive distribution network, and after-sales service reach.

### Appliances seeing robust growth



### Consumer appliances – expecting a pickup in the growth trajectory

- The Large Domestic Appliances (LDA) industry has been witnessing robust growth driven by technological advancements, consumer demand for energy efficiency, and the digital transformation of retail. In India, the diversity of climate and rapid urbanization have changed demand across the LDA sector. Air coolers are rising in popularity due to their cost-effectiveness, reduced noise, and inverter compatibility. Similarly, the water heater & room heater market is also on the rise. While in 1HFY26, the air cooler business was hit by adverse weather situations. We expect sales of air coolers to recover with normalcy in the upcoming summer season.
- CROMPTON's appliances segment experienced robust growth with a revenue CAGR of ~26% over FY20-24. In appliances, water heaters and SDAs witnessed strong growth, with water heaters becoming the #1 brand on e-commerce platforms. The company remained focused on the push towards new product launches, premiumization, and portfolio expansion.
- Going forward, the company will focus on 1) increasing synergy with other key business segments; 2) expanding offerings with new categories and exclusive models for greater market reach and addressability; and 3) enhancing profitability by focusing on Exclusive Brand Outlets (EBO) and Multi Brand Outlets (MBO) to drive targeted consumer engagement. Appliances currently contribute ~15% to CROMPTON's consolidated revenue. We believe this will increase to ~21% by FY27E.





**BGAL is one of the largest integrated domestic kitchen appliance manufacturers in India**

#### Product mix

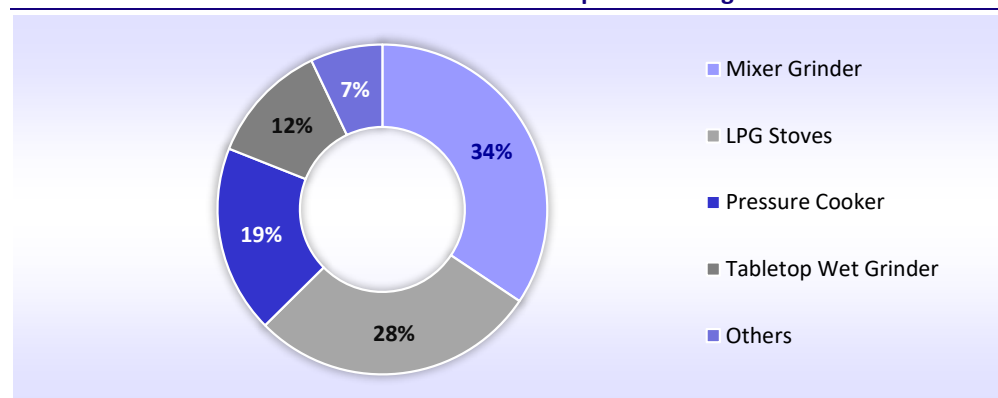


### Butterfly helped to enhance the appliances portfolio

- BGAL is one of the largest integrated domestic kitchen appliance manufacturers in India. BGAL has a diverse product portfolio that includes kitchen appliances (food processors, mixer grinders, and tabletop wet grinders), heating appliances (LPG stoves and pressure cookers), breakfast appliances (toasters and sandwich makers), and drinkware (stainless steel flasks and water bottles).
- BGAL maintains a strong leadership position in the kitchen appliances sector in South India, particularly recognized for its wet grinders and LPG stoves. This sustained leadership is driven by compelling brand appeal, technical proficiency, and success in the e-commerce sector. The enduring quality and durability of products have earned trust among consumers, reinforcing the brand's reputation in both traditional and emerging market segments.
- The acquisition of BGAL has led to a synergistic partnership, enabling CROMPTON to enhance its appliance manufacturing capabilities, improve its operations and distribution, and integrate its businesses through the value chain. The aim is to optimize performance through operational efficiencies and innovative technological solutions.

CROMPTON acquired a majority stake (55% for a consideration of INR13.8b) in BGAL in Mar '22 and holds a 75% stake at present (it had acquired an additional 26% stake at a price of INR1,434/sh and later divested a 6% stake to meet the regulatory norms). The acquisition of BGAL has expanded CROMPTON's appliances portfolio. The company expects various revenue and cost synergies to be realized over the short to medium term, including a faster GTM strategy for pan-India expansion, enabling greater scale for product innovation, the ability to cross-sell products across channels, and pooling human capital with diverse skills.

**Exhibit 9: BGAL's revenue in the mix from different product categories in FY25**



Source: MOFSL, Company

Following the pandemic, there has been a considerable change in how Indian kitchens operate and in consumers' purchasing journeys. BGAL has renewed its approach of connecting with consumers at various touch points. The company focused on strengthening its presence in traditional trade in the southern market and expanded its reach in the non-southern market, which has shown positive results. BGAL also streamlined product offerings and reduced non-core segments while buttressing its core category.

The company continues to see growth momentum in the retail channel, and its market share remains high in core categories. Further, the share of premium products continues to improve, aided by new product launches. In FY24, the company launched India's first star-rated gas stove under the Shakti series and new mixer grinders. **The key initiatives going forward include** accelerating the launch of new products (such as high-efficiency cookers, gas stoves, and emerging categories such as induction cooktops, chimneys, and kettles), extending product life cycles, and strategic dealer engagements, including pre-season meets.

### Key initiatives and developments under the Crompton 2.0 strategy [update for 2QFY26]

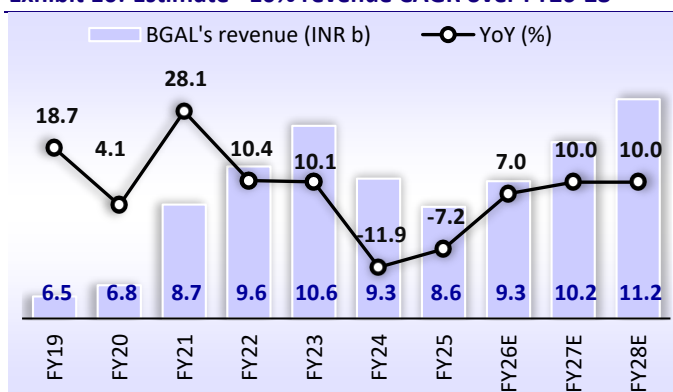


<ul style="list-style-type: none"> <li>❖ A premium range of products under 'Idea First Series' was launched and well-received across categories</li> <li>❖ Led to mis shift towards premium categories</li> </ul>	<ul style="list-style-type: none"> <li>❖ Strong growth in E-com with Mixer Grinders, Pressure Cookers and Table Top Wet Grinder products ranking #1 on Amazon</li> <li>❖ Double-digit growth in modern Trade and Regional Chain Stores</li> </ul>	<ul style="list-style-type: none"> <li>❖ Idea First Series 360 degree campaign launched in Tamil Nadu</li> <li>❖ Continuation of brand refresh and new product launches increased marketing spends YoY</li> <li>❖ Fuelling retail momentum with channel partner connect &amp; activations</li> </ul>	<ul style="list-style-type: none"> <li>❖ Addressed portfolio gaps through Idea First Series</li> <li>❖ Working on finalizing 3-year product roadmap</li> </ul>
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Source: MOFSL, Company

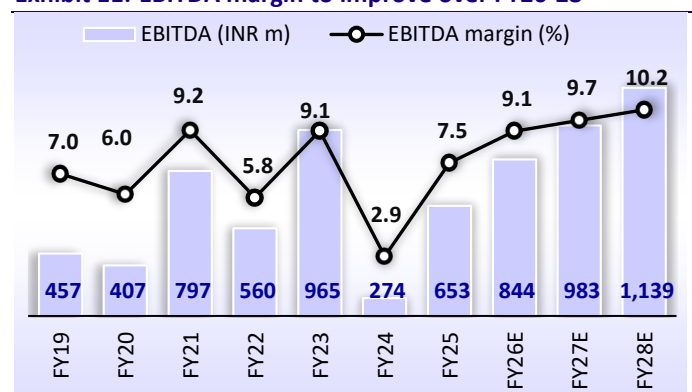
- In FY25, BGAL's revenue declined ~7% YoY to INR8.6b, and its share in the company's consolidated revenue stood at ~11%. In FY24, it has implemented strategic initiatives aimed at business revival and increasing profitability, which led to a revenue decline in FY24/1HFY25. Key initiatives included a revised pricing structure, improved management of trade spending, and a shift in marketing strategies. These initiatives helped its revenue to recover as 2HFY25 revenue grew ~5% YoY. BGAL's profitability also improved over this period.
- **In 1HFY26**, BGAL's revenue increased 9% YoY to INR4.8b, led by strong channel execution and new product launches. EBITDA surged ~26% YoY to INR406m, and OPM surged 1.2pp YoY to 8.5%. We estimate BGAL's revenue share to increase to ~12% over FY26-28. We estimate BGAL's revenue/EBITDA CAGR of ~10%/20% over FY26-28E. Expect EBITDA margin to increase to 9.1%/9.7%/10.2% in FY26/FY27/FY28 vs. 7.5% in FY25.

**Exhibit 10: Estimate ~10% revenue CAGR over FY26-28**



Source: MOFSL, Company

**Exhibit 11: EBITDA margin to improve over FY26-28**



Source: MOFSL, Company

## Crompton 2.0 – a renewed focus on revenue growth to drive profitability

Crompton 2.0 was launched to accelerate growth and achieve healthy margins and deliver strong competitive performance

- The company launched 'Crompton 2.0' in Jun'23, emphasizing its renewed focus on revenue growth and profitability improvement. The Crompton 2.0 strategy entails substantial investments in growth initiatives, including people and process capabilities, brand reinforcement, consumer-driven innovation, and advanced go-to-market strategies.
- Crompton 2.0 is premised on four pillars: 1) protect and grow the core portfolio; 2) win in the kitchen segment; 3) transform the lighting business; and 4) foray into new segments. The key enablers to achieve the Crompton 2.0 objectives of accelerated growth and healthy margins are organizational development, brand building, operational excellence, an effective go-to-market approach, digital enablement, consumer need-driven innovation, and portfolio premiumization.
- Its premium saliency in fans improved to 25.4% in 2QFY26, led by strong growth in premium BLDC. Through its GTM excellence, alternative channel saliency increased to ~20%. It expects meaningful progress in the GTM plan over the next 18-20 months, and this will strengthen its distribution as well as penetration.

