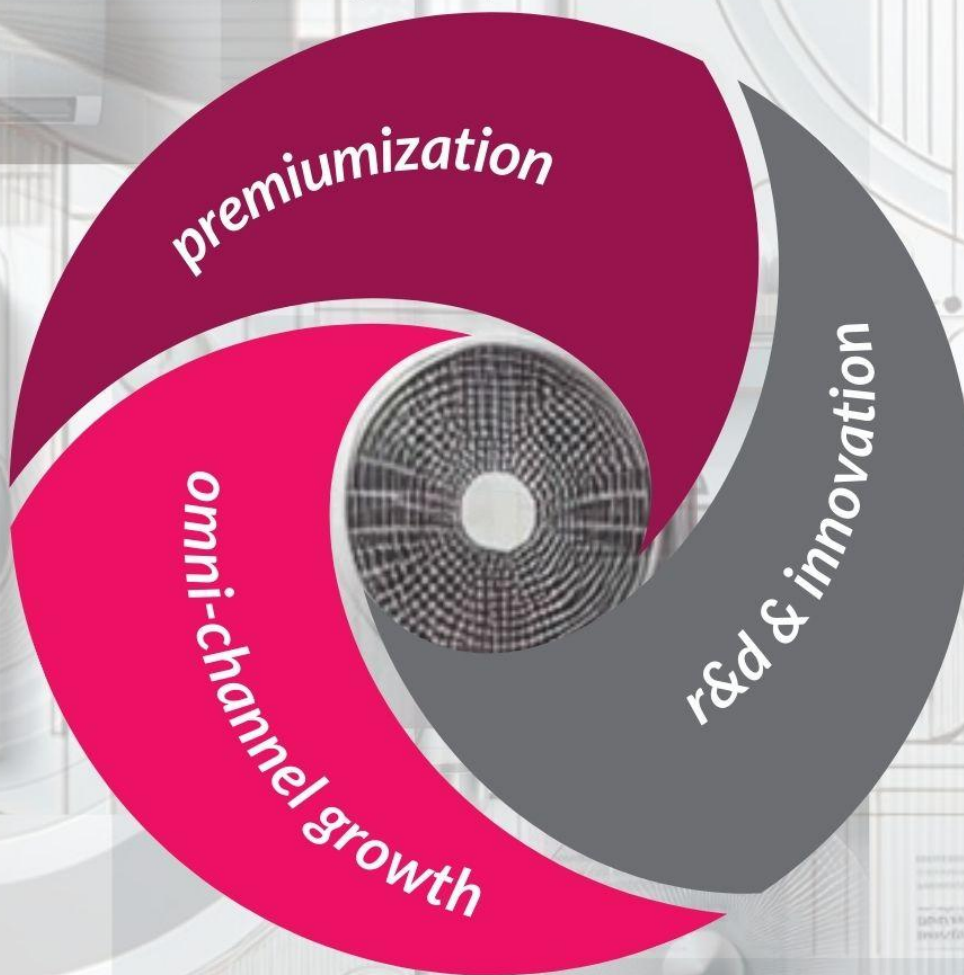


Household Durables
14 July 2025

Durables Reloaded *Tech-first, Channel-smart, Premium-led*

Deepak Agarwal | Bhavani Kumawat



HIGHLIGHTS

- Household durables brands investing in R&D, diversification and omni-channel distribution will lead ~11% segmental CAGR over FY24-29E.
- Key factors driving structural changes in the segment are urbanization, premiumization, shift to smart/energy efficient products, growth in contract manufacturing (with a profusion of brands ratcheting up competition), and alternate channels.
- We initiate coverage of Orient Electric with a BUY and TP of Rs 268, Whirlpool of India with an ADD and TP of Rs 1,490 and Bajaj Electricals with an ADD and TP of Rs 754.

Stock recommendation

Companies	Reco	TP	Upside
Havells	REDUCE	1,589	4%
Voltas	ADD	1,543	12%
Bluestar	BUY	2,112	15%
Crompton	BUY	424	25%
Whirlpool	ADD	1,490	8%
V-Guard	BUY	459	17%
Bajaj Elec	ADD	754	13%
Orient Elec	BUY	268	20%

Source: Axis Capital

Shifts in consumer demographics are fueling action in the hitherto-underpenetrated household durables segment – we expect brands that invest in R&D, diversification and omni-channel distribution to reap the promise of profitability and lead an 11% CAGR over FY24-29E. Alongside conventional premium products that deliver high margins, new appetites are also growing for smart and energy-efficient electronics. Key factors driving the new dynamics: (1) urbanization, (2) premiumization, (3) tech-enabled products, (4) contract-manufacturing-led brand proliferation and allied rise in competition, and (5) alternate channels. We initiate coverage of Whirlpool India, Orient Electric, and Bajaj Electricals, and assume coverage of Voltas, Blue Star, Havells, Crompton, and V-Guard.

What's new, what's next?

In the past five years, the household durables industry has seen structural changes that have changed its dynamics. The industry proposition has moved from volume-play to value-play, with a focus on premiumization. The emergence of modern trade, e-com, and quick-com has led to companies realigning their channel-mix. A rapid increase in contract manufacturing has led to the entry of new brands, resulting in strong competition. Meanwhile, many companies have seen churn in their top management. Amid such competition, brands that focus on R&D, tech-enabled products, emerging channels, and premiumizing portfolio, will fare better on profitability.

Coverage and valuation

Initiating Coverage

- **Orient Electric: Fanning out through distribution and product.** BUY, TP: Rs 268 (upside 20%) at 35x Sep'27E EPS. We like Orient Electric's diversification focus beyond fans, direct-to-market strategy, and margin-accretive ECD focus.
- **Whirlpool of India: Market share gains on expanding product-mix/distribution.** ADD, TP: Rs 1,490 (upside 8%) at 35x Sep'27E EPS. We expect Whirlpool to gain market share on the back of its expanding product portfolio and distribution.
- **Bajaj Electricals: Filling product gaps, growing alternate channel distribution.** ADD, TP: Rs 754 (upside 13%) at 35x Sep'27E EPS. The company is reinforcing its market presence with a one-stop shop-brand strategy supported by growing alternative channel offtake.

Assuming Coverage

- **Voltas: Gearing up for market share gains.** ADD, TP: Rs 1,543 (upside 12%) at SOTP – UCP 45x, EMP-20x, Eng,Projects at 15x on Sep'27. We expect revenue CAGR of ~12% and earnings CAGR of ~22% over FY25-28E.
- **Blue Star: Strategy set for profitable market share gain.** BUY, TP: Rs 2,112 (upside at 15%) at SOTP – UP -50x, EMP -40x and PEIS at 30x on Sep'27. We expect to see strong revenue CAGR of ~16% and earnings CAGR of ~22% over FY25-28E.
- **Havells India: Focus on product expansion and profitability to continue.** REDUCE, TP: Rs 1,589 (upside 4%) at 45x on Sep'27E. We expect to see a strong revenue CAGR of ~12% and earnings CAGR of ~17% over FY25-28E.
- **V-Guard Industries: Strong core; new product lines to fuel growth.** BUY, TP: Rs 459 (upside 17%) at 40x on Sep'27E. We expect to see revenue/earnings CAGR of ~12%/21% over FY25-28E.
- **Crompton Greaves Consumer Electricals: Focused on product expansion.** BUY, TP: Rs 424 (upside 25%) at 35x on Sep'27E. We expect to see a strong revenue CAGR of ~10% and earnings CAGR of ~16% over FY25-28E.

Deepak Agarwal assumes coverage of Household Durables

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Executive Summary

India's household durables sector has reached an inflection point, driven by a convergence of demographic tailwinds, policy support, and changing lifestyle preferences. With an 11% expected CAGR over FY24–29E and a total addressable market (TAM) of Rs 5.3 tn by FY29E, the industry is fast evolving from a volume play to a value-driven ecosystem.

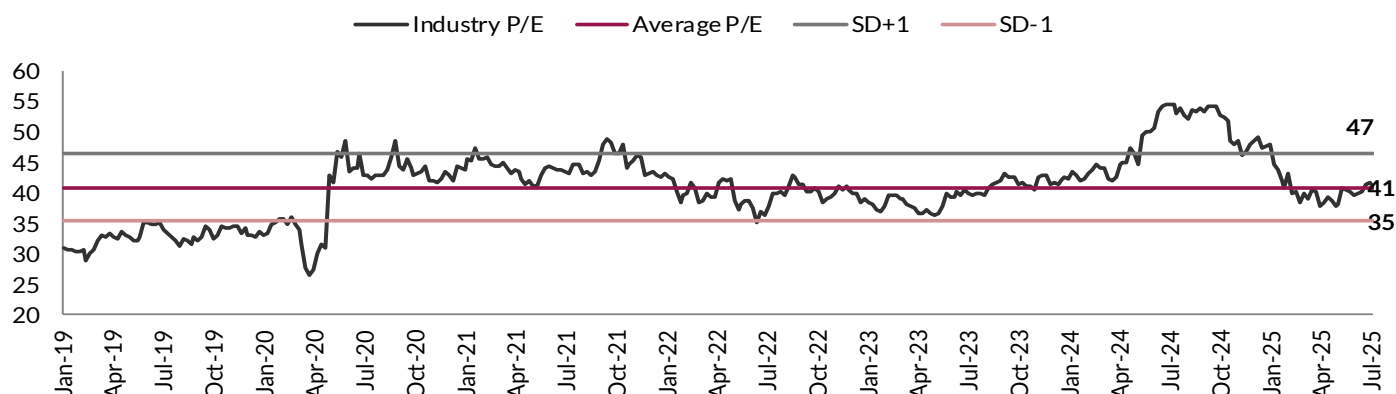
At the heart of this growth is premiumization, where consumers are shifting from basic, utilitarian products to tech-enabled, energy-efficient appliances. This shift is most visible in segments such as room air conditioners (RACs), washing machines (WMs), frost-free (FF) refrigerators, and BLDC fans, with additional momentum in kitchen appliances and lighting. The rise in women's workforce participation, shrinking household sizes, and better financing (EMIs) are catalyzing aspirational buying, especially in Tier-2/3 cities.

- **Government-led initiatives**, particularly the Production-Linked Incentive (PLI) scheme and the BIS quality mandate, have **strengthened domestic manufacturing** across categories. Over the past five years, imports of finished goods like TVs, ACs, and WMs have declined substantially and have been replaced with locally assembled or fully manufactured units. Component-level imports persist, especially compressors and displays, but localization is steadily improving via global JVs and backward integration.
- **Channel dynamics are evolving**. Traditional trade is ceding ground to modern retail and e-commerce, which now dominate in large electronic appliances and are rapidly scaling in small kitchen products and fans. Tier-2/3 cities are becoming new growth hubs with credit access and brand awareness improving.
- However, **competition is intensifying**. Contract manufacturers are enabling the rise of entry-level brands and the emergence of DMDC model (Different Model, Different Channel) is creating pricing pressures. But the premium-oriented, innovation-driven, omnichannel-savvy players are showing better resilience and profitability. Leadership positions are shifting, as companies ramp up R&D, expand product portfolios, and invest in retail and service infrastructure.

Category deep-dives reinforce structural opportunity:

- **RACs** remain the largest whitespace, with penetration at only ~11%. Aided by rising temperatures and energy access, this space is primed for a CAGR of ~19% over FY24–29E.
- **WMs and refrigerators** are central to the premium shift, with a tilt toward fully automatic, inverter-driven, aesthetically superior models with large capacities.
- **Fans** are upgrading from induction to BLDC technology, unlocking energy savings and design flexibility – a theme echoed in lighting and switches too.
- **Kitchen appliances** are moving beyond utility to lifestyle: air-fryers, chimneys, and multi-cookers are now must-haves rather than nice-to-haves. Also, as this is a plug-and-play category, the acceptance of channels like q-com is increasing.

All signs point to a market that is not only expanding but maturing, with heightened brand consciousness, digital adoption, and a rising threshold for quality. Companies that respond with agility – via product innovation, manufacturing scale, and channel effectiveness – are poised to be long-term leaders in India's durable consumption boom.

Exhibit 1: Industry P/E almost touching average P/E of past 5 years


Source: Company, Axis Capital

Exhibit 2: Historical performance for companies under coverage over FY19-25

Companies	Revenue (CAGR)	EBITDA (CAGR)	PAT (CAGR)	Average FCF/PAT	Average ROE	Average ROCE	Average P/E of 5 year
Voltas	14%	11%	8%	0.7	10%	15%	44
Blue Star	15%	17%	21%	1.0	19%	22%	40
Whirlpool	7%	-3%	-2%	0.8	14%	17%	47
Havells	14%	10%	11%	0.5	18%	24%	54
Crompton	10%	7%	5%	1.0	26%	38%	35
V-Guard Industries	14%	15%	11%	0.7	16%	20%	39
Bajaj Electricals *	-1%	8%	NA	1.8	8%	14%	36
Orient Electric	8%	3%	3%	0.9	19%	27%	39

Source: Company, Axis Capital

Exhibit 3: Score card – Blue Star, V-Guard and Orient Electric are our top picks

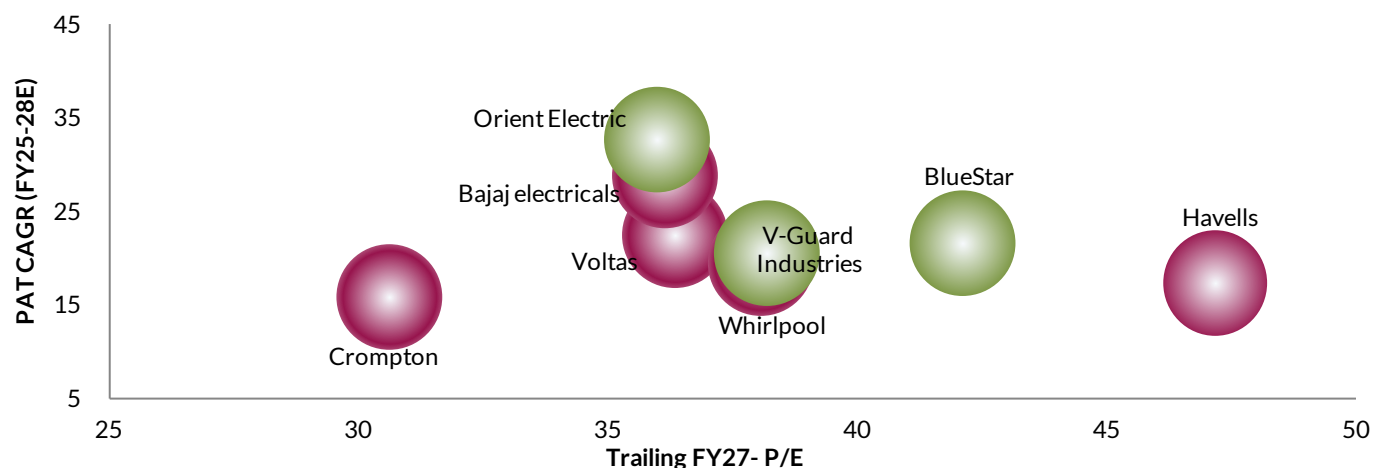
Company	Brand + consumer mix	Product mix + capabilities	Market Share	R&D	B/S	Cash Flow	Hist. growth	For. Growth	Team	Total score (/40)
Voltas	*****	*****	*****	**	*****	***	*****	***	***	33
BlueStar	*****	*****	***	*****	*****	*****	*****	***	*****	37
Whirlpool	****	***	***	**	*****	*****	**	***	**	27
Havells	*****	*****	*****	***	*****	*****	***	***	*****	33
Crompton	****	*****	*****	***	*****	*****	**	***	***	30
V-Guard Industries	*****	*****	*****	***	*****	*****	***	***	*****	35
Bajaj electricals	****	*****	**	*****	***	***	**	*****	***	29
Orient Electric	*****	*****	*****	*****	***	***	***	*****	*****	34

Source: Company, Axis Capital

Exhibit 4: Rating table for companies under our coverage

Comapanies	Revenue CAGR (FY25-28E)	EBITDA CAGR (FY25-28E)	PAT CAGR (FY25-28E)	EPS Sept'27	Multiple on Sep'27 EPS	Average last 5 Year P/E	Target Price (Rs)	Upside/ Downside (%)	Rating
Voltas	12%	14%	22%	42	SOTP UCP - 45x, EMP- 20x, Eng. - 15x (Implied Co. P/E of 37x)	44	1,543	12%	ADD
BlueStar	16%	19%	22%	48	SOTP UP - 50x, EMP- 40x, PEIS - 30x (Implied Co. P/E of 44x)	40	2,112	15%	BUY
Whirlpool	11%	17%	19%	43	35x	47	1,490	8%	ADD
Havells	12%	15%	17%	35	45x	54	1589	4%	REDUCE
Crompton	10%	13%	16%	12	35x	35	424	25%	BUY
V-Guard Ind	12%	17%	21%	11	40x	39	459	17%	BUY
Bajaj Electricals	10%	19%	29%	22	35x	36	754	13%	ADD
Orient Electric	11%	20%	33%	8	35x	39	268	21%	BUY

Source: Company, Axis Capital

Exhibit 5: Valuation of household-durable companies under over coverage universe


Source: Company, Axis Capital

Exhibit 6: Valuations and ratios

Companies	P/E (x)			EV/EBITDA (x)			ROE (%)				ROCE (%)			
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25E	FY26E	FY27E	FY28E
Voltas	45	36	30	39	32	26	14	15	16	17	18	18	19	19
BlueStar	54	42	35	36	29	24	19	19	20	20	25	26	27	27
Whirlpool	52	38	28	28	21	16	9	8	10	12	14	12	15	18
Havells	56	47	40	39	33	28	19	20	21	22	26	26	28	30
Crompton	37	31	26	23	19	16	15	15	16	17	21	20	23	28
V-Guard Ind	50	36	27	18	15	12	8	8	11	13	14	14	17	19
Bajaj electricals	49	38	31	29	23	19	15	15	16	17	20	19	21	22
Orient Electric	49	36	24	21	17	13	12	13	16	22	21	22	26	32

Source: Company, Axis Capital

Our picks for the sector are Blue Star, V-Guard, and Orient Electric

Company summaries (in our pecking order)

- Blue Star:** Blue Star maintains its focus on backward integration and increasing its presence across price segments and strengthening distribution, thereby improving market share and profitability. We expect revenue/earnings CAGRs of 16/22% over FY25-28E, driven by lower penetration in RAC, revival in commercial refrigeration business, strong order book in EMP, continued market share gains in commercial ACs and increasing share in exports, backed by strong R&D. We value Blue Star on Sep'27E SoTP – unitary products at Rs 1,139 PE of 50x (profitable market share gain), EMP and commercial ACs at Rs 921 PE of 40x (on strong margins and industry tailwinds), and PEIS at Rs 52 PE of 30x. We assume coverage of Blue Star with a BUY rating and a TP of Rs 2,112.
- V-Guard Industries (VGRD):** VGRD has expanded its geographical and product bases while managing its working capital. It is increasing the contribution from in-house manufacturing and is focusing on premium products, which should help improve GM and market share. For FY25-28E, we expect revenue/earnings CAGRs of 12% (weak demand in Q1FY26)/21%, on its (1) expanding product portfolio with an improving inhouse-mix, (2) increasing market share outside South India, (3) improving channel-mix, (4) focus on innovation/R&D, and (5) strengthening of the Sunflame business. We assume coverage of VGRD with a BUY rating and a TP of Rs 459, on its strong balance sheet, cashflows, and increasing market share outside South India.

- **Orient Electric (OEL):** Over FY25-28E, we expect OEL's revenue/earnings to see ~11/33% CAGRs, as it focuses on product expansion, R&D (new launches), value engineering/addition, manufacturing (supply chain), branding, market penetration with DTM strategy, along with aggressive A&P spends (higher than industry), improving share in premium segment, and strengthening its sales/marketing team. OEL currently trades at P/Es of 49x/36x/24x on FY26/27/28E. We value OEL at 35x on Sep'27E, driven by improvement in balance sheet and cashflows and strong return ratios. **We initiate coverage of OEL with a BUY rating and a TP of Rs 268.**
- **Crompton Greaves:** Crompton is the market leader in fans and has been increasing market share in other appliances and pumps along with strengthening the lighting portfolio and revamping the Butterfly business. Over FY25-28E, we expect revenue/earnings CAGRs of ~10% (weak demand in Q1FY26)/16%, on: (1) strengthening portfolio in fans and moving up in premium ranges; (2) securing strong orders in solar pumps while maintaining stable growth in non-solar; (3) increasing the product portfolio towards ceiling, battens, and outdoor lighting in B2C and ramping up the B2B lighting portfolio; and (4) realigning product portfolio and distribution for Butterfly. We assume coverage of Crompton with a BUY rating and a TP of Rs 424.
- **Voltas Ltd :** We expect Voltas to see revenue/earnings CAGRs of ~12/22% over FY25-28E, led by: (1) UCP – (a) benefit from long-term demand drivers for AC, PLI on components, market leadership and Voltas Beko (home appliances), (b) increasing penetration with channel expansion, and (c) improving sourcing with backward integration/localization which will help in supply chain in the long term but may cap margins in the short term; (2) EMP and services – strong domestic order book and expansion in international market; and (3) engineering projects and services – strengthening existing product basket. We value Voltas on Sep'27E on SoTP basis – UCP at 45x to Rs 1,208, EMP at 20x to Rs 111, EPS at 15x to Rs 64, and Voltas Beko at 2.5x Sep'27E sales to Rs 159. We assume coverage of Voltas with an ADD rating and a TP of Rs 1,543.
- **Whirlpool of India:** Over FY25-28E, we expect Whirlpool to gain market share and improve profitability, mainly on: (1) refrigerators – strengthening its market position in direct-cool segment with significant new launches, improving pricing, and focusing on launching premium ranges of frost-free; (2) washing machines – extending warranties in semi-automatic/front-load and expanding products in top-load. Hence, we expect revenue/earnings CAGRs of 11/19% over FY25-28E. Whirlpool currently trades at P/Es of 52x/38x/28x on FY26/27/28E. We value Whirlpool at a P/E of 35x on Sep'27E EPS (lower multiple mainly because of lack of clarity on parent stake sale) and **initiate with an ADD rating and a TP of Rs 1,490.**
- **Bajaj Electricals:** Over FY25-28E, we expect BJE to see revenue/earnings CAGRs of 10/29%, with its focus on product expansion, R&D, value engineering and addition, manufacturing, branding, leveraging distribution network, increasing share from alternate channels, launching premium products, changing product-mix in lighting, and securing orders for professional lighting. This should result in strong revenue visibility, with levers for margin expansion. BJE currently trades at P/Es of 51x/36x/27x on FY26/27/28E. We value BJE at 35x on Sep'27E and **initiate coverage with an ADD rating and a TP of Rs 754.**

- **Havells:** We expect Havells (ex-Lloyd) to see a revenue CAGR of 13% over FY25-28E, driven by improvement in product basket, channel expansion, tapping into solar, personal grooming, and premium kitchen appliances opportunities. For Lloyd, we expect ~11% CAGR over FY25-28E, on (1) completion of appliances portfolio, (2) benefit from own manufacturing, (3) focus on profitability, and (4) opening of export opportunity. Overall, we expect an earnings CAGR of 17%. We value Havells at a P/E of 45x on Sep'27E due to its strong brand, distribution, in-house manufacturing, fresh investments in team + brand + distribution, opening of export opportunity, market share gain, strong balance sheet, and improved ratios. We assume coverage of Havells with a REDUCE rating and a TP of Rs 1,589.

Durables industry to see 11% CAGR over FY24-29E, with higher growth in low-penetrated segments

India's household durables industry is likely to see an 11% CAGR over FY24-29E, driven by higher disposable incomes, rapid urbanization, and expanding electrification pulling new customers into the fold, especially in rural and semi-urban regions.

Companies with a focus on R&D, innovation, premium ranges, e-com, and modern trade will grow ahead of their peers.

Consumers are gravitating toward smart, energy-efficient, and branded products, with online/modern retail platforms making access easier than ever. Simultaneously, government initiatives like the PLI scheme and energy-labeling are catalyzing local manufacturing and quality upgrades. These shifts are not only elevating demand but also created replacement demand, making the market ripe for sustained, long-term expansion.

We expect products with lower levels of penetration, like RACs, water purifiers, air-coolers, etc., to grow higher than industry, driven by the above-mentioned factors, but brands in premium ranges of refrigerators, WMs, fans, and kitchen appliances to post margins ahead of entry-level on the adoption of tech-enabled products with better features.

Exhibit 7: Household durables industry to see ~11% CAGR over FY24-28E

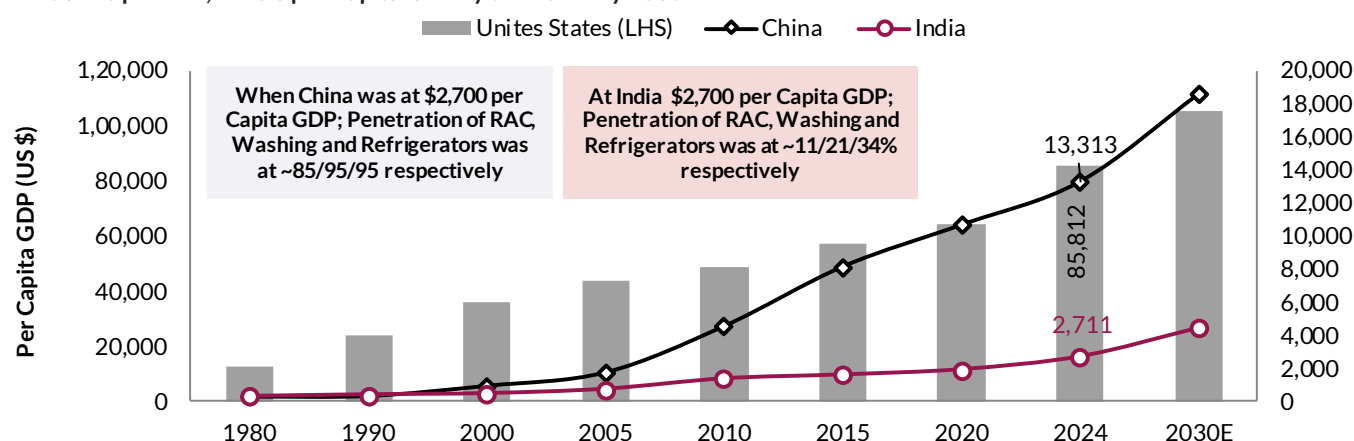
Product Categories	Industry Size (Rs bn)			Industry CAGR (%)		Organised Share	Category Penetration	Market Leader	Key Leading Players
	FY19	FY24	FY29E	FY19-24	FY24-29E				
Large Electronic Appliances	795	1,175	1,975						
Room Air Conditioners	175	310	740	12%	19%	>90%	11%	Voltas	Voltas, LG, Daikin, Blue Star, Lloyd
Refrigerators	205	305	475	8%	9%	>90%	34%	LG	LG, Samsung, Whirlpool, Haier, IFB, Godrej, Voltas Beko
Washing Machine	125	180	260	8%	8%	>90%	21%	LG	LG, Samsung, Whirlpool, Haier, IFB, Godrej, Voltas Beko
Television	290	380	500	6%	6%	>70%	76%	Samsung	LG, Samsung, MI, Sony, TCL
Dishwasher	2.4	4.6	8.5	14%	13%	>95%	<1%	Bosch	Bosch, IFB, Electrolux, Faber, etc
Small Electric Appliances/ECD	1,237	1,751	2,966						
Cables & Wires	550	800	1,410	8%	12%	80-85%	NA	Polycab	Polycab, KEI, Havells, RR Kabel, Finolex Cables
Fans	109	150	255	7%	11%	80-85%	90%	Crompton	Crompton, Bajaj, Orient, Usha, Havells, Atomberg
Lighting	278	372	615	6%	11%	65-70%	85%	Phillips (Signify)	Philips (Signify), Crompton, Havells, Syska
Switches	48	65	100	6%	9%	70-75%	90%	Anchor	Havells, Anchor, Legrand, GM, Goldmedal
Switchgears	163	230	338	7%	8%	70-75%	95%	ABB	ABB, Havells, Legrand, Schneider, Anchor, Legrand
Water Heaters	22	35	70	10%	15%	80-85%	14%	Havells	Havells, Bajaj, Vguard, Racold, Crompton, AO Smith
Air Coolers	30	50	100	11%	15%	35-40%	19%	Symphony	Symphony, Bluestar, Voltas, Bajaj, Orient, Kenstar
Water Purifiers	38	49	78	5%	10%	80-85%	7%	Eureka Forbes	Eureka Forbes, Kent, Pureit, Livepure
Kitchen Appliances	156	216	326						
Mixer Grinder	42	55	77	6%	7%	60-65%	40%	Bajaj Electricals	Bajaj, Preethi, Philips, Maharaja, TTK Prestige
Cookware	66	85	117	5%	7%	60-65%	70%	TTK Prestige	TTK Prestige, Stovekraft, Hawkins
Others	48	76	132	10%	12%	NA	65%	NA	TTK Prestige, Stovekraft, Hawkins, etc
Total TAM	2,189	3,142	5,267	7%	11%				

Source: Company, Axis Capital estimates

Favorable micro-drivers in place for household electronics/durables

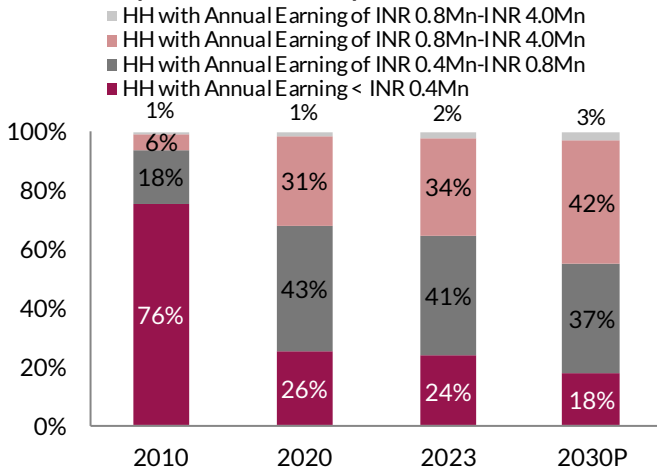
- **Rapid urbanization and housing growth:** India's rapid urbanization, with millions migrating to urban centres every year, is boosting demand for essential appliances such as ACs, refrigerators, and washing machines. The pace of new household creation is accelerating due to favorable demographics and smaller families, increasing appliance penetration. Government initiatives like PMAY (Pradhan Mantri Awas Yojana) have expanded affordable housing, creating an incremental base for first-time appliance buyers.
- **Favorable demographics and aspirational youth:** Over 50% of the Indian population is below the age of 35. This tech-savvy, aspirational cohort is driving premiumization and demand for smart appliances, IoT-enabled devices, and lifestyle upgrades. The increasing participation of women in the workforce is also pushing demand for time-saving and convenience-enhancing appliances.
- **Rural electrification and government support:** With 99%+ electrification and improved last-mile connectivity, rural India is becoming a large untapped market for basic durables. Government-backed PLI schemes and customs duties are encouraging domestic manufacturing, reducing dependency on imports and improving supply chain resilience.
- **Credit penetration and EMIs fuel aspirational buying:** Easy EMI schemes and increasing availability of consumer finance have democratized access to premium durables. Tier-2/3 cities are emerging as hotspots due to improved credit penetration and increasing brand awareness.
- **Low penetration = high headroom for growth:** India still has significantly low penetration of key durables (ACs at ~11%, washing machines at ~21%, vs over 80%+ in developed markets). As disposable incomes rise and credit availability improves, replacement and first-time purchases are expected to pick up sharply.
- **Climate change drives seasonal demand:** Record-high temperatures and erratic climate patterns are making appliances like ACs and air-coolers non-discretionary in many regions. With ~35-40% of India facing extreme heatwaves annually, cooling products are expected to see double-digit growth in the foreseeable future.

