

Consumer Durables

4Q Preview: Large appliances and C&W to drive growth

The consumer durables sector is expected to post a steady performance in 4QFY25, led by strong growth in Cables & Wires and Large Appliances segments. In Cables & Wires, demand is improving due to channel restocking, better execution of infrastructure projects, and the impact of higher raw material prices. Cooling products like air conditioners and refrigerators are also seeing healthy traction, supported by early summer conditions and active inventory build-up by dealers. While demand for kitchen and other home appliances remains soft, the fan category may see moderate growth, especially for players with a strong presence.

- **C&W to see strong growth on the back of restocking and rising input costs:** The Cables & Wires (C&W) segment is likely to post strong revenue growth in the upcoming quarter, supported by a combination of volume recovery and favourable pricing trends. Demand momentum is being driven by channel restocking, especially in wires, as channel partners replenish low opening inventories amid rising copper prices. Additionally, improved execution of infrastructure and industrial capex projects is supporting volume growth across key players. Higher input costs, including raw material inflation and currency depreciation, are also contributing to value growth. For RR Kabel and Havells, we expect 20% growth YoY in the C&W segment. For V-Guard, we expect the electricals segment to grow 16% YoY. We expect margins to improve sequentially for the three companies.
- **Large appliances to benefit from the expectation of a harsh summer:** The Large Appliances segment, particularly room air conditioners (RACs), is expected to report strong volume-led growth this quarter, supported by early seasonal demand and aggressive inventory stocking by trade partners. Channel inventories had remained low leading into the season, and the early onset of summer has triggered a sharp uptick in retail demand as well as restocking activity. This has created a favourable setup for companies with a strong RAC portfolio. We expect revenue growth of 20% YoY for Voltas UCP and Blue Star UP segments while Lloyd (Havells) is expected to grow 25% YoY. For Blue Star, we expect margins to remain under pressure, despite the healthy topline momentum. Elevated raw material costs and limited ability to fully pass on inflation – amid intensified price competition – are likely to weigh on profitability across players. Companies with a balanced cooling appliance mix, including refrigerators and commercial cooling products, may see relatively better performance, particularly where market share gains continue.
- **Fans to experience decent growth while other appliances lag:** The electrical consumer durables (ECD) segment is expected to report moderate growth, with performance led by select categories. Fan sales are likely to witness a healthy pick-up, supported by seasonal tailwinds, new product launches, and a favourable base. We expect 9% YoY revenue growth for Crompton. For Havells, we expect ECD segment to register ~16% YoY revenue growth. However, overall growth in the appliances category may remain constrained due to muted consumer sentiment and subdued demand in kitchen appliances, which continue to face headwinds from higher penetration levels and seasonally weaker demand. Pumps and select water-related products may see sustained traction in some portfolios. Despite the mixed demand environment, operating margins are expected to improve modestly year-on-year, driven by easing losses for a few players and better cost absorption across the board.

Gaurav Jogani

gaurav.jogani@jmfl.com | Tel: (91 22) 66303085

Tanuj Pandia

tanuj.pandia@jmfl.com | Tel: (91 22) 66303051

We acknowledge the contribution of **Shanay Mehta** (shanay.mehta@jmfl.com) in preparation of this report

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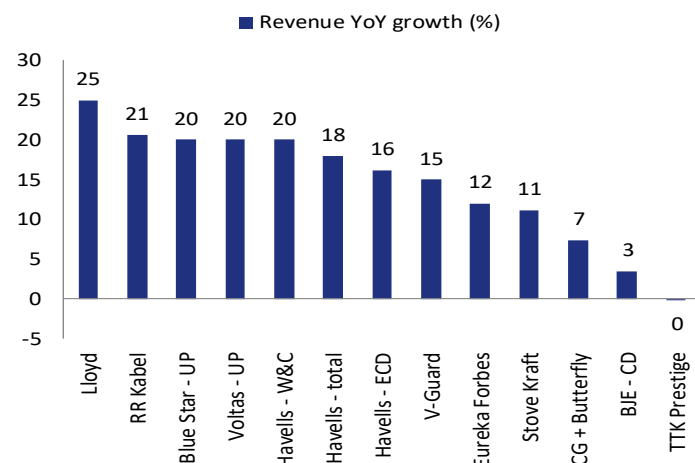
Exhibit 1. Consumer Durables 4QFY25 Preview

