

January 03, 2025

**SECTOR UPDATE**

# Consumer Durables

## December witnesses muted demand environment

Our interaction with the dealers/distributors of consumer durables and electrical suggest post the festive season of Diwali, demand trends have been sluggish. In the month of December demand for most of the product categories stood in low single digit. On the flip side winter products after slow start to the season has seen better demand environment especially from mid-December with water heaters leading the way. On the pricing front there has been no price increase taken by the brands, as they are now witnessing increasing competition from the unorganized players which have been able to make come back after couple of years. Channel inventory continues to be normalized as dealers and retailers are yet to place the orders for the summer products, which should start from January. On the electrical side wires and cables should continue to see mid-teens volume growth given improving demand for housing wires. Kitchen appliances have registered mixed performance with value for money players and regional players faring far better than the premium players. New product launches have been at a slower pace in December. Companies have planned their new product launches in Jan and Feb ahead of summer season. Brands that are doing well are Orient electric and Crompton on the electrical side, while Voltas continues to outperform on the durables side. We continue to maintain our positive stance on the sector with demand expecting to bounce back after lean December. Voltas, Crompton, Orient electric and Stovekraft are our preferred pick from our coverage universe.

- **Demand environment remains muted with some pickup in winter products from mid-December:** Winter products viz. geysers and room heaters after witnessing slow start in November, has seen demand improving from December. Demand for water heater has picked up from mid-December with North leading the demand followed by west. Crompton and Venus are the brands that have done better than the industry as per dealer checks. Dealers are now confident of demand for winter products continuing in January and February which will enable them to liquidate their inventory.
- **Cables and wires continue to maintain low to mid-teens volume growth:** Cables and wires have continued to register mid-teens volume growth for month of December as well after witnessing similar growth in November as well. On the pricing front there was hardly any revision as copper prices have remained in narrow band with copper prices correcting by 2% on MoM basis.
- **Large appliances demand has cooled off in December:** Large appliances have seen muted growth after the festive season. Premium products continue to fare better than the entry level products. On the volume front the growth as per dealer checks growth has been -3% to 4% depending on the product category for the month of December. RAC which was witnessing continued strong volume growth till month of November has seen growth cooling off in December with dealers witnessing de-growth in footfall on yoy basis for December month.
- **Market-buzz:** As per our dealer checks, on the RAC front Voltas and Daikin have been outperforming the industry growth. Voltas continues to be aggressive and is the only brand that has showcased its 2025 product portfolio in Dec ahead of the competition. In the Fans category Orient is doing well in North, while Crompton and Atomberg is doing better in the west market.
- **We maintain positive stance on the sector:** we remain positive on the sector as we believe current subdued demand is expected to transient as some fatigue is expected after record summer sales and festive season. We expect demand to get back on track from Q4 as focus shifts on summer products and winter is expected to be mild as per IMD report.
- **Our view:** Given positive festive sentiments being echoed by dealers for upcoming summer and normal inventory levels, we revenue strong Q4 growth for the industry. Our preferred sector picks include Voltas, Crompton and Stovekraft.

| Company     | Rating  | TP     |
|-------------|---------|--------|
| AMBER IN    | NEUTRAL | 6684   |
| BLSTR IN    | REDUCE  | 1,749  |
| DIXON IN    | REDUCE  | 13,837 |
| JCHAC IN    | SELL    | 2,151  |
| SYML IN     | ADD     | 1,696  |
| TTKPT IN    | NEUTRAL | 946    |
| VOLT IN     | BUY     | 2,083  |
| WHIRL IN    | BUY     | 2,483  |
| BJE IN      | SELL    | 820    |
| IFB IN      | REDUCE  | 1,811  |
| CROMPTON IN | BUY     | 510    |
| HAVL IN     | NEUTRAL | 1,942  |
| ORIENTEL IN | BUY     | 293    |
| POLYCARB IN | NEUTRAL | 7,639  |
| VGRD IN     | ADD     | 467    |
| STOVEKRA IN | BUY     | 952    |
| RRKABEL IN  | BUY     | 2000   |