Exhibit 8: As per IMF, India's per-capita is likely to double by 2030E

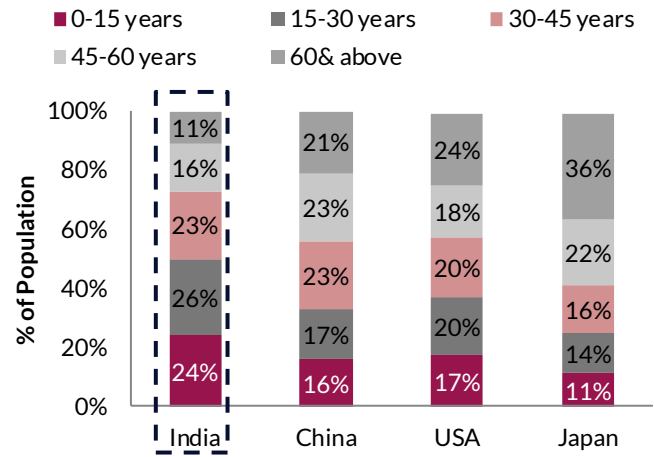


Source: IMF, Axis Capital

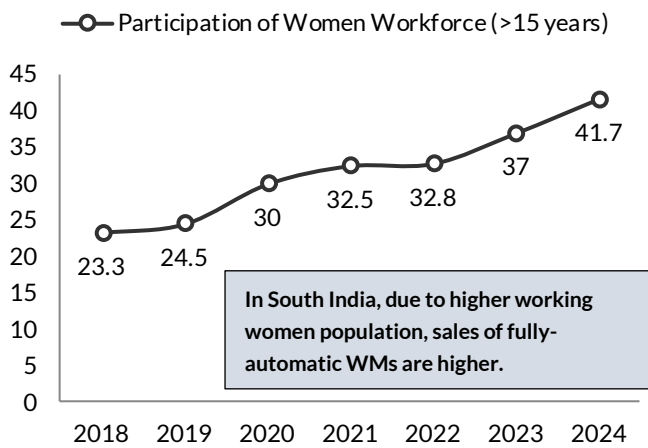
India's penetration story is yet to play out in consumer durables. The economy is at sweet spot and is likely to improve penetration levels, supported by (1) ease of finance, (2) increasing disposable incomes, (3) improving power availability, and (4) increasing workforce participation.

Exhibit 9: Disposable income has improved significantly and is expected to further improve


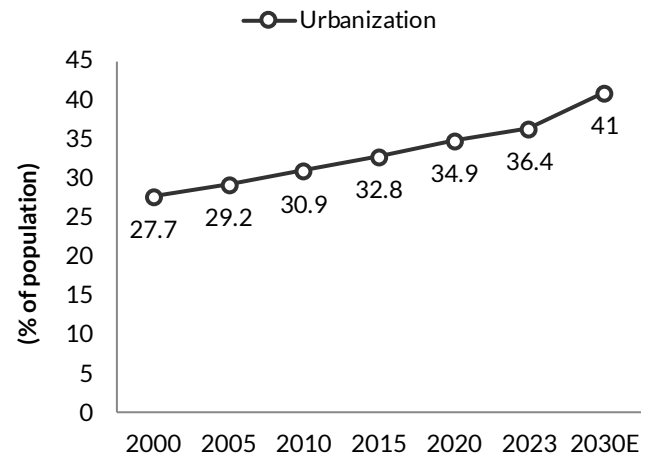
Source: Company, Axis Capital

Exhibit 10: India has the highest working-age population


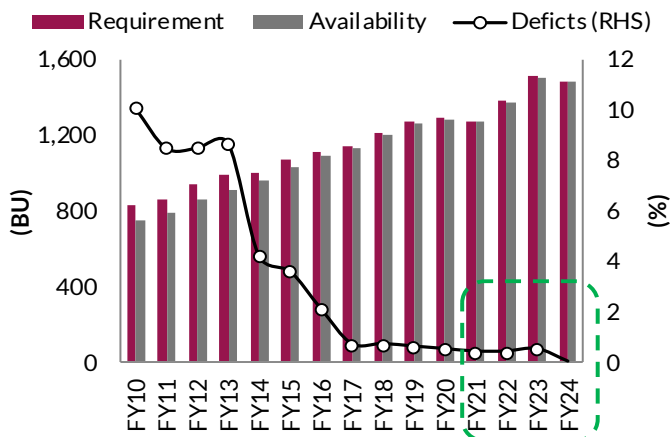
Source: Company, Axis Capital

Exhibit 11: Women participation in work force has increased ~50% are self-employed and salaried


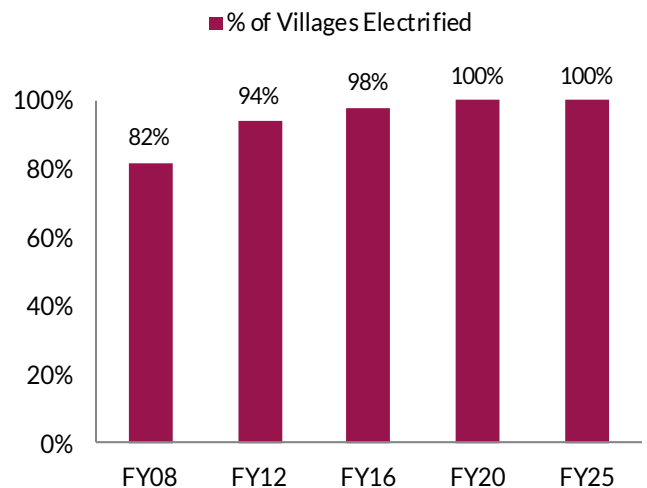
Source: Company, Axis Capital

Exhibit 12: Urbanization still below that of advanced economies


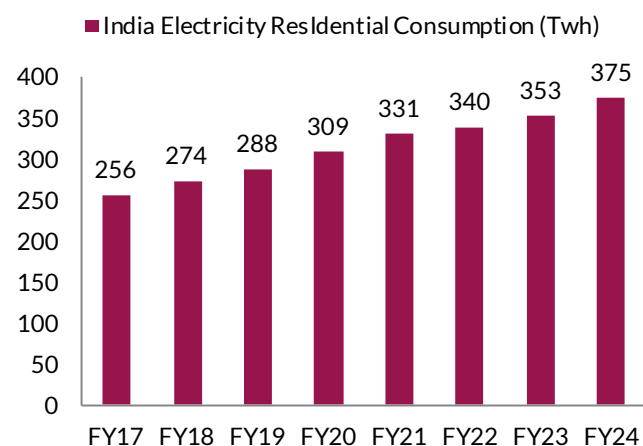
Source: Company, Axis Capital

Exhibit 13: India's power deficit was zero as of FY24; AC penetration increased during FY21-25 as power availability eased


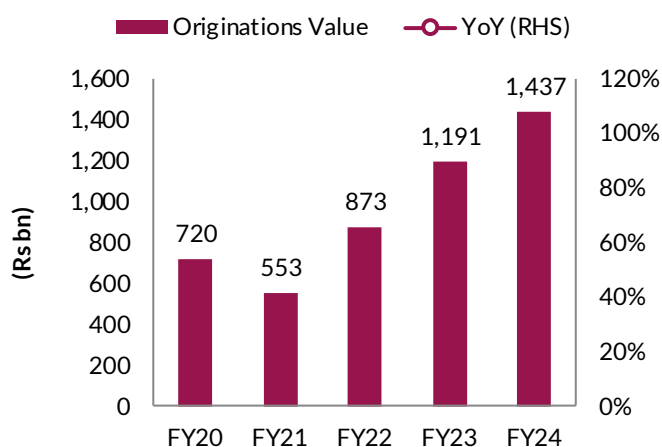
Source: Ministry of Power, Axis Capital

Exhibit 14: Rural electrification reached 100%


Source: CEA, Axis Capital

Exhibit 15: Residential electricity consumption


Source: BEE, Axis Capital

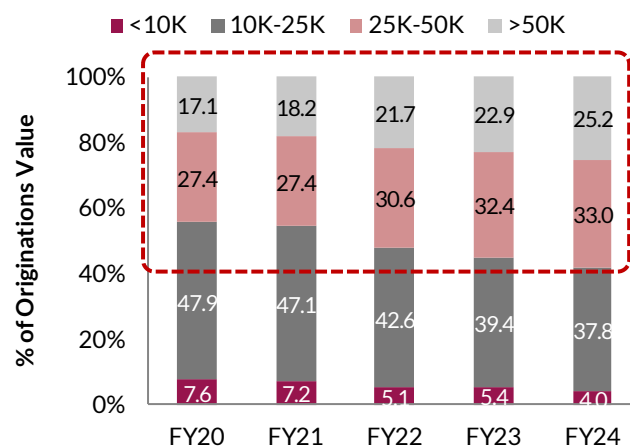
Exhibit 17: Consumer durables loan CAGR ~19% over FY19-24


Source: CRIF, Axis Capital

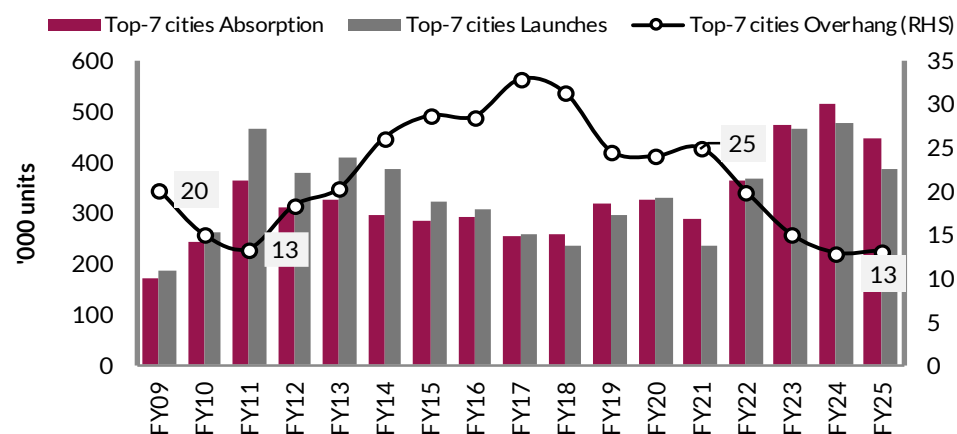
Exhibit 16: Energy savings in FY23 due to energy labelling changes for appliances produced over FY18-23 – saved ~Rs 6.7/unit across categories

Appliances	Total Saving (MU)	Saving (Rs bn)
Direct Cool Refrigerator	20,465	136.1
Frost Free Refrigerator	10,122	67.3
Room Air Conditioner (Fixed Speed)	6,093	40.5
Room Air Conditioner (Variable Speed)	7,931	52.7
Washing Machine	1,604	10.7
Colour Television	13437	89.4
Ceiling Fan	1628	10.8

Source: BEE, Axis Capital

Exhibit 18: Increasing shift towards larger tickets


Source: CRIF, Axis Capital

Exhibit 19: Strong real estate sales in past 2 years, of which possessions likely in FY26E


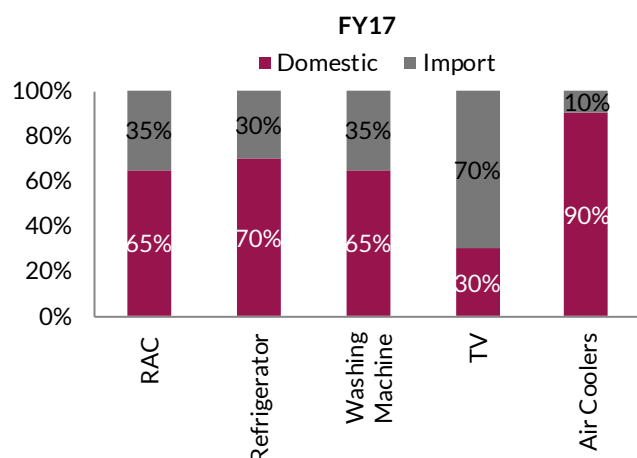
Source: Propequity, Axis Capital

Household durables revamped with sourcing and selling

1. India strengthens its supply chain in consumer electronics

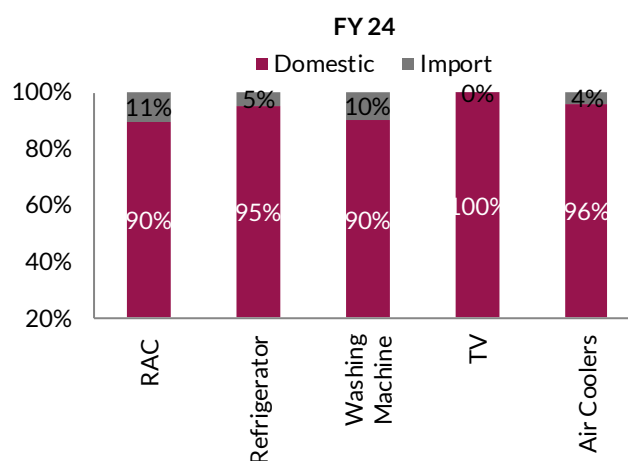
The Production Linked Incentive Scheme for White Goods (PLIWG) for ACs and LED lights, launched in 2022, aims to develop a complete component ecosystem for India's AC and LED light industries and make India an essential part of the global supply chains. Also, other activities like Phased Manufacturing Program (PMP), increasing custom duties, ban on gas-based AC compressors, and strict BIS norms have driven Indian companies to develop the supply chain – this has resulted in the manufacturing of India's consumer durables electronics now being done mostly in the country. However, in terms of backward integration, India still needs to strengthen its manufacturing capabilities.

Exhibit 20: Large consumer appliances manufacturing in India in FY17...



Source: Frost & Sullivan, Axis Capital

Exhibit 21: ...vs FY24; has improved considerably post PLI



Source: Frost & Sullivan, Axis Capital

India imports components like ACs/refrigerator compressors primarily from China (65-70%), followed by Thailand (~10%), South Korea (5-6%), and Germany (5-6%). It also sources ICs and flat-panel displays from China, Hong Kong, and Taiwan. This implies that a large part of the profit pool, employment opportunities, upstream investments, R&D, and technological know-how lie outside of India. Over the past decade, finished goods imports have reduced to almost nil, but components imports are still meaningful. Creating an indigenous value chain has been foremost on the Govt's agenda to generate local value addition and employment. We believe that the PLI on electronics and delay in renewal of BIS on components will help India develop the desired ecosystem and thereby strengthen localization.

Exhibit 22: India has moved ahead in developing localization for consumer electronics

Products	Localisation	Imports	Components which are still imported
Smart Phones	13-15%	85-87%	IC, PCBs and electronic/other components
TV	15-20%	80-85%	Flat panel display, active components
Refrigerator	60-65%	40-45%	Compressor, Motors, PCBs
Washing Machine	70-75%	25-30%	Motors, other components
Air Conditioners	60-65%	35-40%	Compressors, Tubes, PCBs
Water Purifier	65-68%	30-32%	Membrane Filter and diaphragm pumps
Fans	85-90%	10-15%	PCBs and components
Lighting	65-70%	30-35%	PCBs and other small components
Other Small Appliances	90-95%	5-10%	PCBs and other small components

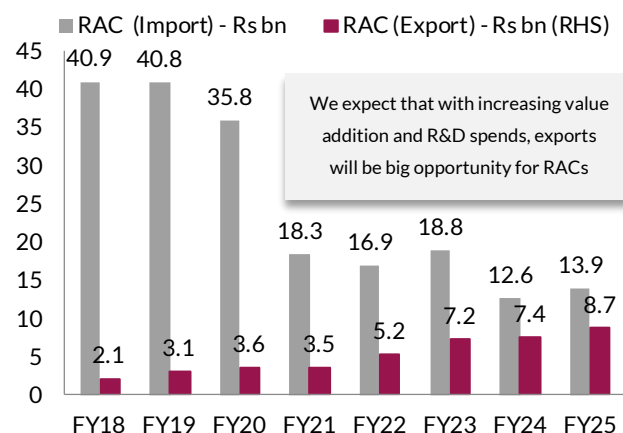
Source: Axis Capital Estimates

Major components, like compressors in RACs and display panels in TV, that form the bulk of the cost of BOMs are still imported

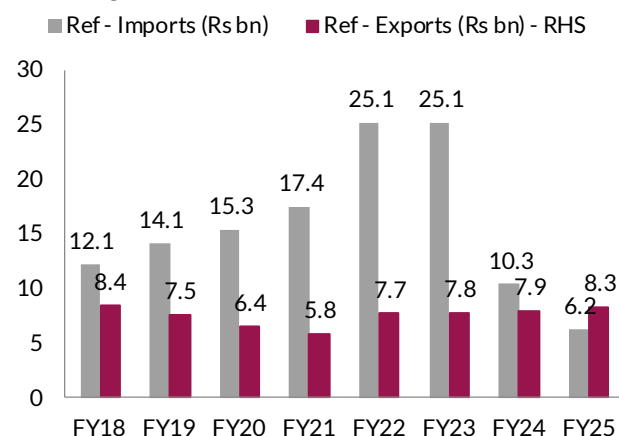
Exhibit 23: India's consumer durable components import as of FY24 – contract manufacturers increasing game in value addition

TV		AC		Refrigerator		Washing Machine	
Components	Rs (bn)	Components	Rs (bn)	Components	Rs (bn)	Components	Rs (bn)
Flat Panel Display	66.43	Compressor	40.72	Compressor	24.18	Clutch, rotor, tub assembly	1.95
PCB and IC	17.35	SKD - outdoor unit	7.32	Evaporator, Condenser	2.29	Inverter	1.3
Remote controller	1.51	SKD - Indoor unit	7.10	PCB, IC, Controller	1.67	Damper and filter	1.1
Stand and assembly	1.35	PCB, IC, Controller	4.35	Door assembly	0.51	Display, control panel	0.96
Set top box	0.46	Evaporator, Condenser	2.93	Sheet Metal	0.22	Timer	0.67
Cable and antenna	0.45					Hinge and switch	0.36
Capacitor	0.41					Door and lid assembly & Other	2.75
Total	87.96		62.42		28.87		9.09
% of Industry Size	23.1%		20.1%		9.5%		5.1%
Finished Goods Import	3.48		12.57		10.33		4.48

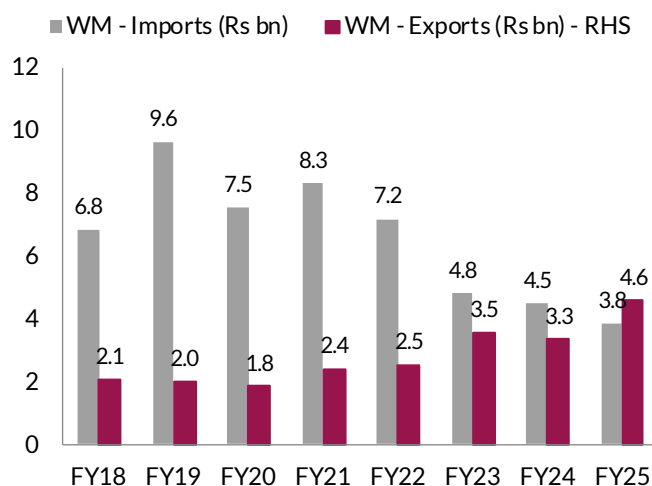
Source: CII & EY, Axis Capital

Exhibit 24: AC imports have reduced significantly over the past 5 years, while exports have improved


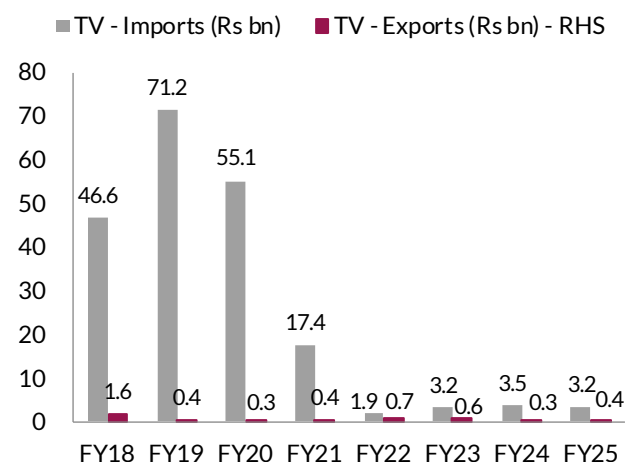
Source: Ministry of Trade and Commerce, Axis Capital, HSN code: 841510

Exhibit 25: Refrigerator imports have reduced, while exports are shaping up well


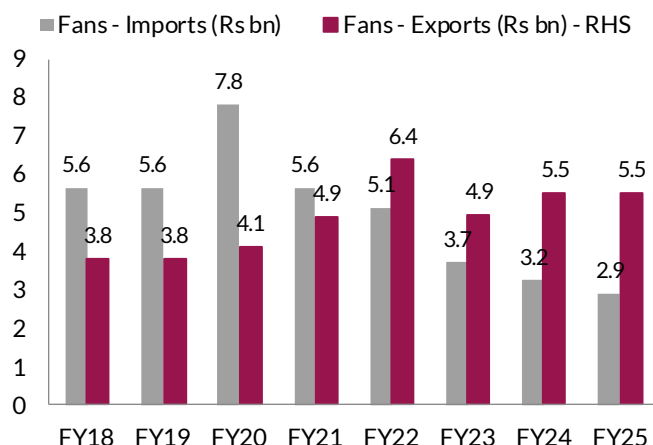
Source: Ministry of Trade and Commerce, Axis Capital, HSN code: 841821, 841829, 841810

Exhibit 26: Washing machines surpassed imports in FY25


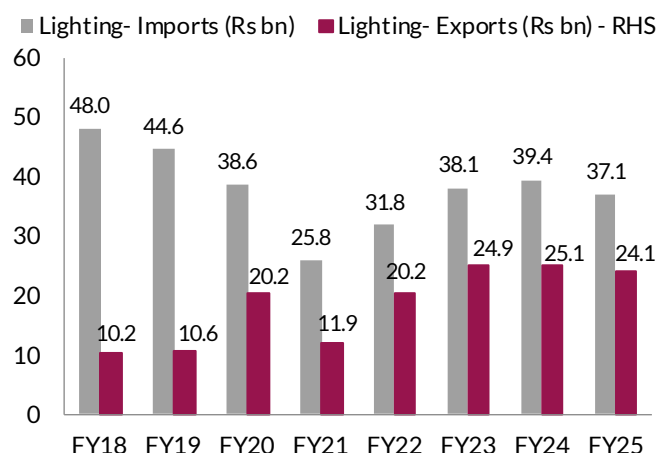
Source: Ministry of Trade and Commerce, Axis Capital, HSN Code: 8450-11/12/19/20

Exhibit 27: TV imports have significantly reduced in the past 5 years


Source: Ministry of Trade and Commerce, Axis Capital, HSN Code: 852872

Exhibit 28: Fans exports surpassed imports; strong domestic capacity leading to higher exports


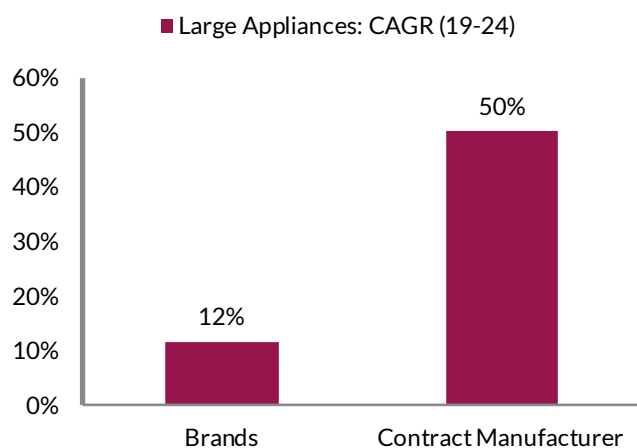
Source: Ministry of Trade and Commerce, Axis Capital, HSN Code: 841451

Exhibit 29: Lighting remains the major import from China


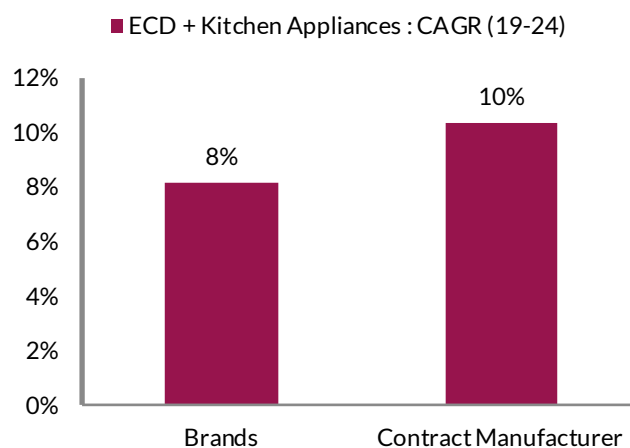
Source: Ministry of Trade and Commerce, Axis Capital, HSN Code: 9405

Government support led to increase in contract manufacturing, resulting in the emergence of entry-level brands, DMDC model, and strong competition

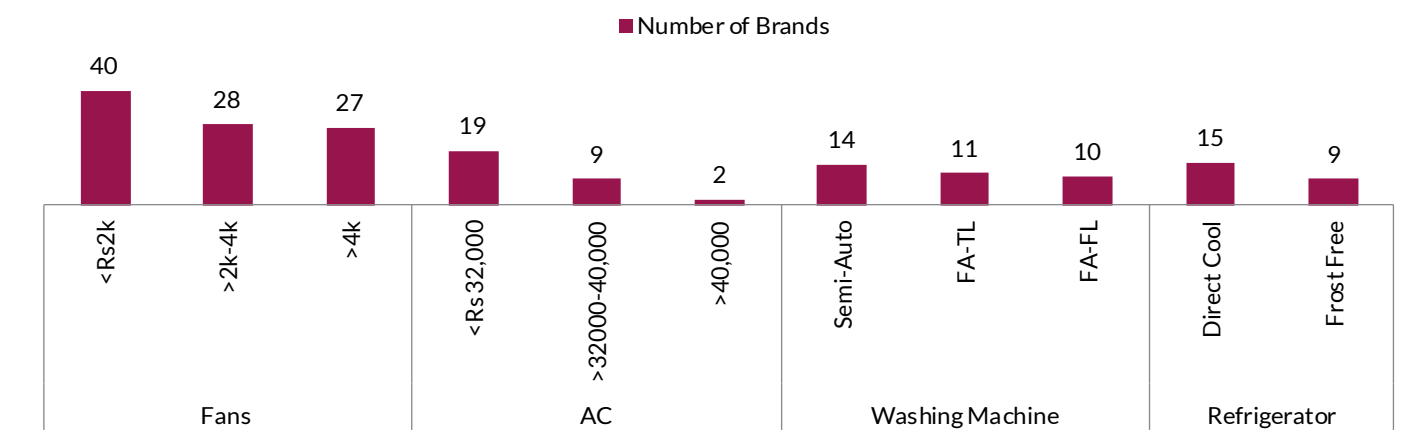
The Indian household durables industry has seen significant growth of contract manufacturers, particularly in large appliances like ACs, WMs, and now refrigerators, where contract manufacturers saw a robust 50% CAGR during FY19–24, far outpacing brands, which grew at only 12%. A similar trend is visible in electronic consumer durables (ECD) and kitchen appliances, where contract manufacturers saw a 10% CAGR vs 8% for brands. This surge has contributed to a proliferation of entry-level brands, as reflected in the high number of brands operating in lower price segments – e.g., 40 brands in fans priced below Rs 2,000 and 19 brands in ACs below Rs 32,000. We expect entry-level brands to focus on contract manufacturing and aggressive pricing to push their products but face margin pressures. However, brands with strong manufacturing, channel presence and focus on premium ranges will grow ahead of the industry with improving profitability.

