


CONSUMER DURABLES

Q1FY25 Preview

10 July 2024

Moderate quarter; room AC outshines

- Q1FY25E to be strong given the severe heat wave across the country; cooling products to outperform
- Despite increased A&P spends and elevated raw material prices, companies will maintain healthy EBITDA margins
- Expect revenue/EBITDA/PAT growth of 26%/28%/29% YoY for our coverage universe

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Expect 1QFY25 revenue/PAT growth of 26%/29%: On a consolidated basis, we expect a robust 26% YoY revenue growth across our coverage universe for 1QFY25. This upward trend in revenue and profitability is fueled primarily by heightened demand due to rising temperatures and buoyant real estate transactions. Also, increased consumer spending and infrastructure development have contributed to positive outlooks for these companies. Leading this trend are DIXON (55% YoY) followed by VOLT (35% YoY) and BLSTR (30% YoY). We believe this growth is underpinned by strong increases in EBITDA of 28% and PAT 29%.

Scorching heat drives robust demand for cooling products: Room air conditioners (RAC) is poised for 40-45% YoY growth in Q1FY25, buoyed by high temperatures nationwide and benefitting from a favourable base effect. Similarly, most companies' electrical consumer durables (ECD) segments are likely to perform strongly, particularly the fan segment, although the lighting sector within ECD may experience subdued growth due to ongoing price erosions. We expect wires and cables segment, which performed well in 4QFY24, to face sequential declines, primarily due to increased commodity prices potentially dampening revenue growth. Air cooler segment saw 35-40% increase in sales in 1QFY25, according to dealers.

Healthy EBITDA margins to be maintained: On the margin front demand revival and price revisions taken after increase in raw material costs should help improve cost absorption and retain margins on YoY basis. To address escalating input costs, brands have implemented on average a 5% price hike in RAC segments, and prices in the air cooler category have risen up to 10%. We expect margins for wires and cables at 9.6% (+20bps YoY), durables at 7.8% (+50 bps YoY) and electronics manufacturing services companies to be about 6.4% (+50 bps YoY).

Management commentary critical: In our view, comprehensive management commentary on the demand outlook, price revisions resulting from raw material inflation, cost management strategies, and revised outlook on margin profile that account for high competition and cost inflation, will provide a clearer picture for the remainder of the year.



Fig 1 – BOBCAPS Consumer durables universe: Q1FY25 snapshot

Company	Revenue (Rs mn)					EBITDA (Rs mn)					EBITDA Margin (%)			PAT (Rs mn)				
	Q1FY25	Q1FY24	Q4FY24	YoY (%)	QoQ (%)	Q1FY25	Q1FY24	Q4FY24	YoY (%)	QoQ (%)	Q1FY25	Q1FY24	Q4FY24	Q1FY25	Q1FY24	Q4FY24	YoY (%)	QoQ (%)
VOLT	45,358	33,599	42,029	35.0	7.9	3,016	1,854	1,906	62.7	58.2	6.6	5.5	4.5	2,293	1,293	1,164	77.3	97.0
BLSTR	28,938	22,260	33,278	30.0	(13.0)	2,003	1,450	2,419	38.1	(17.2)	6.9	6.5	7.3	1,270	834	1,597	52.3	(20.5)
POLYCAB	45,531	38,894	55,919	17.1	(18.6)	5,916	5,486	7,615	7.8	(22.3)	13.0	14.1	13.6	4,259	3,993	5,460	6.7	(22.0)
CROMPTON	21,420	18,769	19,610	14.1	9.2	2,172	1,858	2,036	16.9	6.7	10.1	9.9	10.4	1,387	1,220	1,334	13.7	4.0
HAVL	56,351	48,338	54,420	16.6	3.5	5,595	4,020	6,346	39.2	(11.8)	9.9	8.3	11.7	3,925	2,871	4,467	36.7	(12.1)
ORIENTEL	7,762	7,056	7,877	10.0	(1.5)	437	440	307	(0.7)	42.3	5.6	6.2	3.9	191	197	128	(3.0)	49.2
VGUARD	13,970	12,148	13,428	15.0	4.0	1,282	1,048	1,279	22.3	0.2	9.2	8.6	9.5	803	642	762	25.1	5.4
KEI	20,767	17,826	23,193	16.5	(10.5)	2,170	1,782	2,446	21.8	(11.3)	10.4	10.0	10.5	1,489	1,213	1,687	22.8	(11.7)
DIXON	50,708	32,715	46,580	55.0	8.9	1,941	1,319	1,825	47.2	6.4	3.8	4.0	3.9	975	656	952	48.6	2.4
AMBER	20,424	17,020	28,055	20.0	(27.2)	1,639	1,319	2,219	24.3	(26.1)	8.0	7.7	7.9	685	456	990	50.2	(30.8)
SYRMA	8,298	6,013	11,341	38.0	(26.8)	610	369	737	65.3	(17.2)	7.4	6.1	6.5	386	282	452	36.9	(14.6)

