CONSUMER DURABLES

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Q4FY25 review: summer lag dents optimism

- **Strong primary sales in RACs; though delayed summer and sporadic rains a concern for Q1FY26**
- **ECD segment reported a moderate growth of 8-12% YoY, driven by seasonal products; major players increasing focus in solar rooftops**
- **Modest volume growth in W&C, margins remain flat YoY; ample headroom exists to accommodate new entrants**

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Delayed summer and early onset of monsoons spoil early optimism for AC players: Q4 saw strong demand for cooling products, driven by hotter summer forecasts and non-tariff barriers on AC components that raised supply concerns and boosted primary sales. This translated into healthy revenue growth for AC players—Lloyd grew 39% YoY on a low base, while Voltas and Blue Star reported 17% and 15% YoY growth, respectively, on a high base. However, delayed summer and early monsoon dampened sentiment, with April industry sales declining. Players are now banking on an extended summer to ease the elevated channel inventory.

ECD growth was moderate, profitability improved on a YoY basis: ECD segment recorded a moderate growth of 8–12% YoY, primarily driven by strong demand for seasonal products like fans and air coolers. However, growth outside these categories remained muted due to weak rural demand and only a gradual recovery in discretionary spending. Most players are targeting premiumisation through energy-efficient BLDC fan launches. Margins expanded across companies — Havells (+126bps YoY), Bajaj Electricals (+360bps), and Orient Electric (+286bps YoY) supported by a better product mix, operating leverage, and an absence of EPR-related costs in the base quarter. Polycab's FMEG segment turned profitable, benefitting from similar tailwinds.

W&C reported strong value-led growth, volume remains modest: Wires & cables companies reported robust revenue growth of 15–33% YoY in Q4, led by price hikes amid rising copper prices, while volume growth remained modest. KEI outperformed peers, driven by a strong export momentum. Margin improvement was largely flat, as price increases adequately offset input cost inflation. Management commentary remained constructive, citing strong demand visibility from infrastructure, housing, and industrial capex. New entrants are not seen as an immediate threat, given a high capital intensity and the sector's long-term growth potential, estimated at ~1.5x GDP.

Pricing pressure persists, Crompton surprises on margins: Lighting segment continued to face pricing pressure in Q4, resulting in muted revenue growth across most players. While volume growth was in high single digits, elevated competitive intensity led to sustained discounting. Orient Electric was an exception, reporting 13% YoY revenue growth. On the margin front, most companies saw a slight contraction due to ongoing price erosion. However, Crompton delivered a sharp margin surprise, with a 700bps YoY improvement, driven by its strategic portfolio shift from traditional lighting products to higher-margin panel lighting**.**

Solar rooftops gain traction; Havells, Crompton steps up focus: Solar rooftop business is witnessing growing interest from ECD players. After Havells and V-Guard, Crompton has also indicated an intention to enter this space. Havells has already built a presence by offering solar inverters, modules, and balance-of-system components, and has recently deepened commitment through a supply agreement with a leading Indian solar module manufacturer—backed by a strategic Rs 6bn investment for a 9% stake. This move strengthens backward integration and ensures module availability amid rising demand. We believe the solar rooftop market is poised for strong growth, supported by the accelerating transition from fossil fuels to renewables, favourable policy tailwinds (e.g., net metering, PM-KUSUM), rising electricity tariffs, and increasing residential and SME adoption. For ECD players, this presents a compelling, adjacently aligned opportunity to leverage the existing distribution and brand equity.

Large appliances (Air Conditioners)

- Strong Q4 led by factors such as – a) expectation of a hot summer b) expectation of supply shortage amid non-tariff barriers.
- Higher primary sales in Q4 in a weak demand scenario will lead to higher channel inventory.