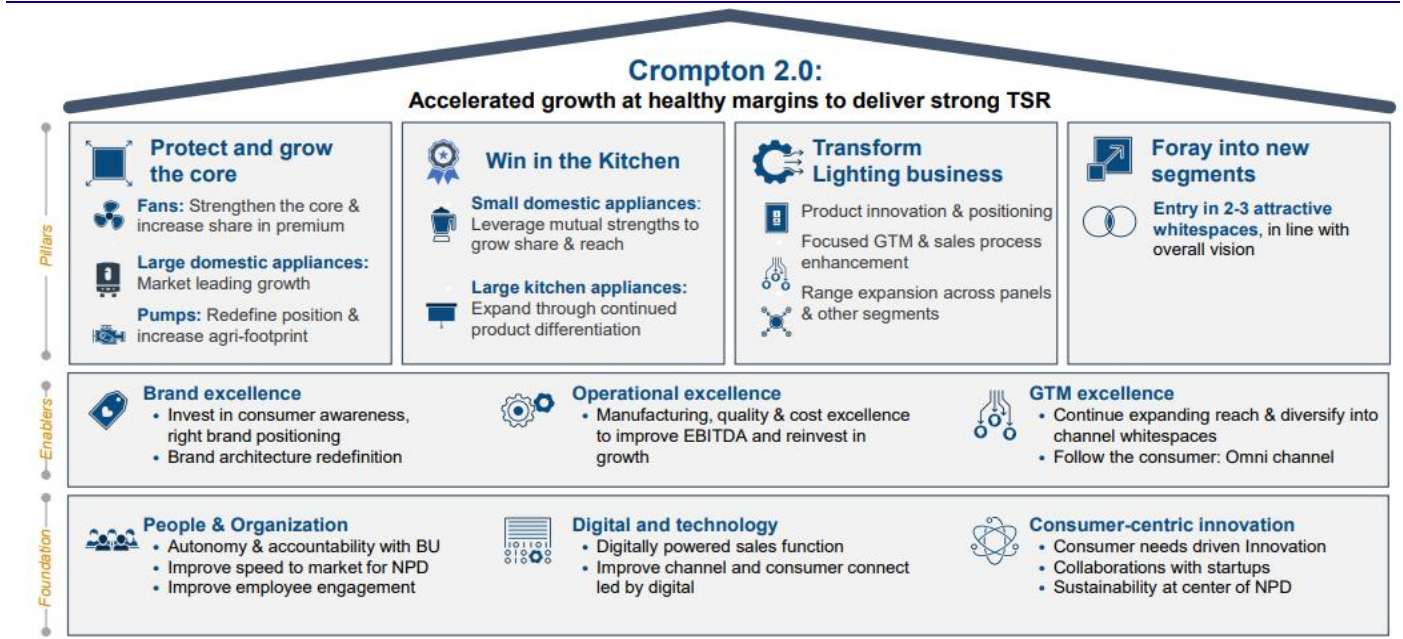
'Crompton 2.0' was launched in Jun'23, with a focus on revenue growth translating into profit growth. The strategy is built on four pillars:

- **Protect and grow the core portfolio:** In the fans segment, the focus will be on strengthening the core offerings and capturing a larger share of the premium segment. In large domestic appliances, focus on market-leading growth. While in pumps, the company repositioned to expand the agricultural footprint, driving faster adoption and development of solar pumps.
- **Win in the kitchen segment:** Leverage combined strengths to expand market share and customer reach. In large kitchen appliances, there is a continuous focus on creating a differentiated product portfolio to meet consumer demands, emphasizing higher value extraction and market expansion. In Butterfly, the company's focus remains on leveraging the combined strength of CROMPTON and Butterfly to grow market share and reach.
- **Transform the lighting business:** This involves driving innovation and market positioning, improving the GTM approach and sales processes, and expanding the range across panels and other segments to revitalize the business. It has established a separate sales team for lighting; also, an enterprise team was created for B2B to participate in more government tenders for marquee infra projects.
- **Foray into new segments:** enter 2-3 high-potential and attractive market spaces that fit with the company's long-term growth and market diversification strategy while leveraging existing capabilities of brand and distribution.

### Crompton 2.0 strategy enablers

The key enablers to achieve Crompton 2.0's objectives of accelerated growth and healthy margins are organization development, brand and operational excellence, an effective go-to-market approach, digital enablement, consumer need-led innovation, and premiumization of the portfolio.

**Exhibit 12: Strategies surrounding Crompton 2.0**

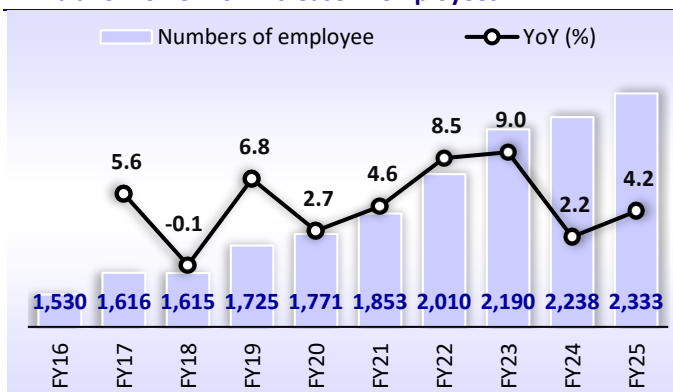


Source: MOFSL, Company

**#Enabled and empowered organization**

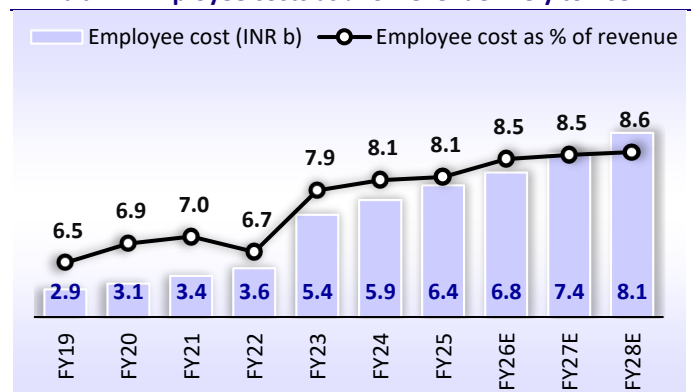
CROMPTON restructured its leadership to empower the organization as part of 'Crompton 2.0'. This transformation involved substantial changes, including clustering business units around common products and establishing specific business units dedicated to strategic initiatives. The company's key focus areas include improvement in the talent hiring and retention process, functional capability building through the introduction of functional academies, fueling a performance-driven culture, succession planning for the leadership team and key roles, and supporting new businesses and greenfield projects. It has also expanded its long-term incentive (LTI) program (in addition to current ESOPs) to include ~150 employees at the leadership level. The initiative is aimed at strengthening employee retention by rewarding continued commitment and sustained contribution to the company's growth. The first phase of the LTI plan, structured as a cash incentive, has already been launched, with vesting criteria being a combination of time and performance.

**Exhibit 13: Lower YoY increase in employees**



Source: Company, MOFSL

**Exhibit 14: Employee costs as % of revenue likely to rise**



Source: Company, MOFSL

### #Consumer need-led innovation

CROMPTON emphasizes consumer-centered innovation to drive its growth and remain competitive in the market. This approach focuses on market research and consumer insights, guiding product development and marketing strategies. New product development is focused on energy efficiency, healthy living, smart connection, and consumer-centric design. The company is committed to enhancing research, innovation, and technology development to fulfill evolving consumer needs and technological advancements. The company filed 19 patents across technologies and launched 170 products. Its new product revenue stood at INR7.1b (9% of total revenue) in FY25.

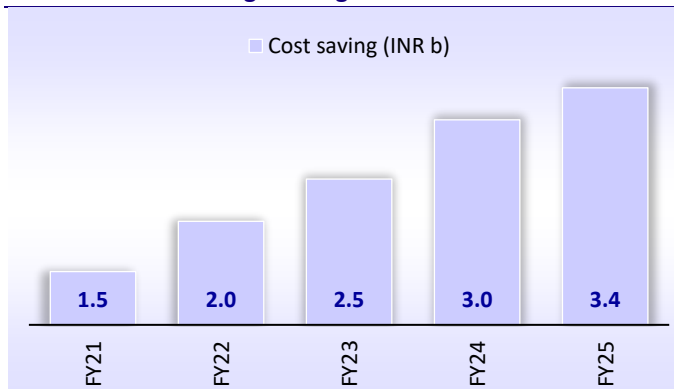
### #Premiumization of the portfolio

CROMPTON is focused on the premiumization of its product portfolio as part of its growth strategy. This involves enhancing their product offerings to include higher-end, more feature-rich products, which typically carry higher profit margins. The company is innovating across categories, including introducing superior BLDC fans, expanding the range of residential pumps based on a redefined brand architecture, and diversifying offerings in the appliances category with a focus on energy efficiency and advanced technology. The company's share of premium fans stands at ~25% at present vs. ~15% three years ago. CROMPTON targets to raise this to ~40% in the next 2-3 years.

### #Supply chain excellence

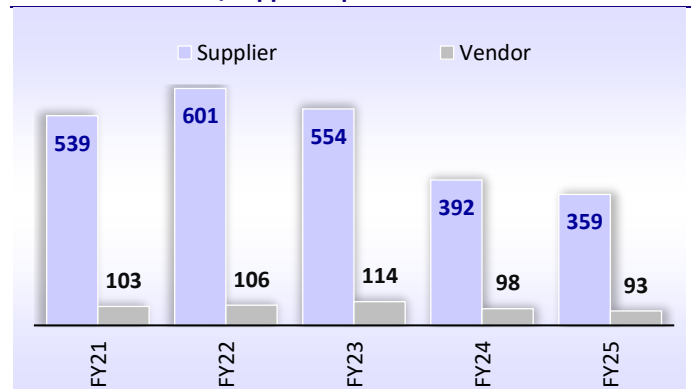
CROMPTON aims for supply chain excellence to ensure efficient, reliable, and cost-effective delivery of its products. The company's cost excellence program, 'Unnati', helps it optimize processes and subsequently reinvest savings into further growth areas. Its recent initiative, 'Project Uday', focuses on improving the availability of stocks at various locations while maintaining optimum inventory levels. The company has taken initiatives to optimize vendors/suppliers to enhance performance and drive cost excellence. These initiatives align with the company's strategy to optimize both direct and indirect costs through strategic partnerships.