Source: Company, BOBCAPS Research

Quarterly financial trends

Fig 2 – Quarterly revenue growth trend

YoY (%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25E
VOLT	55.1	4.7	11.8	10.9	21.4	29.7	30.9	42.1	35.0
BLSTR	87.9	27.1	19.1	16.4	12.6	19.9	24.9	26.8	30.0
POLYCAB	45.5	10.8	10.2	8.9	42.1	26.6	16.8	29.3	17.1
CROMPTON	77.3	22.7	7.5	15.7	0.7	4.9	11.6	9.5	14.1
HAVL	62.6	13.6	12.6	9.8	13.9	6.0	6.9	12.0	16.6
ORIENTEL	47.2	(14.1)	8.9	(12.7)	13.5	11.0	1.7	19.7	10.0
VGUARD	80.2	8.7	1.4	7.6	19.3	15.0	18.8	17.8	15.0
KEI	53.8	18.8	14.1	9.1	13.9	21.1	15.4	18.7	16.5
DIXON	52.9	37.9	(21.8)	3.8	14.6	27.8	100.4	52.0	55.0
AMBER	157.9	27.7	38.4	55.0	(6.8)	23.5	(4.0)	(6.6)	20.0
SYRMA	NA	NA	118.6	69.9	83.1	54.4	37.9	66.9	38.0

Source: Company, BOBCAPS Research

Fig 3 – Quarterly EBITDA margin trend

EBITDA Margin (%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25E
VOLT	6.4	5.7	3.8	7.4	5.5	3.1	1.1	4.5	6.6
BLSTR	6.2	5.4	5.8	6.8	6.5	6.5	6.9	7.3	6.9
POLYCAB	11.4	12.8	13.6	14.1	14.1	14.4	13.1	13.6	13.0
CROMPTON	11.8	11.4	10.1	11.8	9.9	9.8	8.8	10.4	10.1
HAVL	8.5	7.8	10.3	10.8	8.3	9.5	9.8	11.7	9.9
ORIENTEL	6.1	2.3	7.4	7.0	6.2	3.6	6.5	3.9	5.6
VGUARD	8.1	7.4	6.7	8.7	8.6	8.2	8.7	9.5	9.2
KEI	10.2	10.0	10.2	10.4	10.0	10.5	10.4	10.5	10.4
DIXON	3.5	3.8	4.6	5.1	4.0	4.0	3.8	3.9	3.8
AMBER	5.4	4.9	5.8	6.8	7.8	6.4	6.1	7.9	8.0
SYRMA	8.6	10.1	9.3	8.7	6.1	6.9	5.5	6.5	7.3