Fig 1 – Lloyd led with 39% YoY growth on a low base; Voltas and Blue Star grew 17% and 15% YoY respectively

Large appliances (RAC)	Voltas	Blue Star	Lloyd
Demand	UCP segment revenue grew 17% YoY on account of strong RAC sales on a high base of Q4FY24. Air coolers also saw significant growth. The company maintained its leadership with market share ~19%. (Voltas UCP includes commercial AC)	Unitary products revenue grew 15% YoY, led by strong RAC growth offset by flat growth in commercial refrigeration. Management noted that a normalised commercial segment could have added ~500bps to the revenue growth.	Lloyd reported a robust revenue growth of 39% YoY, driven by a low base and strong primary sales ahead of an expected hot summer.
Margins	Margins improved positively with 80bps YoY expansion (after 8 quarters); largely due to improved product mix towards premium category products.	EBIT margin improved marginally by 10bps YoY to 8.4%. A normalised commercial refrigeration business would have led to 50bps improvement in margin.	Margin improved significantly to 6.2% vs 2.8% YoY, aided by cost savings and operating leverage
Capacity addition plan	The Chennai plant is operational, which is strategically located to serve the southern and western markets more efficiently.	Blue Star outlined backward integration strategy across key components - compressors, motors, copper tubes, electronics and refrigerants.	Capex for Havells consol. business is Rs 20bn. The company hasn't disclosed segment-wise, butwe can assume it to be in the Rs 5-6bn range.
Demand outlook for Q1FY26	For the upcoming season, temporary dips were seen due to unseasonal rains in April, impacting secondary and tertiary sales; but hopeful that extended summers may aid recovery	In April, RAC sales grew 5% YoY for Blue Star, outperforming industry sales decline of 15% YoY on a high base.	Delayed summers in the South and other regions have dimmed optimism.

Source: Company, BOBCAPS Research

Fig 2 – UCP/ Unitary products quarterly performance snapshot

Large Appliances	Q4FY25	Q4FY24	YoY %	Q3FY25	QoQ	FY25	FY24	YoY %
Revenue								
Voltas	34,584	29,551	17	17,711	95	1,06,139	81,605	30
Blue Star	19,602	17,089	15	11,644	68	56,211	45,922	22
Lloyd	18,736	13,459	39	7,422	152	51,341	38,103	35
EBIT								
Voltas	3,448	2,704	27	1,043	231	8,923	6,935	29
EBIT margin %	10.0	9.2	82bps	5.9	408bps	8.4	8.5	(9bps)
Blue Star	1,645	1,414	16	948	74	4,713	3,603	31
EBIT margin %	8.4	8.3	12bps	8.1	25bps	8.4	7.8	54bps
Lloyd	1,144	360	218	(361)	(417)	1,175	(1,670)	(170)
EBIT margin %	6.1	2.7	343bps	(4.9)	NA	2.3	(4.4)	NA

Source: Company, BOBCAPS Research; Voltas UCP includes commercial AC

Electrical Consumer Durables

- ECD segment recorded moderate growth of 8–12% YoY, primarily driven by strong demand for seasonal products like fans and air coolers
- Most players are targeting premiumisation through energy-efficient BLDC fan launches

Fig 3 – V-guard led with 12% YoY growth, followed by Havells and others

ECD	Havells	Crompton	V-guard	Orient Electric	Bajaj Electricals (not rated)
Demand	Demand moderated on account of inflationary pressures, leading to weak consumer sentiments.	Muted growth of 6% YoY due to subdued consumer demand. Large domestic appliances delivered high teens, supported by 50% growth in air coolers and 30% growth in mixers grinders.	Consumer durables reported steady growth of 12% YoY, aided by channel stocking ahead of an anticipated harsh summer and the launch of new products including BLDC fans in mid premium category.	ECD reported modest growth of 8% YoY, fans posted high-single-digit growth, driven by premiumisation and new launches.	Consumer products segment reported 8% revenue growth on demand for domestic appliances. Coolers showed double-digit growth, Morphy Richards showed double-digit growth, while fans reported low-single-digit growth and kitchen appliances stayed under stress.
Margins	ECD margins improved on account of improved product mix i.e. higher mix of premium and newly launched products	ECD margins remained flat YoY, but for the full year, margins improved by 100bps YoY and are back to pre-BEE levels, largely led by new product launches.	Margins were flat YoY in consumer durables. However, on a full year FY25, margin improved 90bps YoY.	EBIT margin expanded by 290bps YoY to 11%, aided by an improved product mix and the absence of EPR-related and consulting (McKinsey) costs.	Margins improve significantly on account of higher gross margin, partially offset by investments in new products and other projects for improving operational efficiency.
Capex	For next 2 years, the company will be spending Rs 20bn as capex, which will be across business segments	The company has announced Rs 3.5bn greenfield capex plan to expand fan manufacturing capacity in phase 1, which includes land acquisition	Annual capex guidance of Rs 1bn, largely towards maintenance activity	Large capex towards Hyderabad plant has been spent.	Rs 4.0-4.5bn of capex, out of which Rs 1bn is capex towards maintenance activity.
Demand outlook for Q1FY26	Demand for Fans and other cooling products was muted due to mild start to the season	Extended rainfall and cooler weather conditions led to slower-than-expected Q1 summer offtake, particularly in cooling categories.	The cooling products portfolio (fans, pumps, inverters) stays cautious for Q1FY26, as intermittent rainfall across South and East India has disrupted early summer sales, though hopeful in North on account of extended summer sales.	While a hot summer outlook resulted in pre-season channel stocking, the delayed onset has softened secondary sales. Management is confident in the next 7-8 quarters; it will be closer to its aspiration of double-digit margins	The company calibrates its business and sales by looking at the tertiary offtakes and how the offtakes happen over time.