Exhibit 30: Contract manufacturers in large appliances (ACs, WMs, refrigerators) have seen strong CAGR vs brands, due to the emergence of many entry-level brands


Source: Company, Axis Capital

Exhibit 31: In electronic consumer durables + kitchen appliances also, contract manufacturers growth exceeded that of brands


Source: Company, Axis Capital

Exhibit 32: Emergence of contract manufacturing has increased the number of entry-level brands


Source: Amazon, Flipkart, Axis Capital

However, most of the leading brands started focusing on in-house manufacturing to improve product-mix and gain market share, ahead of competition

Large-appliance players like **Voltas**, **Bluestar**, **Whirlpool**, and **Havells** have maintained strong in-house manufacturing bases, which have either remained steady or improved post Covid due to strategic expansions, such as Bluestar's Sri City facility and Whirlpool's front-load capacity. **Havells** continues its dominance, with largely in-house manufacturing, except for some products under ECD and Lloyd. On the other hand, companies like **Orient Electric**, **Bajaj Electricals**, and **Crompton Greaves** have shown significant reliance on outsourcing, though a noticeable shift towards in-house operations is evident post Covid, particularly in the premium categories. **Bajaj Electricals**, for instance, has increased in-house manufacturing from 6% to 18%. Small-appliance players such as **TTK Prestige** continue to mostly rely on outsourcing. This reflects a broader industry trend wherein companies focused on premiumization and quality control are increasingly pushing for in-house production, especially post pandemic. However, brands in the entry segment have started adopting the DMDC model to capture market share in the alternate channels, resulting in outsourcing of their products – e.g., Blue Star outsourced some of its RACs and Whirlpool is outsourcing its semi auto washing machines.

Exhibit 33: Large-appliance companies + W&C have a large share of in-house, while small domestic appliances still focus on outsourcing

Companies	Pre Covid		Post Covid		Comments
	In-house manufacturing	Outsourced/Traded	In-house manufacturing	Outsourced/Traded	
Voltas	81%	19%	66%	34%	Shifted from earlier Imports to domestic
Bluestar	81%	19%	84%	16%	Capacity expansion in Sri City led to improve In-house mix
Whirlpool	77%	23%	84%	16%	With setup of Front Load capacity; In-house mix has improved
Havells	69%	31%	78%	22%	Largely In house, except some products in ECD and Lloyd
Orient Electric	58%	42%	37%	63%	In-house only premium ranges with majority been outsourced
Bajaj Electricals	6%	94%	18%	82%	Improved In-house mix with focus on premium categories, rest is outsourced
V-Guard	39%	61%	52%	48%	Improved In-house mix with focus on premium categories, rest is outsourced
Crompton Greaves	29%	71%	30%	70%	In-house only premium ranges it majority been outsourced
Eureka Forbes	68%	32%	91%	9%	Premium Products and high lab tested products and hence majority in-house
Stovekraft	71%	29%	90%	10%	Largely inhouse
TTK Prestige	49%	51%	32%	68%	Largely Outsourced
Polycab	94%	6%	96%	4%	Critical and safety product and hence largely In-house
KEI	100%	0%	100%	0%	Critical and safety product and hence largely In-house
Finolex	94%	6%	96%	4%	Critical and safety product and hence largely In-house

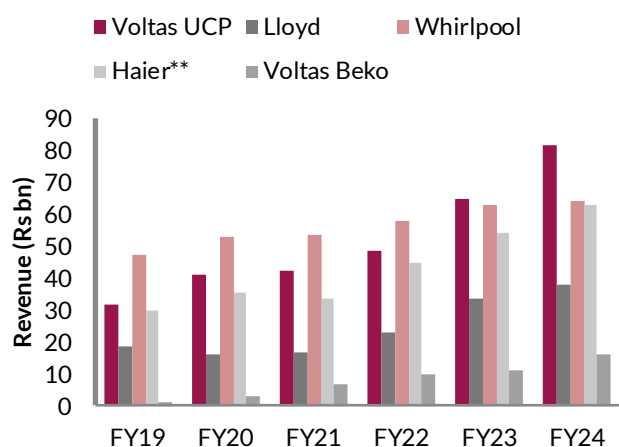
Source: Company, Axis Capital. Note: Outsourced is calculated as – Trade Goods/COGS.

Overall, the industry reflects a clear trade-off between chasing high-volume growth at lower margins vs pursuing sustainable profitability through premium positioning.

Case Study 1: Entry-level brands grew but at the cost of profitability, while mass-premium still trying to maintain margins

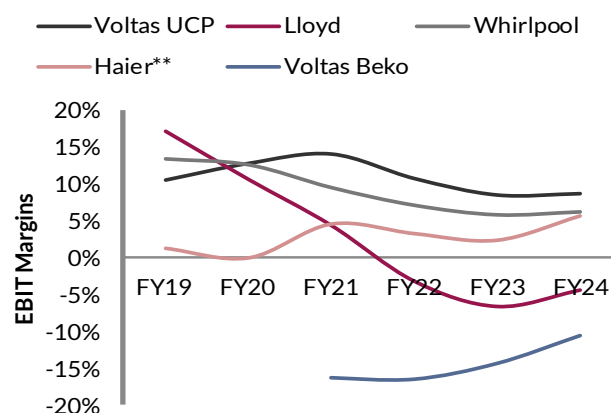
Players focused on India's entry-level household durables segment delivered strong revenue growth of ~15% CAGR over FY19-24, driven by rising demand from affordable price points, deeper rural penetration, and consumers upgrading from unbranded products. However, this expansion has come at a cost, as intense price competition, higher raw material costs, and limited pricing power have squeezed margins significantly. Average EBIT margin for these players have dropped from ~11% in FY19 to just 1-4% by FY24, with some brands incurring steep losses, underscoring the profitability challenges in the mass-market segment despite high volumes. In contrast, brands positioned in the mass-premium space have grown more moderately, at ~9% CAGR but have maintained healthier margins. Their EBIT margins have also shrunk – from ~9% to 7% over the same period – the decline has been far less severe than for entry-level players. This resilience stems from better brand equity, stronger pricing power, and higher gross margins in premium categories, allowing these players to weather cost pressures more effectively.

Exhibit 34: Revenue of players focused on entry-level brands see CAGR ~15% over FY19-24



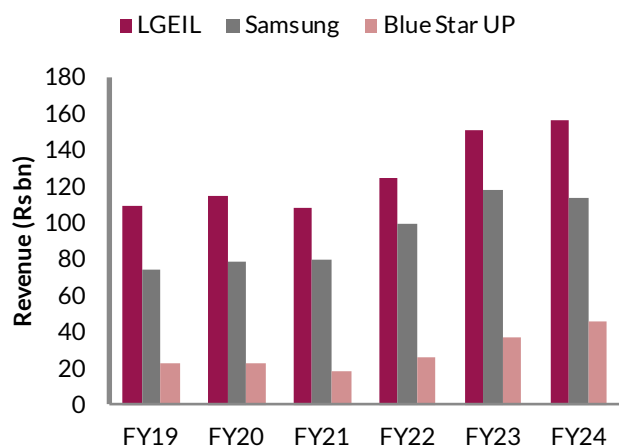
Source: Company, Axis Capital, **Haier CY treated as next FY

Exhibit 35: Average margin for players focused on entry-level players at ~11% (ex-Voltas Beko) in FY19 vs ~4% in FY24 and 1% (including Voltas Beko)



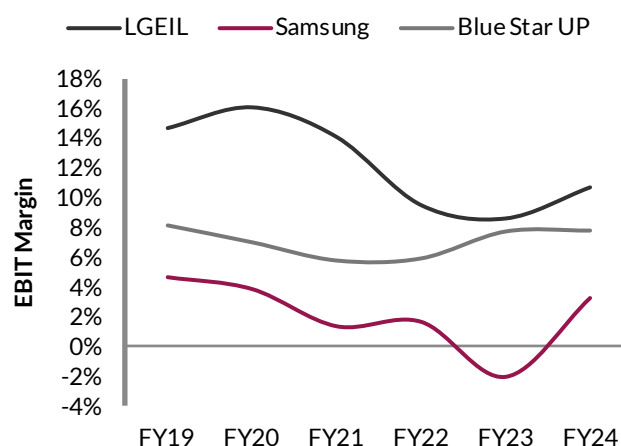
Source: Company, Axis Capital, **Haier CY treated as next FY

Exhibit 36: Players focused on mass-premium see ~9% CAGR over FY19-24 on higher competition from entry-level players



Source: Company, Axis Capital

Exhibit 37: Average EBIT margin of players focused on mass premium down to 7% from ~9% in FY19 – decline significantly lower than that of entry-level players



Source: Company, Axis Capital

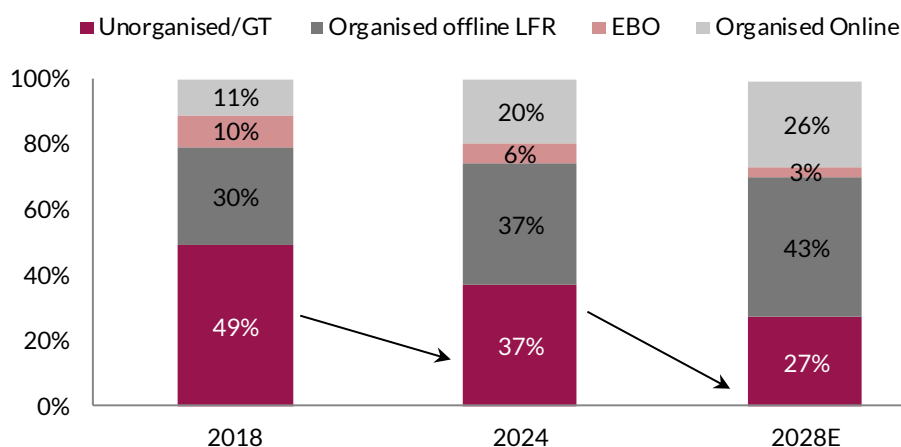
2. Emergence of modern trade and e-commerce channels leads to larger acceptance of consumer electronics/durables products

The Indian household durables industry is undergoing a transformation, driven by the rapid rise of modern trade and e-commerce channels which are reshaping traditional buying behaviours and expanding access to a wider audience. Modern retail continues to play a dominant role in sale of large appliances, offering tactile product experiences and personalized advisory services that build deep customer trust, while the shift toward organized-retail formats and online platforms is becoming increasingly pronounced. Modern trade offer advantages such as one-on-one interaction with trained personnel, installation and after-sales support, and the ability to explore a wider product range under one roof, which online platforms often lack. This traditional strength has enabled them to build strong customer loyalty and a base of repeat buyers, especially in high-value categories like refrigerators and washing machines, where physical inspection remains crucial.

The channel-mix for major home appliances has shifted significantly with modern trade and is gaining traction, while for small domestic appliances such as fans and kitchen appliances, the shift is even more striking, with e-commerce and modern trade expected to inch up market share by FY29E.

Large appliances have moved towards online and modern trade.

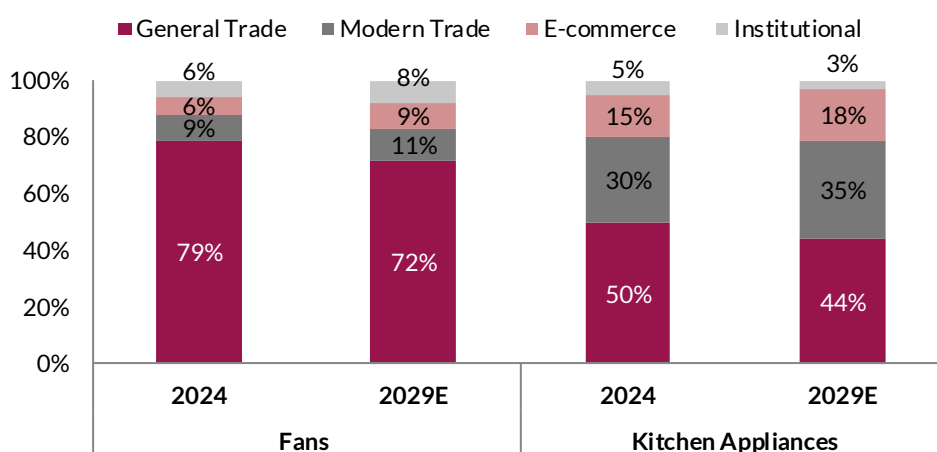
Exhibit 38: Key channel-mix – major home appliances and electronics (ex-mobile)



Source: Redseer research and analysis, Axis Capital

In small domestic appliances, larger share remains with general trade (GT) but their share will reduce over time

Exhibit 39: Key channels – small domestic appliances



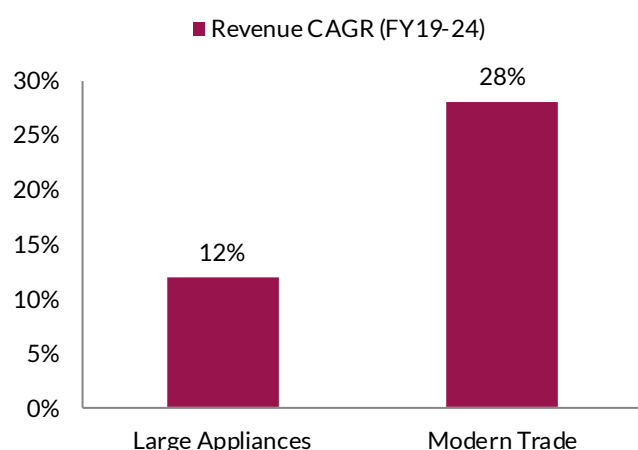
Source: Technopak Analysis, Axis Capital estimates

The structural shift towards modern trade is reflected in the robust financial performance of modern retailers. Leading players like Croma (Infinite Retail), Vijay Sales, Electronic Mart, Sathya Agencies, and Aditya Vision have demonstrated strong growth momentum, with a 22-31% CAGR over FY19-24. Despite initial challenges in profitability and margins, these brands have improved their EBITDA and PAT figures over the years, indicating better operational efficiency and increasing economies of scale. The consistent improvement in gross margin and return to profitability, especially for Aditya Vision and Sathya Agencies, underscores the maturity and resilience of the modern retail format.

Exhibit 40: Top 5 modern trade brands see 26%+ revenue CAGR over FY19-24

Moder Retail Brands	FY19	FY20	FY21	FY22	FY23	FY24	CAGR (FY19-24)
Revenue (Rs Mn)							
Croma - Infinite Retail	45,877	51,131	53,150	82,230	1,58,511	1,78,325	31%
Vijay Sales*	31,920	39,900	36,489	53,309	72,360	86,593	22%
Electronic Mart	16,460	31,720	32,020	43,490	54,460	62,850	31%
Sathya Agencies	10,461	11,859	9,890	14,340	19,972	28,526	22%
Aditya Vision	5,640	7,970	7,480	8,990	13,220	17,430	25%
Gross Margin							
Croma - Infinite Retail	16%	15%	14%	12%	10%	12%	
Vijay Sales*	-	-	15%	13%	14%	14%	
Electronic Mart	-	15%	14%	14%	14%	15%	
Sathya Agencies	16%	15%	16%	16%	17%	16%	
Aditya Vision	10%	11%	12%	16%	16%	16%	
EBITDA Margin							
Croma - Infinite Retail	1%	3%	0%	-1%	-4%	0%	
Vijay Sales*	-	-	7%	5%	6%	6%	
Electronic Mart	-	7%	6%	7%	6%	7%	
Sathya Agencies	2%	1%	3%	3%	5%	6%	
Aditya Vision	3%	3%	7%	9%	10%	10%	
PAT (Rs Mn)							
Croma - Infinite Retail	1,969	-2,048	-2,017	-4,454	-9,570	-9,867	NA
Vijay Sales*	-	-	1,487	1,748	2,112	3,110	NA
Electronic Mart	-	820	590	1,040	1,230	1,840	NA
Sathya Agencies	98	66	170	296	201	571	42%
Aditya Vision	60	140	200	350	640	770	67%

Source: Company, Axis Capital. *FY19 is estimated.

Exhibit 41: Modern trade growth outpaces brands growth


Source: Company, Axis Capital, note: Large Appliances include revenue of LG, Samsung, Haier, Voltas Beko, Voltas UCP and Blue Star UP, Lloyd. (2) Modern Trade Include revenue of Croma, Vijay Sales, Electronic Mart, Aditya Vision and Sathya Agencies

Exhibit 42: Globally too, brands are tilting towards emerging channels like modern trade and e-com

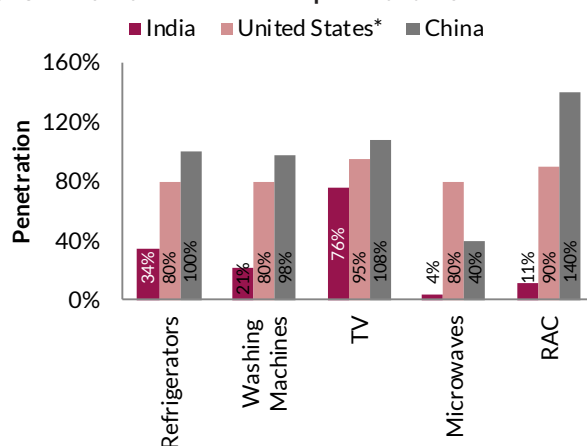
Region	2007-2010	2018-2020	2023-2024	2030 Forecast
Latin America	TT: ~50%	TT: ~41%	E-comm: ~15-20%	E-comm: ~30%
	MT: ~45%	MT: ~59%		TT: ~30%
China	TT: ~60%+	MT + Ecom: >50%	E-comm: 34.7% Appliance: ~45%	E-comm: >50%
Thailand	TT: ~59% (2012)	MT: ~47% (2022) E-comm: 6% (2019)	E-comm: 21%	E-comm: ~25%

Source: Industry, Axis Capital, TT- Traditional Trade, MT- Modern Trade

3. Industry is moving towards premiumization theme with strong growth for lower penetration categories

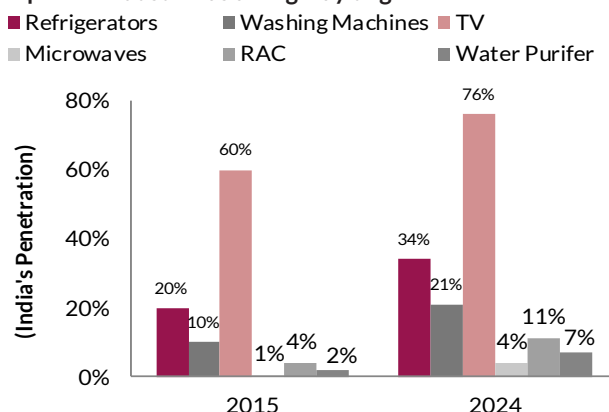
India's consumer durables market remains significantly underpenetrated vs that of the developed economies like the US and China, especially in segments such as microwaves, RACs, and washing machines. However, penetration has markedly increased, particularly from 2015 to 2024, with refrigerators reaching 34%, RACs 11%, and washing machines 21%. Consumers are shifting preferences toward technologically advanced products like inverter ACs (have increased to 80% of the market in FY25), frost-free refrigerators, and fully automatic washing machines, as they look for better energy efficiency and reduced manual intervention. Additionally, buying behaviour is transitioning toward premium, larger-screen TVs, with a growing tilt toward premium-end appliances due to their energy-saving features (like BLDC motors) and superior aesthetics. This signifies a maturing market that is not only increasing in volume but also in value.

Exhibit 43: India much below developed countries



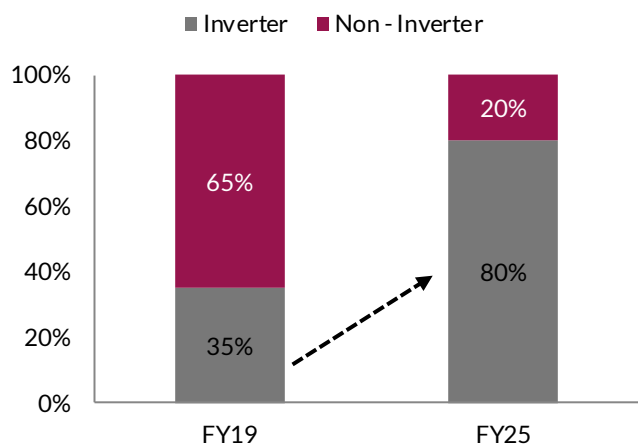
Source: Redseer, China statistical, Axis Capital

Exhibit 44: Penetration in large consumer durables has improved but still has a long way to go



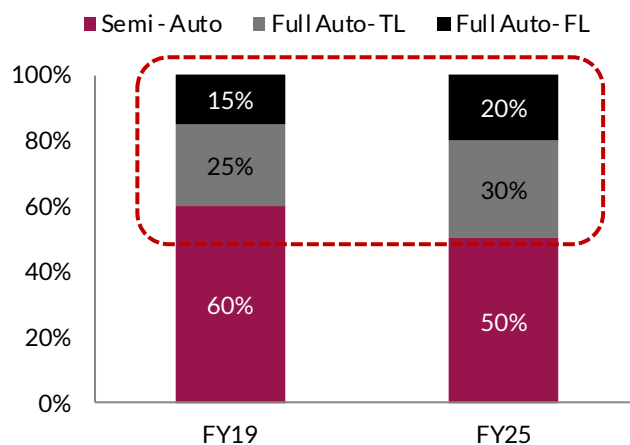
Source: Redseer, Axis Capital estimates

Exhibit 45: Share of inverter AC has increased owing to reduced operational expenses

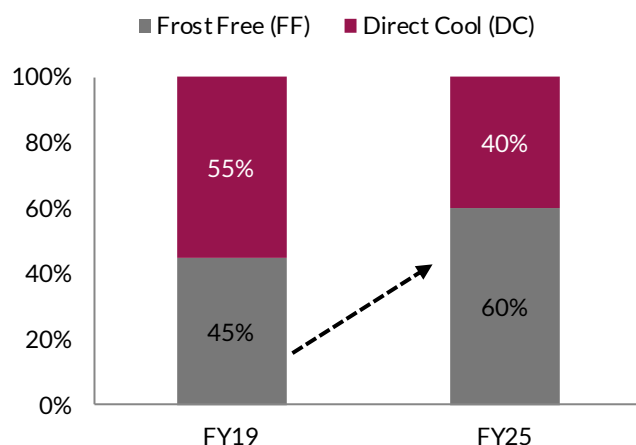


Source: Axis Capital estimates

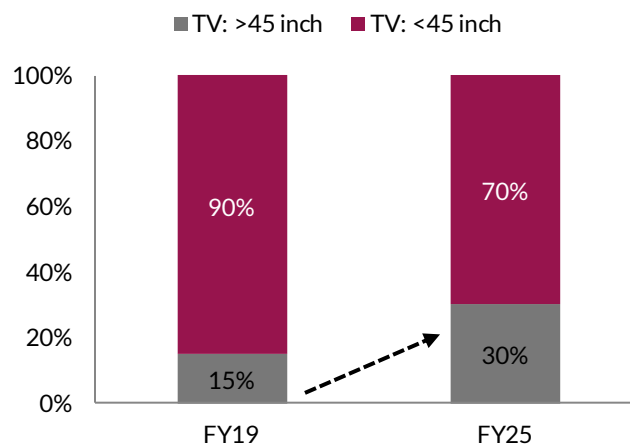
Exhibit 46: Fully automatic washing machines in demand from busier lifestyle due to less manual intervention



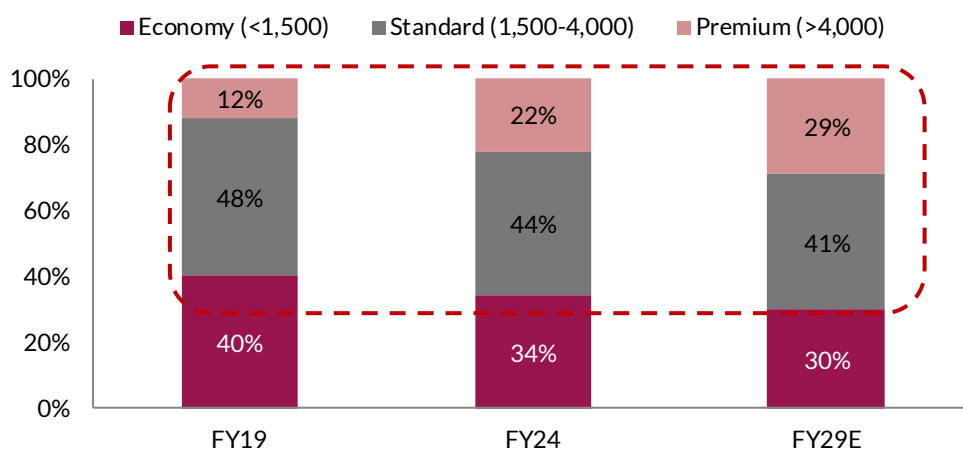
Source: Axis Capital estimates

Exhibit 47: Share of frost-free refrigerators have increased, due to technology upgrade and better storage


Source: Axis Capital estimates

Exhibit 48: Buying behavior shifts towards larger displays


Source: Axis Capital estimates

Exhibit 49: Fan market shifting towards premium on more energy saving (BLDC) and aesthetics


Source: Technopack Analysis, Axis Capital











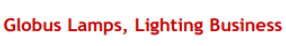



To cater to the evolving consumer demand, companies have strategically diversified into adjacent and emerging product segments over the past decade. Brands like Havells, Voltas, and Whirlpool have expanded beyond their legacy portfolios to include refrigerators, washing machines, and premium kitchens appliances. This shift indicates a push to capture market share in low-penetration, high-growth categories. At the same time, consolidation has become a key theme, with players acquiring niche brands and building scale – replicating global trends. For instance, Havells has made several acquisitions across switches, lighting, and electronic meters, while others like Panasonic, Bajaj, and V-Guard are also expanding through vertical integration. These shifts point toward a highly competitive, innovation-driven market poised for strong long-term growth, especially for companies that adapt quickly to changing consumer needs and preferences.