INR in mn	Q4FY24	Q3FY25	Q4FY25E	YoY (%)	QoQ (%)	Key Expectations
Havells						
Revenues	54,343	48,825	64,086	17.9%	31.3%	Expect growth to be driven by Lloyd (+25% YoY) and Cables and Wires (+20% YoY);. Lighting and switchgear will continue to operate sluggishly. Margin pressure is caused by ongoing investments in R&D and A&P (Ex-Lloyd). In the face of fierce competition, Lloyd's margins will stay steady year over year as operating leverage is offset by rising input costs.
EBITDA	6,368	4,316	6,895	8.3%	59.7%	
EBITDA Margin (%)	11.7%	8.8%	10.8%	-96bps	192bps	
PAT	4,489	2,828	4,854	8.1%	71.6%	
EPS (INR)	7.2	4.5	7.8	8.1%	71.6%	
Voltas						
Revenues	42,029	31,051	50,126	19.3%	61.4%	Expect strong UCP growth (+20%) due to the company's emphasis on volume market share gains and strong summertime offtake. Expect a 282bps YoY improvement in EBITDA margins due to a low base on account of negative margins in Q4FY24 in the EMP segment
EBITDA	1,906	1,974	3,686	93.4%	86.8%	
EBITDA Margin (%)	4.5%	6.4%	7.4%	282bps	100bps	
PAT	1,106	1,308	2,765	149.9%	111.4%	
EPS (INR)	3.3	4.0	8.4	149.9%	111.4%	
Blue Star						
Revenues	33,278	28,074	40,044	20.3%	42.6%	Revenue expected to grow by 20.3% YoY primarily due to robust demand due to the expected harsh summer. Growth driven by 22.2% growth in the EMP segment and 20% growth in the UP segment. EBITDA margin to see a minor 12bps QoQ increase due to increasing input costs
EBITDA	2,419	2,094	3,034	25.4%	44.9%	
EBITDA Margin (%)	7.3%	7.5%	7.6%	31bps	12bps	
PAT	1,594	1,332	2,040	28.0%	53.2%	
EPS (INR)	16.5	13.8	21.2	28.0%	53.2%	
CG + Butterfly						
Revenues	19,610	17,692	21,065	7.4%	19.1%	Expect 7.4% YoY growth in revenue, benefiting from a low base. Lighting remains weak due to ongoing price declines. EBITDA margins are expected to expand due to the turnaround of BGAL
EBITDA	2,036	1,880	2,289	12.4%	21.8%	
EBITDA Margin (%)	10.4%	10.6%	10.9%	49bps	25bps	
PAT	1,334	1,119	1,410	5.7%	26.0%	
EPS (INR)	2.1	1.7	2.2	5.7%	26.0%	
V-Guard Industries						
Revenues	13,428	12,687	15,440	15.0%	21.7%	Growth in revenue of 15% YoY expected driven by healthy growth (14.5-17%) In electronic, electrical and consumer durables segments. EBITDA margin to see a 109bps QoQ expansion
EBITDA	1,279	1,041	1,436	12.3%	37.8%	
EBITDA Margin (%)	9.5%	8.2%	9.3%	-23bps	109bps	
PAT	762	602	884	16.1%	46.8%	
EPS (INR)	1.8	1.4	2.0	16.1%	46.8%	
Bajaj Electricals						