Source: Company, BOBCAPS Research

Fig 4 – ECD segment quarterly performance snapshot

ECD	Q4FY25	Q4FY24	YoY %	Q3FY25	QoQ	FY25	FY24	YoY %
Revenue								
Havells	9,973	9,104	10	11,048	(10)	40,139	34,825	15
Crompton	16,029	15,160	6	12,878	24	60,100	53,922	11
V-Guard	4,092	3,657	12	4,248	(4)	21,699	19,731	10
Orient Electric	6,142	5,691	8	5,743	7	21,730	19,828	10
Bajaj Electricals	9,940	9,171	8	10,385	(4)	38,059	36,039	6
Polycab (FMEG)	4,760	3,581	33	4,232	12	16,822	12,988	30
EBIT								
Havells	1,248	1,025	22	953	31	3,991	3,871	3
EBIT margin %	12.5	11.3	126bps	8.6	389bps	9.9	11.1	(117bps)
Crompton	2,675	2,533	6	1,957	37	9,283	7,747	20
EBIT margin %	16.7	16.7	(2bps)	15.2	149bps	15.4	14.4	108bps
V-Guard	139	129	8	177	(21)	694	485	43
EBIT margin %	2.3	2.3	(1bps)	3.1	(81bps)	3.2	2.4	75bps
Orient Electric	678	465	46	643	5	2,203	1,856	19
EBIT margin %	11.0	8.2	286bps	11.2	(16bps)	10.1	9.4	78bps
Bajaj Electricals	390	164	138	520	(25)	1,229	1,142	8
EBIT margin %	8.2	4.6	362bps	12.3	(410bps)	7.3	8.8	(149bps)
Polycab - FMEG	19	(459)	(104)	(128)	(115)	(389)	(942)	(59)
EBIT margin %	0.4	(12.8)	NA	(3.0)	NA	(2.3)	(7.3)	NA
RR Kabel - FMEG	(91)	(194)	(53)	(44)	107	(459)	(685)	(33)
EBIT margin %	(3)	(8)	NA	(2)	NA	(5)	(9)	NA

Source: Company, BOBCAPS Research

Lighting

- Pricing erosion continued, revenue growth was muted (flat to decline)
- Volume growth was between high-single-digit to mid-teens growth

Fig 5 – Lighting

Lighting	Havells	Crompton	Bajaj Electricals (Not Rated)	Orient Electric
Demand	Lighting segment growth was muted, revenue grew 1.5% YoY as pricing erosion continued, while volume growth was in high single digit.	Revenue declined 2% YoY as industry faces elevated competitive pressure	Lighting revenue was flat YoY, volume grew however value growth wasn't promising	Revenue grew 13% YoY led by a mid-teen growth in B2B lighting and double-digit volume growth in consumer lighting.
Margins	Margin contracted 200bps YoY as pricing erosion continued.	However, profitability improved significantly, EBIT margin expanded 700bps YoY that came on structural shift in product mix with panels emerging as the largest sub segment vs traditional lamps and battens.	Margin contracted 70bps YoY as pricing erosion continued	EBIT margin contracted 40bps as pricing pressure persists in lighting products