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Analyst

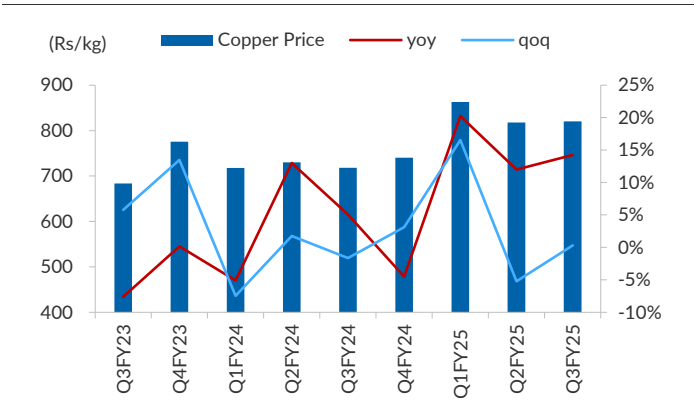
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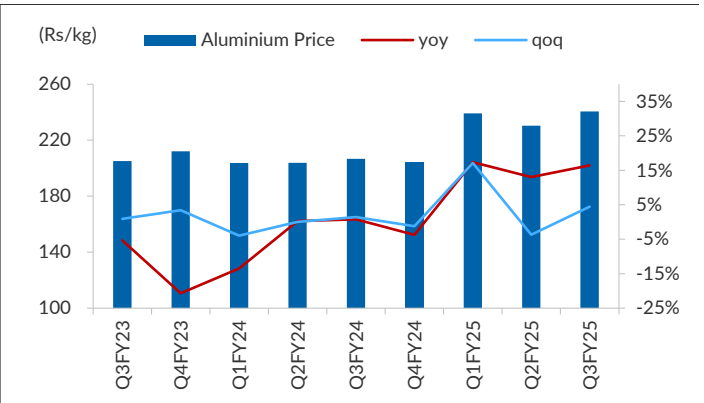
## CHARTS

**Exhibit 1: Copper prices have been stable in past two quarters**

**Exhibit 2: ...So has been Aluminum prices**



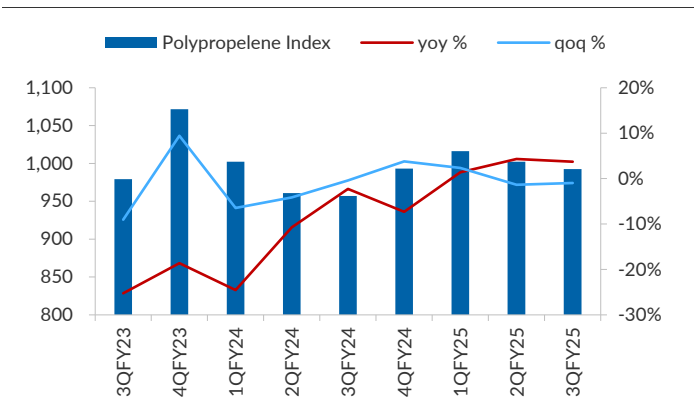
Source: Company, YES Sec



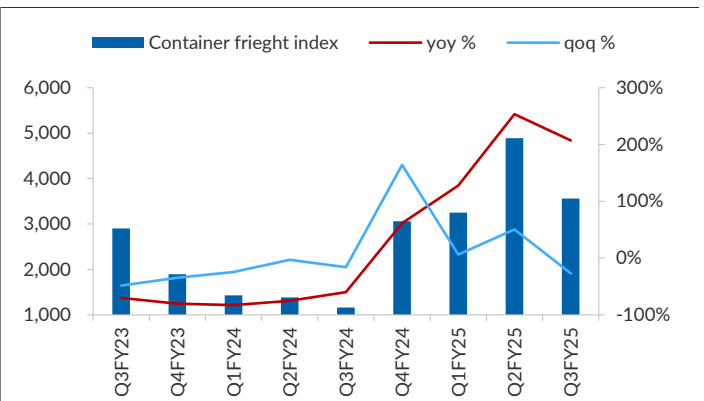
Source: Company, YES Sec

**Exhibit 3: Plastics prices have been range bound**

**Exhibit 4: Container freight index has come off from its high**



Source: Company, YES Sec



Source: Company, YES Sec

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