**Exhibit 15: Cost savings through various initiatives**



Source: Company, MOFSL

**Exhibit 16: Vendor/supplier optimization**



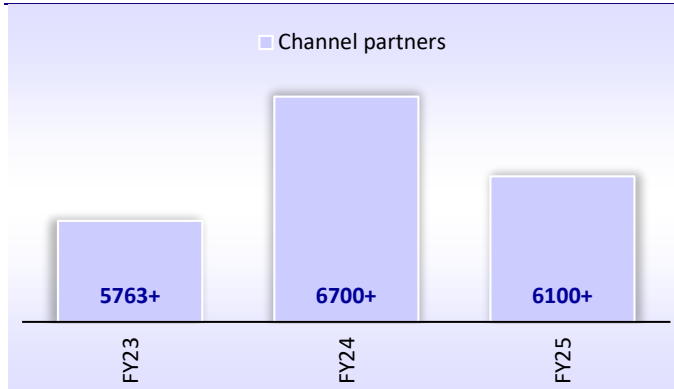
Source: Company, MOFSL



### #Go-To-Market excellence

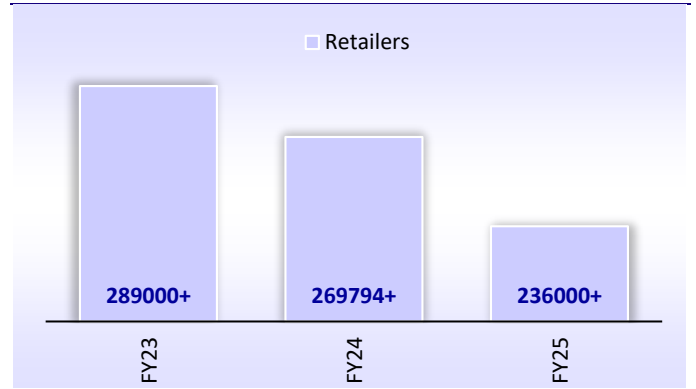
CROMPTON's Go-To-Market (GTM) strategy objective is to strengthen its current distribution network and create a balanced channel mix to increase market presence and enhance customer reach. Further, with the help of technology, the company is expanding its GTM channels to e-commerce, modern retail, rural-urban, and institutional segments. CROMPTON (including BGAL) has a large channel network across India with more than 6,100 direct channel partners, a strong distribution network with 236,000+ retailers, and around 860+ service centers.

**Exhibit 17: CROMPTON has strong channel partners...**



Source: Company, MOFSL

**Exhibit 18: ...as well as the retailer network**



Source: Company, MOFSL

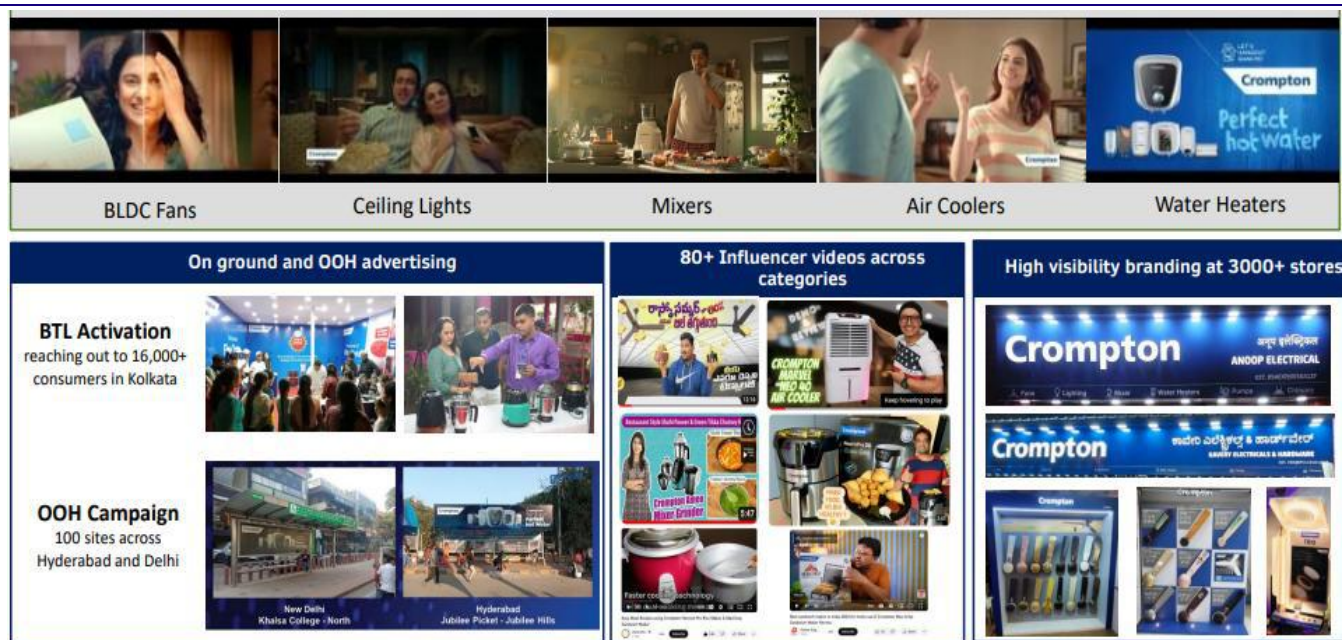
### #Digital enablement

CROMPTON is leveraging digital enablement to enhance its operations, engage consumers, and drive growth. The company's key focus areas would be automation of schemes and quality management procedures to streamline operations, implementation of advanced traceability measures throughout manufacturing and supply-chain processes, enhancement of dealer and vendor portals to improve user experience and transparency, upgradation of CRM systems, and optimization of HR applications to improve user experience and operational efficiency.

## Higher advertising expenses to strengthen the brand value

The company enjoys a strong brand position in the ECD segment, with a wide portfolio of products across categories and a pan-India footprint. It has stepped up its advertisement and promotional spending to enhance overall brand visibility. Allocation towards digital platforms has shot up to drive consideration and preference for the brand. This has led to an increase in brand salience and resulted in higher engagement on social media, given that the new-age audience spends significant time on social platforms. CROMPTON launched several multimedia marketing campaigns across all categories, which attracted more than 50% of its target in-market audiences and drove a 45x increase in PR reach. Its prominent advertising campaigns included 'Picture Perfect Fans', 'Hawa Ka Dhoka Nahi, Hawa ka Jhoka Khao', and 'There's a Mode for Every Mood – Crompton Lighting'. In FY25, the company unveiled the #TechWithHeart initiative to create smart, responsible, and high-performance solutions tailored to meet diverse and evolving consumer needs.

**Exhibit 19: Multi-media campaigns across different categories to drive brand awareness**



Source: MOFSL, Company

## Improving consumer experience at the point of sale (PoS)

Despite the effective use of digital marketing platforms, nearly 90% of the company's sales occur on offline channels, where customers can physically experience the products. The company has set up PoS across leading cities, including exclusive brand outlets, multi-brand outlets, e-commerce, regional retail, and modern organized retail. Therefore, more products are kept in offline stores to enhance the customer experience. The company's channel expansion is focused on exclusive brand outlets and multi-brand outlets, aiming to increase profitability through targeted consumer reach. It is enhancing its partnerships with key regional and national chain stores. The company's key initiatives for improving consumer experience at the PoS are:

- **Retail transformation:** Collaborating with channel partners and upgrading the appearance of the stores to ensure a more consistent and positive brand experience for consumers.

**CROMPTON's after-sales service expenses reported a CAGR of ~18% over FY21-24**

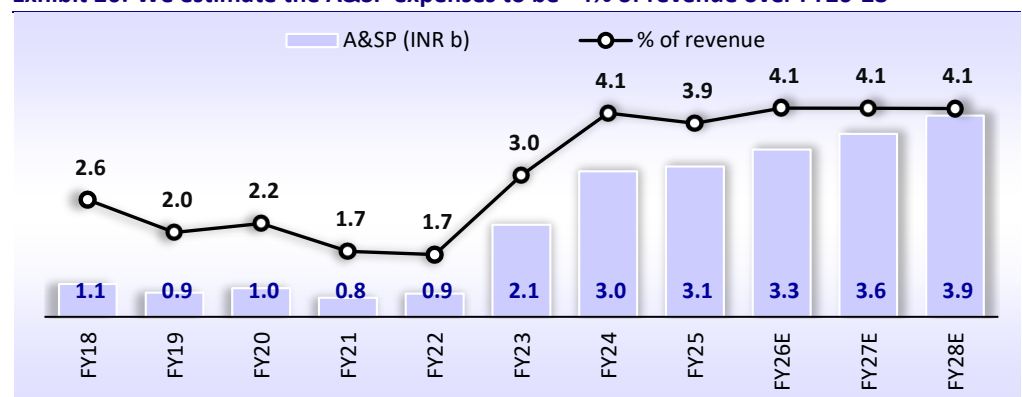
- **Product availability:** Ensuring widespread availability of its products across store formats/geographies and simplifying consumers' search & purchase processes.
- **Customer service:** Investments and training in customer service have equipped its representatives to deliver excellent post-sales service and foster customer loyalty.

**CROMPTON's consol. A&SP spending stood at ~4.0% of revenue in FY24/25 vs. an average of 2.2% during FY18-23.**

### Advertising expenses spiked in FY24/25

CROMPTON's consolidated advertising and sales promotion (A&SP) spending jumped 44% YoY to INR3.0b in FY24, led by stepped-up brand investments to enhance the brand value. A&SP expenses posted a 39% CAGR over FY21-25, and the company spent ~4% of its revenue on the same in FY24-25 vs. an average of ~2% during FY18-23. We estimate A&SP expenses to be ~4% of revenue during FY26-28.

**Exhibit 20: We estimate the A&SP expenses to be ~4% of revenue over FY26-28**

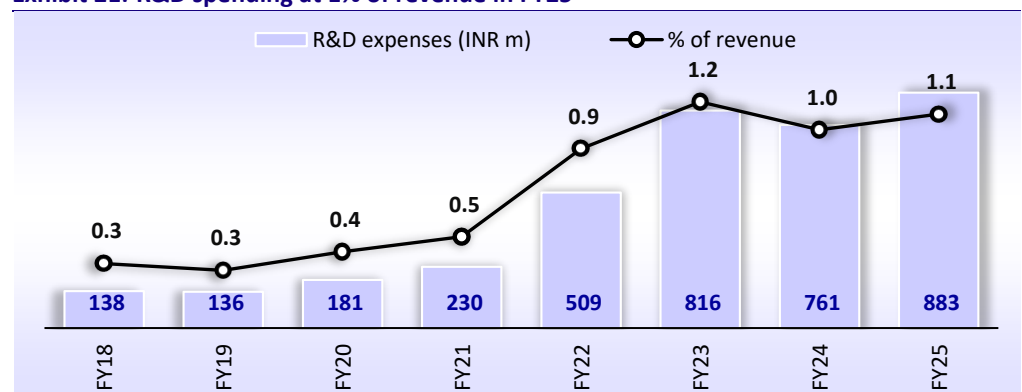


Source: MOFSL, Company

### Strong R&D capabilities help in rapid product innovation

CROMPTON has an in-house R&D team striving for the best technology-based sustainable product innovations with an efficient product lifecycle, including design, development, and manufacturing processes. The company's strong R&D helps it differentiate product offerings across categories – fans, appliances, pumps, and lighting. In FY25, R&D expenses increased ~16% YoY to INR883m, with the company spending ~1% of its revenue (<1.0% historically FY18-22) toward the same. R&D expenses clocked ~30% CAGR over FY18-25. In FY25, CROMPTON filed 19 new patents and 85 design registrations and launched 170 new products. It has a strong R&D team of 173 people.