Source: Company, BOBCAPS Research

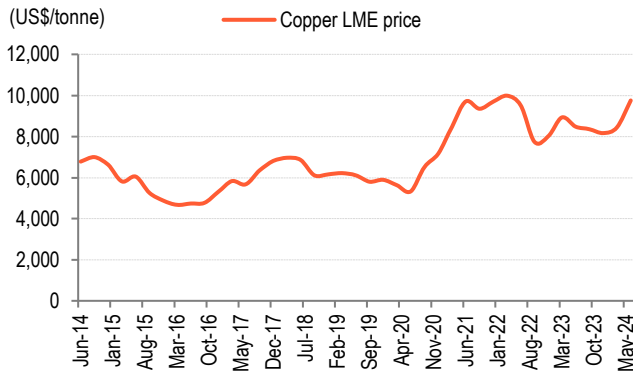
Fig 4 – Quarterly PAT growth trend

YoY (%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25E
VOLT	(8.2)	4.9	(53.7)	(18.9)	14.2	(46.7)	(85.7)	(13.0)	42.9
BLSTR	483.3	35.9	22.6	(28.4)	12.3	66.2	72.0	192.9	52.4
POLYCAB	189.2	36.9	45.8	33.5	80.0	58.4	15.2	27.3	5.7
CROMPTON	39.7	(17.7)	(40.5)	(25.5)	(7.8)	(22.8)	(3.1)	1.4	13.6
HAVL	3.1	(38.2)	(7.3)	1.6	18.1	32.4	1.5	24.8	36.7
ORIENTEL	278.0	(101.0)	(14.0)	(50.0)	4.0	NA	(25.0)	(48.0)	(3.0)
VGUARD	109.0	(26.4)	(26.1)	(41.2)	20.5	35.0	48.2	44.5	25.0
KEI	56.4	16.4	27.0	19.1	16.9	31.3	17.2	22.1	22.7
DIXON	151.7	22.9	11.8	28.0	43.5	39.4	85.9	18.1	48.8
AMBER	283.1	(129.2)	(54.2)	82.3	8.7	145.5	(103.4)	(6.2)	46.9
SYRMA	NA	152.4	69.7	153.1	65.9	5.4	(40.9)	5.5	36.2

Source: Company, BOBCAPS Research

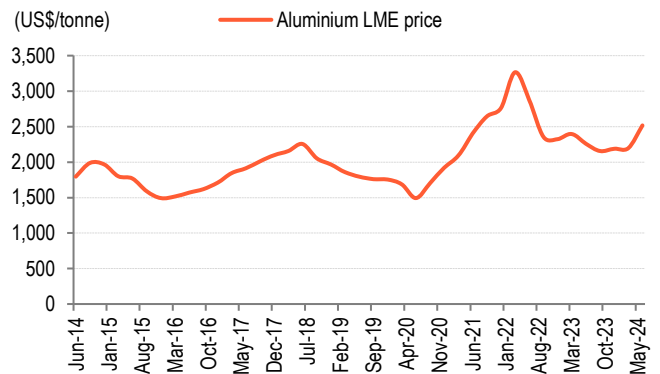
Key input costs trend

Fig 5 – Copper LME price trend



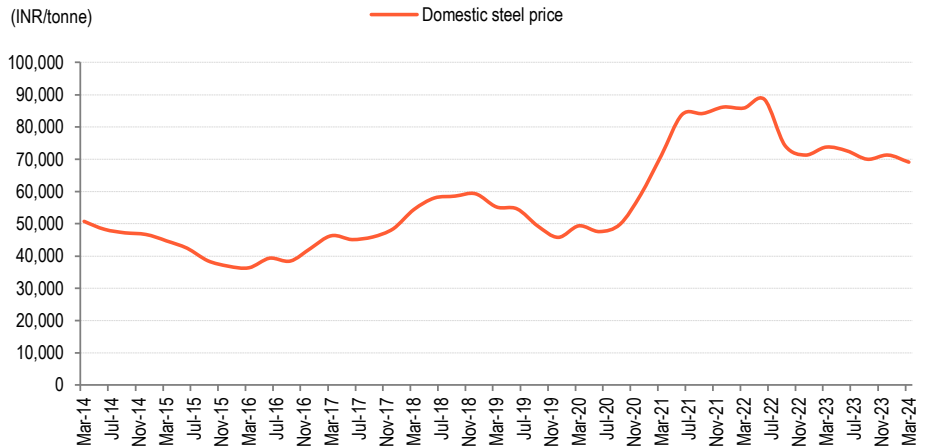
Source: Centre for Monitoring Indian Economy (CMIE), BOBCAPS Research

Fig 6 – Aluminum LME price trend



Source: CMIE, BOBCAPS Research

Fig 7 – Domestic steel price trend



Source: CMIE, BOBCAPS Research

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