Exhibit 50: Over past 5-8 years, companies have expanded portfolio towards high-growth products

Companies	Till 2010	2011-16	2017-25
Voltas	RAC & Commercial AC, Commercial Ref	Water Coolers	Voltas Beko (Washing Machine & Refrigerator)
Blue Star	Commercial AC & Water Cooler	RAC, Water purifiers, Air purifiers and Air coolers	Deep freezers
Whirlpool	Washing Machine & Refrigerators	NA	Elica (Premium Kitchen Appliances)
Havells	Switchgear, Fans, Lighting, C&W's	Water Heaters, Air Coolers, Kitchen Appliances, Air Purifiers	Grooming products, Refrigerators, Washing Machines, Acs, TVs
Orient Electric	Fans & Lighting	Air Coolers, Water Heaters, Mixer Grinders, Small Appliances	Switches
Bajaj Electricals	Fans, household appliances, Switches, Lighting	Water Heaters	Air Coolers
Crompton	Ceiling fans	LED Lightings	Water Heater, Air Coolers, Kitchen Appliances, Agri Pumps
V-Guard	Stabilizers for AC, Pumps, Wiring cables, water heaters, UPS, Electric fans, Inverters & batteries	Switchgears, Induction Cooktops, Smart water heaters	Modular switches, Air coolers, Smart Pumps

Source: Company, Axis Capital

Exhibit 51: Scaled-up players replicate global themes and trends with consolidation

Major Player	Acquisitions					
 HAVELLS	 LIVE THE FUTURE Large appliances	 Saves Power, Light Forever Lighting	 Switches, fans, etc.	 Lighting	 Switches	 Electronic meters
 POLYCAB	 Copper rods manufacturing  Automation					
 BAJAJ <i>Inspiring Trust</i>	 SINCE 1988 Kitchen appliances  Lighting					
 Panasonic	 Switches  Lighting  Alarm and detection products					
 V-GUARD	 Kitchen appliances  Switches  Circuit breakers					

Other key transactions

	 Kitchen appliances		 Inverters, stabiliser.		 Kitchen appliances
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Source: Company, Axis Capital

4. As industry underwent changes, leadership positions changed across companies

Exhibit 52: Key management changes in past 5 years

Company	Old Management					New Management		
	Previous - Employee	Designation	Joining Date	Tenure (yrs)	New Organisation Joined	New - Employee	Joining Date	Previous Organisation & Designation
Voltas	Pradeep bakshi	CEO & MD	2000	25	Awaited	Mukundan Menon	Sep-25	Voltas (Ex Director & Head RAC)
Blue Star	Shailesh Haribhakti	Chairman	Apr-19	5	Retired	Vir S Advani	Apr-24	Bluestar (MD)
	Neeraj Basur	CFO	Jul-14	8	Trent Ltd	Nikhil Sohoni	Jul-22	Mahindra Group (SVP)
Whirlpool of India	Vishal Bhola	MD	Jan-20	3	G2B Capital & Nothing	Narasimhan Eswar	Apr-23	Ki Mobility Solutions Pvt. Ltd. (ceo)
Crompton	Hemant Nerurkar	Chairman	Oct-16	8	Watertec India	D. Sundaram	Aug-23	Crompton (Independent Director)
	Mathew Job	CEO	Sep-15	8		Promeet Ghosh	Apr-23	Crompton (Non Ex. Director)
	Sandeep Batra	CFO	2017	7	Pidilite	Kaleeswaran Arunachalam	Nov-23	Eicher Motor Ltd (Global CFO)
Bajaj Electricals	Shekhar Bajaj	CEO & MD	1995	25	NA	Anuj Poddar	Aug-22	Bajaj Electricals (Independent Director)
	Anuj Poddar	CEO & MD	Aug-22	2	Carlyle Group	Sanjay Sachdeva	Apr-25	Unilever Japan (CEO & MD)
	Anant Purandare	CFO	Sep-95	26	NA	E C Prasad	Jul-21	Bajaj Electricals (VP)
Orient Electric	Rakesh Khanna	CEO & MD	Dec-14	8	Singer India	Rajan Gupta	Mar-23	Hathway (CEO)
	Rajan Gupta	CEO & MD	Apr-23	1	NA	Desh Deepak Khetrpal	Jul-23	Orient Cement (CEO)
	Desh Deepak Khetrpal	CEO & MD	Jul-23	1	Orient Cement	Ravindra Singh Negi	May-24	Bajaj Electricals (COO- Consumer Products)
Stove kraft	Balaji AS	CFO	Jan-22	1.5	Tripjack	Ramakrishna Pendyala	Jul-23	Hical Technologies (Global CFO)

Source: Company, Axis Capital

Tech-driven, premium-focused, omnichannel-led: The formula for durable dominance

We expect players with an increasing focus on strengthening R&D, building tech-enabled products, enhancing premium portfolio, and moving towards online channels and modern trade, along with strengthening existing channel and sales team, to be the clear winners, as the entry-level segment across the industry will face strong competition along with margin pressures.

Exhibit 53: Major household-durable companies expressed their focus on premiumization; BJE remains a laggard

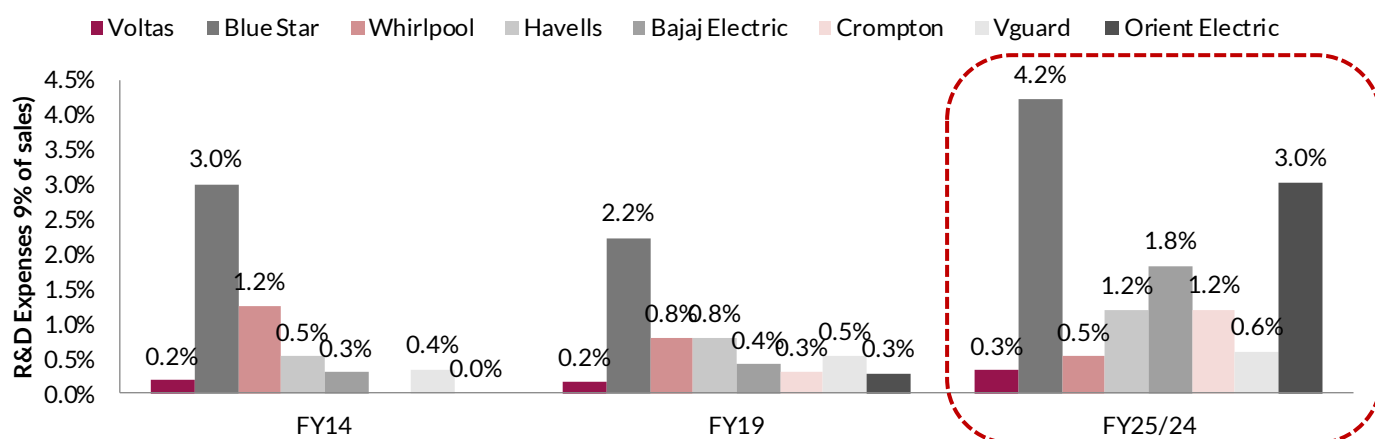
Havells	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Strong focus on premium	Contribution margins have improved both due to premiumization as well as cost-saving initiatives. Premiumization over time has improved price realization and profitability.	In lighting and ECD, the company is doing a very good job of premiumizing portfolio.	It focuses more on premium and the emerging technologies. Unlike the industry, it has been premiumizing, thereby maintaining margins. Overall AC business margins are expanding. Its premiumization strategy seems to be panning out well.	Premium positioning continues in lighting. New products launched are refrigerator and premium AC. Premiumization and consolidation strategy in switchgear.
Crompton	Q3FY25	Q3FY25	Q4FY25	Q4FY25
Focus on premium continues	Introduction of decorative wall series and range of outdoor & garden lights led to higher premium saliency. In pumps, premium saliency improved due to efforts towards brand architecture, specifically in residential. Higher contribution YoY from premium LPG & Shakti series Premium mixer-grinders segment grew 24% with increased saliency.	BLDC platform indigenously developed. Engineered in India, built for the world.	New premium products are being added aggressively. Nucleus platform for BLDC fans, X-tech platform for induction fans.	Lighting shift towards premium products. Butterfly: premium categories driving growth. Mixer-grinders, cookers, wet grinders – all saw double-digit growth. New premium fans – fluido, nucleus BLDC.
V-Guard	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Improving premium portfolio	In fans, it is manufacturing only in the mid and premium segments.	Gradually shifting towards premium portfolio.	Share of premium products in fans substantially increased.	Working on a more premium portfolio in each category.
Orient Electric	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Strong focus on premium	In premium and super premium, one of the top players in fans.	Fans premium portfolio- 30%, BLDC fans 25% of ceiling fan revenue. Lighting: value-added portfolio inching towards 60% ceiling business.	Premium lighting 50% of portfolio lighting. BLDC and LoT fans grew 60% in Q3. Premium decorative fans 30-31% of deco category revenue.	B2C lighting with innovative value-add products contributes greater than 60%. BLDC grew over 50% YoY in Q4FY25. Efforts to establish a premium range in water heaters. In premium fans, the industry would be at ~20%; BJE at ~30%+ on premium contribution.
Bajaj Electricals	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Less focus on premium, but now inching up	Premium fans % contribution grew QoQ/YoY but remains small part of portfolio. Launched NEX as a premium fan brand.	In consumer behavior and buying patterns, there is a clear shift towards premium products. BLDC and premium portfolio % of overall ceiling fans improved YoY. For fans, sub-economy is ~70% and the rest from premium/economy segments. Morphy is in the premium category.	Premium share in fans and water heater is now 20-25%. Premium lighting share is 17-18%.	It created a BU structure for the fans business to enhance focus on growing categories, including the new launches in the premium segment.

Source: Company, Axis Capital

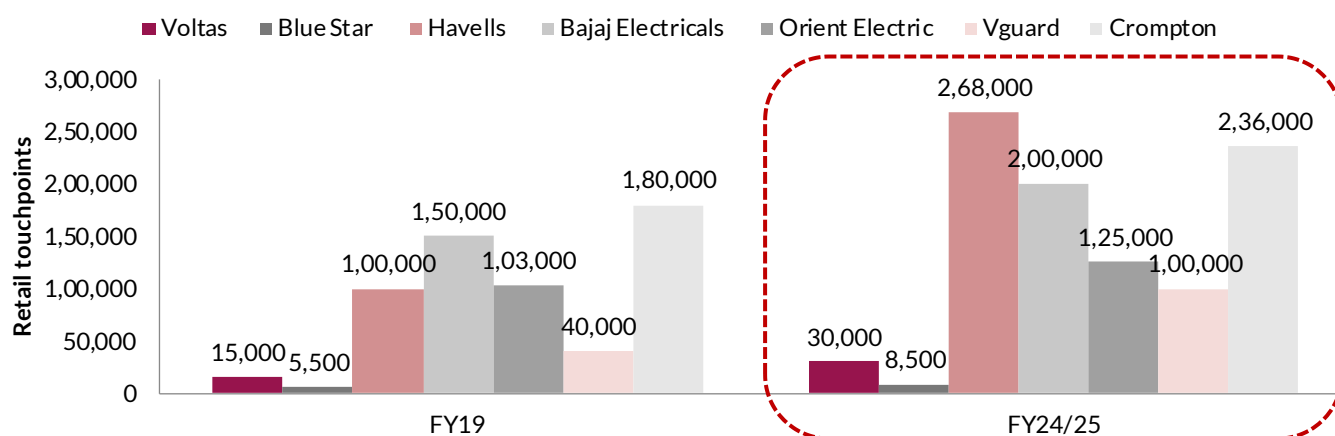
Exhibit 54: Companies start inching up their premium portfolios

Companies	FY19 (comment on premium)	FY25 (comment on premium)
LG India	Strong portfolio in mass	Share of premium portfolio increased
Samsung India	Strong portfolio in mass	Share of premium portfolio increased
Voltas	Mass Brand	Mass Brand
Voltas Beko	Mass Brand	Mass Brand
Lloyd	Mass Brand	Now mass premium brand
Blue Star	Mass Brand	Now mass premium brand
Crompton	10-15% of Fans	22-25% of Fans
Bajaj Electricals	Limited premium presence	Substantial expansion in premium mixers, IoT fans, Morphy Richards brand
Whirlpool	Mass Brand	Still a entry level brand but has improved premium multi-door refrigerators, premium front-load washing machines, IoT appliances (Elica)
Orient Electric	10-15% of Fans	30% of Fans

Source: Company, Axis Capital

Exhibit 55: Most of the companies have strengthened their R&D capabilities; Blue Star and Orient emerge as strong players


Source: Company, Axis Capital

Exhibit 56: Companies have significantly expanded their retail touchpoints in past 5 years – Havells/Crompton lead here


Source: Company, Axis Capital, for Crompton FY19 is estimated

Exhibit 57: Large appliances continue to inch up modern trade share along with e-com and traditional channel

Large Appliances	Voltas	Blue Star	Havells
Modern trade	<ul style="list-style-type: none"> 130+ Exclusive Brand Outlets (EBOs), focus on Tier-2/3 cities. Industry-leading 50% reach, 79% weighted distribution in modern trade. Strategic shift from traditional to modern format. Strong partnerships with LFRs and multi-brand outlets. 	<ul style="list-style-type: none"> 6,000+ stores, 3,880 channel partners. Aggressive Tier-2/3 expansion, with +500 new partners. Emphasis on in-store demonstrators and hybrid offline-online promotions. 	<ul style="list-style-type: none"> 660+ Galaxy and Lloyd stores. Strong shelf space and merchandising at MFR counters. Lloyd business is ~40-50% on modern trade.
E-com	<ul style="list-style-type: none"> Market leader: ~40% share in RACs in online, in FY20. Deep integration with Amazon, Flipkart, TataCliq. Voltas Lounge/Voltbek D2C web stores launched. Became the leading dishwasher brand on e-com platforms in FY25. 	<ul style="list-style-type: none"> 10-12% of consumer revenue from e-com. Robust D2C portal, virtual stores, e-com SKUs. Continued focus on advanced SEO, AI, and brand campaign strategies. 	<ul style="list-style-type: none"> Strong omnichannel push (D2C + O2O) Top 3 ranking in many categories; online revenues nearly doubled post Covid.
Distribution Strategy	<ul style="list-style-type: none"> 30,000+ touchpoints nationwide, 15,000 in Voltas Beko. Strong presence in Tier-2/3 cities. Continues to expand omni-channel: EBOs, experience zones, e-com. Onboarding new channel partners, and launching channel-specific products and marketing programmes to increase accessibility to its high-quality appliances. 	<ul style="list-style-type: none"> 4,000+ channel partners, 8,000+ touchpoints. Star Connect portal, channel finance tie-ups Focused on strengthening CAC and commercial refrigeration channel/service. 	<ul style="list-style-type: none"> 2.6 l+ retailers touchpoints, 17k+ dealers. Sampark App, now accepting 90-95% orders online. Strong expansion of rural reach (Utsav stores, CPC/CSD).

Source: Company, Axis Capital

Exhibit 58: E-com business sees higher double-digit CAGR for ECD brands; strengthening modern trade

ECD - Brands	BJE	Crompton	Vguard	Orient
Modern Trade	<ul style="list-style-type: none"> NFR + RFR strategy contributing 10%+ of revenue. Alternate channels now contribute ~43% of business. 	<ul style="list-style-type: none"> With technology, it will strengthen trade channels, unlock the potential of modern trade; regional chain stores and the rural channel to drive robust sales. 	<ul style="list-style-type: none"> Strong MT growth: >30% YoY VIP promoter program scaled across multiple cities. 	<ul style="list-style-type: none"> Expanded with Smart Shops Partnerships with LFRs (Croma, Reliance, etc.); created SKUs for MT.
E-com	<ul style="list-style-type: none"> Strong presence with #1 in air-coolers on e-com, in FY20. E-com revenues continue to grow in high-double-digits. 	<ul style="list-style-type: none"> Achieved market leadership in air-coolers and water-heaters in FY24. #3 player in chimneys, as of Mar'25. Growth in e-com in excess of 20% YoY. 3x growth in lighting in e-com in FY25 	<ul style="list-style-type: none"> 7-10% of ECD revenue exclusive online SKUs, fast-delivery model. ~50% CAGR over in FY21-23 from online channel. 	<ul style="list-style-type: none"> E-com channels contributed significant revenue growth. Strengthened presence on Amazon, Flipkart, and quick-com platforms like Swiggy Instamart and Blinkit. Launched direct-to-consumer (D2C) portal.
Distribution strategy	<ul style="list-style-type: none"> 2 l+ retailers, 850+ distributors 45% revenue from alternate channels from 30% five years back. Expect mix of traditional and alternate channels at ~55:45. 	<ul style="list-style-type: none"> 2.9 l+ retailers repositioning butterfly channel; continue to focus on e-com, and prioritize quick-com. 	<ul style="list-style-type: none"> 100k+ retail touchpoints. Project DISHA for non-South India markets. AI-led supply chain, Rishta (loyalty), Pragati (sales tracking) to improve channel presence. 	<ul style="list-style-type: none"> 1.25 l retail outlets, DTM in 11 states with focus on increasing. CRM-enabled call centers for seamless after-sales service. Continues to strengthen e-com.

Source: Company, Axis Capital

Understanding opportunities for key potential segment

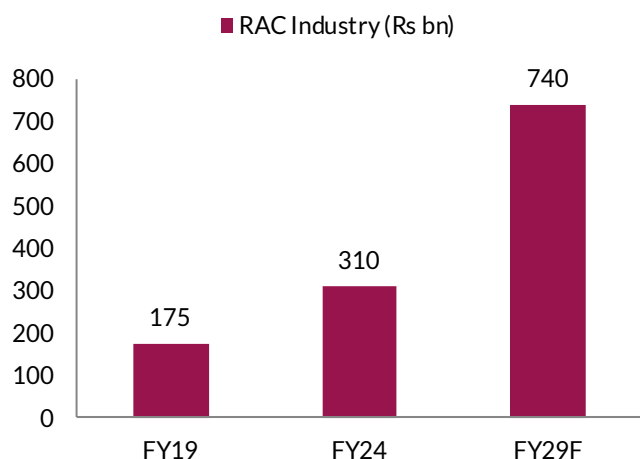
In India's household durable market, competition unfolds across three major types of players: domestic players, Chinese players, and global brands (including South Korean players), each bringing distinct strengths and strategies that shape the competitive landscape.

- **Indian players:** Companies such as Voltas, Havells, Godrej, and Blue Star leverage their deep-rooted understanding of the Indian market to capture a broad consumer base. Their long-standing brand equity, coupled with extensive distribution networks, enables them to reach both urban and rural consumers, catering especially to price-sensitive segments. By aligning products with regional preferences, they build and maintain strong local trust. Indian brands also prioritize versatile offerings, frequently introducing models that balance basic functionality with modern features, appealing to consumers transitioning from first-time purchases to affordable upgrades. These factors allow Indian players to capture loyal segments, even as foreign brands intensify their presence
- **Chinese players:** Chinese brands, including Haier, have introduced additional competition to India's appliances and electronics market by utilizing extensive scale, efficient manufacturing, and well-established channel penetration. With a significant presence, particularly in mid-tier and semi-urban areas, these brands offer competitively priced, feature-rich products with appeal across price-sensitive segments. Focused on rapid product cycles and functional upgrades, Chinese players cater primarily to budget-conscious consumers, while also introducing smart functionalities at accessible prices to attract aspirational buyers. Also, as anti-dumping duties impact imports, many Chinese firms are forming local manufacturing partnerships to align with the 'Make in India' initiative, further strengthening their footprint in the Indian market.
- **Global players:** Global brands such as Whirlpool, Philips, Samsung, Sony, and LG leverage a blend of international expertise and robust brand reputation. Known for their quality and commitment to innovation, these brands primarily target the mid-premium and premium segments, where consumers are drawn to products that offer advanced functionality, reliability, and after-sales support. With a focus on high-quality manufacturing and cutting-edge features, these brands are well-positioned to meet the growing Indian demand for premium experiences and durable products. Global players often appeal to urban consumers seeking appliances that integrate seamlessly with modern lifestyles, offering smart technology, energy efficiency, and aesthetic appeal. South Korean giants such as Samsung and LG have built considerable market share by adapting global best practices to local needs, incorporating features that address the climate, cultural preferences, and tech-savvy trends prevalent among India's premium consumer base.

RACs – lowest penetration with large headroom to grow

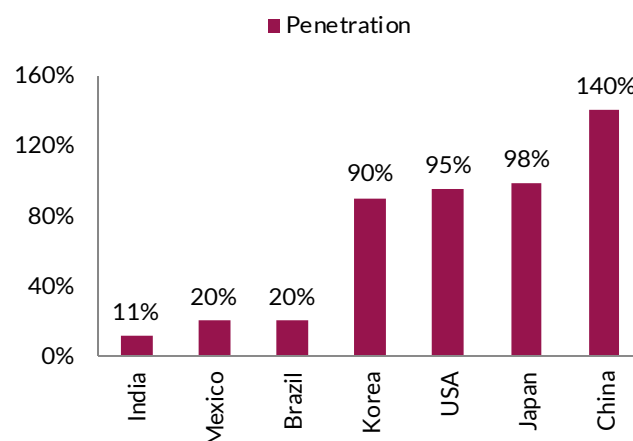
We expect the Indian RAC market to see a CAGR of ~19% over FY24-29E, driven by (1) increasing disposable income, urbanization, easy availability of finance, change in weather conditions, increase in ACs per room vis-à-vis other durable categories, and the emergence of modern trade/online channels.

Exhibit 59: RAC industry to see CAGR ~19% over FY24-29E



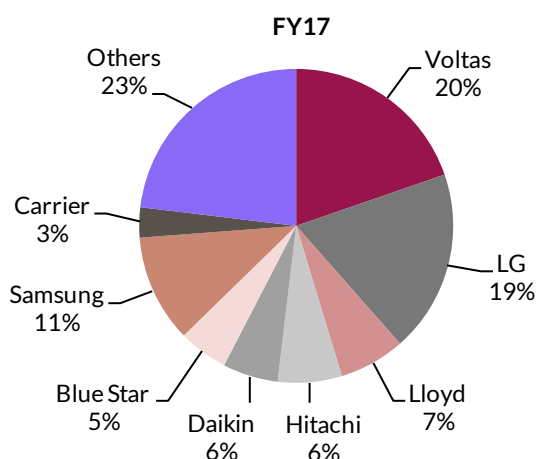
Source: Frost & Sullivan Analysis, Axis Capital estimates

Exhibit 60: India has the lowest RAC penetration – significant room to grow (past 2 years penetration has grown to 11% from 7%)



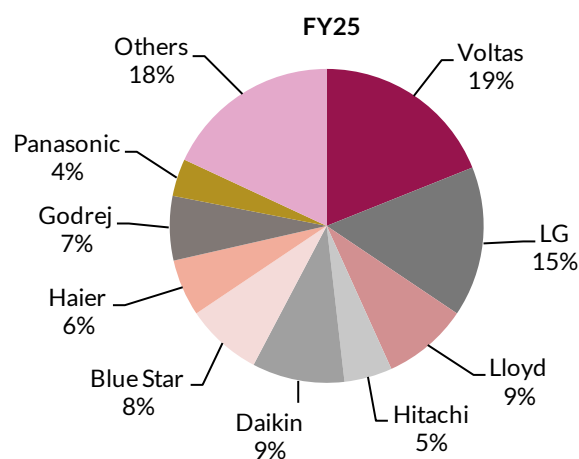
Source: China statistical report, Axis Capital estimates

Exhibit 61: Secondary market share (volume) in FY17



Source: Industry, Axis Capital

Exhibit 62: Secondary market share (volume) in FY25

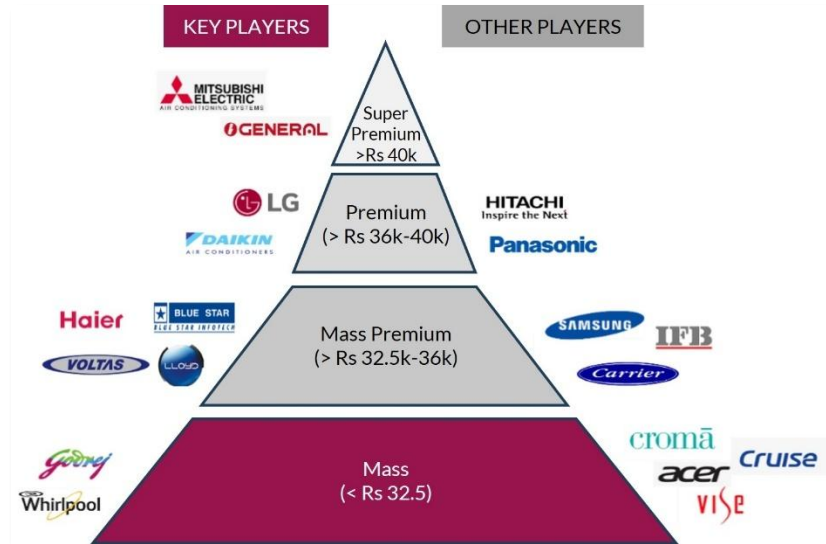


Source: Industry, Axis Capital

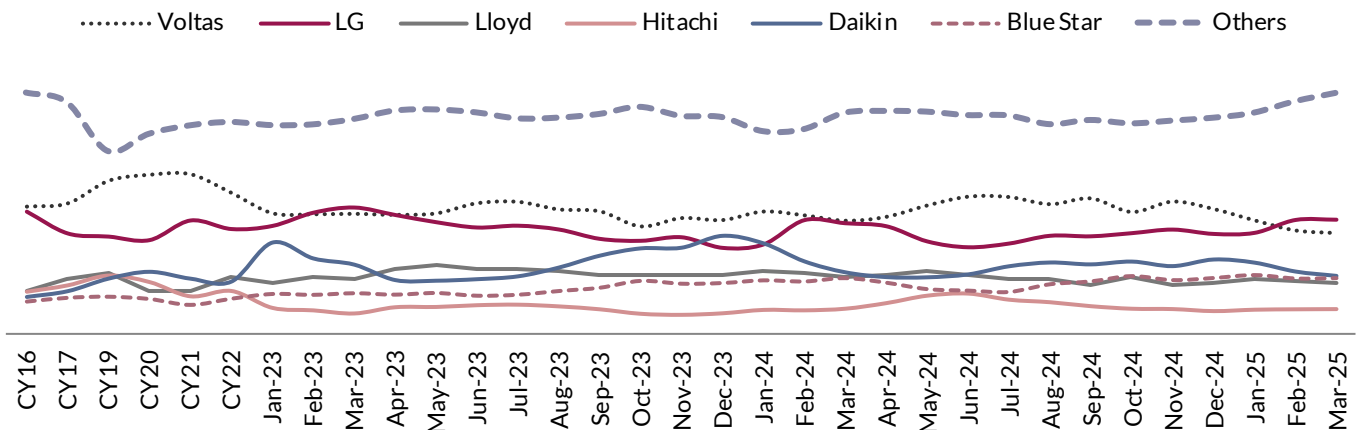
The Indian RAC market is highly fragmented with a varied set of players – global, indigenous, and importers – selling a wide range of products. Voltas and LG are the front-runners and have a long-standing presence in India. As the Indian RAC market is growing, retail giants such as Reliance, Croma, Flipkart, etc. and other small brands like Onida, Cruise, etc. are creating their own labels and trying to capture a slice of this growing business. Also, players like Godrej and Haier are new entrants and have been very aggressive, resulting in gaining market share at the cost of margins. Indian customers are highly brand conscious, and word-of-mouth plays a major role in purchase decisions. RAC brands spend substantially on advertising and brand-building to exploit the potential from the underpenetrated Indian market. High demand for RACs is expected to come from Tier-2/3 cities, which makes distribution and service network important factors for availability and product support.