**Exhibit 21: R&D spending at 1% of revenue in FY25**



Source: MOFSL, Company

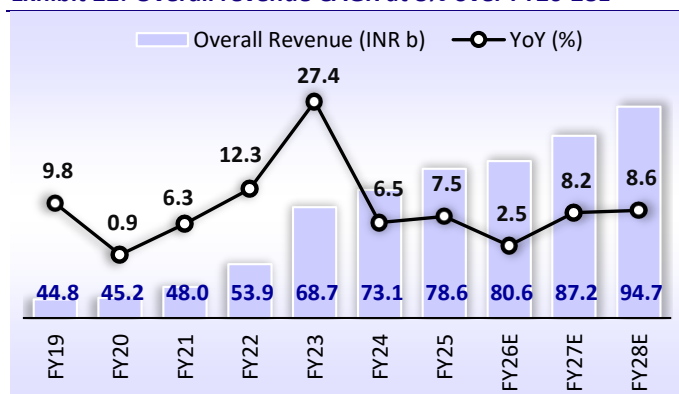
**CROMPTON filed 19 new patents, 85 design registrations, and launched 170 new products in FY25.**

## Financial outlook

### Estimate a revenue CAGR of ~8% over FY26-28

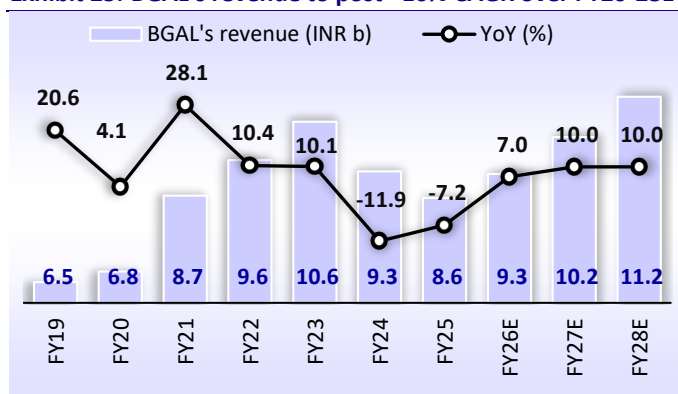
We expect CROMPTON to clock ~8% revenue CAGR over FY26-28. The ECD segment (fans, pumps, and appliances) reported ~12% CAGR over FY21-25. ECD revenue is estimated to be largely flat in FY26 due to a decline in the fans segment revenue and moderate growth in appliances. We expect a healthy CAGR of 8% over FY26-28, led by recovery in both the fan and appliance segments. The lighting segment's revenue declined ~1% (compounded annually) over FY21-25 due to price erosion in the B2C segment and intense competition. However, we estimate recovery from hereon, as prices are estimated to have bottomed out, and the company's initiatives towards product expansion, GTM strategy, premiumization, and expanding reach in the B2B segment would play a part in the revival. We estimate ~6% lighting revenue CAGR over FY26-28, while in BGAL, we estimate ~10% revenue CAGR during the same period.

**Exhibit 22: Overall revenue CAGR at 8% over FY26-28E**



Source: MOFSL, Company

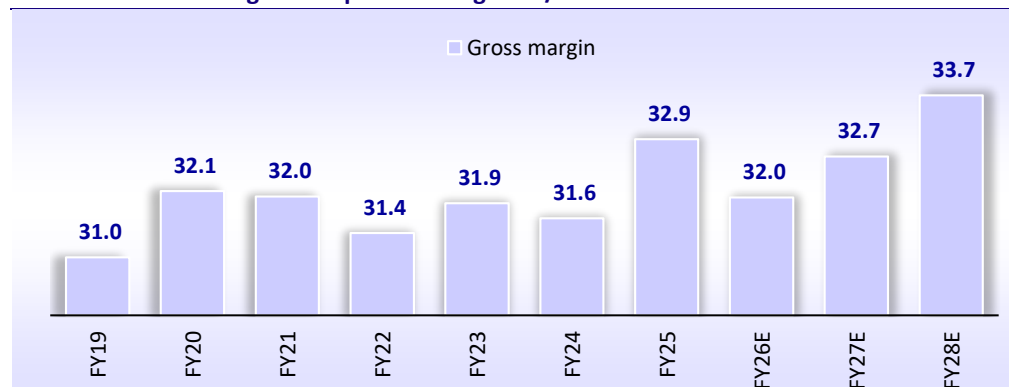
**Exhibit 23: BGAL's revenue to post ~10% CAGR over FY26-28E**



Source: MOFSL, Company

The company's gross margin was rangebound over FY22-24 due to higher costs in the fans segment amid BEE transition, pricing pressure in the lighting segment, and BGAL transition. Its gross margin improved to 32.9% in FY25 vs. 31.6% in FY24, which we believe was led by a higher share of premium fans and price hikes in the fan segment. We expect gross margin to be at 32.0%/32.7%/33.7% in FY26/FY27/FY28E.

**Exhibit 24: Gross margin to improve during FY27/28E**

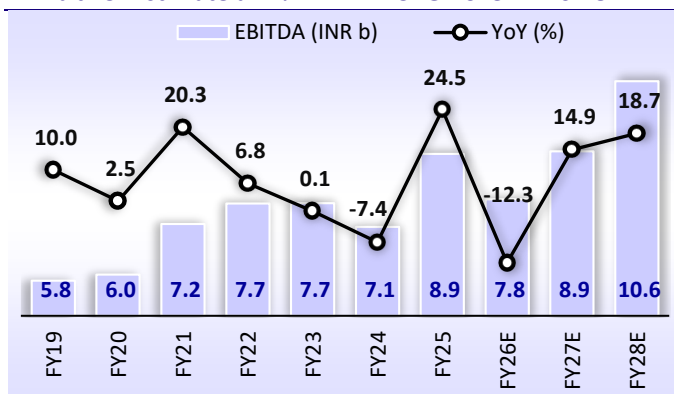


Source: MOFSL, Company

### Estimate a 17% EBITDA CAGR over FY26-28

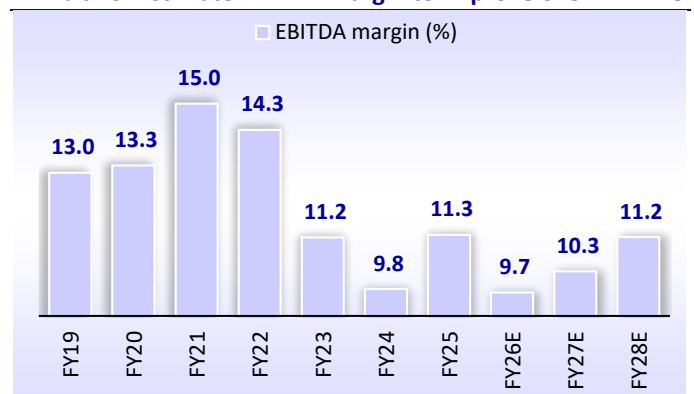
- We expect CROMPTON's OPM to dip in FY26E primarily due to weather-related disruptions in 1HFY26, which hit the profitability of the ECD segment. We estimate the EBIT margin of the ECD segment to decline to 12.5% in FY26E vs. 15.4% in FY25. This will result in lower profitability, and we expect OPM to be at 9.7% in FY26E vs. 11.3% in FY25. Going forward, we factor in an OPM of 10.3%/11.2% in FY27/28E, still lower than the FY25 levels, as we would wait for pricing actions for fans once BEE rating changes are implemented from 1<sup>st</sup> Jan'26.
- We estimate CROMPTON to report a 17% EBITDA CAGR over FY26-28, following a decline of 12% YoY in FY26E.

**Exhibit 25: Estimate a 17% EBITDA CAGR over FY26-28**



Source: MOFSL, Company

**Exhibit 26: Estimate EBITDA margin to improve over FY27-28**

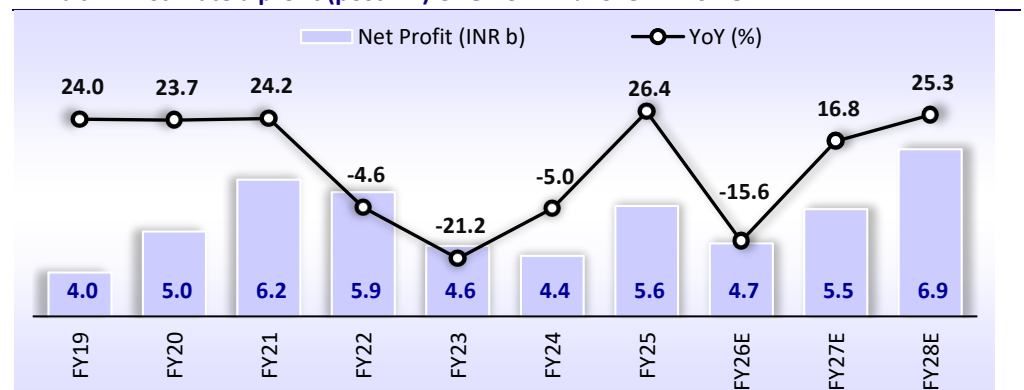


Source: MOFSL, Company

### Expect a 21% PAT CAGR over FY26-28

We expect CROMPTON to clock a 21% PAT CAGR over FY26-28E after a 16% YoY decline in FY26E. Depreciation is likely to register a CAGR of 5%, while interest is estimated to decline ~22% (compounded annually) over FY26-28E. Other income should register a 16% CAGR over FY26-28E. We estimate Adj. PAT margin to be 5.8%/6.5%/7.4% in FY26/FY27/FY28E vs. 7.1% in FY25.

**Exhibit 27: Estimate a profit (post-MI) CAGR of ~21% over FY26-28**



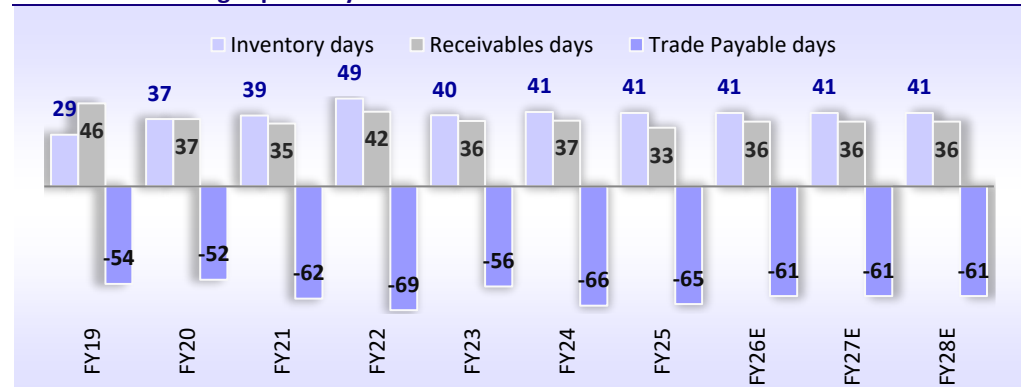
Source: MOFSL, Company



### Working capital cycle to remain low

CROMPTON's working capital cycle improved over FY22-25, led by 1) lower inventory days, which declined to 41 days in FY25 from 49 days in FY22, and 2) lower receivables days, which declined to 33 days in FY25 from 42 days in FY22. Going forward, we expect working capital days to be at 16 during FY26-28E vs. 8 in FY25, as we estimate payable days will decline and there will be a marginal increase in receivable days.