Source: Company, BOBCAPS Research

Fig 6 – Lighting segment quarterly performance snapshot

Lighting	Q4FY25	Q4FY24	YoY %	Q3FY25	QoQ	FY25	FY24	YoY %
Revenue								
Havells	4,417	4,353	1	4,464	(1)	16,708	16,398	2
Crompton	2,761	2,811	(2)	2,577	7	10,203	9,982	2
Orient Electric	2,476	2,186	13	2,425	2	9,207	8,294	11
Bajaj Electricals	2,715	2,710	0	2,513	8	10,225	10,374	(1)
EBIT								
Havells	725	785	(8)	651	11	2,507	2,478	1
EBIT margin %	16.4	18.0	(161bps)	14.6	182bps	15.0	15.1	(11bps)
Crompton	440	251	75	278	58	1,196	1,053	14
EBIT margin %	15.9	8.9	701bps	10.8	514bps	11.7	10.6	117bps
Orient Electric	308	281	10	322	(4)	1,320	1,164	13
EBIT margin %	12.5	12.8	(40bps)	13.3	(82bps)	14.3	14.0	29bps
Bajaj Electricals	212	231	(8)	53	302	675	796	(15)
EBIT margin %	7.8	8.5	(72bps)	2.1	572bps	6.6	7.7	(107bps)

Source: Company, BOBCAPS Research

Wires & Cables (W&C)

- Value led growth while volume growth remains modest
- W&C market expected to grow at ~1.5x GDP, offering ample headroom for players despite rising competition

Fig 7 – KEI outperformed peers led by exports driven growth

Wires and cables	Havells	Polycab	KEI	RR Kabel	Finolex
Demand	C&W revenue grew 21% YoY, supported equally by 10% growth in volume and value. Volume growth in cables was aided by capacity expansion in power cables, while wire volumes remained stable, accounting for ~65% of the segment mix.	W&C revenue grew 24% YoY, led by stronger cable growth (volumes up mid-teens) vs wires (high single-digit growth). Domestic W&C rose 27% YoY, while exports declined 24% due to a high base. Polycab's domestic market share expanded to 26–27% (vs 18–19% in FY19).	Q4 revenue grew 26% YoY led by a robust 35% YoY growth in cables. KEI outperformed peers. Growth was led by a sharp 92% YoY rise in exports, without any one-offs or large orders.	W&C revenue grew 28% YoY led by robust volume growth of 14% YoY (13% YoY in wires and 15% in cables). Exports were stable, contributing 26% to the sales.	Electrical cable revenue grew 16% YoY while communication cables revenue declined 1% YoY during the quarter. B2B sales mix has increased over the last few years vs. B2C sales.
Margins	Contribution margins came under pressure due to an unfavourable product mix and copper price volatility. EBIT margin stood at 11.9%, largely stable YoY. Ramp-up of the recently expanded cable capacity is still underway	Margin was flat YoY as company took adequate price increases to pass on cost inflation	Cable EBIT margin saw marginal improvement of 10bps YoY to 11% as operating leverage arising from robust growth was contained due to decline in EHV sales.	EBIT margin saw 120bps YoY improvement on account of improving product mix and operating leverage.	EBIT margins saw a 100bps YoY contraction in Electrical cables
Guidance	On increasing competition—amidst capacity expansion plans by two large business houses— management expects sector consolidation over time with the market gradually tilting in favour of the branded players.	Expects W&C industry to grow 1.5x the real GDP, and is confident of outperforming the industry	Guides for 17-20% revenue growth over FY26-27 and margin improvement beyond FY27 post the ramp up of Sanand plant	The company aspires to achieve W&C revenue CAGR of 18% over the next 3 years, domestic business to grow 1.6x while exports business to grow 1.8x	Expect the demand to pick up from the second half of FY26.