Exhibit 63: RAC competition landscape

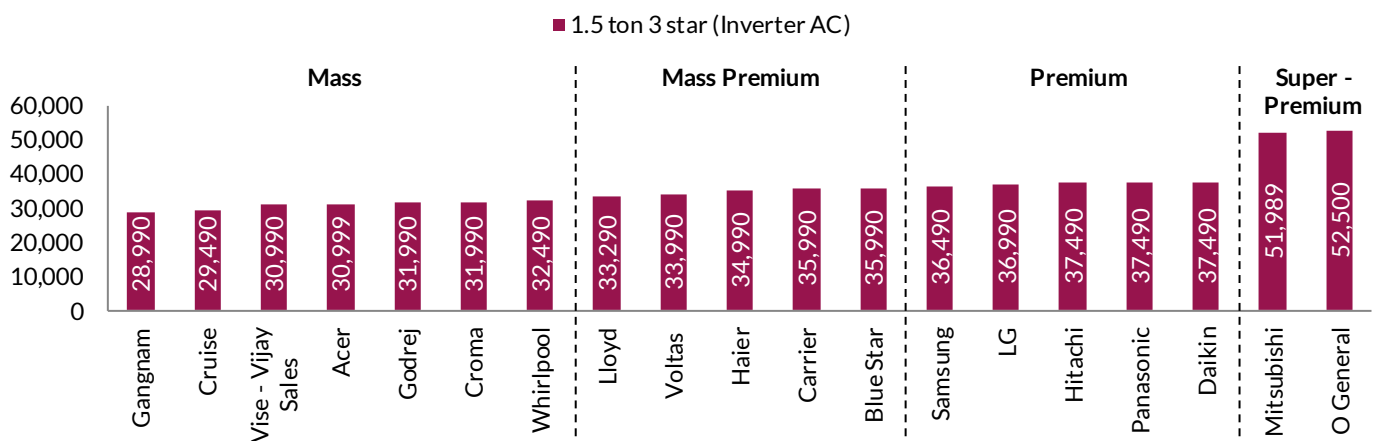
Entry-level brands lack manufacturing capability; hence brands with strong distribution + manufacturing capability + balance sheet will sustain growth in the long term



Source: Amazon, Axis Capital. 1.5Ton-3star Inverter Split AC

Exhibit 64: Intense industry competition led to decline in leaders' market share, but Top 5 players account for ~60% market share


Source: Industry, Axis Capital

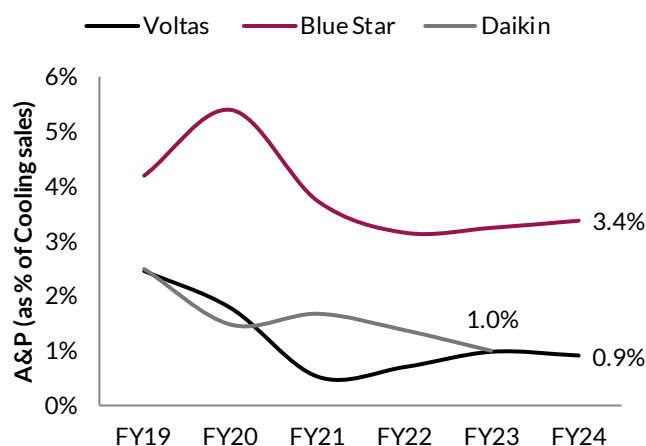
Exhibit 65: RAC industry has ~45-50 brands, with the Top 5 constituting ~60% of market share


Source: Amazon, Axis Capital

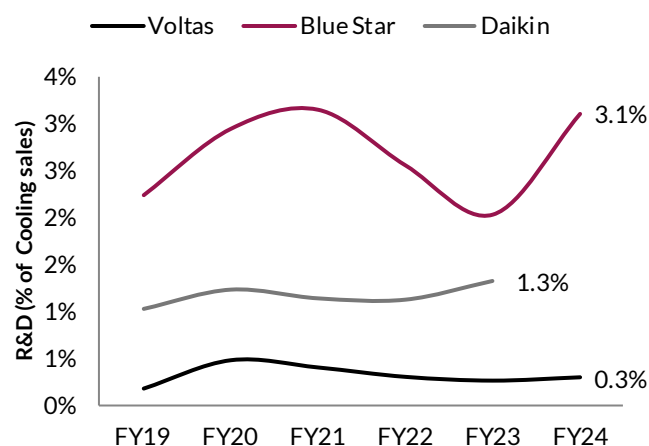
Exhibit 66: Top 4 AC players have seen ~20-25% CAGR over FY20-25

RAC – Revenue (Rs Mn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	CAGR
Daikin -Total*	36,524	40,052	33,650	46,804	65,877	1,05,000	NA	24%
Voltas - UCP	31,556	40,737	42,185	48,819	64,745	81,605	1,06,139	21%
Blue Star- UP	22,690	23,006	18,683	26,122	36,269	45,922	56,211	20%
Lloyd	18,556	15,903	16,888	22,606	33,686	37,852	51,233	26%
Johnsons Controls - Hitachi	22,413	21,974	16,465	21,590	23,844	19,187	27,565	5%

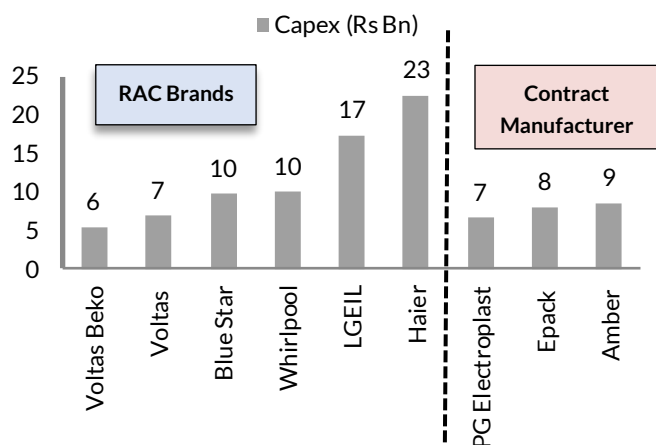
Source: Company, Axis Capital, *for Daikin – CAGR is FY19-24; while FY20-25 for others, FY24- Axis estimates for Daikin

Exhibit 67: Blue Star leads in A&P


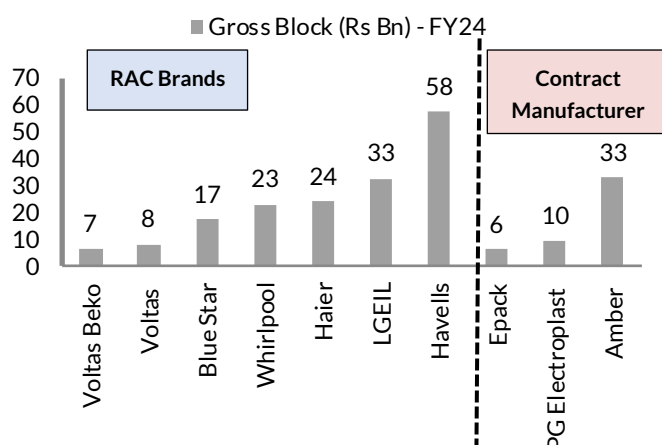
Source: Company, Axis Capital

Exhibit 68: Blue Star has been spending higher in R&D


Source: Company, Axis Capital

Exhibit 69: Haier/LG incur the highest capex over FY19-24


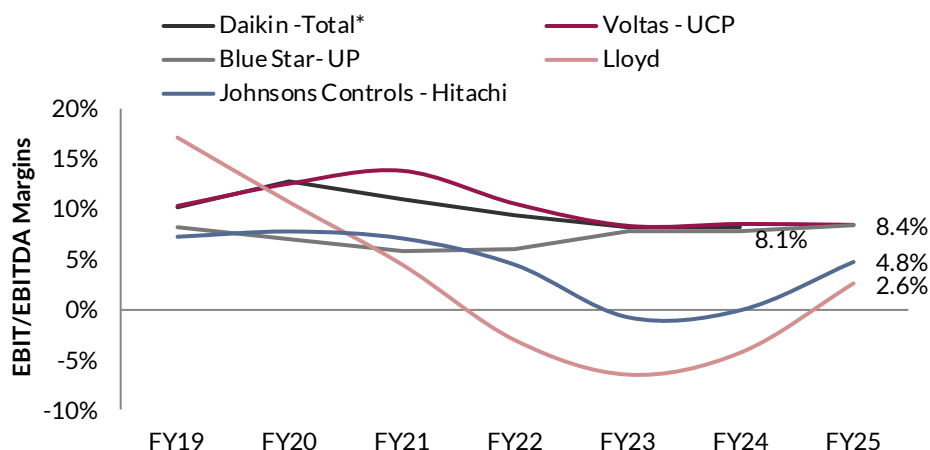
Source: Company, Axis Capital

Exhibit 70: Havells has the highest gross block due to its strong product basket, followed by LG


Source: Company, Axis Capital

Exhibit 71: RAC industry EBIT/EBITDA margins trends

RAC industry margins have gone down in the past 5 years mainly due to aggressive competition

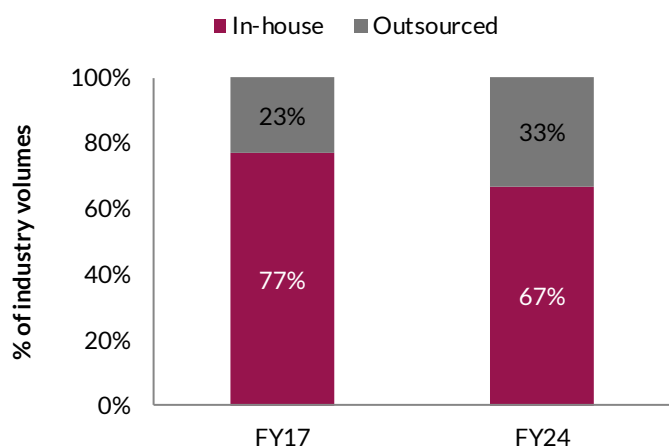


Source: Company, Axis Capital, For Hitachi & Daikin – EBITDA margin while EBIT for others

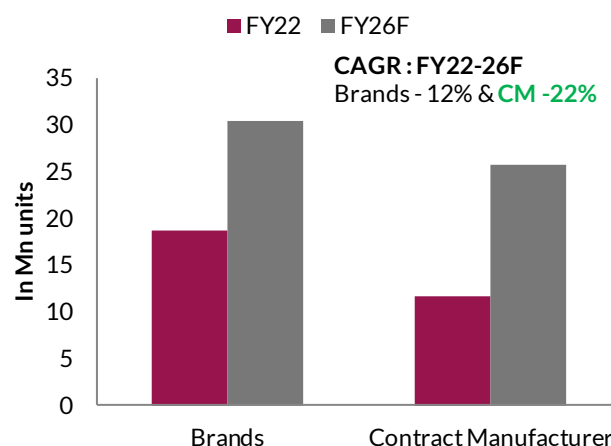
Increase in domestic capacity led by PLI and localization

In alignment with the Govt's 'Make in India' initiative and to capitalize on the PLI scheme, several brands and contract manufacturers (CMs) have been focusing on increasing value-addition in RAC manufacturing. This has led to a significant expansion of manufacturing capacities. The increase in capacities was for RAC assembly and components, including injection molding, heat exchangers, crossflow fans, etc. We believe CMs will lead the race in capacity expansion, rather than brands, as the outsourcing market is expected to see a higher CAGR. This is mainly because of efficient resource utilization, cost competitiveness, a smoother component supply chain, seasonal products, and demand surpassing supply.

Only brands with strong balance sheets will focus on in-house manufacturing, while emerging players will continue with contract manufacturing

Exhibit 72: Outsourcing surpasses in-house on increase in no. of brands


Source: Frost & Sullivan Analysis, Axis Capital

Exhibit 73: We expect CMs' RAC capacity to exceed that of brands


Source: Axis Capital estimates

Domestic manufacturing of compressors to inch up local value-addition in RAC

Compressors are one of the most important components of any HVAC device. In India, compressor manufacturing does not happen at the scale that is needed. In some ways, India is a new kid on the block. Compressor manufacturing in India was mainly done by Highly until 2019, at an annual capacity of 1 mn units. With the increase in basic customs duty on compressors – to 10% from 7.5% – GMCC set up its first manufacturing unit outside of China, in Maharashtra, and Highly planned to increase its capacity from 1 mn to 2 mn compressors. Other players included

Daikin and LG – both manufacturing for captive consumption. However, no Indian player has so far decoded compressor manufacturing in India – we believe this is mainly because Indian companies lack the required technology. By FY27, the BIS license of all compressor exporters will expire, and demand will have to be met with local production. The current domestic compressor capacity is ~7.5 mn units and the projected RAC sales for FY26/27E are ~15.8 mn/18.9 mn units. We believe local manufacturing will ramp up in two ways: (1) global compressor manufacturers will join hands with Indian RAC brands and CMs will establish new facilities, and (2) exiting compressor CMs will expand their capacities.

Exhibit 74: Capacities of domestic compressor manufacturers – we expect new players will join the ecosystem with global partnerships, to resolve the compressor supply chain issue

Capacity of domestic players	FY24	FY25	FY26E	FY27E	FY28E
Highly	2.0	2.5	3.5	4.0	4.0
GMCC	2.0	2.5	5.0	5.0	8.0
LG	1.0	1.0	2.0	2.5	2.5
Daikin	1.5	1.5	2.5	2.5	2.5
Daikin JV with Rechi			2.5	5.0	5.0
Other Players			2.5	5.0	12.0
Total	6.5	7.5	18.0	24.0	34.0

Source: Axis Capital

Exhibit 75: How India's production would be over the next 3-4 years if BIS licenses are not renewed by the government

Production (mn units)	FY24	FY25	FY26E	FY27E	FY28E
India RAC market	11.0	15.0	15.8	18.9	21.7
Total compressors (A+B)	13.0	15.4	16.8	15.9	19.5
(A) Total imported	10.0	11.4	12.3	-	-
Highly	2.3	4.1	5.5	-	-
GMCC	5.3	6.0	6.0	-	-
Sanyo	1.6	0.6	1.0	-	-
Others	0.7	0.8	0.8	-	-
(B) Domestic	3.0	4.0	4.5	15.9	19.5
Highly	2.0	2.5	2.5	2.9	3.2
GMCC	1.0	1.5	2.0	4.0	4.5
LG	-	-	-	1.5	1.8
Daikin	-	-	-	2.0	2.0
Daikin JV with Rechi				1.5	2.0
Others New Players				4.0	6.0

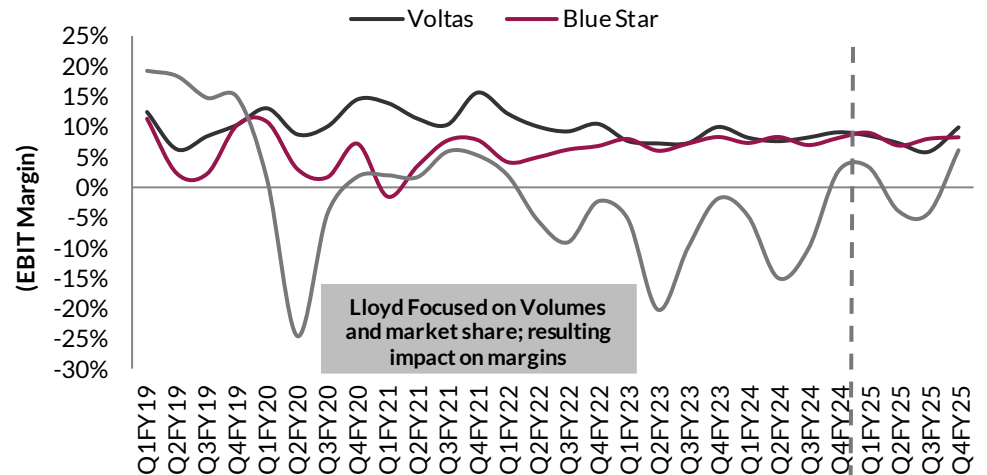
Source: Axis Capital estimates, Industry. Note: We have assumed normalized ramp-up in utilization levels

A key monitorable to resolve the compressor supply chain issue is capacity utilization for domestic manufacturers. With normal utilization levels, the industry may see supply-chain issues in FY27E.

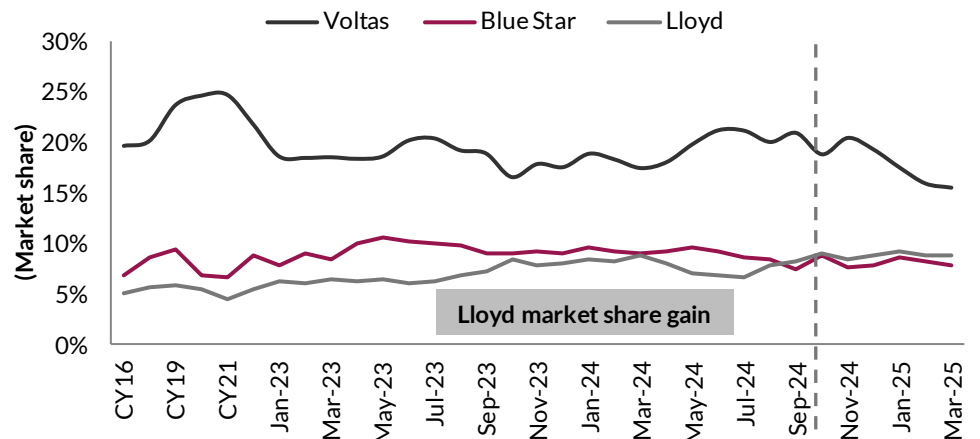
Case Study 2: Understanding price war and profitability story between three RAC brands and correlation between heatwaves + RAC

The RAC industry is highly competitive, with ~40-50 brands in the market. However, most of the players sell in the entry-level category (price below Rs 32,000) and have neither their own manufacturing capability nor strong brand recall. Many players have emerged in the RAC industry in the past five years, but intense competition has driven out players like BPL and Onida (entry-level) from the market. Havells, since it acquired the Lloyd brand in 2018, has been chasing market share rather than profitability, resulting in Voltas losing significant market share and margin. Meanwhile, Blue Star, instead of entering a price war, has been focusing on product development and improving in-house mix, distribution, and service, thereby gaining market share gain and improving margins. Also, Lloyd has started focusing on profitability, achieving its highest EBIT margin so far of 6.2% in Q4FY25, after almost five years.

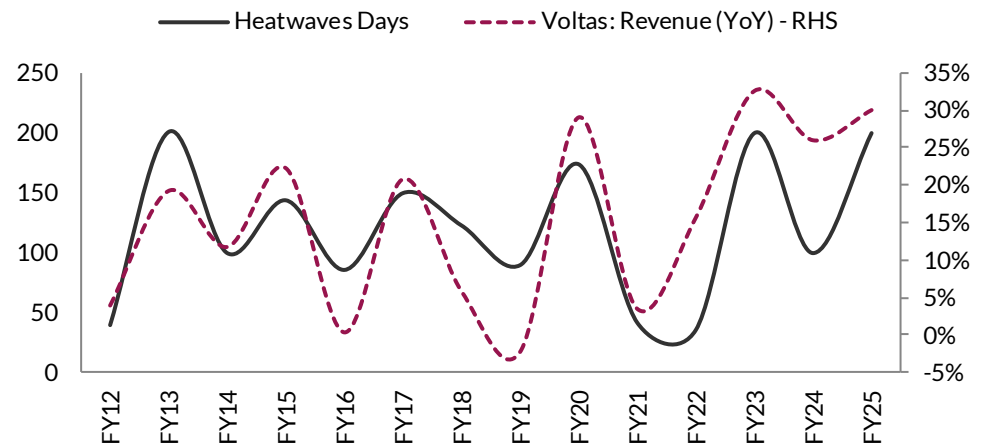
In the long term, we expect companies with strong brand recall, own manufacturing capability, backward integration, and strong balance sheet and distribution to continue to lead in the industry; however, entry-level players will continue to face competition.

Exhibit 76: Voltas/Lloyd's margins fall on entering price war, but Blue Star maintains margins


Source: Company, Axis Capital

Exhibit 77: As Lloyd and other new entry level players became price aggressive; Voltas lost its market share


Source: Company, Axis Capital

Exhibit 78: Heatwave has direct correlation with cooling appliances sales


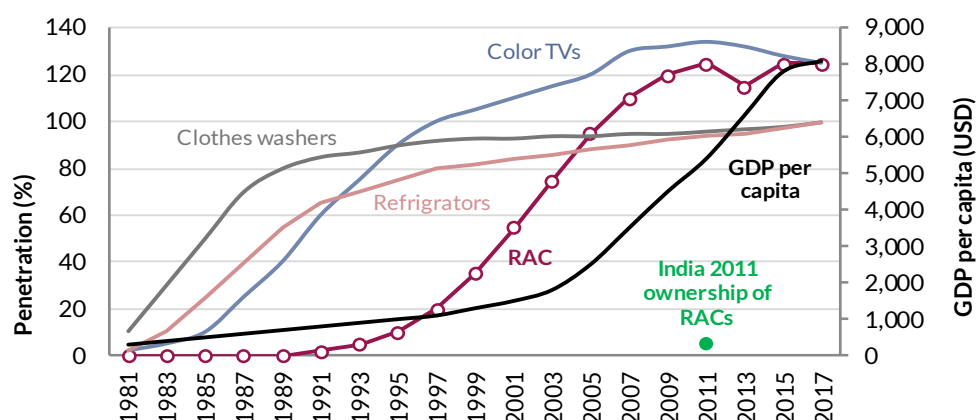
Source: Company, Ministry of Earth Science, Axis Capital estimates

Case study 3: How China's RAC sector evolved and consolidated

Between 1990 and 2010, China's RAC penetration saw a phenomenal surge, transforming the country from a virtually uncooled society into one of the world's most saturated AC markets – a change unmatched globally in scale and speed. In 1992, its RAC penetration in urban households was near zero. By 2007, the penetration exceeded 100%, indicating that many households had more than one unit. In rural areas, the penetration was much slower but still rising.

China's RAC production exploded – from <10 mn units in the early 1990s to nearly 100 mn by 2010; by the late 2000s, China was producing 70-80% of global RACs

Exhibit 79: Penetration of key appliances in urban Chinese households



Source: Axis Capital, Industry, China statistical yearbook 2013 & 2018, Industry

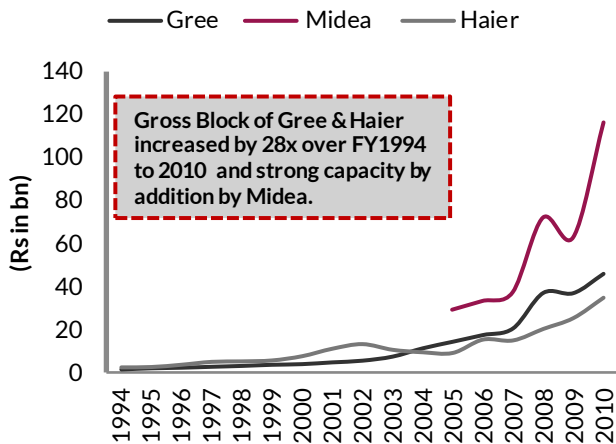
Exhibit 80: China RAC production and urban penetration (1990–2010)

Year	Production (million units)	Urban Penetration (%)
1992	<10	~5
1997	~30	~30
2000	~60	~60
2005	~80	~95
2007	~90	>100
2009	81.5	–
2010	112	–

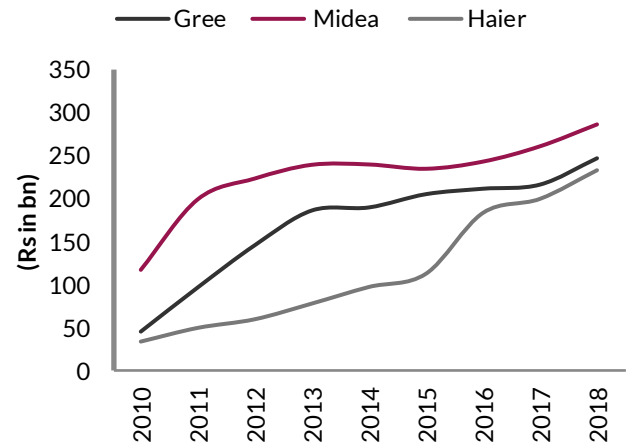
Source: Company, Axis Capital

Macro drivers helped rapid RAC uptake

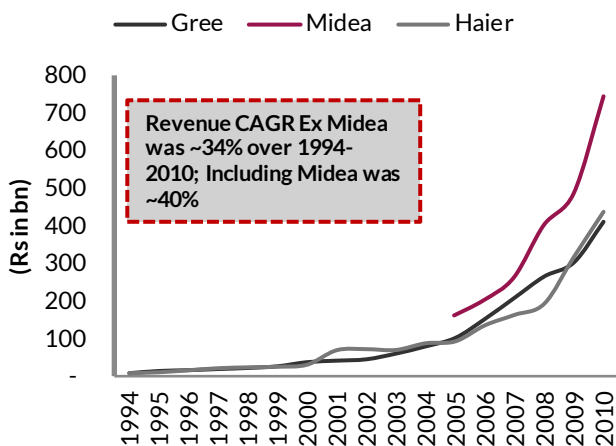
- **Rising incomes and a growing middle class:** China's per-capita GDP rose from USD 317 (1990) to USD 4,550 (2010). With disposable income, ACs became aspirational and attainable household items.
- **Urbanization boom:** Urban population increased from 26% (1990) to 49% (2010). Urban dwellings were more likely to have electricity, better insulation, and the structural setup to install split-ACs.
- **Improvement in electricity efficiency and cost:** Thermal power generation became significantly more efficient (coal use per kWh dropped from ~392 g/kWh in 1990 to ~312 g/kWh in 2010), a ~20% improvement.
- **Climate pressures and demand for comfort:** China's climate, especially in the southern and eastern provinces, involves hot, humid summers. High population density in such climate zones increased both latent demand and peer-driven adoption.

Exhibit 81: Strong gross block addition by Top 3 RAC players in China during 1994-2010


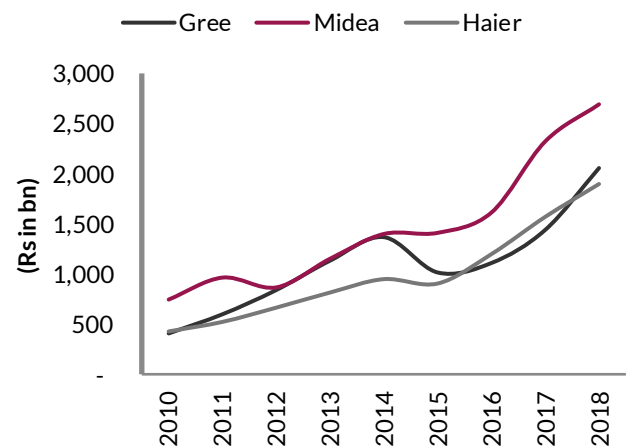
Source: Axis Capital, Bloomberg

Exhibit 82: Capacity addition continued with China becoming export hub


Source: Axis Capital, Bloomberg

Exhibit 83: China's Top 3 RAC players posted ~40% CAGR over 1994-2010


Source: Axis Capital, Bloomberg

Exhibit 84: Over 2010-2018; China's Top 3 RAC players posted CAGR of ~20%


Source: Axis Capital, Bloomberg

Motives of Chinese manufacturers

- **Economies of scale & price advantage:** RACs were a category where high fixed costs (tooling, compressor lines) could be amortized over massive volumes. As local firms like Gree, Midea, Haier, and Chigo scaled production, unit costs fell sharply, making their products competitive globally. This volume-price feedback loop fueled even more investment in production capacity. In CPI-adjusted terms, RACs were ~65% cheaper in 2010 than in the late 1990s.
- **Minimal regulatory barriers = wide market freedom:** Before 2004 and 2010 MEPS (Minimum Energy Performance Standards): There were no meaningful limits on efficiency or refrigerant use. Manufacturers could push out basic, low-efficiency models at massive scales. There were no harmonized standards separating fixed-speed and variable-speed technologies until 2008. In short: No rules = rapid production and adoption, especially when price was the key driver.

- **Technology transfer and JVs:** Between 1990 and 2010, technology transfer from foreign firms via JVs and partnerships played a pivotal role in helping Chinese RAC manufacturers: acquire advanced production capabilities, rapidly develop competitive, low-cost appliances and scale operations to serve both domestic and global markets. These transfers provided early access to inverter technology, compressor manufacturing, refrigerant handling, reliability engineering, and automated assembly processes.

Exhibit 85: How JVs fueled China's RAC revolution

JV Partnership	Timeframe	Description	Key Tech Gained	Chinese Company Outcome
York × Chinese HVAC firms	1990s	York (now part of Johnson Controls) had multiple partnerships with Chinese HVAC and RAC system integrators in the 1990s. These ventures not only helped Chinese firms scale production of large-format HVAC systems but also introduced best practices in split AC component integration.	System integration	Larger HVAC segments growth
Haier × LG/Hitachi	Mid-90s	Haier worked with LG and Hitachi (on selected technologies) to gain: Compressor design insights, RAC control system logic and Split-system assembly automation. LG, like many Korean firms, was pursuing "China+1" sourcing, and helped localize production standards.	Compressor & control design	Africa, Middle East market entry
Midea × Toshiba-Carrier	1993 onward	One of the earliest and most impactful JVs in the Chinese RAC space. In 1993, Midea set up a JV with Toshiba-Carrier, a world leader in high-efficiency air conditioning. The JV allowed Midea to: Access inverter compressor and electronics tech, Learn lean manufacturing techniques, Improve product reliability and safety standards for export. Toshiba-Carrier, in return, secured low-cost manufacturing and distribution access to the Chinese market.	Inverter compressor, manufacturing	Global export base, premium segment
Gree × Daikin	2008–10	Compressor & Inverter Tech Transfer: In 2008, Gree Electric Appliances formed a strategic alliance with Daikin Industries (Japan) to establish a joint venture for developing and producing scroll compressors in Zhuhai. Daikin brought advanced compressor design and control system expertise. Gree gained access to: Variable speed (inverter) technologies, Low-GWP refrigerant handling (e.g., R32 systems), High-efficiency DC motor controls. By 2010, Gree started rolling out its own inverter ACs using this tech.	Scroll compressors, inverter tech	Export-led growth, inverter launch

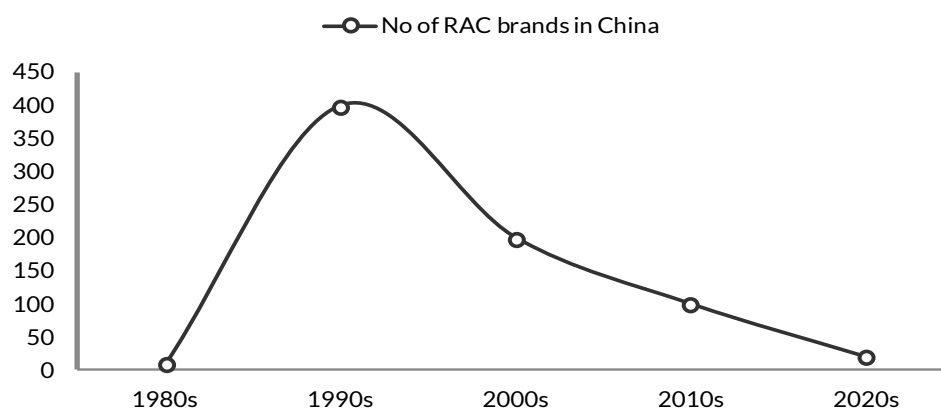
Source: Company, Axis Capital

- **Export-led growth and global dominance aspirations:** During the 1990s, China's broader industrial strategy pivoted toward export-driven manufacturing. RACs were seen as technically complex, high-margin appliances that could help build global brand credibility. Manufacturers realized early that developed countries had growing demand for affordable RACs, and Chinese labor and supply chain costs were lower than Japan, South Korea, or the West. By the end of the 1990s, China was already the world's largest RAC manufacturer by volume, supplying both domestic and overseas markets.

All the above led to strong competition in China's RAC industry

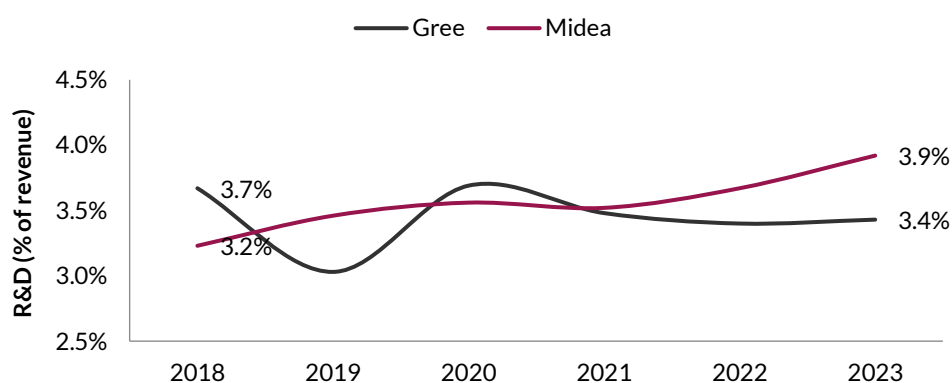
The number of RAC brands in China has seen a dramatic shift over the past four decades, moving from fragmented proliferation in the early stages of industrial development to heavy consolidation today.