**Exhibit 28: Working capital days to remain under control**

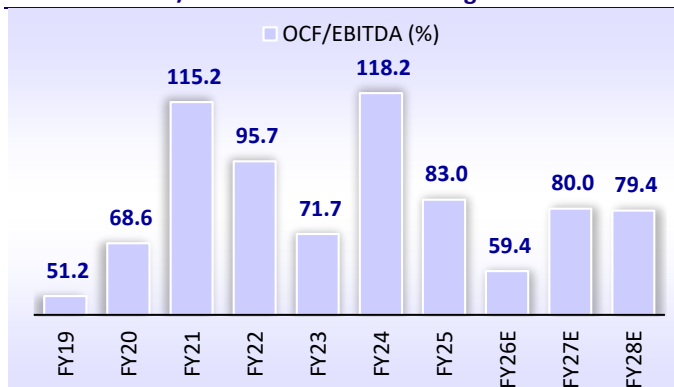


Source: MOFSL, Company

### Healthy OCF and FCF generation to continue

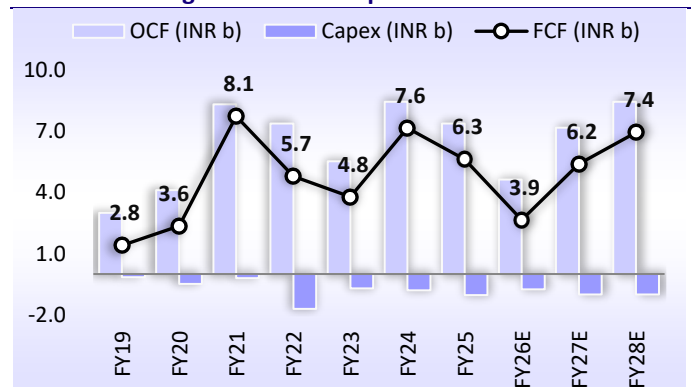
We estimate the company to continue generating healthy free cash flow, aided by improving profitability, low working capital, and lower capex requirements. The company's cumulative OCF is likely to be INR20.2b during FY26-28E vs. INR21.3b over FY23-25. Cumulative capex over FY26-28E should be INR2.8b vs. INR2.7b over FY23-25. The cumulative FCF generation is likely to be INR17.5b during FY26-28E vs. INR18.6b during FY23-25.

**Exhibit 29: OCF/EBITDA to be ~80% during FY27-28E**



Source: MOFSL, Company

**Exhibit 30: FCF generation to improve in FY27-28E**



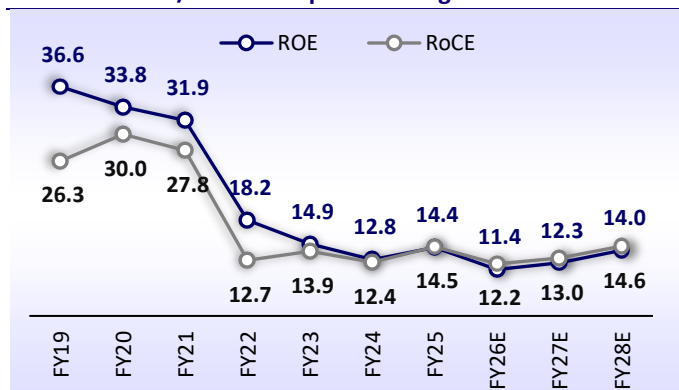
Source: MOFSL, Company

### Return ratios to improve in FY27/FY28E following a decline in FY26E

- CROMPTON's RoE and RoCE have been under pressure post-FY21 due to 1) lower margin in the ECD segment, which contracted from ~20% in FY21/FY22 to ~15% in FY25 and is estimated to dip further to ~13% in FY26, and 2) acquisition of BGAL in Mar'22, which led to a decline in asset turnover (0.93x in FY22 vs. 1.74x in FY21).

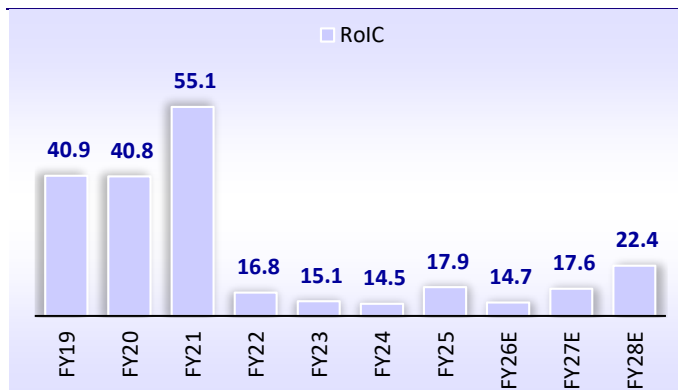
- CROMPTON's RoE declined to ~14% in FY25 from ~18% in FY22 (~32% in FY21). We expect RoE to fall to ~11% in FY26. With our expectation of a recovery in profitability in FY27/28E, we expect RoE to improve to ~12%/14% in FY27/FY28.
- RoIC of the company improved to ~18% in FY25 from ~17% in FY22 (vs. 55.1% in FY21). We expect RoIC to decline to ~15% in FY26. RoIC is estimated to improve to 18%/22% in FY27/FY28E.

**Exhibit 31: RoE/RoCE to improve during FY27-28E...**



Source: MOFSL, Company

**Exhibit 32: ...and so is RoIC**



Source: MOFSL, Company

**Exhibit 33: DuPont analysis**

Particulars	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
PAT/PBT	0.85	0.77	0.76	0.77	0.74	0.73	0.73	0.73
PBT/EBIT	0.94	0.96	0.85	0.88	0.94	0.96	0.97	0.98
EBIT/Sales	0.16	0.15	0.11	0.09	0.10	0.08	0.09	0.10
Asset turnover	1.74	0.93	1.35	1.37	1.41	1.44	1.44	1.41
Assets/Equity	1.43	1.80	1.63	1.55	1.45	1.36	1.36	1.37
ROE (%)	31.9	18.2	14.9	12.8	14.4	11.4	12.3	14.0

Source: MOFSL, Company

## Quarterly results and estimates

### Quarterly performance (consolidated)

Y/E March	FY25				FY26E				FY25	FY26E	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Sales</b>	<b>21,377</b>	<b>18,960</b>	<b>17,692</b>	<b>20,606</b>	<b>19,983</b>	<b>19,156</b>	<b>18,400</b>	<b>23,063</b>	<b>78,636</b>	<b>80,592</b>	<b>4%</b>	<b>-4%</b>
Change (%)	13.9	6.4	4.5	5.1	-6.5	1.0	4.0	11.9	7.5	2.5		
<b>Adj EBITDA</b>	<b>2,324</b>	<b>2,034</b>	<b>1,880</b>	<b>2,644</b>	<b>1,917</b>	<b>1,584</b>	<b>1,720</b>	<b>2,413</b>	<b>8,882</b>	<b>7,791</b>	<b>-9%</b>	<b>9%</b>
Change (%)	25.1	16.6	25.5	29.9	-17.5	-22.1	-8.5	-8.7	24.5	-12.3		
Adj EBITDA margin (%)	10.9	10.7	10.6	12.8	9.6	8.3	9.3	10.5	11.3	9.7	(128)	108
Depreciation	372	382	379	396	395	440	450	460	1,528	1,745	19%	2%
Interest	155	120	105	100	98	52	62	47	480	258	-41%	19%
Other Income	238	175	116	159	237	134	114	160	688	645	-2%	-15%
Extra-ordinary items	-	-	-	-	-	204	-	-	-	204		
<b>PBT</b>	<b>2,035</b>	<b>1,707</b>	<b>1,512</b>	<b>2,308</b>	<b>1,661</b>	<b>1,022</b>	<b>1,322</b>	<b>2,066</b>	<b>7,562</b>	<b>6,432</b>	<b>-13%</b>	<b>29%</b>
Tax	511	427	393	591	422	268	346	532	1,921	1,568		
Effective Tax Rate (%)	25.1	25.0	26.0	25.6	25.4	26.2	26.2	25.7	25.4	24.4		
<b>Reported PAT</b>	<b>1,524</b>	<b>1,281</b>	<b>1,119</b>	<b>1,717</b>	<b>1,239</b>	<b>754</b>	<b>976</b>	<b>1,535</b>	<b>5,641</b>	<b>5,068</b>	<b>-13%</b>	<b>29%</b>
Change (%)	24.8	27.0	31.0	28.7	(18.7)	(41.1)	(12.8)	(10.6)	27.7	(10.2)		
Minority Interest	6.3	31.7	20.8	22.6	16.1	42.5	25.0	35.7	81.4	119.3		
<b>Adj PAT</b>	<b>1,517</b>	<b>1,249</b>	<b>1,098</b>	<b>1,695</b>	<b>1,223</b>	<b>862</b>	<b>951</b>	<b>1,499</b>	<b>5,559</b>	<b>4,745</b>	<b>-13%</b>	<b>10%</b>
Change (%)	28.2	28.5	27.7	22.5	(19.4)	(31.0)	(13.5)	(11.5)	26.4	(14.7)		

Source: MOFSL, Company

### Segmental Performance (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Sales</b>												
ECD	17,266	13,927	12,878	16,029	15,863	13,712	13,264	18,016	60,100	60,854	3%	-3%
Lighting Products	2,333	2,531	2,577	2,761	2,330	2,611	2,675	2,883	10,203	10,488	4%	2%
Butterfly	1,777	2,502	2,237	1,817	1,791	2,834	2,461	2,165	8,333	9,250	10%	-13%
<b>EBIT</b>												
ECD	2,587	2,064	1,957	2,675	2,116	1,450	1,592	2,449	9,283	7,607	-19%	10%
Lighting Products	209	271	278	440	296	405	361	410	1,196	1,468	30%	-11%
Butterfly	41	177	123	123	76	221	197	103	464	597	60%	-11%
<b>EBIT Margin (%)</b>												
ECD	15.0	14.8	15.2	16.7	13.3	10.6	12.0	13.6	15.4	12.5	-320	143
Lighting Products	8.9	10.7	10.8	15.9	12.7	15.5	13.5	14.2	11.7	14.0	272	-203
Butterfly	2.3	7.1	5.5	6.7	4.2	7.8	8.0	4.8	5.6	6.4	249	21