Source: Company, BOBCAPS Research

Fig 8 – Wires & Cables segment quarterly performance snapshot

Wires & Cables	Q4FY25	Q4FY24	YoY %	Q3FY25	QoQ	FY25	FY24	YoY %
Revenue								
Havells	21,694	17,896	21	16,879	29	71,836	63,176	14
Polycab	60,191	48,647	24	44,499	35	1,92,366	1,62,806	18
KEI Industries	28,429	21,368	33	24,118	18	93,929	75,413	25
V Guard	6,661	5,814	15	4,786	39	21,699	19,731	10
Finolex	13,910	12,007	16	9,722	43	44,990	42,216	7
RR Kabel	19,562	15,231	28	15,425	27	66,888	58,296	15
EBIT								
Havells	2,586	2,154	20	1,870	38	7,715	7,161	8
EBIT margin %	11.9	12.0	-11bps	11.1	84bps	10.7	11.3	-59bps
Polycab	9,090	7,363	23	6,080	50	26,203	24,078	9
EBIT margin %	15.1	15.1	-3bps	13.7	144bps	13.6	14.8	-117bps
KEI Industries	3,094	2,271	36	2,402	29	9,843	7,687	28
EBIT margin %	10.9	10.6	26bps	10.0	92bps	10.5	10.2	29bps
V Guard	769	724	6	429	79	2,182	2,126	3
EBIT margin %	11.5	12.5	-91bps	9.0	258bps	10.1	10.8	-72bps
Finolex	1,526	1,450	5	1,160	32	4,758	5,376	-11
EBIT margin %	11.0	12.1	-111bps	11.9	-96bps	10.6	12.7	-216bps
RR Kabel	1,941	1,320	47	1,075	81	4,965	5,043	-2
EBIT margin %	9.9	8.7	126bps	7.0	296bps	7.4	8.6	-123bps

Source: Company, BOBCAPS Research

Fig 9 – Working capital trend

Working capital	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Median
Net working capital days								
Havells	28	27	55	35	44	37	38	37
Crompton	21	23	9	22	20	12	8	20
Orient Electric	61	57	16	40	27	30	40	40
V guard	67	73	73	89	75	64	58	73
Blue Star	31	9	8	18	22	28	21	21
Voltas	27	29	30	38	30	24	32	30
Polycab	83	83	86	68	56	58	57	68
KEI	66	79	120	109	92	83	103	92
Inventory days								
Havells	70	72	91	78	80	67	68	72
Crompton	29	37	39	49	40	41	41	40
Orient Electric	53	51	45	49	41	41	51	49
V guard	53	70	85	90	68	61	65	68
Blue Star	61	59	76	69	66	53	66	66
Voltas	56	70	62	76	61	62	64	62
Polycab	91	80	83	66	76	74	60	76
KEI	60	65	67	69	58	60	65	65
Recievables days								
Havells	15	9	20	20	21	23	21	20
Crompton	46	37	35	42	36	36	32	36
Orient Electric	78	65	65	58	51	60	60	60
V guard	65	47	52	50	50	45	35	50
Blue Star	78	57	69	72	71	74	60	71
Voltas	92	87	87	97	84	74	59	87
Polycab	61	59	60	39	32	41	42	42
KEI	94	102	118	89	73	68	67	89
Payables days								
Havells	57	55	56	62	57	53	51	56
Crompton	54	52	66	69	55	66	65	65
Orient Electric	70	59	95	67	65	71	71	70
V guard	51	44	64	51	43	41	43	44
Blue Star	107	108	137	123	115	99	105	108
Voltas	122	128	119	135	116	113	92	119
Polycab	69	56	56	36	53	58	45	56
KEI	88	87	65	49	40	45	29	49

Source: Company, BOBCAPS Research

Fig 10 – Bobcaps consumer durables coverage universe valuation metric

				FY25-27E CAGR (%)			P/E				EV/EBITDA			
Company	**Rating**	**CMP**	**TP**	**Revenue**	**EBITDA**	**PAT**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY24**	**FY25**	**FY26E**	**FY27E**
Havells	HOLD	1,579	1,770	14	22	23	78	67	54	45	52	45	36	30
Voltas	BUY	1,312	1,460	14	15	13	172	52	50	41	87	37	35	28
Blue Star	BUY	1,633	1,850	15	14	13	76	54	53	41	47	36	35	28
Crompton	BUY	353	410	16	14	16	51	41	37	30	34	27	25	21
Orient	BUY	227	280	12	25	44	85	58	42	28	34	24	20	16
V guard	HOLD	381	420	15	18	20	64	52	44	37	38	32	27	23
KEI	BUY	3,794	4,200	18	19	20	59	52	45	36	38	33	29	23
Polycab	BUY	6,167	7,500	17	13	12	52	46	45	36	36	30	29	24

Source: Company, BOBCAPS Research

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