Revenues	11,881	12,897	12,296	3.5%	-4.7%	Expected to show low growth of 3.5% YoY. Excluding fans, appliances still encountering challenges due to weak demand. Significant YoY EBITDA growth expected, primarily due to a low comparison base in the consumer products segment.
EBITDA	497	874	610	22.7%	-30.2%	
EBITDA Margin (%)	4.2%	6.8%	5.0%	78bps	-182bps	
PAT	293	334	173	-40.9%	-48.0%	
EPS (INR)	2.5	2.9	1.5	-40.9%	-48.0%	
Stove Kraft						
Revenues	3,252	4,041	3,615	11.1%	-10.5%	Expected 11.1% YoY revenue growth primarily driven by the strong performance in the small appliances product category. All other product categories to remain flat or contract. Margins to decline QoQ due to write offs in the lighting business expected in Q4 though will improve YoY due to a low base
EBITDA	248	405	319	28.7%	-21.3%	
EBITDA Margin (%)	7.6%	10.0%	8.8%	121bps	-121bps	
PAT	27	121	53	98.5%	-56.6%	
EPS (INR)	0.8	3.7	1.6	98.5%	-56.6%	
TTK Prestige						
Revenues	5,804	6,668	5,794	-0.2%	-13.1%	Revenue expected to remain flat with a -0.2% decline YoY. Pressure cookers, non-stick cookware and electrical appliances to all show negative growth or remain flat YoY. Margins to contract sequentially and YoY due to increase in other expenses on account of consultant charges
EBITDA	783	730	623	-20.5%	-14.7%	
EBITDA Margin (%)	13.5%	10.9%	10.8%	-275bps	-20bps	
PAT	631	543	476	-24.7%	-12.4%	
EPS (INR)	4.6	3.9	3.4	-24.7%	-12.4%	
RR Kabel						
Revenues	17,541	17,822	21,147	20.6%	18.7%	Revenue growth of 20.6% YoY and 18.7% QoQ expected with both the C&W and FMEG segments showing robust growth of ~20% and ~24% YoY respectively. EBITDA margin to see an expansion of 77bps QoQ and 40bps YoY as copper prices stabilised in H2FY25 compared to H1FY25
EBITDA	1,153	1,105	1,474	27.9%	33.4%	
EBITDA Margin (%)	6.6%	6.2%	7.0%	40bps	77bps	
PAT	787	686	953	21.1%	39.0%	
EPS (INR)	7.0	6.1	8.4	20.3%	39.0%	
Eureka Forbes						
Revenues	5,536	5,977	6,200	12.0%	3.7%	We expect revenue growth of ~12% yoy driven by double-digit growth in product business. Gross margin to remain stable sequentially, though compression on yoy basis largely on account of higher promotions and lower service business. Reduction in staff cost and service charges to aid EBITDA margin improvement
EBITDA	533	591	657	23.3%	11.1%	
EBITDA Margin (%)	9.6%	9.9%	10.6%	98bps	71bps	
PAT	214	350	388	81.4%	10.7%	
EPS (INR)	1.1	1.8	2.0	81.4%	10.7%	