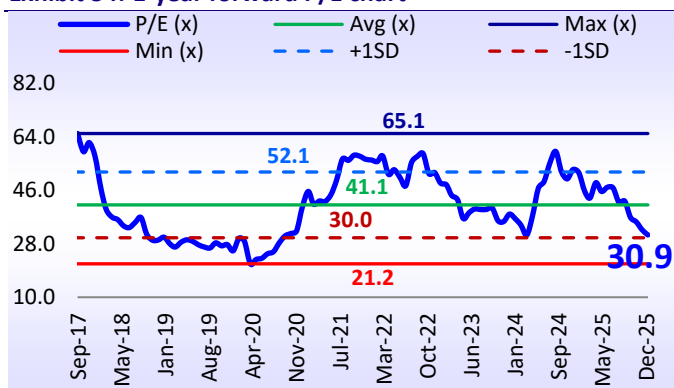
## Recovery expected after a soft FY26; initiate with a BUY

**The 1HFY26 performance was hit by weather-related disruptions that affected the margin of the ECD segment**

**Expect EBITDA and EPS CAGR of 17% and 21%, respectively, over FY26-28. Its RoE/RoIC to improve to ~14%/22% in FY28E vs. 14%/18% in FY25.**

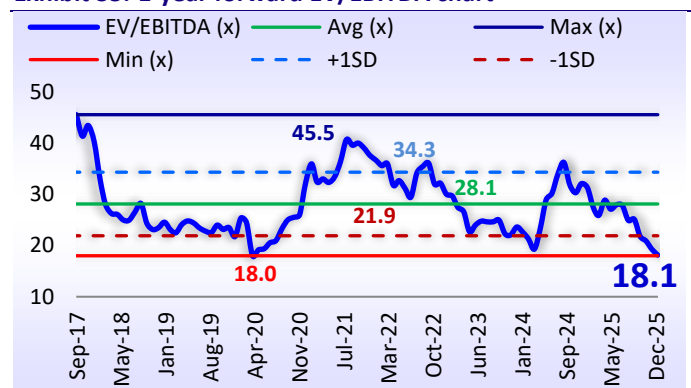
- CROMPTON, over the years, has established itself as a strong player in various consumer electrical categories, including fans, lighting, residential pumps, and domestic appliances. The company is a market leader in the fan segment with a market share of ~25% and residential pumps with ~30% market share. It is also among the top three companies in the lighting segment and among the top five companies in the consumer appliances segment. BGAL's acquisition has helped CROMPTON reinforce its product offerings in small domestic appliances.
- The company's earnings were hit in FY23/24 due to: 1) the transition towards new BEE norms, putting pressure on revenue/profitability of the ECD segment as there were uncertainties in the trade channels; 2) the decline in revenue of the lighting segment because of pricing erosion of LED in the global markets amid technology changes; and 3) its efforts to reduce BGAL's corporate sales that adversely affected its product positioning. The company recovered in FY25, with ECD and Lighting segments' margins recovering to 15.4% and 11.8%, respectively. However, the weather-related challenges put pressure on the ECD segment's margin in 1HFY26. We expect the segment's margin to be 12.5%/13.5%/14.5% in FY26/FY27/FY28. The lighting segment's margin has recovered in 1HFY26, and we factor in an EBIT margin of 14%/12%/13% in FY26/FY27/FY28E. BGAL has also clocked a margin improvement in FY25/1HFY26, with EBITDA margin at 7.5%/8.5%. We have factored in a margin of 9.1%/9.7%/10.2% in FY26E/FY27E/FY28E.
- Going forward, we expect its EBITDA and EPS to clock a CAGR of 17% and 21% over FY26-28E, following a decline of 12% and 16%, respectively, in FY26. The company has been generating free cash flows consistently, and its FCF on a standalone basis stood at INR45b over FY16-25. This helped it complete the acquisition of BGAL while keeping the leverage under control. CROMPTON became net cash positive in FY25. On a consolidated basis, we expect cumulative OCF to be INR20b during FY26-28E and FCF to be INR17.5b during this period. RoE and RoIC are likely to be at 14% and 22.4% in FY28E vs. 14.4% and 17.9% in FY25, respectively.
- We believe that higher advertisement and promotional spending and the efforts to improve brand strength and product portfolio will bolster CROMPTON's future growth trajectory. The stock has traded at an average P/E of 35x over the last five years. We assign a 35x Dec'27E EPS to the stock to arrive at our TP of INR350. **We initiate coverage with a BUY rating, implying a potential upside of 35%.**

**Exhibit 34: 1-year forward P/E chart**



Source: MOFSL, Company

**Exhibit 35: 1-year forward EV/EBITDA chart**



Source: MOFSL, Company

## Risks and concerns

### Economic slowdown

Economic slowdown can reduce consumer spending, which in turn can adversely affect the sales of consumer electrical products. A decline in disposable income or consumer confidence can lead to reduced demand for non-essential goods like premium electrical appliances.

### Commodity price volatility

The cost of raw materials such as copper, aluminum, and plastics, which are crucial for manufacturing electrical products, is subject to fluctuations in the global markets. Significant increases in raw material costs can squeeze margins if the company is unable to pass on these costs to consumers.

### Higher competitive intensity

The consumer electricals market is highly competitive, with regional and national as well as organized and unorganized players. Several established players and new entrants are competing for market share gains. Intensified competition could lead to price wars and reduced profit margins. Further, the markets wherein the company operates require continuous innovation and frequent introduction of new products and technologies.

### Technological changes

Rapid advancements in technology can make existing products obsolete. CROMPTON needs to invest continually in research and development to stay ahead of technological trends. Failure to innovate could result in losing market share to competitors offering more advanced or energy-efficient products.



# Crompton



## Company overview

- CROMPTON was incorporated in Feb'15 after the demerger of the consumer products business from the power and industrial systems businesses of CROMPTON. The company manufactures and markets a wide spectrum of consumer products, ranging from fans, lighting, pumps, and household appliances such as geysers, mixer grinders, toasters, irons, etc. In Mar'22, CROMPTON acquired a 55% stake in South-based BGAL; it currently holds a 75% stake in BGAL. The acquisition helped CROMPTON strengthen its position in the kitchen and small domestic appliance categories. The company is the market leader in fans and residential pumps. It ranks among the top five in the lighting segment. Additionally, it holds a significant market share in appliances, including kitchen appliances from its subsidiary, BGAL.
- The company has been proactive in launching premium offerings based on consumer insights and constantly increasing touchpoints to expand its customer base. The focus areas remain on product innovation, brand-building, and distribution channel expansion. The company operates manufacturing units across five locations: Goa, Vadodara, Ahmednagar, Chennai, and Baddi. Each of these facilities is equipped with state-of-the-art machinery, ensuring the consistent production of high-quality products. Along with this, it has 23 branches and 28 warehouses.

### Exhibit 36: Key manufacturing facilities

Manufacturing Plant (units)	FY25
<b>Kundaim, Goa</b>	
Fans	3,15,000
<b>Bethora, Goa</b>	
Fans	7,50,000
<b>Vadodara, Gujarat</b>	
Lighting	56,40,000
Large Kitchen appliances	11,200
<b>Baddi, Himachal Pradesh</b>	
Fans	5,00,000
<b>Ahmednagar, Maharashtra</b>	
Pumps	49,725
<b>Chennai (BGAL)</b>	
Kitchen Appliances	11,58,750

Source: MOFSL, Company

## Key management personnel



### **Mr. Promeet Ghosh, MD & CEO**

Mr. Ghosh has an MBA from the Indian Institute of Management, Calcutta. He was an investment banker for two decades and has served as a director on the Boards of various companies across sectors. He has been on the company's Board since 2016. His familiarity with the company, coupled with his leadership style and vast experience of more than 30 years, made him a suitable candidate to take over the executive leadership from Mr. Shantanu Khosla.



### **Mr. Kaleeswaran Arunachalam, Group CFO & Head of Strategy**

He joined the company in Sep'22. He has two decades of experience across diverse sectors. He possesses a strong background in business finance, strategic planning & transformation, and risk management. Before joining CROMPTON, Mr. Arunachalam served as the Global CFO of Eicher Motors Limited.



### **Mr. Rajat Chopra, Business Head – Home Electricals & Pumps**

He joined the company in Aug'97 as a graduate engineer trainee. He is a B. Tech in Electrical & Electronics Engineering. He has a rich experience of 26+ years in the company. He has played a pivotal role in the company's growth, establishing himself as not just a seasoned professional but also a driving force behind CROMPTON's success in the North and East regions for all businesses.



### **Mr. Shaleen Nayak, Business Head – Lighting**

He joined the company in Mar'23. He holds a PGDM from NMIMS, Mumbai. He has over two decades of rich experience and is known for exceptional leadership in business and strategy. Before joining CROMPTON, Mr. Nayak held key positions in Bajaj Auto, AkzoNobel, Nokia, and ICI Ltd., where he made significant contributions towards building strong teams and leading businesses across different geographies.



### **Ms. Aarushi Agarwal, Head – Large Kitchen Appliances & New Businesses**

She joined CROMPTON in Jan'25. In a career spanning over 2 decades across geographies and categories, she has won accolades for transforming brands, driving exponential profitable growth while serving customers, and nurturing high-performance teams. Before CROMPTON, she held leadership roles at Philips Electronics, Nissan Corporation, Usha International, and Timex. She had done her master's at the prestigious Delhi School of Economics, along with executive programs at ISB Hyderabad and Boston.

## ESG initiatives



### Environmental initiatives

- CROMPTON is focusing on creating products that are safe, energy-efficient, dependable, and environmentally friendly by constantly improving core technology. It empowers environmentally conscious choices, with 33% of its products being star-rated, while ensuring performance is not compromised.
- The company's innovative products help it to reduce ~6% YoY of GHG emissions. At Baroda and the Kundiam Plant, the company is using natural gas to reduce the GHG emissions, whereas in Ahmednagar and Goa, CROMPTON is using solar.
- It is enhancing water management practices in its operations, which include a reduction in water consumption by implementing low-flow fixtures and water-saving aerators in its facilities, the reuse of STP-treated water, and rainwater harvesting.
- The company has authorization for EPR e-waste and plastic waste management (PWM). The disposal of e-waste is overseen by a licensed recycler who has been approved by the CPCB and awarded green certificates for the same. It ensures responsible waste management practices involving 100% recycling of plastic waste as per EPR PWM.

