

# Consumer Durables

4QFY24 Result Preview

April 09, 2024

## Southern India to drive Cooling Products growth

### Key Points

- For our coverage universe, we expect a topline growth of 19.6% YoY with a flattish EBITDA margin movement (21bps fall YoY).
- **Consumer Durables (CD):** We expect a topline growth of 28.7% YoY, mainly led by Dixon's Mobile category and RAC players.
- **Consumer Electricals (CE):** We expect a topline growth of 10.3% YoY. Healthy growth in Wires & Cables (W&C) is expected to be offset by tepid growth in Consumer Lighting.
- **Margins:** While CD is expected to post 11bps YoY margin expansion, CE is expected to post 18bps YoY margin contraction. While easing RM costs, benefits of backward integration and higher contribution from premium products are expected to improve margins, higher ad-spend is expected to keep margin expansion in check.

**Premiumisation remains main theme:** Our channel checks imply that easy availability of consumer finance and cashback offers are drawing consumers towards premium products. We expect a 'K' style growth in 4QFY24 too, with premium brands continuing to garner market share. Premiumisation trend is clearly visible in product categories such as Refrigerator, RAC and Fans.

**RAC to witness healthy growth in South India:** While primary sales are expected to be healthy, secondary sales are expected to be slow mainly due to a prolonged winter. South India saw rising temperatures from early March'24 and therefore sharp growth is expected to be seen in this region. The rest of India, especially North India is expected to post moderate growth as high temperatures started only by the 2<sup>nd</sup> half of March'24. We expect Hitachi to lose market share while Voltas, Daikin, Blue Star, LG and Lloyds are expected to gain market share.

**Secondary sales in Fans expected to see a slowdown:** Our channel checks imply that Fans continue to witness tepid demand. In terms of volume, we expect mid-to-high single digit growth for players in Fans as 4QFY23 had seen lower secondary sales due to a prolonged winter. Additionally, we expect Premium Fans to continue to do well.

**Tepid demand for WM & Kitchen Appliances:** While WM players will see tepid growth mainly on account of non-seasonal quarter, Kitchen Appliances as a product category is expected to disappoint mainly due to tepid demand + inflationary pinch still lingering in the rural pockets of India.

**Polycab remains leader in W&C:** Polycab continues to garner market share due to its aggressive marketing, a wide product portfolio and quick availability of products.

Company	TP (Rs)	Rating
Amber Enterprises India	3,675	Acc
Blue Star	1,215	Acc
Dixon Technologies	7,155	Buy
IFB Industries	1,295	Acc
Voltas	1,095	Acc
Whirlpool of India	1,305	Acc
Stove Kraft	470	Acc
Bajaj Electricals	700	Sell
Crompton Consumer	330	Buy
Havells India	1,260	Acc
Orient Electric	230	Buy
Polycab India	5,255	Acc
V-Guard Industries	360	Buy

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Company	Sales			EBITDA			EBITDA margin (%)			PAT		
	4QFY24E	YoY(%)	QoQ(%)	4QFY24E	YoY(%)	QoQ(%)	4QFY24E	3QFY24	4QFY23	4QFY24E	YoY(%)	QoQ(%)
Amber Enterprises	35,702	18.9	175.7	2,421	19.0	208.4	6.8	6.1	6.8	933	(10.2)	NA
Blue Star	30,566	16.5	36.4	2,098	17.1	35.0	6.9	6.9	6.8	1,322	53.5	31.7
Dixon Technologies	51,758	68.8	7.4	1,955	25.1	6.0	3.8	3.8	5.1	994	23.2	3.0
IFB Industries	11,108	12.8	(2.0)	677	139.3	7.0	6.1	5.6	2.9	245	(424.3)	3.3
Voltas	35,560	20.3	35.4	2,508	15.0	782.6	7.1	1.1	7.4	1,689	17.4	NA
Whirlpool of India	19,855	18.7	29.3	1,940	83.6	209.3	9.8	4.1	6.3	1,169	83.4	317.5
Stove Kraft	3,218	15.7	(11.0)	149	152.0	(50.6)	4.6	8.3	2.1	16	(126.0)	NA
<b>Consumer Durables</b>	<b>1,87,767</b>	<b>28.7</b>	<b>34.0</b>	<b>11,746</b>	<b>31.0</b>	<b>94.9</b>	<b>6.3</b>	<b>4.3</b>	<b>6.1</b>	<b>6,367</b>	<b>37.0</b>	<b>183.8</b>
Bajaj Electricals	14,938	0.2	21.6	637	(28.2)	10.5	4.3	4.7	6.0	544	(7.2)	45.7
Crompton Consumer	19,299	7.8	14.0	1,995	(5.7)	33.2	10.3	8.8	11.8	1,082	(17.5)	25.9
Havells India	55,361	14.2	25.8	5,581	5.1	29.0	10.1	9.8	10.9	3,736	3.3	29.8
Orient Electric	7,848	19.3	4.4	533	15.1	9.0	6.8	6.5	7.0	265	7.7	9.0
Polycab India	47,148	9.0	8.6	7,168	17.6	25.9	15.2	13.1	14.1	5,019	18.2	21.6
V-Guard Industries	12,655	11.0	8.6	1,303	32.1	28.2	10.3	8.7	8.7	740	40.4	27.1
<b>Consumer Electricals</b>	<b>1,57,249</b>	<b>10.3</b>	<b>15.8</b>	<b>17,217</b>	<b>8.6</b>	<b>26.6</b>	<b>10.9</b>	<b>10.0</b>	<b>11.1</b>	<b>11,388</b>	<b>8.1</b>	<b>25.6</b>
<b>Our Coverage Universe</b>	<b>3,45,015</b>	<b>19.6</b>	<b>25.1</b>	<b>48,586</b>	<b>16.7</b>	<b>47.6</b>	<b>8.4</b>	<b>7.1</b>	<b>8.6</b>	<b>29,651</b>	<b>16.9</b>	<b>57.0</b>

Source: Company, Nirmal Bang Institutional Equities Research

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