China has clearly reflected the theme, wherein in early penetration/low penetration, entry-level brands emerged, but over the years, companies which focused on R&D, innovation, and premiumization have led the game.

Exhibit 86: Trend - number of Chinese RAC brands over five decades


Source: Axis Capital Estimates, Industry

- **In 1980s: The beginning – less than ten brands:** RAC was in its infancy in China. Key early entrants included state-owned enterprises (SOEs) and technology importers. Brands like Shenling, Kelong, and Haier began limited production using imported Japanese compressors.
- **1990s: Boom and fragmentation – over 400 brands:** China liberalized its manufacturing sector; RAC demand grew rapidly. Hundreds of local OEMs and private players jumped in, driven by (1) low entry barriers (2) huge domestic demand (3) lack of dominant brands. Brands included Kelon, Chigo, Chunlan, AUX, Hisense, Gree, Midea, etc.
- **2000s: Intense competition and start of consolidation – decline to ~200:** Brutal price wars, overcapacity, and poor quality thinned out weaker players. Top brands like Gree, Midea, Haier scaled up, invested in R&D and retail. Government regulation and quality standards tightened.
- **2010s: Rapid consolidation and tech differentiation – down to ~100:** Large firms invested in energy efficiency (inverter ACs), branding, and overseas expansion. E-com disrupted traditional RAC retail, hurting smaller brands. Several second-tier brands exited or became OEM-only (e.g., Chigo faded).
- **2020s: Oligopoly structure – < 20 national brands:** The market is now dominated by five giants: Gree, Midea, Haier, Hisense, AUX. Together they account for over 85% of domestic RAC sales. Many others have become OEM suppliers or niche regional brands.

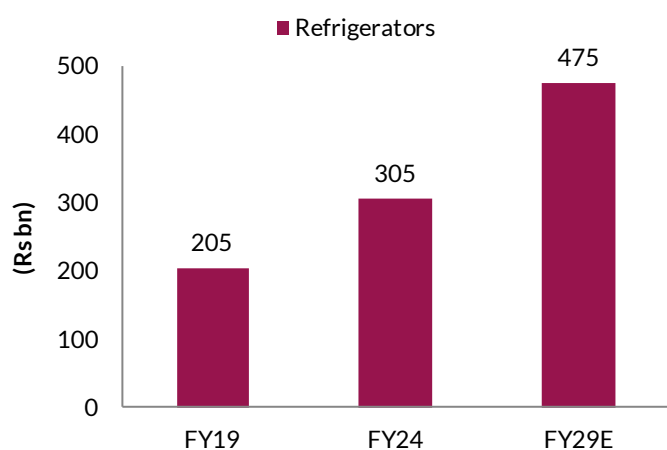
Exhibit 87: Trend: R&D expenses (as % of revenue)


Source: Company, Axis Capital

Refrigerators and washing machines to drive premiumization

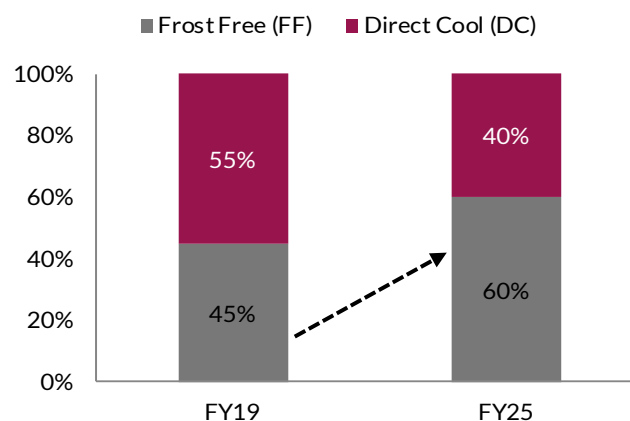
The Indian refrigerator market is growing robustly, projected to see ~9% CAGR from Rs 305 bn in FY24 to Rs 475 bn by FY29E. A key driver of this growth is the rising consumer preference for frost-free (FF) refrigerators that have seen market share increase from 45% in FY19 to 60% in FY25 on superior technology and enhanced storage capabilities. The competitive landscape has evolved significantly post Covid. In FY20, the market was largely dominated by Samsung (31%) and LG (30%), with several smaller players. However, in FY25, LG continued to lead with a 27% market share, while Samsung has declined to 22%. Whirlpool has 18% and new challengers like Haier (12%) and Voltas Beko (5%) have emerged strongly, indicating strong competition. In the direct cool (DC) segment, LG remains the leader, Whirlpool has risen to the #2 position, and Voltas Beko has made noticeable gains. Haier leads in terms of SKU count in DC, with 109 models, followed by Whirlpool and LG. In the FF segment, LG has overtaken Samsung as the top player, backed by a strong portfolio of 106 SKUs – the highest in the category. These trends reflect a shift toward brands that are expanding product ranges and focusing on innovation, positioning LG, Haier, and Voltas Beko as the key beneficiaries in the evolving market.

Exhibit 88: Refrigerators to see ~9% CAGR over FY24-29E



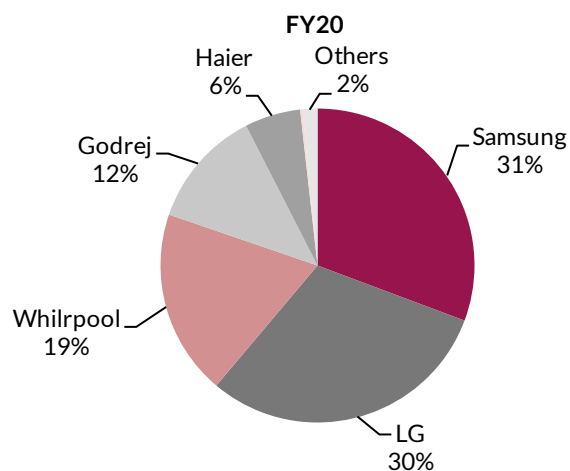
Source: Axis Capital estimates

Exhibit 89: Share of FF refrigerators have increased on technology upgrade and better storage



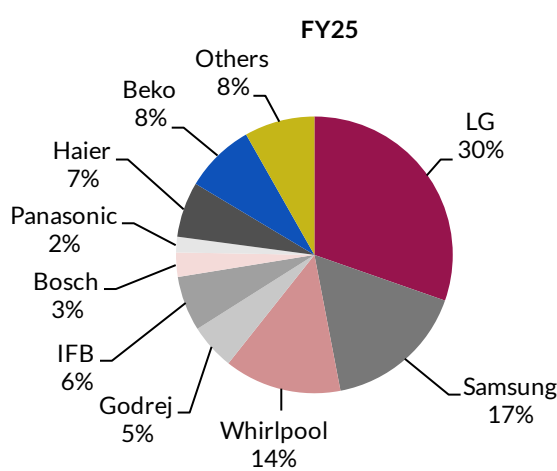
Source: Axis Capital estimates

Exhibit 90: The refrigerator market was dominated by few players pre Covid

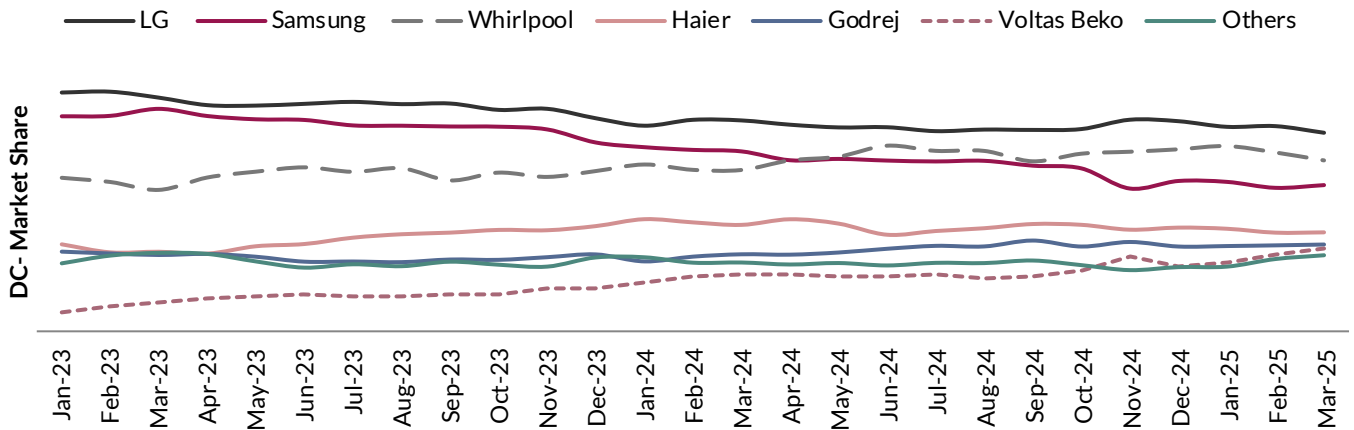


Source: Industry, Axis Capital

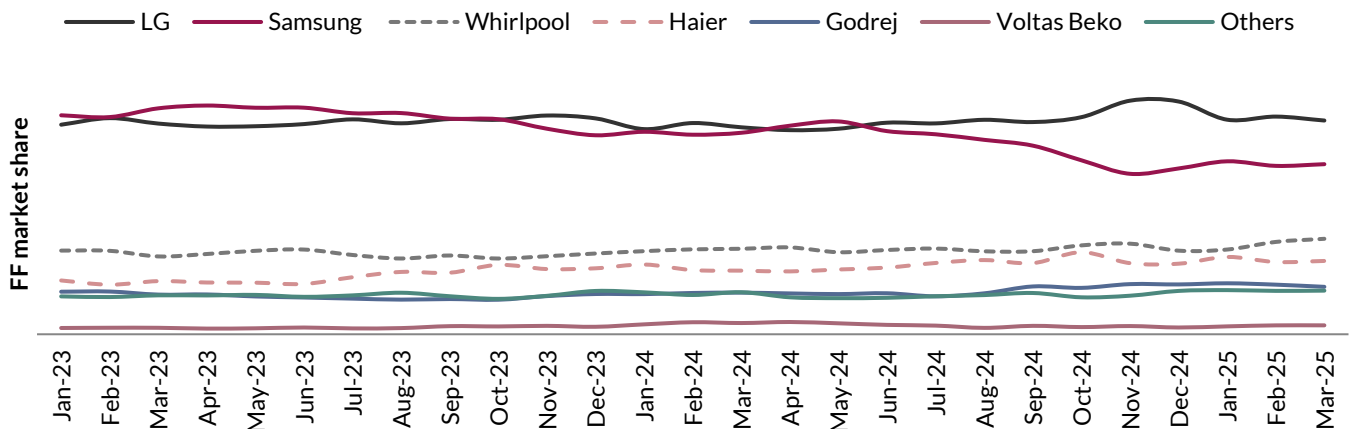
Exhibit 91: Haier and Voltas Beko have emerged as strong players in the refrigerator market



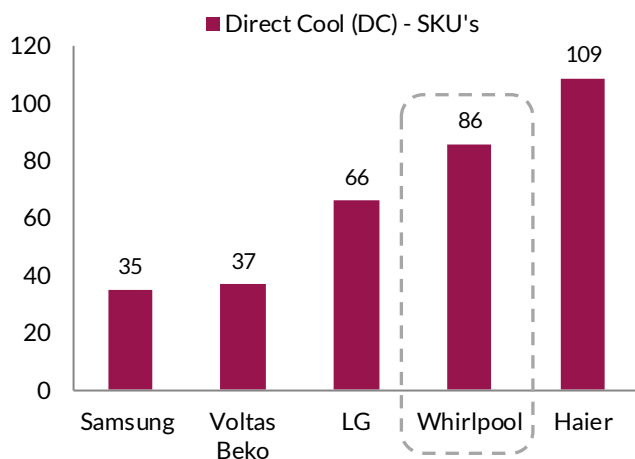
Source: Industry, Axis Capital

Exhibit 92: Whirlpool has become the #2 player in DC refrigerators; Voltas Beko has gained significant market share


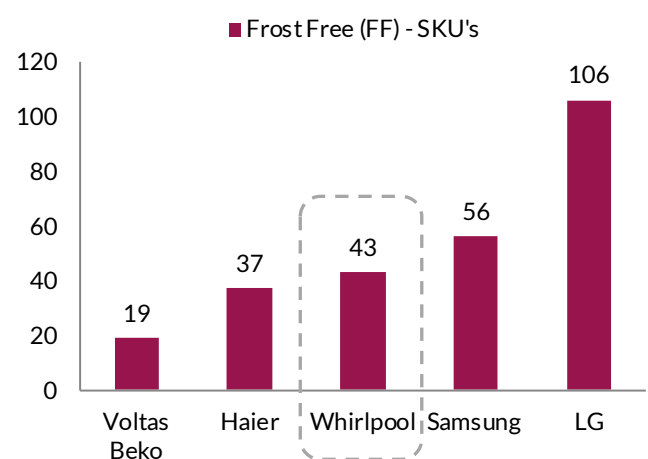
Source: Industry, Axis Capital

Exhibit 93: Samsung lost its #1 position in FF refrigerator, while LG gained


Source: Industry, Axis Capital

Exhibit 94: Haier leads in DC - refrigerator SKUs


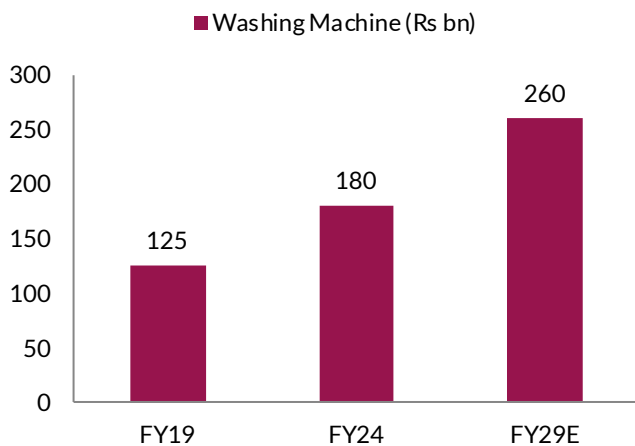
Source: Company websites, Axis Capital

Exhibit 95: South Korean players lead in FF refrigerators


Source: Company websites, Axis Capital

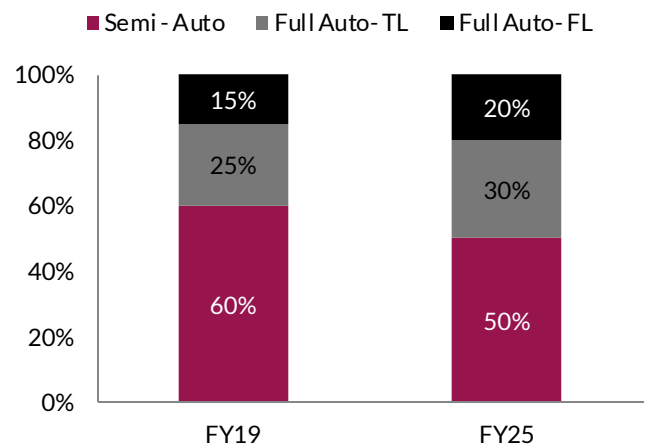
India's washing machine industry is expected to see an 8% CAGR over FY24-29, expanding from Rs 180 bn to Rs 260 bn, driven by shift towards urbanization, rising disposable income, and evolving consumer preferences, mostly towards premium ranges. A clear trend toward fully automatic washing machines is emerging, with their share growing from ~40% in FY19 to ~50% by FY25, driven by the demand for convenience amid busier lifestyles. Market leadership remains concentrated among the South Korean giants LG and Samsung alongside Whirlpool, who together continue to dominate. LG not only holds the top spot in the overall share (30% in FY25) but also boasts of having the most diversified SKU range across all washing machine types, which strengthens its competitive positioning. Notably, Voltas Beko has made rapid inroads, surpassing Whirlpool in the semi-automatic segment and increasing its share through strong SKU expansion and focused market push. IFB and Haier also remain relevant niche players, especially in the front-load segment, while Whirlpool has gained momentum in the top-load space. These dynamics underline the market gradually shifting from semi-automatic to fully automatic models, with fierce brand competition hinging on SKU depth, innovation, and brand trust.

Exhibit 96: Washing machine industry to see 8% CAGR over FY24-29E



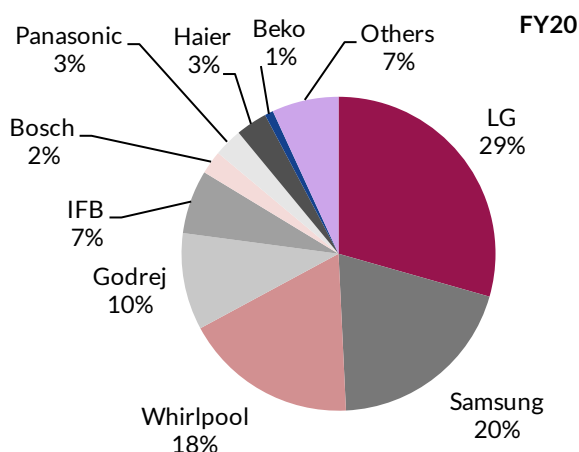
Source: Axis Capital estimates

Exhibit 97: Fully automatics are in demand with busier lifestyles due to less manual intervention



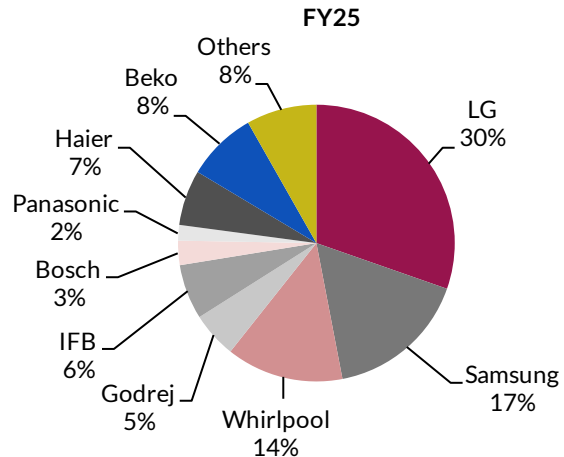
Source: Axis Capital estimates

Exhibit 98: LG, Samsung & Whirlpool remain top 3 players in the Washing Machine industry

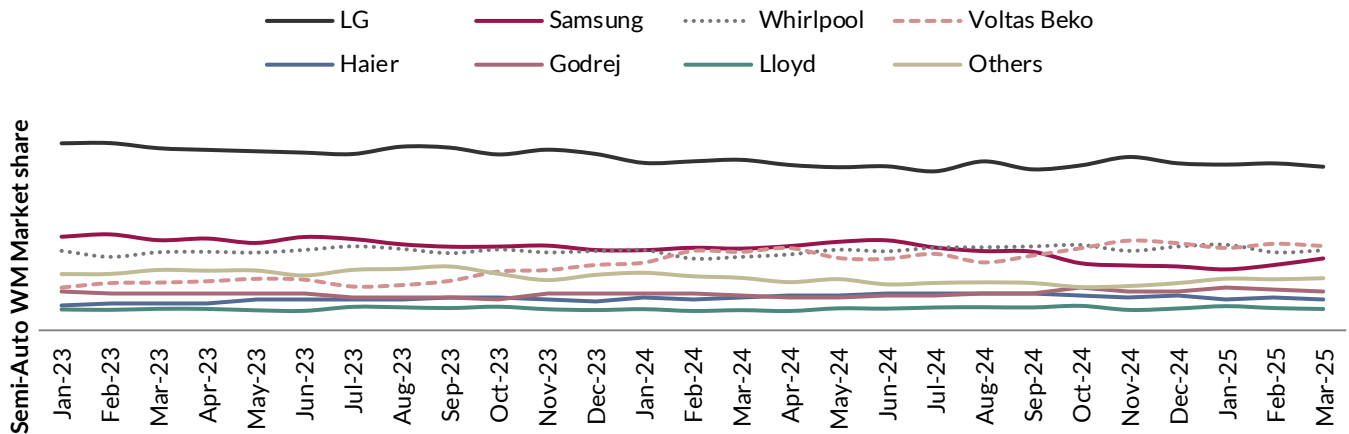


Source: Industry, Axis Capital

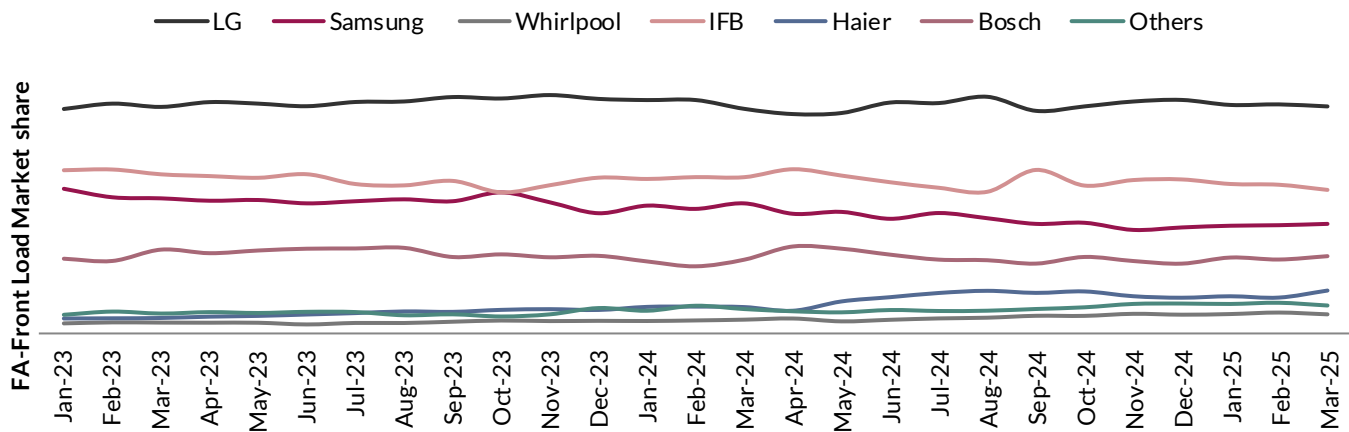
Exhibit 99: Beko and Haier gained significant market share; Top 3 players still dominate the industry



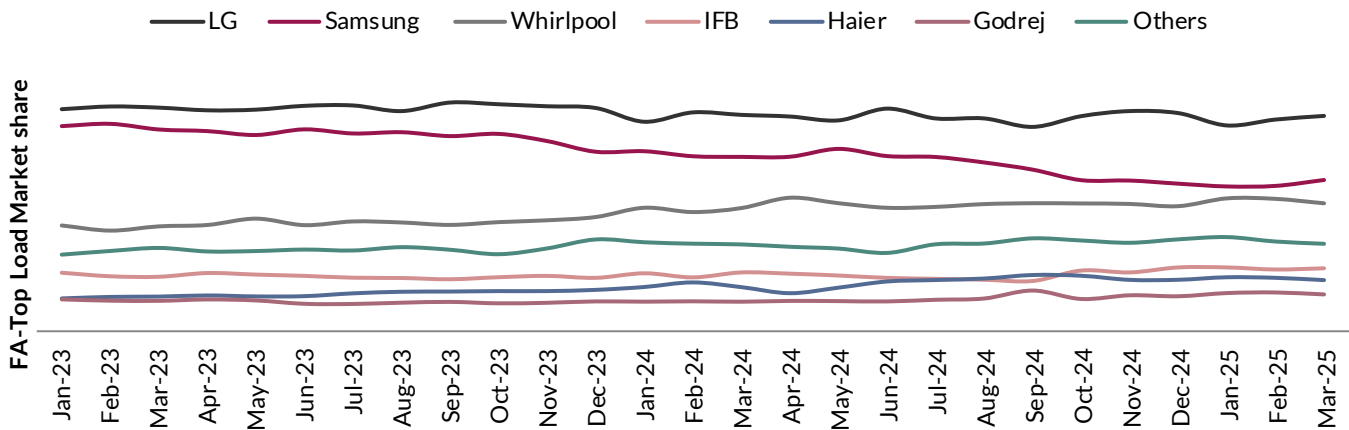
Source: Industry, Axis Capital

Exhibit 100: Voltas Beko is now #2 player in semi-automatic, overtaking Whirlpool


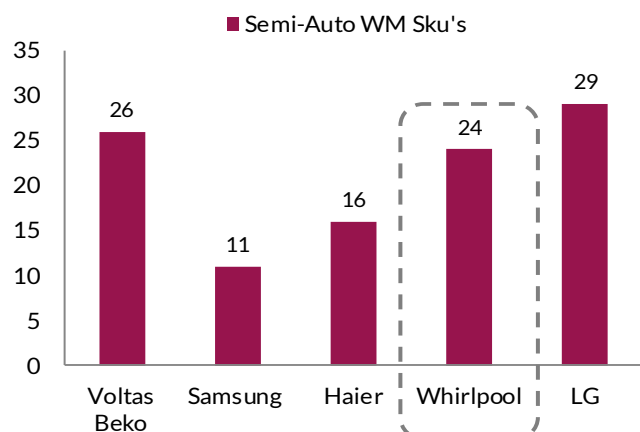
Source: Industry, Axis Capital

Exhibit 101: LG, IFB enjoy strong market shares in fully automatic front-load


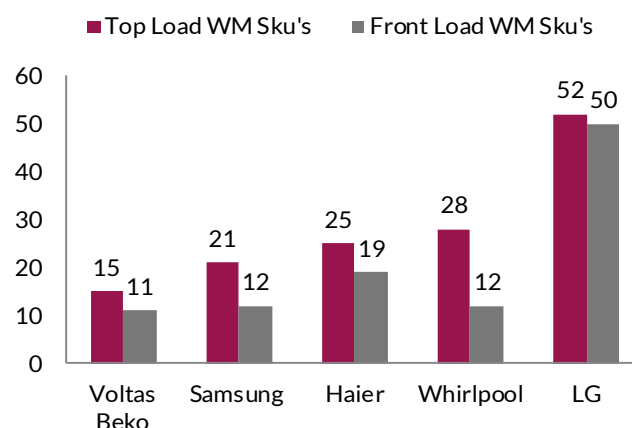
Source: Industry, Axis Capital

Exhibit 102: South Korean companies dominate here; Whirlpool has inched up its market share in fully automatic top-load category


Source: Company, Axis Capital

Exhibit 103: LG has a strong product basket in semi-automatic


Source: Company website, Axis Capital

Exhibit 104: LG has strong SKUs in top and front-load


Source: Company website, Axis Capital

Between FY19 and FY24, Voltas Beko emerged as the fastest-growing player, with a 74% revenue CAGR. But it remains loss-making due to its aggressive pricing and focus on entry level, while Haier saw a strong growth of 16% CAGR and significantly improved profits. LGEIL showed steady revenue growth but faced margin erosion and flat PAT. Whirlpool struggled the most, with declining margins and an 11% drop in PAT CAGR, highlighting an intensely competitive landscape where only a few players balanced strong growth with sustainable profitability.

Exhibit 105: Peer comparison – on like-to-like segment basis

Companies	FY19	FY20	FY21	FY22	FY23	FY24	CAGR - 5 Yr
Revenue (INR Mn) *							
LGEIL	1,09,049	1,14,780	1,08,574	1,24,182	1,50,307	1,56,797	8%
Samsung	74,082	78,328	79,120	99,812	1,18,444	1,13,884	9%
Whirlpool	47,555	53,192	53,809	57,809	62,973	64,268	6%
Haier**	29,795	35,501	33,744	44,889	54,289	63,055	16%
Voltas Beko	994	2,902	6,369	9,445	11,018	16,029	74%
EBITDA/EBIT (INR Mn) *							
LGEIL	16,015	18,443	15,345	11,747	12,998	16,743	1%
Samsung	3,507	3,043	1,069	1,719	-2,386	3,730	1%
Whirlpool	6,422	6,734	5,190	4,157	3,703	4,030	-9%
Haier**	376	-7	1,548	1,500	1,282	3,575	57%
Voltas Beko	-1,023	-1,445	-1,033	-1,549	-1,576	-1,698	NA
EBITDA/EBIT (Margin)*							
LGEIL	14.7%	16.1%	14.1%	9.5%	8.6%	10.7%	
Samsung	4.7%	3.9%	1.4%	1.7%	-2.0%	3.3%	
Whirlpool	13.5%	12.7%	9.6%	7.2%	5.9%	6.3%	
Haier**	1.3%	0.0%	4.6%	3.3%	2.4%	5.7%	
Voltas Beko	-102.9%	-49.8%	-16.2%	-16.4%	-14.3%	-10.6%	
PAT (Margin)***							
LGEIL	15,345	18,544	15,290	11,747	13,449	15,111	0%
Samsung	15,405	29,026	40,409	38,449	34,501	81,887	40%
Whirlpool	4,097	4,902	3,518	5,664	2,240	2,242	-11%
Haier**	235.9	411.6	511.8	502.9	-635.1	1555.5	46%
Voltas Beko	-987	-1,465	-1,311	-2,223	-2,507	-2,671	NA

Source: Company, Axis Capital, * Samsung & LGEIL – we have taken Revenue & EBIT of Home Appliances division and for rest is actual revenue & EBITDA.