### Social initiatives

- The company actively supports surrounding communities through various initiatives targeting education and the well-being of the local community.
- It has collaborated with a unique tech platform that enables villagers to access government welfare schemes. Through this initiative, 3,600 villagers and residents of Ahmednagar and other areas in Maharashtra (particularly women) receive benefits from government schemes.
- CROMPTON's Project **Patang**, a school transformation initiative, is dedicated to upgrading the infrastructure of 19 government schools. The objective is to significantly improve the learning outcomes for 1,200 students, with a targeted increase of 40% in proficiency levels in both mathematics and language.
- It initiated Project **Umang**, which focuses on offering scholarships to female students from low-income families residing near CROMPTON's manufacturing units in Ahmednagar, Baddi, Goa, and Vadodara, aiming to improve their social and economic well-being. This initiative has benefitted 246 girl students, encouraging them to pursue higher education and fulfill their aspirations.

### Governance initiatives

- The proportion of independent directors on the Board is ~78% (seven out of nine directors, including one woman director) currently.
- The company has a balanced governance structure. The Board of Directors has been involved in formulating and ensuring the execution of long-term business strategies. The Board committees have been overseeing specialized operational areas and delivering expert recommendations to drive informed decision-making processes. The management is responsible for enacting policies and procedures that govern daily operations, ensuring smooth and effective functioning of the organization.
- The company has achieved an outstanding AA rating by the MSCI for exemplary practices on the environmental, social, and governance fronts.

## Bull and Bear cases



### Bull case

- ✓ In this scenario, we factor in margin recovery in the ECD segment in 2HFY26 and factor in higher growth for ECD in FY27/28E, along with higher margins in the Lighting/ECD segment. We have assumed the ECD segment's margin to be at 15.0%/15.5% in FY27/28E, respectively, and the lighting segment margin to be at 14%/14.5% in FY27/28E, respectively.
- ✓ We assume a higher revenue/EBITDA/PAT CAGR of 9%/20%/25% over FY26-28E in our bull case assumption. This will help RoE to reach 15.1% in FY28E vs. 14.4% in FY25, and RoIC will be at 25% in FY28E vs. 17.9% in FY25.
- ✓ Assuming a target P/E multiple of 40x, we arrive at a TP of INR460, offering 77% upside from CMP.



### Bear case

- ✓ Intense competition in fans and consumer appliance products, along with slower growth in the pump segment – if PM Kusum Yojana is not extended – may keep the margin under pressure at a time when BEE rating changes are about to be implemented from Jan'26.
- ✓ We estimate a revenue/EBITDA/PAT CAGR of 7%/11%/14% over FY26-28E.
- ✓ Assuming a target P/E multiple of 25x, we arrive at a TP of INR220, implying ~15% downside from CMP.

### Scenario analysis – Bull case

	FY25	FY26E	FY27E	FY28E
Revenue (INR b)	78.6	80.6	87.8	96.0
Growth (%)	7.5	2.5	8.9	9.3
EBITDA (INR b)	8.9	8.1	10.2	11.7
YoY growth (%)	24.5	-8.9	26.3	14.2
EBITDA Margin (%)	11.3	10.0	11.7	12.2
PAT (INR b)	5.6	4.9	6.4	7.7
EPS (INR)	8.6	7.6	10.0	12.0
P/E multiple (x)				40
Target price (INR)				460
Upside/ (downside) (%)				77

Source: Company, MOFSL

### Scenario analysis – Bear case

	FY25	FY26E	FY27E	FY28E
Revenue (INR b)	78.6	80.6	86.0	92.1
Growth (%)	7.5	2.5	6.7	7.1
EBITDA (INR m)	8.9	7.6	8.2	9.3
YoY growth (%)	24.5	-14.6	8.8	13.3
EBITDA Margin (%)	11.3	9.4	9.6	10.2
PAT (INR m)	5.6	4.6	5.0	6.0
EPS (INR)	8.6	7.1	7.8	9.2
P/E multiple (x)				25
Target price (INR)				220
Upside/ (downside) (%)				(15)

Source: Company, MOFSL

## SWOT analysis

- ❖ It offers a wide range of products, including fans, lighting, appliances, and pumps. It is a market leader in the fan and residential pump segments.
- ❖ Focus on introducing innovative and technologically advanced products.
- ❖ Extensive distribution network across urban and rural India.

**S**

**STRENGTH**



- ❖ CROMPTON's limited footprint outside India restricts its ability to leverage global growth opportunities and diversify market risks.
- ❖ It generates a substantial portion of its revenue from ceiling fans, making it vulnerable to a slowdown in this segment.

**W**

**WEAKNESS**



- ❖ Energy-efficient solar pumps are gaining traction with growing demand. The govt's PM KUSUM Yojana drives significant opportunities.
- ❖ The premium segment is experiencing faster growth. This presents an opportunity to capture the market share.

**O**

**OPPORTUNITY**



- ❖ Competitive intensity from the unorganized as well as organized players continues to remain high.
- ❖ An economic slowdown could hurt demand for the company's key products.

**T**

**THREATS**





## Financials and valuations

### Income Statement

(InR M)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Net Sales</b>	<b>48,035</b>	<b>53,941</b>	<b>68,696</b>	<b>73,128</b>	<b>78,636</b>	80,592	87,181	94,667
Change (%)	6.3	12.3	27.4	6.5	7.5	2.5	8.2	8.6
Raw Materials	32,672	37,018	46,804	50,003	52,733	54,831	58,714	62,791
Gross margin (%)	32.0	31.4	31.9	31.6	32.9	32.0	32.7	33.7
Staff Cost	3,366	3,624	5,408	5,899	6,390	6,819	7,446	8,133
Other Expenses	4,792	5,605	8,780	10,089	10,630	11,152	12,073	13,117
<b>EBITDA</b>	<b>7,205</b>	<b>7,695</b>	<b>7,705</b>	<b>7,137</b>	<b>8,882</b>	<b>7,791</b>	<b>8,949</b>	<b>10,626</b>
Change (%)	20.3	6.8	0.1	-7.4	24.5	-12.3	14.9	18.7
% of Net Sales	15.0	14.3	11.2	9.8	11.3	9.7	10.3	11.2
Depreciation	297	423	1,159	1,288	1,528	1,745	1,858	1,931
Interest	429	353	1,092	792	480	258	208	158
Other Income	758	727	668	674	688	645	633	868
<b>PBT</b>	<b>7,236</b>	<b>7,645</b>	<b>6,122</b>	<b>5,731</b>	<b>7,562</b>	<b>6,432</b>	<b>7,515</b>	<b>9,404</b>
Tax	1,070	1,732	1,358	1,313	1,921	1,568	1,892	2,367
Rate (%)	14.8	22.6	22.2	22.9	25.4	24.4	25.2	25.2
Extra-ordinary Inc.(net)	0	-130	0	0	0	-204	0	0
<b>Reported PAT</b>	<b>6,167</b>	<b>5,784</b>	<b>4,764</b>	<b>4,418</b>	<b>5,641</b>	<b>4,661</b>	<b>5,624</b>	<b>7,037</b>
Change (%)	24.2	-6.2	-17.6	-7.3	27.7	-17.4	20.7	25.1
Minority Interest	0	0	132	19	81	119	141	165
<b>Adjusted PAT</b>	<b>6,167</b>	<b>5,880</b>	<b>4,632</b>	<b>4,399</b>	<b>5,559</b>	<b>4,693</b>	<b>5,483</b>	<b>6,873</b>
Change (%)	24.2	-4.6	-21.2	-5.0	26.4	-15.6	16.8	25.3

### Balance Sheet (Consolidated)

(InR M)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	1,255	1,267	1,272	1,286	1,288	1,288	1,288	1,288
Reserves	18,059	23,263	25,328	28,710	32,614	35,224	38,453	42,751
Minority Interest	0	7,825	4,477	4,494	4,576	4,695	4,836	5,001
<b>Net Worth</b>	<b>19,314</b>	<b>32,354</b>	<b>31,077</b>	<b>34,490</b>	<b>38,478</b>	<b>41,207</b>	<b>44,577</b>	<b>49,039</b>
Loans	4,788	16,075	9,222	5,990	2,998	498	98	98
Deferred Tax Liability	-586	394	123	99	-129	-129	-129	-129
<b>Capital Employed</b>	<b>23,517</b>	<b>48,824</b>	<b>40,422</b>	<b>40,579</b>	<b>41,347</b>	<b>41,576</b>	<b>44,547</b>	<b>49,009</b>
Gross Fixed Assets	10,056	33,894	34,663	35,184	37,063	37,813	38,813	39,813
Less: Depreciation	906	1,159	2,164	3,215	4,113	5,859	7,717	9,649
<b>Net Fixed Assets</b>	<b>9,150</b>	<b>32,735</b>	<b>32,499</b>	<b>31,968</b>	<b>32,950</b>	<b>31,954</b>	<b>31,096</b>	<b>30,164</b>
Capital WIP	109	130	265	585	343	343	343	343
Investments	7,697	6,242	5,482	6,891	7,211	7,211	7,211	7,211
<b>Curr. Assets</b>	<b>18,433</b>	<b>25,380</b>	<b>18,298</b>	<b>21,373</b>	<b>22,665</b>	<b>23,902</b>	<b>29,482</b>	<b>36,776</b>
Inventory	5,186	7,210	7,439	8,304	8,817	9,036	9,775	10,614
Debtors	4,608	6,154	6,861	7,335	7,017	7,949	8,599	9,337
Cash & Bank Balance	6,040	9,152	1,095	2,608	3,530	3,341	7,257	12,699
Other Current Assets	2,599	2,863	2,904	3,125	3,301	3,576	3,851	4,126
<b>Current Liab. &amp; Prov.</b>	<b>11,872</b>	<b>15,662</b>	<b>16,123</b>	<b>20,238</b>	<b>21,822</b>	<b>21,834</b>	<b>23,585</b>	<b>25,486</b>
Creditors	8,204	10,178	10,486	13,285	14,107	13,469	14,570	15,821
Other Liabilities	1,520	2,567	2,640	2,976	4,375	4,800	5,225	5,650
Provisions	2,148	2,918	2,997	3,977	3,340	3,565	3,790	4,015
<b>Net Current Assets</b>	<b>6,561</b>	<b>9,717</b>	<b>2,175</b>	<b>1,135</b>	<b>843</b>	<b>2,067</b>	<b>5,896</b>	<b>11,290</b>
<b>Application of Funds</b>	<b>23,517</b>	<b>48,824</b>	<b>40,422</b>	<b>40,579</b>	<b>41,347</b>	<b>41,576</b>	<b>44,547</b>	<b>49,009</b>