Source: JM Financial, Company

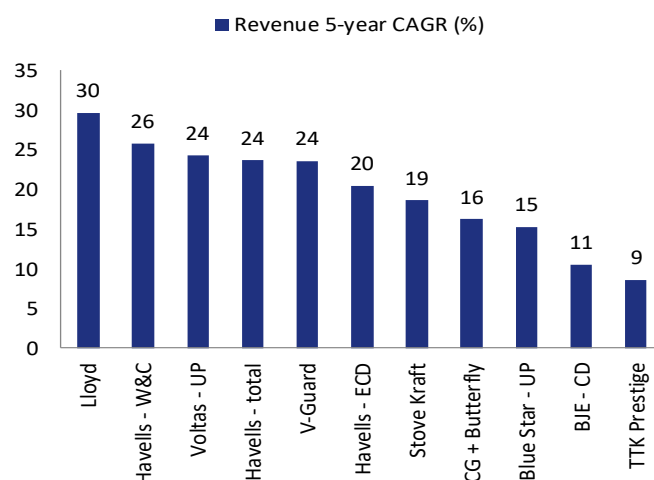
Growth Charts

Exhibit 2. RAC companies followed by W&C to outperform in 4Q



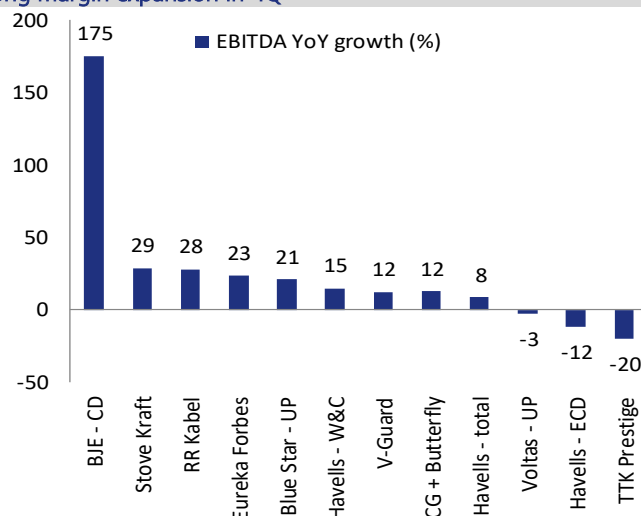
Source: JM Financial, Company

Exhibit 3. Havells and Voltas (UP) to deliver strong revenue CAGR



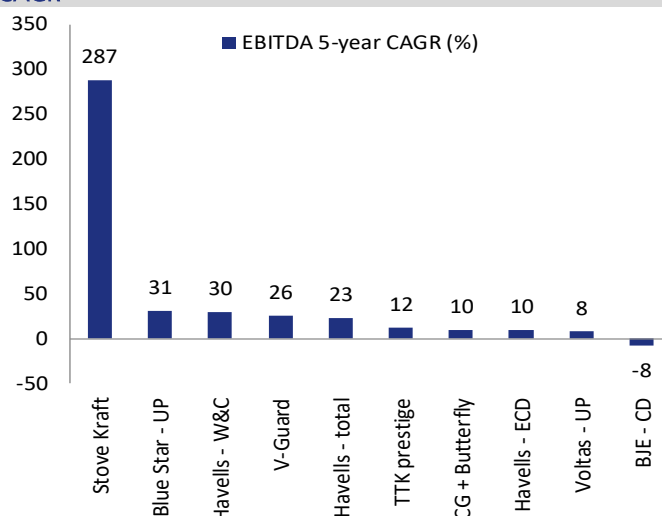
Source: JM Financial, Company

Exhibit 4. Bajaj Electricals (CD), RR Kabel and StoveKraft to post strong margin expansion in 4Q