Haier CY is treated as next FY. *PAT is total and not segmental

Peer comparison: Large electronic appliances

- **Revenue:** Between FY19 and FY25, the Indian large electronic appliances sector demonstrated steady revenue growth, with most brands posting mid- to high-single-digit CAGRs. Samsung and LG remained revenue leaders, although mass/entry-level-focused players like Haier/Voltas Beko achieved strong revenue CAGRs of 16/74%, indicating successful market penetration. Voltas UCP (unitary cooling products) and Blue Star UCP stood out with 16-22% revenue CAGRs, reflecting growing consumer preference for premium ACs and cooling solutions.
- **Gross margins** varied widely, with Whirlpool maintaining robust margins above 30%, while new entrants like Voltas Beko hovered below 2% in FY19 but improved towards FY24.
- **Operating expenses** like advertising, freight, and after-sales costs were notably higher for emerging players, reflecting aggressive brand-building and logistics investments, whereas established brands managed lower costs due to scale efficiencies.
- **Profitability** trends were mixed: while LG and Samsung maintained moderate EBITDA margins, Whirlpool and Haier sustained higher gross margins but experienced pressure on EBITDA levels due to higher expenses. Lloyd struggled with profitability in the initial years but showed signs of turnaround by FY24/25 due to focus on premium portfolio.
- Overall, the sector is moving toward premiumization and scale efficiencies, but facing margin volatility due to fierce competition, rising costs, and continued investments in marketing, distribution, and innovation to capture market share.

Exhibit 106: Large electronics appliances peer comparison – income statements...

Rs Mn	FY19	FY20	FY21	FY22	FY23	FY24	FY25	CAGR (FY19-25)
Revenue (Rs Mn)								
LGEIL	1,56,590	1,57,096	1,54,510	1,68,342	1,98,646	2,13,520		6%
Samsung	7,06,277	7,54,615	7,58,863	8,24,516	9,66,324	9,95,416		7%
Whirlpool	53,977	59,925	58,999	61,966	66,677	68,298	79,194	7%
Haier	29,795	35,501	33,744	44,889	54,289	63,055		16%
Voltas Beko	994	2,902	6,369	9,445	11,018	16,029		74%
Voltas	71,241	76,581	75,558	79,344	94,988	1,24,812	1,54,128	14%
Blue Star	52,348	53,602	42,636	60,641	79,773	96,854	1,19,677	15%
Voltas UCP	31,556	40,737	42,185	48,819	64,745	81,605	1,06,139	22%
BlueStar UP	22,690	23,006	18,683	26,122	36,269	45,922	56,211	16%
Lloyd	18,556	15,903	16,888	22,606	33,686	37,852	51,233	18%
Gross Margin (%)								
LGEIL	33.2%	35.6%	33.8%	29.9%	29.4%	30.1%		
Samsung	20.1%	19.4%	21.2%	18.4%	18.4%	24.8%		
Whirlpool	37.5%	39.1%	36.5%	32.4%	31.3%	33.0%		
Haier	26.1%	29.5%	30.9%	24.0%	24.8%	30.3%		
Voltas Beko	1.8%	4.3%	13.1%	12.0%	14.1%	13.9%		
Voltas	26.1%	27.5%	26.2%	25.7%	22.3%	21.4%	22.4%	
Blue Star	24.9%	25.0%	23.3%	21.9%	22.5%	23.7%	24.2%	
Employee Expenses (as a % of sales)								
LGEIL	3.9%	4.1%	4.4%	4.3%	4.0%	4.2%	-	
Samsung	3.6%	3.6%	3.5%	3.4%	3.3%	3.6%	-	
Whirlpool	9.1%	9.8%	10.7%	10.0%	9.7%	10.6%	10.8%	
Haier	5.6%	6.3%	6.5%	5.8%	6.4%	6.3%	-	
Voltas Beko	9.3%	7.1%	3.5%	2.8%	2.1%	2.3%	-	
Voltas	9.0%	8.8%	8.0%	7.8%	7.0%	6.2%	5.8%	
Blue Star	8.1%	9.0%	9.0%	8.4%	7.4%	7.7%	7.7%	
Advertisement & Sales Promotion (as a % of sales)								
LGEIL	4.7%	4.7%	4.9%	4.5%	4.5%	4.4%		
Samsung	4.4%	4.0%	3.4%	3.4%	3.7%	3.8%		
Whirlpool	1.3%	1.9%	1.7%	1.2%	1.0%	0.8%		
Haier	5.4%	4.8%	4.7%	3.1%	4.0%	4.8%		
Voltas Beko	53.1%	23.6%	7.7%	6.1%	5.8%	4.7%		
Voltas	1.2%	0.9%	0.4%	0.6%	0.7%	0.6%		
Blue Star	2.7%	3.3%	2.3%	2.0%	3.6%	3.8%		

Source: Company, Axis Capital

...Large electronics appliances peer comparison – income statements

Freight (as a % of sales)							
LGEIL	3.4%	3.6%	3.4%	3.6%	3.7%	3.6%	
Samsung	0.6%	0.6%	0.8%	0.8%	0.7%	0.7%	
Whirlpool	6.1%	6.3%	6.6%	6.5%	6.1%	6.3%	
Haier	4.9%	5.0%	5.3%	4.6%	4.6%	4.6%	
Voltas Beko	18.3%	9.7%	6.3%	8.0%	8.1%	7.2%	
Voltas	0.9%	1.3%	1.1%	1.5%	1.3%	1.3%	
Blue Star	1.7%	1.6%	1.6%	1.4%	1.3%	1.3%	
After Sales- Warranty Expenses (% of sales)							
LGEIL	0.0%	0.7%	0.7%	0.9%	1.0%	1.1%	
Samsung	1.0%	0.8%	1.0%	1.1%	1.0%	1.1%	
Whirlpool	1.8%	1.9%	1.9%	1.3%	1.4%	1.8%	
Haier	0.4%	0.8%	0.7%	0.5%	0.5%	1.8%	
Voltas Beko	3.7%	3.7%	2.5%	2.5%	3.1%	3.0%	
Voltas	1.1%	1.4%	1.6%	1.5%	1.5%	1.7%	
Royalty (% of Sales)							
LGEIL	1.5%	1.5%	1.5%	1.5%	1.6%	1.9%	
Samsung	2.9%	2.2%	2.3%	2.0%	2.3%	3.3%	
Whirlpool	0.9%	0.9%	1.0%	1.0%	0.9%	1.0%	
Other Expenses (% of sales)							
LGEIL	5.2%	5.4%	4.9%	4.9%	5.0%	4.5%	
Samsung	4.6%	3.9%	2.9%	2.6%	2.9%	2.9%	
Whirlpool	6.4%	7.0%	6.0%	5.7%	6.7%	6.4%	
Haier	8.4%	12.6%	9.1%	6.8%	6.9%	7.1%	
Voltas Beko	20.3%	10.1%	9.3%	9.0%	9.3%	7.3%	
Voltas	5.4%	7.1%	6.7%	5.7%	5.7%	7.7%	
Blue Star	5.8%	5.9%	4.8%	4.5%	4.0%	3.9%	
EBITDA Margin							
LGEIL	14.5%	15.7%	14.0%	10.1%	9.6%	10.4%	
Samsung	3.0%	4.2%	7.2%	5.1%	4.6%	9.3%	
Whirlpool	11.9%	11.2%	8.8%	6.7%	5.6%	5.9%	6.9%
Haier	1.3%	0.0%	4.6%	3.3%	2.4%	5.7%	
Voltas Beko	-102.9%	-49.8%	-16.2%	-16.4%	-14.3%	-10.6%	
Voltas	8.6%	8.0%	8.5%	8.6%	6.0%	3.8%	7.2%
Blue Star	6.6%	5.3%	5.6%	5.7%	6.2%	6.9%	7.3%
Voltas UCP	10.5%	12.8%	14.0%	10.7%	8.4%	8.6%	8.4%
BlueStar UCP	8.2%	7.1%	5.8%	6.0%	7.8%	7.8%	8.4%
Lloyd - EBIT	17.1%	10.6%	4.4%	-3.1%	-6.6%	-4.3%	2.6%
PAT (Rs Mn)							
LGEIL	15,345	18,544	15,290	11,747	13,449	15,111	0%
Samsung	15,405	29,026	40,409	38,449	34,501	81,887	40%
Whirlpool	4,097	4,902	3,518	5,664	2,240	2,242	3,628
Haier	236	412	512	503	-635	1,556	
Voltas Beko	-987	-1,465	-1,311	-2,223	-2,507	-2,671	
Voltas	5,139	4,474	5,288	5,060	1,362	2,481	8,343
Blue Star	1,901	1,433	1,007	1,691	4,011	4,143	5,913

Source: Company, Axis Capital

Between FY19 and FY24, large electronic appliance players improved their cashflows and controlled working capital. LG and Samsung generated strong operational cash despite high capex outflows, while Voltas Beko struggled with negative cashflows until FY23 but turned positive in FY24. Capex trends show consistent investments across the sector, with Samsung maintaining the highest gross block. Debt levels stayed moderate for most, though Blue Star and Voltas carried steady borrowings. Profitability metrics reflect mixed fortunes: LG's RoCE rose from 53% to 57%, indicating strong asset efficiency, while Whirlpool's RoCE eroded from 30% to 14%, and Voltas Beko stayed negative, highlighting ongoing profitability challenges despite revenue growth. Overall, while the sector has managed balance sheet discipline and capacity expansion, returns for some players remain under pressure amid high competition and cost structures.

Exhibit 107: Large electronic appliances peer comparison – balance sheet and important ratios

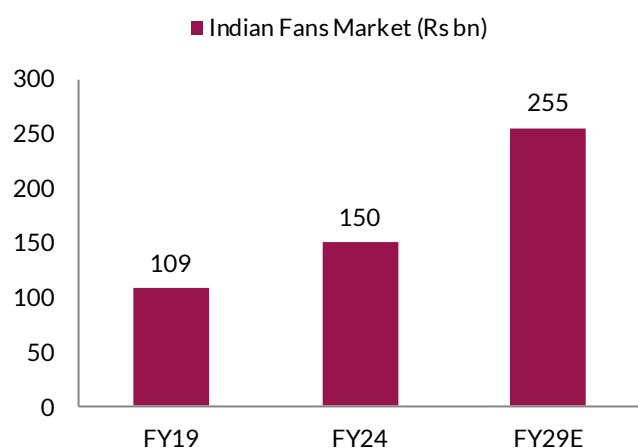
Rs Mn	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Net Working Capital							
LGEIL	15	7	0	23	15	17	-
Samsung	30	26	13	19	19	14	-
Whirlpool	-21	-2	-8	8	15	7	5
Haier	-1	10	15	15	42	28	-
Voltas Beko	397	118	112	126	110	35	0
Voltas	28	29	30	38	30	24	32
Blue Star	27	6	4	14	18	24	17
Cash Flow from Operation (CFO)							
LGEIL	14,210	20,000	20,426	5,979	18,708	16,655	
Samsung	-24,668	29,572	85,870	8,841	52,575	82,353	
Whirlpool	4,025	3,802	5,241	978	2,696	6,100	4,227
Haier	285	1,897	1,944	151	-1,203	5,846	
Voltas Beko	-1,728	-1,476	-1,698	-4,406	-2,048	89	
Voltas	1,677	7,685	5,561	5,842	1,594	7,615	-2,241
Blue Star	2,584	4,574	3,498	929	2,478	2,892	6,881
Capex (Rs Mn)							
LGEIL	-1,590	-3,649	-1,760	-2,734	-5,171	-2,421	
Samsung	-20,371	-7,020	-5,310	-15,947	-21,545	-10,492	
Whirlpool	-1,864	-3,049	-990	-1,680	-1,795	-658	-2,224
Haier	-3,208	-4,799	-5,114	-6,194	-1,755	-1,452	
Voltas Beko	-1,046	-2,114	-1,042	-974	-288	-43	
Voltas	-799	-678	-208	-482	-1,799	-2,931	-2,082
Blue Star	-786	-814	174	-2,179	-1,821	-4,359	-3,686
Gross Block							
LGEIL	15,320	18,564	22,781	24,840	30,147	32,840	
Samsung	76,151	89,594	94,276	1,01,486	1,25,790	1,30,014	
Whirlpool	8,740	11,667	12,902	17,996	20,877	23,133	25,078
Haier	5,647	6,009	10,349	20,326	23,289	24,179	
Voltas Beko	1,046	3,669	4,814	6,610	6,610	6,650	
Voltas	5,383	5,956	6,399	6,750	7,677	8,301	13,186
Blue Star	5,215	6,498	7,279	8,557	13,295	17,332	22,354
Havells	33,986	41,101	41,965	45,635	50,497	57,524	
Debt (Rs Mn)							
LGEIL, Samsung & Whirlpool	-	-	-	-	-	-	-
Haier	-	-	-	-	3,743	2,080	
Voltas Beko	99	500	2,513	5,175	5,303	3,881	
Voltas	3,147	2,179	2,606	3,608	6,506	7,133	8,633
Blue Star	3,510	4,969	4,548	4,778	5,776	1,666	1,994
ROCE							
LGEIL	53	40	32	31	44	57	
Samsung	21	25	24	20	24	36	
Whirlpool	30	29	17	10	9	9	14
Haier	3	3	5	5	-1	10	
Voltas Beko	-33	-30	-18	-21	-22	-29	
Voltas	14.3	13.2	12.6	11.5	8.7	6.6	14.4
Blue Star	26	20	16	20	23	22	25
ROE							
LGEIL	34	29	23	21	31	40	
Samsung	8	13	15	13	15	26	
Whirlpool	21	21	13	18	7	6	9
Haier	2	2	3	2	-3	7	
Voltas Beko	-34	-34	-29	-53	-60	-72	
Voltas	13	12	11	10	7	4	14
Blue Star	24	18	11	17	30	16	19
FCF/PAT (x times)							
LGEIL	0.8	0.9	1.2	0.3	1.0	0.9	
Samsung	-2.9	0.8	2.0	-0.2	0.9	0.9	
Whirlpool	0.5	0.2	1.2	-0.1	0.4	2.4	0.6
Haier	-12.4	-7.1	-6.2	-12.0	4.7	2.8	
Voltas Beko	2.8	2.5	2.1	2.4	0.9	0.0	
Voltas	0.2	1.6	1.0	1.1	-0.2	1.9	-0.5
Blue Star	0.9	2.6	3.6	-0.7	0.2	-0.4	0.5

Source: Company, Axis Capital

Fans penetration high; new opportunities in BLDC + aesthetics

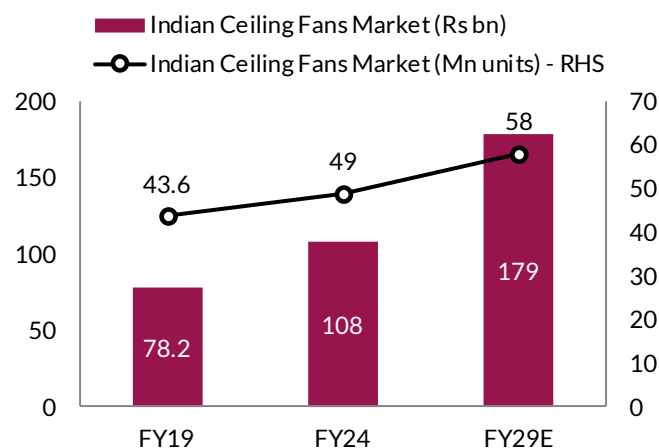
The total market for fans has seen a CAGR ~6.7% from Rs 109 bn FY19 to Rs 150 bn in FY24 and is further projected to see a CAGR of approximately 11.2% over FY24-29E to reach a market value of Rs 255 bn, on the back of premiumization, improving electrification, the shift towards branded players, increasing urbanization, the emergence of modern trade and e-commerce, and the higher need for technology-enabled and aesthetically appealing fans. But key risks remain: (1) growth of substitute products like ACs and air-coolers and (2) fluctuation in raw material prices. In FY24, ceiling fans accounted for ~72% of the fan industry in India, followed by TPW fans at ~20%, and other fans at 8% of the industry, based on value. It is expected that by FY29E, ceiling fans will account for ~70% of the Indian fan market, followed by TPW fans at 22%. Ceiling fans are mostly used in households and commercial establishments, whereas primary installation places for table fans are small shops and workplaces. The Indian ceiling fan market is dominated by branded players, controlling ~93% of the market, of which the Top 5-6 players garner ~83% market share – Crompton Greaves, Havells, Orient Electric, Bajaj Electricals, Usha, and Atomberg.

Exhibit 108: Indian fans industry to grow ~11% over FY24-29E



Source: Technopak analysis, Axis Capital

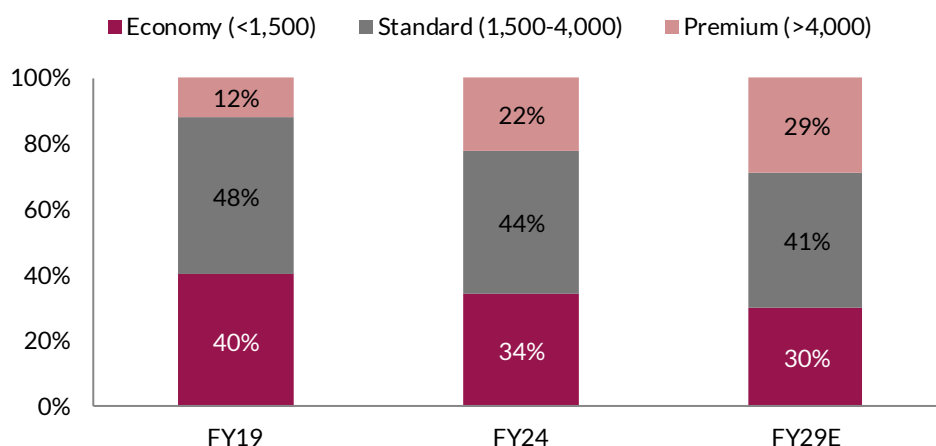
Exhibit 109: Indian ceiling fans industry to grow ~11% over FY24-29E



Source: Technopak analysis, Axis Capital

BLDC technology makes ceiling fans highly energy-efficient by reducing energy consumption to almost one-third of a regular induction motor fan, leading to ~65% cost saving, saving approximately Rs 2,100 p.a. for households.

The Indian ceiling fan market is seeing a notable shift towards premiumization, driven by increasing disposable income enhancing consumers' purchasing power. Buyers now prioritize not only functionality but also aesthetics, opting for technologically advanced and stylish fans that complement their home décor. Many leading players are launching premium and decorative fans. In FY18, ~9% of ceiling fans in the market were star-rated, indicating limited awareness and adoption of energy-efficient models; this increased to 50% in FY22; and now rating is mandatory on ceiling fans. Ceiling fans account for ~20% of the electricity consumed by an average Indian household. The above factors have resulted in the emergence of the BLDC category – energy-efficient and more innovative than induction motors. Owing to the shift in consumer mindset towards energy-efficient fans, leading fan manufacturers such as Crompton Greaves and Orient Electric have been extensively manufacturing BLDC fans for the past few years. BLDC fans constitute ~30% of their product-mix of ceiling fans. The total market for BLDC fans in India has seen a CAGR of ~62% from Rs 2 bn in FY19 to Rs 22.5 bn in FY24 and is expected to see a CAGR of 37% over FY24-29E to reach Rs 108 bn, driven by favorable government regulations and incentives, environmental awareness, increasing disposable income, higher energy savings, and better technology features.

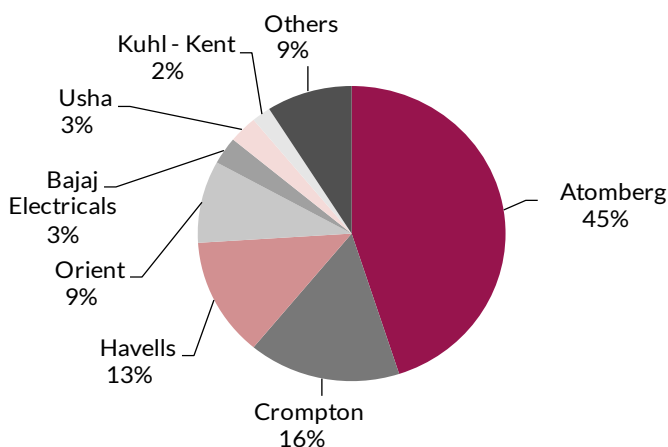
Exhibit 110: Share of premium fans will increase over the next 4-5 years


Source: Company, Axis Capital

Exhibit 111: Energy consumption comparison – ordinary fans vs BLDC fans

Type of Fan	Power Consumption (in watts)	Daily Electricity Consumption (units)	Yearly Electricity Consumption (units)	Yearly Cost (Rs)
Normal	75	1.2	438	3,942
BLDC	35	0.56	204	1,842
Saving	40	0.64	234	2,100

Source: Technopak Analysis, Axis Capital. Note: Assuming 16 hours of daily consumption and a rate of ₹ 9/unit of electricity

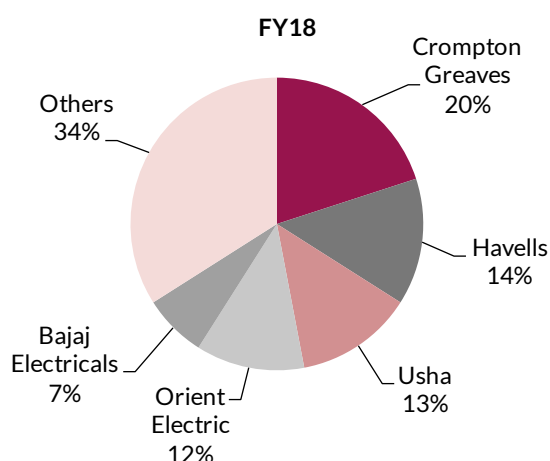
Exhibit 112: Market share of key players in BLDC Fans


Source: Technopak Analysis, Axis Capital

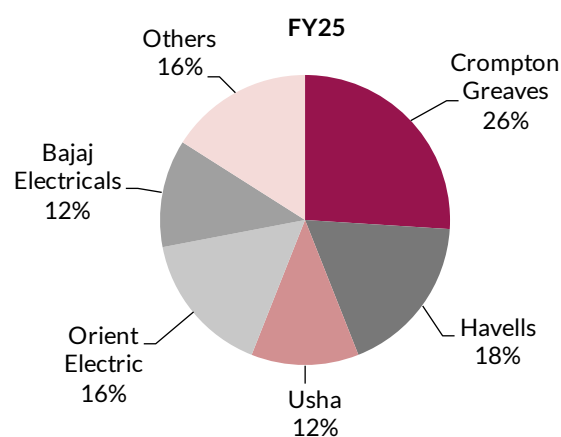
Exhibit 113: Most of the leading players have exited economy fans and started focusing on premium fans due to increasing demand

Players	Total	Economy	Standard	Premium	Price Range
Havells	381	11	276	94	1,710-22,348
Crompton	251	2	110	139	1,499-16,999
Orient Electric	252	9	169	74	1,119-27,239
Bajaj Electricals	181	0	94	87	1,699-18,000
Atomberg	172	0	107	65	1,749-7,499
V-Guard	100	NA	NA	NA	NA
Kuhl	126	0	37	89	2,780-20,475

Source: Company Websites, Technopak Analysis, Axis Capital

Exhibit 114: Value market share of top players in FY18


Source: Frost & Sullivan, Axis Capital

Exhibit 115: Value market share of top players in FY25


Source: Axis Capital Estimates

Exhibit 116: Entry-level ceiling fan price (<Rs 1,500) – Crompton leads but competition remains high

Brand Name	Longway	Candes	Indo	Crompton	Orient Electric	Havells
Model Name	Nexa P1	Star	Indo 48 Inc	Surebreeze Sea Sapphira	Apex-Fx	Tejas ES
Price	1,199	1,299	1,399	1,399	1,499	1,499
RPM	400	405	380	380	350	370
Watt	50	48	54	51	50	53
Warranty	2 yrs	2 yrs	2 yrs	2 yrs	2 yrs	2 yrs
Amazon Rating	4.2/5	3.7	4.8	4	3.9	4.2
No of Ratings		1376	8	11,160	29,338	1,150
Top Seller Rank	NA	97	NA	2	4	40
No of Units Sold last Month	NA	100+	NA	600+	1k+	50+

Source: Amazon, Axis Capital

Exhibit 117: Economy BLDC ceiling fan price (Rs 1,500-4,000) – Atomberg leads, Crompton follows

Brand Name	Havells	Orient Electric	Crompton	Longway	Polycab	Atomberg
Model Name	FAB	Uno BLDC	Energion Hyperjet	Luminair	Wizzy Neo	Renessa Enzel
Price	3,025	2,699	2,449	3,799	3,399	3,299
RPM	350	350	340	400	370	350
Watt	30	28	35	28	35	35
Warranty	3 yrs	3 yrs	2 yrs	5 yrs	4 yrs	3 yrs
Amazon Rating	4.2	3.4	3.6	3.8	3.5	4.2
No of Ratings	2,051	162	7,342	78	741	46,837
Top Seller Rank	11	6	10	83	50	1
No of Units Sold last Month	300+	200+	400+	100+	100+	3k+

Source: Amazon, Axis Capital

Exhibit 118: Premium BLDC ceiling fan price (>Rs 4,000) – Havells has a stronghold but Atomberg has better features

Brand Name	Havells	Atomberg	Crompton	Orient Electric	Polycab
Model Name	Stealth Air	Renesa Elite	Silent Pro Blossom	Aeroslim	Superia SP04
Price	7,050	4,499	12,340	11,199	9,969
RPM	280	360	300	310	340
Watt	40	35	40	40	42
Warranty	2 yrs	3 yrs	5 yrs	3 yrs	2 yrs
Amazon Rating	4	4.4	3.8	3.8	3.9
No of Ratings	2,467	322	1,590	2,168	271
Top Seller Rank	42	26			
No of Units Sold last Month	300+	100+			

Source: Amazon, Axis Capital

Case Study 4: Indian fans market – brands move up in premium range

The Indian fan industry has evolved significantly, with a clear shift toward energy efficiency, premiumization, and organized players. Crompton Greaves, Havells, Orient Electric, and Atomberg have gained market share by leveraging innovation, compliance with regulations, and strong distribution. The unorganized sector, along with brands like Khaitan, Usha, and Bajaj, have lost ground due to slower adoption of new technologies and regulatory challenges.

In fans, the entry-level category (<Rs 1,500) is flooded with brands which do not have strong distribution and manufacturing capabilities, resulting in lack of product innovation and no growth in market share.

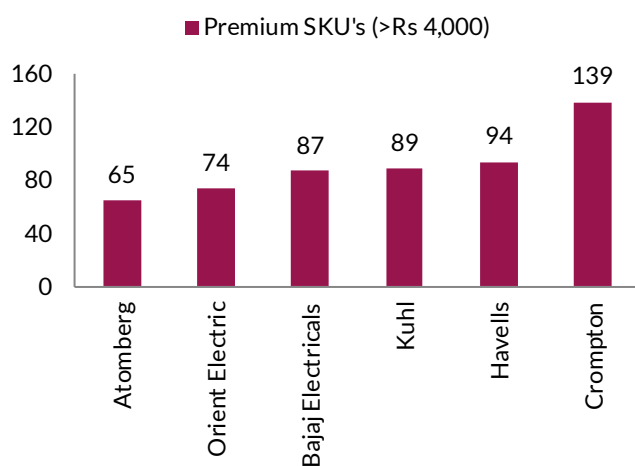
Key players gain market share in fans

- **Crompton Greaves Consumer Electricals:** (1) Strong focus on high-end categories, including premium and energy-efficient fans; (2) an extensive product portfolio covering ceiling, table, pedestal, wall-mounted, and exhaust fans; (3) early adoption of BLDC technology and compliance with BEE star ratings.
- **Havells India:** (1) A comprehensive range of fans with focus on innovation, such as smart fans with IoT features; (2) strong marketing and positioning in the premium segment, catering to urban consumers; and (3) expanded presence through e-commerce and retail outlets.
- **Atomberg Technologies:** (1) Specialization in BLDC fans, offering superior energy efficiency; and (2) a strong online presence and appeal to tech-savvy consumers and competitive pricing in the premium energy-efficient segment.