## Financials and valuations

### Ratios

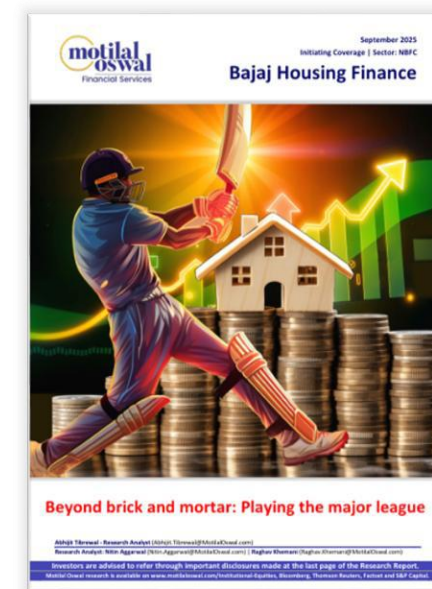
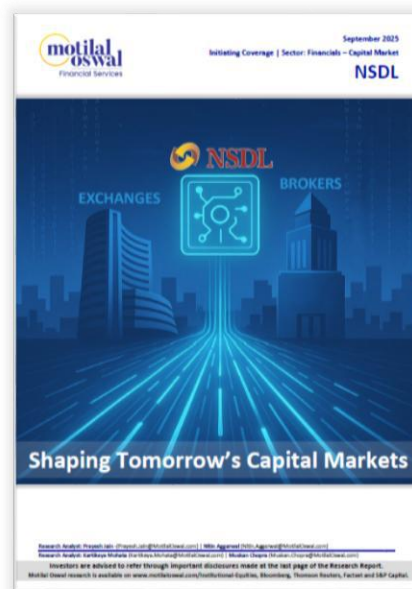
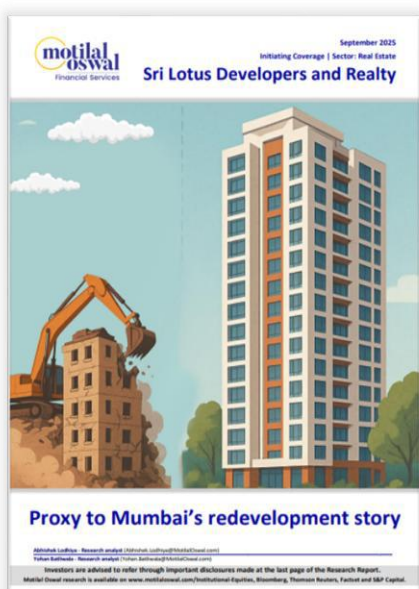
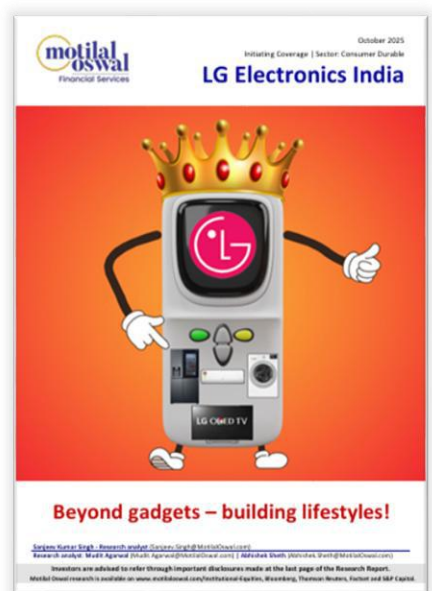
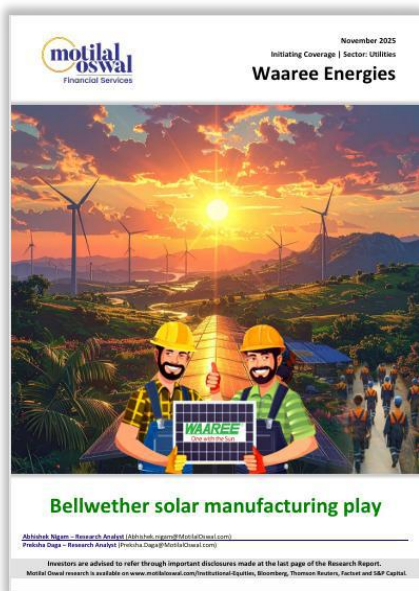
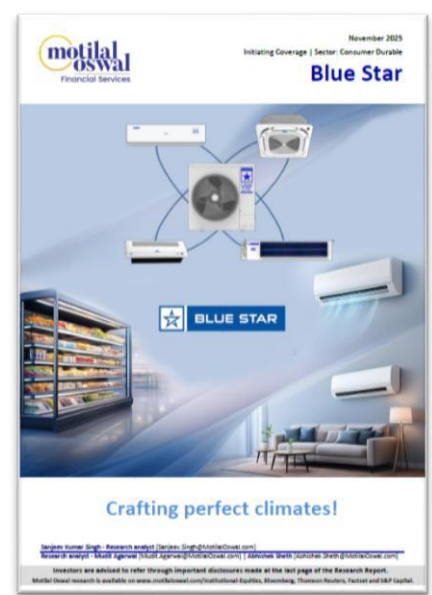
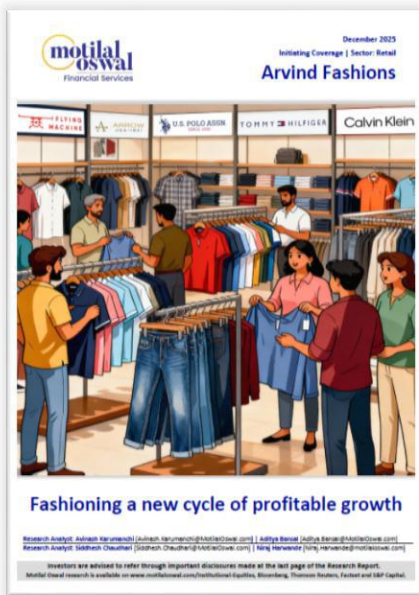
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)</b>								
<b>Adjusted EPS</b>	<b>9.8</b>	<b>9.3</b>	<b>7.3</b>	<b>6.8</b>	<b>8.6</b>	<b>7.3</b>	<b>8.5</b>	<b>10.7</b>
Growth (%)	24.1	-5.5	-21.6	-6.1	26.2	-15.6	16.8	25.3
Cash EPS	10.3	10.0	9.1	8.8	11.0	10.0	11.4	13.7
Book Value	30.8	51.1	48.9	53.6	59.8	64.0	69.2	76.2
DPS	2.5	2.5	2.5	9.0	3.0	3.0	3.5	4.0
Payout (incl. Div. Tax.)	30.4	26.6	34.1	43.5	34.7	41.2	41.1	37.5
<b>Valuation (x)</b>								
P/Sales	3.3	2.9	2.3	2.2	2.0	2.0	1.8	1.7
P/E	25.4	26.9	34.2	36.4	28.9	34.2	29.3	23.4
Cash P/E	24.2	25.1	27.4	28.2	22.6	24.9	21.9	18.2
EV/EBITDA	21.5	21.4	21.6	22.9	18.0	20.2	17.1	13.9
EV/Sales	3.2	3.1	2.4	2.2	2.0	2.0	1.8	1.6
Price/Book Value	8.1	4.9	5.1	4.6	4.2	3.9	3.6	3.3
Dividend Yield (%)	1.0	1.0	1.0	3.6	1.2	1.2	1.4	1.6
<b>Profitability Ratios (%)</b>								
RoE	31.9	18.2	14.9	12.8	14.4	11.4	12.3	14.0
RoCE	27.8	12.7	13.9	12.4	14.5	12.2	13.0	14.6
RoIC	55.1	16.8	15.1	14.5	17.9	14.7	17.6	22.4
<b>Turnover Ratios</b>								
Debtors (Days)	35	42	36	37	33	36	36	36
Inventory (Days)	39	49	40	41	41	41	41	41
Creditors. (Days)	62	69	56	66	65	61	61	61
Asset Turnover (x)	2.0	1.1	1.7	1.8	1.9	1.9	2.0	1.9
<b>Leverage Ratio</b>								
Net Debt/Equity (x)	-0.1	0.2	0.3	0.1	0.0	-0.1	-0.2	-0.3

### Cash Flow Statement

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>(INR M)</b>								
PBT before EO Items	<b>6,707</b>	<b>7,381</b>	<b>5,712</b>	<b>5,111</b>	<b>6,981</b>	<b>5,906</b>	<b>7,199</b>	<b>8,970</b>
Add : Depreciation	297	423	1,159	1,288	1,528	1,745	1,858	1,931
Interest	429	353	1,092	792	480	258	208	158
Less : Direct Taxes Paid	575	1,798	1,399	984	1,782	1,568	1,892	2,367
(Inc)/Dec in WC	(1,445)	(1,005)	1,039	(2,226)	(167)	1,714	212	252
<b>CF from Operations</b>	<b>8,303</b>	<b>7,364</b>	<b>5,526</b>	<b>8,434</b>	<b>7,374</b>	<b>4,628</b>	<b>7,161</b>	<b>8,441</b>
(Inc)/Dec in FA	(198)	(1,706)	(708)	(805)	(1,028)	(750)	(1,000)	(1,000)
<b>Free Cash Flow</b>	<b>8,105</b>	<b>5,658</b>	<b>4,818</b>	<b>7,629</b>	<b>6,346</b>	<b>3,878</b>	<b>6,161</b>	<b>7,441</b>
(Pur)/Sale of Investments	(4,760)	(15,653)	3,340	(1,264)	(283)	322	317	434
<b>CF from Investments</b>	<b>(4,957)</b>	<b>(17,359)</b>	<b>2,632</b>	<b>(2,069)</b>	<b>(1,311)</b>	<b>(428)</b>	<b>(683)</b>	<b>(566)</b>
(Inc)/Dec in Net Worth / Others	73	603	416	893	204	-	-	-
(Inc)/Dec in Debt	1,181	10,539	(7,179)	(3,640)	(3,528)	(2,200)	(100)	300
Less : Interest Paid	342	505	765	754	493	258	208	158
Dividend Paid	1,874	1,564	1,578	1,912	1,930	1,931	2,253	2,575
<b>CF from Fin. Activity</b>	<b>(962)</b>	<b>9,073</b>	<b>(9,105)</b>	<b>(5,413)</b>	<b>(5,747)</b>	<b>(4,389)</b>	<b>(2,561)</b>	<b>(2,433)</b>
<b>Inc/Dec of Cash</b>	<b>2,384</b>	<b>(922)</b>	<b>(948)</b>	<b>952</b>	<b>316</b>	<b>(190)</b>	<b>3,916</b>	<b>5,442</b>
Add: Beginning Balance (incl bank deposits)	240	2,624	1,716	768	1,721	2,037	1,847	5,764
Add: Balance pursuant to scheme	-	14	-	-	-	-	-	-
<b>Closing Balance</b>	<b>2,624</b>	<b>1,716</b>	<b>768</b>	<b>1,721</b>	<b>2,037</b>	<b>1,847</b>	<b>5,764</b>	<b>11,205</b>

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Explanation of Investment Rating	
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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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Nainesh Rajani

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

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Contact Person	Contact No.	Email ID
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Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

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