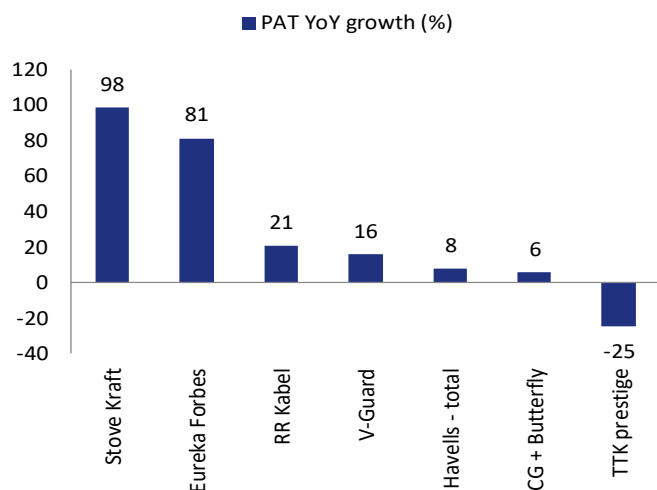
Source: JM Financial, Company

Exhibit 5. Stove Kraft and Blue Star (UP) to deliver strong margin CAGR



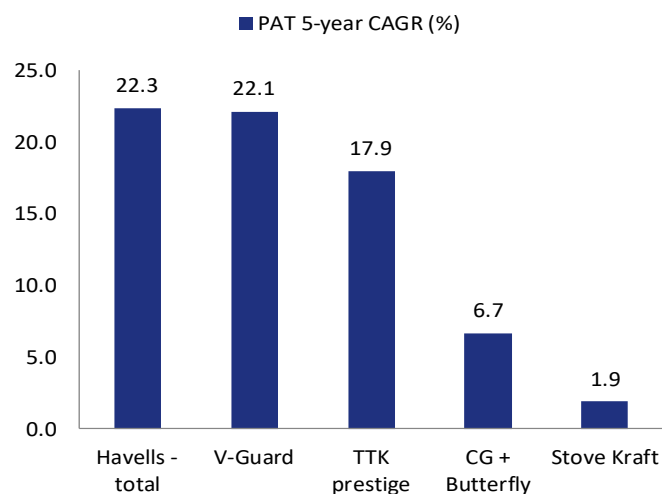
Source: JM Financial, Company

Exhibit 6. Eureka Forbes and StoveKraft to improve profitability



Source: JM Financial, Company

Exhibit 7. V-Guard and Havells to post strong PAT CAGR



Source: JM Financial, Company

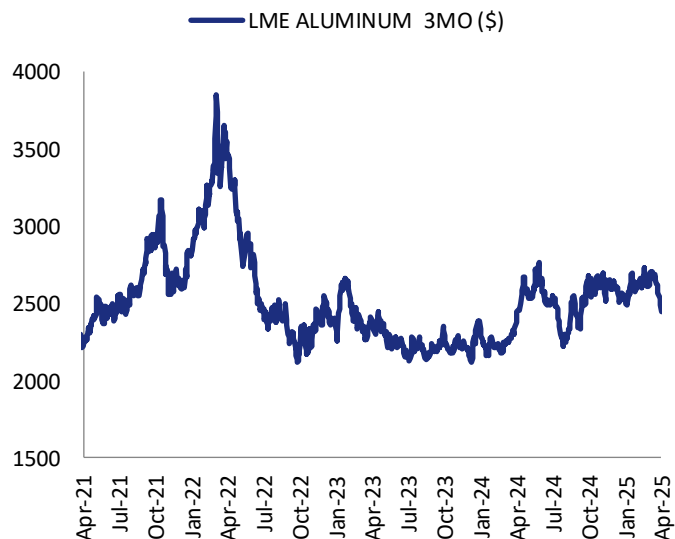
RM Charts & Valuation

Exhibit 8. Copper price trend



Source: JM Financial, Bloomberg

Exhibit 9. Aluminium price trend



Source: JM Financial, Bloomberg

Exhibit 10. Average copper prices were up 10% YoY and up 1% QoQ

Copper Prices	Q4FY25	Q4FY24	Q3FY25	YoY	QoQ
High	10,112	9,089	10,085	11%	0%
Average	9,427	8,540	9,318	10%	1%
Low	8,803	8,169	8,768	8%	0%

Source: JM Financial, Bloomberg

Exhibit 11. Valuations

Companies	Rating	Mcap	CMP	TP	Upside	JM EPS (INR)			Revenue	EBITDA	EPS	PE (x)			EV/EBITDA (x)		
		(USD bn)	(INR)	(INR)	(%)	FY25E	FY26E	FY27E	CAGR FY24-27E			FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Bajaj Electricals	BUY	0.7	517	815	58	9.6	15.8	21.1	11%	20%	21%	54	33	24	19	16	13
Crompton Greaves	BUY	2.4	329	440	34	8.5	10.7	12.5	10%	18%	22%	38	31	26	25	20	18
Stove Kraft	BUY	0.2	654	970	48	15.1	20.0	27.8	15%	26%	39%	43	33	24	14	11	9
TTK Prestige	HOLD	1.0	624	800	28	17.0	20.8	24.0	8%	11%	12%	37	30	26	25	20	17
Blue Star	BUY	4.6	1,938	2,015	4	30.0	37.9	45.4	19%	24%	31%	65	51	43	46	36	30
Voltas	BUY	4.9	1,278	1,470	15	25.8	32.8	39.0	18%	43%	76%	50	39	33	38	36	30
RR Kabel	BUY	1.2	893	1,450	62	24.2	34.4	41.2	13%	17%	16%	37	26	22	24	17	14
Havells India	BUY	10.6	1,471	1,900	29	23.0	30.2	38.2	15%	19%	23%	64	49	39	45	36	30
V-Guard Industries	BUY	1.8	359	455	27	7.3	9.8	12.0	16%	23%	26%	49	36	30	30	23	19
Eureka Forbes	BUY	1.1	510	610	20	8.0	11.3	15.4	14%	29%	44%	63	45	33	37	28	21

Source: JM Financial, Bloomberg

APPENDIX I

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SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

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