27 August 2026

## RESEARCH

### CONSUMER DURABLES | Q1FY27 REVIEW

Demand strengthens broadly; margins diverge on pricing

## SUMMARY

### CONSUMER DURABLES: Q1FY27 REVIEW

- RAC revenues surge, Voltas RAC vol up ~44% vs industry ~20-22%, share to 17.3%; Blue Star's share-first pricing costs 290bps UCP margin
- ECD and W&C grew strongly on summer demand and copper-led pricing; W&C volumes stayed
- We prefer W&C over ECD and large appliances on superior demand visibility

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**CONSUMER DURABLES** | Q1FY27 Review | 26 August 2026

# Demand strengthens broadly; margins diverge on pricing

- **RAC revenues surge, Voltas RAC vol up ~44% vs industry ~20-22%, share to 17.3%; Blue Star's share-first pricing costs 290bps UCP margin**
- **ECD and W&C grew strongly on summer demand and copper-led pricing; W&C volumes stayed**
- **We prefer W&C over ECD and large appliances on superior demand visibility**

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**ECD growth broad-based, but A&P step-up dents margins:** ECD revenue grew 10-23% YoY across Havells, Crompton, V-Guard, Orient Electric and Bajaj Electricals, aided by a stronger summer and BLDC/premiumisation mix. Havells' ECD margin fell 266bps YoY as A&P spend more than doubled; Crompton, V-Guard and Bajaj Electricals saw margin recovery instead.

**Strong revenue growth in W&C but remains largely price-led:** Revenue grew 23-57% YoY (Havells +27%, Polycab +38%, KEI +23%, RR Kabel +57%, Finolex +47%) on copper-led pricing, with underlying volumes flat-to-low-single-digit. Havells' C&W margin fell 219bps on A&P even as KEI, Finolex and RR Kabel expanded margins on better mix and operating efficiency.

**UCP demand surges past pre-crisis levels, margins diverge sharply:** Voltas revenue grew 32% YoY on RAC volume growth of ~44%, with UCP margin up 168bps to 5.3% as ~8-10% of the 10-12% cost inflation was passed through. Blue Star revenue grew 13% YoY, but UCP margin fell 300bps to 2.9% as management chose to protect share over price. Lloyd (Havells) revenue grew 15% YoY, though EBIT losses widened to Rs 563mn on distribution reset and a delayed summer.

**Lighting growth holds steady, but B2B pricing lags costs:** Revenue grew 5-25% YoY across Havells, Crompton, Orient Electric and Bajaj Electricals on double-digit B2C growth. Margins fell YoY for most (Havells -162bps, Crompton -68bps, Orient -240bps YoY though +100bps QoQ) as pre-contracted B2B pricing continued absorbing input costs.

**Induction demand re-rates kitchen appliances:** TTK Prestige revenue grew 34% YoY (EBITDA margin at 11.5% from 8.9%) on broad-based demand across appliances, cookers and cookware. Stove Kraft delivered its strongest-ever Q1 (+41% YoY) on induction cooktops (+316% YoY, 27% of revenue). Butterfly Gandhimathi grew a comparatively modest 14-18% YoY, prioritising core categories over induction by choice.

### Recommendation snapshot

| Ticker | Price | Target | Rating |
|---|---|---|---|
| BLSTR IN | 1,515 | 1,700 | HOLD |
| CROMPTON IN | 243 | 330 | BUY |
| HAVL IN | 1,269 | 1,530 | BUY |
| KEII IN | 5,588 | 5,700 | HOLD |
| ORIENTEL IN | 182 | 240 | BUY |
| POLYCAB IN | 9,098 | 10,200 | HOLD |
| VGRD IN | 333 | 430 | BUY |
| VOLT IN | 1,243 | 1,410 | HOLD |

Price & Target in Rupees | Price as of 25 Aug 2026

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**BUY** – Expected return >+15%

**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

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