Key players lost market share in fans

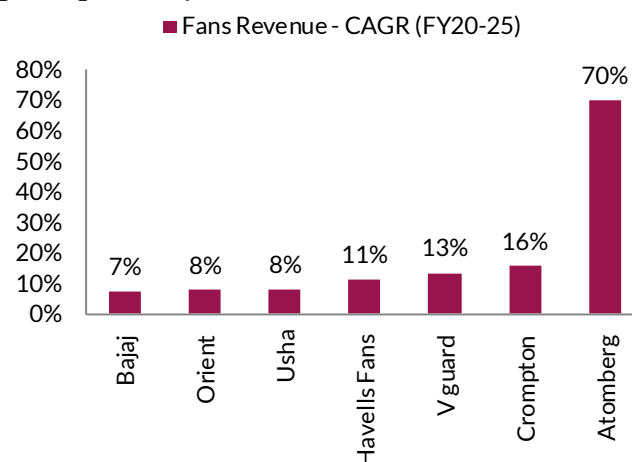
- **Usha International:** (1) Less aggressive marketing and innovation compared to Havells and Orient; and (2) slower transition to smart and BLDC fans, which are gaining traction.
- **Bajaj Electricals:** (1) Diversification into other product categories (e.g., luminaires), reduced focus on fans; and (2) slower adoption of smart-fan technologies compared to competitors like Havells and Atomberg.
- **Unorganized sector:** (1) Inability to comply with BEE's mandatory star-rating norms and QCO requirements; (2) limited access to modern distribution channels like e-commerce; and (3) challenges in adopting costly BLDC technology.

Exhibit 119: Premium SKUs of brands – Crompton leads



Source: Technopak, Axis Capital

Exhibit 120: Brands with higher SKUs and technology focus grow higher than peers



Source: Company, Axis Capital estimates

Lighting: Price erosion near to bottom; volumes start coming back

Key technology changes in lighting

- **2015-17 – Driver-on-Board (DoB) dominance:** The UJALA scheme and declining LED chip prices drove DoB adoption. Manufacturers like Signify, Havells, and Syska used DoB to produce affordable LEDs, replacing CFLs and incandescent bulbs. Prices dropped from Rs 400 (2014) to Rs 100-150 (2017).
- **2018-20 – Board-on-Light (BoL) emergence:** BoL technology gained traction as manufacturers sought to further reduce costs. Innovations in AC-direct LED chips and simplified circuitry enabled mass production of driverless LEDs. Prices fell to Rs 70-100 by 2019.
- **2021-25 – BoL mainstream:** BoL became the standard for economy and mid-range LEDs, supported by local manufacturing under the PLI scheme. By 2024, BoL-based LEDs accounted for 60% of the LED volume market, with prices stabilizing at Rs 50-80 for basic bulbs.

Factors that led to price erosion in lighting

- **Reduced component costs:** DoB required multiple driver components (e.g., capacitors, transformers), which accounted for 20-30% of production costs. BoL eliminated most driver components, reducing material costs by 15-25%. For example, a 9W LED bulb's production cost dropped from Rs 80 (DoB) to Rs 50-60 (BoL).
- **Simplified manufacturing:** In DoB, complex PCB assembly and driver integration, increasing labour and production time were involved. In BoL, streamlined assembly with fewer components and standardized designs helped cut manufacturing costs by 10-20%.
- **Economies of scale:** The UJALA scheme's distribution of over 368 mn LEDs by 2023 created massive demand, encouraging manufacturers to adopt BoL for high-volume production. Local manufacturing, supported by the PLI scheme, reduced import dependency for LED chips and components, further lowering costs.
- **Government subsidies and policies:** The UJALA scheme subsidized LED prices, with Energy Efficiency Services Limited (EESL) procuring bulbs at Rs 38-55 for distribution. GST cuts on LEDs (from 28% to 12%) and PLI incentives lowered production costs.

All the above organized players (e.g., Syska, Surya Roshni) and unorganized manufacturers adopting BoL intensified price wars, particularly in the economy segment. New entrants leveraged BoL's low-cost structure to undercut established brands, forcing market leaders like Signify and Havells to reduce prices. Competitive pricing pushed retail prices to record-lows, with 9W LED bulbs retailing at Rs 50-70 by 2024.

Exhibit 121: Lighting business trends amongst major players

Lighting - Revenue	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Signify		33,270	35,128	35,747	28,984	25,008	27,946	31,063	30,687	32,221
Bajaj Electricals	5,982	3,999	3,692	4,077	4,318	4,150	10,807	11,250	10,374	10,225
Crompton	5,627	11,252	12,770	12,653	11,310	9,928	10,831	10,581	9,982	10,203
Havells*	8,841	9,710	11,687	13,035	10,900	10,846	13,709	16,015	16,268	16,532
Orient **	2,872	2,654	3,742	4,829	5,157	4,664	5,779	6,949	7,328	8,049
Total	23,322	60,885	67,019	70,341	60,670	54,596	69,073	75,858	74,639	77,230
YoY			10%	5%	-14%	-10%	27%	10%	-2%	3%
EBIT - Margins (%)										
Signify		6%	10%	8%	10%	10%	12%	12%	12%	12%
Bajaj Electricals	11.5%	3.8%	4.0%	6.3%	4.1%	4.0%	5.4%	7.7%	7.7%	6.6%
Crompton	8.7%	8.7%	11.5%	8.4%	6.0%	11.7%	11.8%	9.5%	10.6%	11.7%
Havells *	21.8%	24.3%	28.7%	28.1%	29.7%	18.8%	18.8%	15.4%	15.2%	15.3%
Average	14.0%	10.7%	13.5%	12.8%	12.4%	11.2%	12.1%	11.2%	11.5%	11.4%

Source: Company, Axis Capital. *Lighting & Fixtures, **Lighting Revenue (Axis Estimates)

Exhibit 122: Key KTAs on lighting – volumes coming back but price erosion still a challenge; brands focusing on premium portfolio

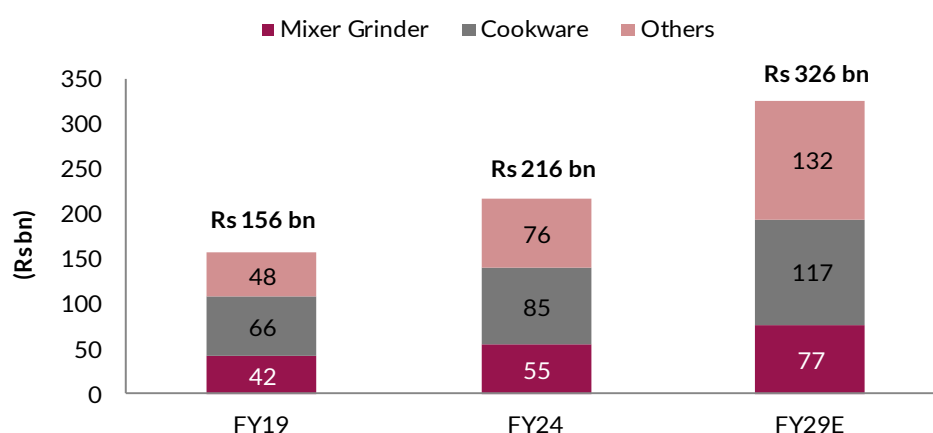
Havells	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Demand	NA	NA	Deflationary trends in LED chips and overall lighting	NA
Price	NA	Expected bottoming out by Q3-Q4; real growth anticipated from FY26	Signs of stabilization with price erosion bottoming out	NA
Volume Growth	NA	15%. B2B: 9% B2C: 20%	13–14%.	High Single Digit
Crompton				
Demand	NA			B2C segment saw top line growth as well as mix improvement and B2B segment it is building capabilities in street, flood, industrial and indoor areas
Volume Growth	1.Double-digit growth in ceiling lights and battens. 2.B2B continues strong, especially in street lighting and industrial segments.	NA		
Change in Product	Fully exited conventional lamps; focus now on ceiling and batten lights	Growth driven by outdoor and accessories and non-conventional lighting products	Battens and bulbs, which accounted ~ 70% in Q1, now account for about 50%.	In FY25, introduced Panels business. Earlier majority of Light business was from lamps and battens but now panels are the largest business.
Bajaj Electricals				
Demand	Lighting installations performed well with double-digit EBIT	Shift in consumer behavior toward premium products	NA	
Price	NA	Price erosion of 10–12% already occurred and expected to continue for 3–4 months	Price erosion continues in ceiling lights	Price erosion to persist for a few quarters, especially in lamps and battens
Volume Growth		Double-digit volume growth and single-digit value growth in products like D-Lite and ceiling lights	Double-digit volume and mid-single-digit value growth	1.Strong double-digit value growth in Consumer Lighting. 2. Professional Lighting degrew due to lower outdoor luminaire sales.
Change in Product	LEDs dominate with ~95% share in lighting	Professional lighting remains strong with an order book of INR 243 crores	Significant growth in lamp category share (from ~50% to 60%).	
Orient Electric				
Demand	NA	Increase in premium products like COB range, emergency/high-voltage lamps, panels	NA	Strong momentum in COBs, downlighters, panels, magnetic tracks – boosting B2C value.
Price	Gains in market share; less price erosion in new technologies like COP, downlighters, panels	NA	Commoditized bulbs and battens affected by price erosion	
Volume Growth	B2B segment posted high-teens volume growth	Lighting segment saw double-digit value growth	NA	1.B2C: double-digit volume growth in Q4 2. B2B: continued strong double-digit growth.
Change in Product	Consumer lighting grew in double digits; value mix in ceiling business improved margins	B2B lighting grew in high double digits; B2B now ~20% of lighting revenue	1.B2C: B2B revenue split is 80:20. 2. Premium product segment contributed ~50%, with 12% YoY growth	Market share improved by 200 basis points.

Source: Company, Axis Capital

Kitchen appliances: High competition; innovative players gain share

The total kitchen appliances market has seen ~7% CAGR from Rs 156 bn in FY19 to Rs 216 bn in FY24 and is expected to see ~9% CAGR over FY24-29E to reach a market value of Rs 326 bn, driven by favorable demographics, a growing middle-class, double-income households, urbanization, nuclearization of family, higher disposable income, time constraints, increasing demand for premium, smart kitchen appliances, regulatory compliance, and the rise of quick-commerce. Based on product type, the Indian kitchen appliances market can be segmented into large appliances and small appliances. Large appliances consist of hobs, cooker hood, microwaves, and ovens; and small appliances consist of grinders, juicers, food processors, toasters, air-fryers, and rice-cookers. As of FY24, large/small kitchen appliances constituted ~60% (Rs 130 bn)/~40% (Rs 87bn) of the Indian kitchen appliances market by value and is expected to account for 57/43% by FY29E – a CAGR of ~9% over FY24-29E.

Exhibit 123: Kitchen appliances market in India



Source: Company, Axis Capital

The share of branded players in the small kitchen appliances market in India is on a steady rise, driven by evolving consumer preferences and increased brand awareness. As of FY24, branded players controlled ~77% of the small kitchen appliances market in India. This represents an increase from the market share of ~73% in FY19, reflecting a notable growth trajectory for the branded market. Branded players are projected to capture ~80% market share by FY29E. On the other hand, the cookware market in India was predominantly unbranded in the past. In FY19, branded players controlled nearly 37% of the cookware market in India. However, the market is slowly shifting towards branded players. The share of branded players rose to ~42% in FY24 and is projected to capture ~50% share by FY29E. Some of the key players in the small kitchen appliances and cookware industry are TTK Prestige, Stovekraft, Havells, and Bajaj Electricals. Growth in these industries is fueled by consumers increasingly valuing quality, durability, and after-sales service, leading to a preference for reliable branded products. Furthermore, government initiatives promoting domestic manufacturing and self-reliance have helped brands strengthen their supply chains and reduce import dependency. Manufacturing strategies for key players in the industry have shifted towards greater in-house production and sourcing materials locally, demonstrating a strong commitment to self-reliance. These manufacturing shifts align with India's larger 'Make in India' vision, reducing vulnerability to global supply chain disruptions and enhancing cost efficiencies.

Key changes in the kitchen appliances industry

- **Increasing demand for premium and smart kitchen appliances:** The Indian kitchen appliances market is seeing increased demand for premium products with good functionalities. Also, there has been an increase in demand for smart kitchen appliances, as consumers are willing to spend more for a more comfortable cooking experience. Consumers are also increasingly becoming health-conscious, because of which they prefer healthy cooking methods and are looking for appliances that support healthier meal preparation such as air-fryers, blenders, etc. The increase in demand for premium products with functionalities and growth in the number of health-conscious consumers together is also going to drive the kitchen appliances market in India.
- **Regulatory compliance since Mar'25:** The Bureau of Indian Standards has set up new regulations that require all kitchen and home appliances sold in India, whether domestically produced or imported, to comply with the BIS quality and safety standards. This regulatory change is expected to significantly reduce the volume of imports, as imported goods will now face stricter compliance requirements. This move is expected to create a more level playing field for domestic manufacturers, opening substantial market opportunities for locally produced appliances
- **Rise of q-com:** Q-com is gaining momentum. It focuses on rapid delivery of goods and is becoming increasingly popular among consumers who prioritize convenience and speed. With its rapid delivery model, consumers can now easily access a wide range of small kitchen appliances, such as blenders, coffee makers, and toasters, delivered to their doorstep within hours. This is going to be a significant growth driver for the small kitchen appliances market in India.

Key risks

- **Intensifying competition and changing retail landscape.** The market has seen a high influx of emerging local players and well-established international brands. On the one hand, international companies bring advanced technologies, brand equity, and high-quality standards. The shift toward online retail has intensified competition, especially for smaller brands struggling to establish a digital presence. On the other, new entrants, including e-commerce platforms with private labels, are driving down prices and pushing established players to offer aggressive discounts. This competition, pressuring established brands to lower prices, erodes margins and necessitates continued investments in innovation, advertising, and marketing just to maintain visibility and relevance.
- **Evolving consumer preferences:** Indian consumers are showing growing interest in energy-efficient, eco-friendly, and smart appliances, and demand for these products is gradually increasing in urban areas. However, manufacturers must invest in R&D to design such products while keeping them affordable for the Indian market. Failure to keep pace with consumer expectations risks brand obsolescence. Brands unable to innovate and offer appliances that meet new preferences, such as AI-integrated, app-controlled, or sustainable appliances, could lose relevance, especially among younger consumers who prioritize technology and sustainability.

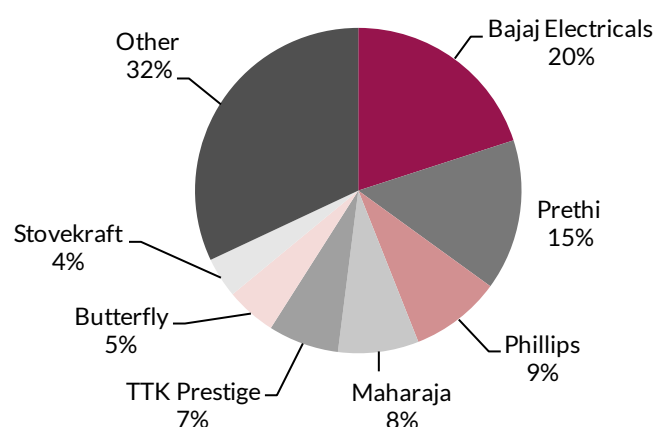
Mixer-grinder – a deep dive

The mixer, juicer, and grinder market in India has undergone significant transformation from 2015 to 2025, driven by socio-economic changes, technological advancements, and shifting consumer preferences:

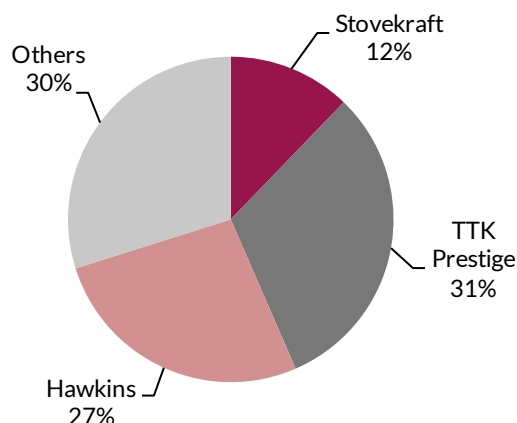
- **2015-18 – dominance of mixer-grinders:** Mixer-grinders were the most popular kitchen appliance in India, due to their versatility for traditional cooking needs like grinding spices and making batter. Brands like Bajaj and Preethi dominated due to affordability and widespread distribution.
- **2018-21 – rise of juicers and blenders:** Increasing health awareness, fueled by social media and celebrity endorsements, led to a surge in demand for juicers and blenders. Consumers sought appliances for making smoothies and fresh juices, boosting brands like Philips and Nutribullet. The juicer-mixer-grinder segment gained traction as a multifunctional solution, though it grew slower than standalone juicers.
- **2021-23 – technological advancements:** Manufacturers introduced appliances with advanced features like powerful motors (750-1,000 W), smart app controls, and space-saving designs. For instance, Havells launched the ASPRO Mixer Grinder with a 500 W motor and stainless-steel blades in 2019, while Philips introduced the quick-clean technology. The market saw increased competition from premium brands like Bosch and emerging players like Wonderchef.
- **2023-25 – multi-functionality and e-commerce growth:** Demand for multi-functional appliances combining mixing, grinding, and juicing has grown, driven by urban consumers with limited kitchen space. E-commerce platforms have become key distribution channels, with competitive pricing and cashback offers driving sales. Brands like Bajaj and Crompton have expanded their online presence, while offline retail remains strong in smaller cities.

In terms of competition, entry-level products (below Rs 2,000) have brands which are not well established and do not have their own manufacturing capability. Players like Nutripro, Lifelong, Amazon Basics, etc. generally sell in this segment. The larger market of juicer-mixer-grinder lies above Rs 2,000 where players like Bajaj Electricals, Maharaja, and Havells dominate. We expect entry-level players to continue to struggle to gain market share and to eventually incur losses, but players with strong brand recall and foray into premium ranges to continue to grow, as the demand for technology-enabled and aesthetically appealing products is growing.

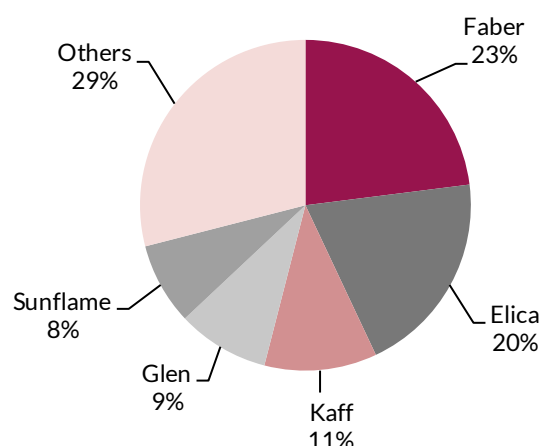
Exhibit 124: Market share of key players in mixer-grinder



Source: Axis Capital estimates

Exhibit 125: Market share chart – pressure cookers


Source: Axis Capital estimates

Exhibit 126: Market share chart – cooktops


Source: Axis Capital estimates

Peer comparison – electronic consumer durables (ECD)

Between FY19 and FY25, the ECD sector grew steadily, with Havells, Crompton, and Orient achieving solid revenue CAGRs of ~9-11%, while V-Guard grew faster at 16%, and Atomberg surged at 87% from a low base. EBITDA margins, however, declined across most players: Havells and Crompton saw margins drop from above 19-26% in FY19 to ~10-15% in FY25 due to cost pressures. Bajaj Electricals's margins contracted from 6.6% to 3.2%, due to delay in filling portfolio gaps. Usha International and Orient Electric grew modestly but faced margin erosion, while Atomberg, despite rapid revenue expansion, remained in the negative-EBITDA territory, reflecting continued high investments and scaling costs. Overall, the sector reflects healthy top line growth but margin compression, with only a few players successfully improving profitability amid intense competition.

Exhibit 127: Peer comparison – ECD

Electronic Consumer Durables - Revenue (Rs mn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	CAGR
Havells	20,964	22,158	23,770	30,669	32,958	34,818	40,115	11%
Crompton	32,136	33,890	37,571	43,110	47,557	53,922	60,100	11%
Bajaj Electricals	23,331	26,528	29,001	33,153	37,642	36,039	38,059	8%
Orient Electric	13,296	14,916	15,139	17,993	17,518	19,828	21,730	9%
Vguard	6,780	6,745	7,367	10,634	12,763	14,443	16,439	16%
Usha International	23,933	23,009	24,657	28,319	27,995	30,235		5%
Atomberg	371	689	1,431	3,458	6,451	8,486		87%
EBITDA/EBIT								
Havells	5,526	5,742	4,037	4,576	4,189	3,872	3,994	-5%
Crompton	6,162	6,731	7,392	8,267	7,893	7,747	9,283	7%
Bajaj Electricals	1,545	1,906	3,030	2,264	2,472	1,142	1,229	-4%
Orient Electric	1,508	1,818	2,052	2,012	1,599	1,856	2,203	7%
Vguard	319	399	403	171	79	485	694	14%
Usha International	920	495	1,325	128	574	756		-4%
Atomberg*	-62	-145	-257	-359	-1,273	-1,866		
EBITDA/EBIT Margin								
Havells	26.4%	25.9%	17.0%	14.9%	12.7%	11.1%	10.0%	
Crompton	19.2%	19.9%	19.7%	19.2%	16.6%	14.4%	15.4%	
Bajaj Electricals	6.6%	7.2%	10.4%	6.8%	6.6%	3.2%	3.2%	
Orient Electric	11.3%	12.2%	13.6%	11.2%	9.1%	9.4%	10.1%	
Vguard	4.7%	5.9%	5.5%	1.6%	0.6%	3.4%	4.2%	
Usha International	3.8%	2.2%	5.4%	0.5%	2.1%	2.5%	NA	
Atomberg*	-16.8%	-21.0%	-17.9%	-10.4%	-19.7%	-22.0%	NA	

Source: Company, Axis Capital, Note- ECD include – Fan, water heaters, mixer grinders, Air Coolers, etc. * EBITDA margin

Peer comparison – kitchen appliances

Between FY19 and FY25, the kitchen appliances segment saw varied revenue growth among key players. **TTK Prestige** remained the largest, growing modestly from Rs 19,680 mn to Rs 25,007 mn (~4% CAGR), while **Stove Kraft** expanded the fastest, rising from Rs 6,409 mn to Rs 14,498 mn (~15% CAGR), reflecting aggressive market penetration. **Hawkins/Butterfly** grew steadily at ~9/~5% CAGRs. Gross margins remained high across the segment, led by Hawkins consistently delivering 49-55%, while Stove Kraft expanded its gross margin from 32% in FY19 to 38% in FY25 on premium and strong product innovation.

In profitability, TTK Prestige saw EBITDA margin decline from 14.5% in FY19 to 10.4% in FY25 due to rising costs and muted revenue growth. Stove Kraft and Butterfly significantly improved EBITDA levels over time, with Stove Kraft's EBITDA rising nearly 5x from Rs 298 mn in FY19 to Rs 1,507 mn in FY25 (CAGR of ~31%). PAT trends mirrored EBITDA: TTK Prestige's profits dipped slightly, while Stove Kraft saw PAT surge from Rs 7 mn to Rs 385 mn (~94% CAGR), driven by scale benefits. Hawkins remained consistently profitable, while Butterfly's PAT improved at a 22% CAGR.

Return ratios highlight Hawkins as the standout performer, sustaining high RoCE (~39-58%) and RoE (~30-52%) over the years, reflecting its strong operational efficiency and capital discipline. Overall, the kitchen appliances industry remains healthy, with legacy brands maintaining profitability, while newer players like Stove Kraft aggressively gaining market share on higher growth and improving margins.

Exhibit 128: Peer comparison – kitchen appliances

Kitchen Appliances	FY19	FY20	FY21	FY22	FY23	FY24	FY25	CAGR (FY19-25)
Revenue (Rs Mn)								
TTK Prestige	19,680	19,368	20,331	25,322	26,257	25,007	25,303	4%
Stove Kraft	6,409	6,699	8,590	11,364	12,838	13,643	14,498	15%
Hawkins	6,530	6,740	7,680	9,580	10,060	10,240	11,160	9%
Butterfly	6,500	6,760	8,620	9,600	10,570	9,310	8,640	5%
Gross Margin								
TTK Prestige	43%	42%	42%	41%	40%	41%	42%	
Stove Kraft	32%	34%	35%	32%	33%	37%	38%	
Hawkins	55%	57%	52%	49%	49%	52%	52%	
Butterfly	41%	44%	41%	33%	37%	36%	37%	
EBITDA (Rs Mn)								
TTK Prestige	2,859	2,605	3,146	4,062	3,594	3,109	2,639	-1%
Stove Kraft	298	338	1,137	948	990	1,188	1,507	31%
Hawkins	860	1,040	1,110	1,200	1,350	1,500	1,550	10%
Butterfly	460	410	800	590	970	280	650	6%
EBITDA Margin								
TTK Prestige	14.5%	13.5%	15.5%	16.0%	13.7%	12.4%	10.4%	
Stove Kraft	4.7%	5.0%	13.2%	8.3%	7.7%	8.7%	10.4%	
Hawkins	13.2%	15.4%	14.5%	12.5%	13.4%	14.6%	13.9%	
Butterfly	7.1%	6.1%	9.3%	6.1%	9.2%	3.0%	7.5%	
PAT								
TTK Prestige	1,903	1,985	2,351	2,937	2,602	2,388	1,628	-3%
Stove Kraft	7	32	812	562	358	341	385	94%
Hawkins	540	720	810	840	950	1,100	1,150	13%
Butterfly	100	40	360	160	520	70	330	22%
ROCE								
TTK Prestige	18%	16%	16%	19%	15%	12%	10%	
Stove Kraft	5%	8%	32%	17%	10%	9%	10%	
Hawkins	58%	57%	53%	46%	42%	42%	39%	
Butterfly	10%	8%	26%	14%	30%	4%	15%	
ROE								
TTK Prestige	18%	16%	16%	18%	14%	12%	10%	
Stove Kraft	NA	NA	27%	15%	9%	8%	8%	
Hawkins	46%	52%	46%	39%	34%	33%	30%	
Butterfly	5%	2%	16%	7%	18%	2%	10%	

Source: Company, Axis Capital

BUY (ADD) ▲

Current Price (Rs)	: 1,829
Target Price (Rs)	: 2,112 (1,720)
Potential Upside	: 15%

Market Data

No. of shares	: 206 mn
Free Float	: 63.5%
Market Cap (USD)	: 4,374 mn
52-week High/ Low (Rs)	: 2,417/ 1,521
Avg. Daily Volume (6M)	: 0.92 mn
Avg. Daily Value (6M;USD)	: 19.42 mn
Bloomberg Code	: BLSTR IB
Promoters Holding	: 36.5%
FII / DII	: 17% / 23%

Price Performance

(%)	1M	3M	12M
Absolute	11.2	(7.1)	7.0
Relative	11.2	(16.8)	3.8

Source: Bloomberg

Blue Star maintains its focus on backward integration and increasing its presence across price segments and strengthening distribution, thereby improving market share and profitability. We expect revenue/earnings CAGRs of 16/22% over FY25-258E, driven by lower penetration in RAC, revival in commercial refrigeration business, strong order book in EMP, continued market share gains in commercial ACs and increasing share in exports, backed by strong R&D. We value Blue Star on Sep'27E SoTP – unitary products at Rs 1,139 PE of 50x (profitable market share gain), EMP and commercial ACs at Rs 921 PE of 40x (on strong margins and industry tailwinds), and PEIS at Rs 52 PE of 30x. We assume coverage of Blue Star with a BUY rating and a TP of Rs Rs 2,112.

Market share gain in RAC; strong player in commercial refrigeration

Blue Star improved its RAC market share from ~9.5% in FY15 to 14% in FY25. Management expects market share of ~15% going ahead. Blue Star remains a leader in deep freezers/water coolers. In FY25, its commercial refrigeration vertical was impacted by Quality Control Order (QCO) norms, but since Apr'25, the vertical has shown strong pickup, growing ~25% YoY in Apr'25. We expect Blue Star's unitary products (UP) business to see a revenue CAGR of 16% over FY25-28E, driven by strong R&D across products, lower penetration, affordable price brand, ease of finance, strong distribution and marketing, improved product-mix, and increasing opportunities in the commercial refrigeration business.

Strong order book in EMP and market share gains in commercial ACs

Blue Star's EMP and commercial AC division has seen a strong order book over the past five years along with improvement in margins, mainly on the execution of higher-margin projects. We expect this segment to see ~17% CAGR over FY25-28E driven by strong order books in data centers, factories, metro rail, etc., and increasing exports and pickup in private/public capex, along with continued market share gains in commercial AC.

Professional electronics and industrial systems segment to see stable growth

In FY25, the PEIS segment was impacted by slowdown in med tech due to headwinds from regulatory developments. We expect the PEIS business to see a revenue CAGR of 10% over FY25-27E, mainly on (1) increase in corporate capex, (2) increase in demand from data security solutions due to increase in digital payments platforms, and (3) increase in demand momentum from non-destructive testing business, healthcare, BFSI, etc.

Financial summary (Consolidated)

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Sales (Rs mn)	96,854	1,19,677	1,36,486	1,64,999	1,87,430
EBITDA (Rs mn)	6,647	8,759	10,335	12,613	14,840
Adj. PAT (Rs mn)	4,143	5,788	7,025	8,961	10,639
Con. EPS* (Rs)	-	-	33.2	41.6	48.0
EPS (Rs)	20.1	28.2	34.2	43.6	51.7
Change YoY (%)	(16)	40	21	28	19
Previous EPS (Rs)	-	-	34.1	42.2	-
RoE (%)	15.9	19.3	19.2	20.2	20.3
RoCE (%)	22.1	25.1	25.8	27.0	27.0
P/E (x)	90.8	65.0	53.5	42.0	35.3
EV/E (x)	56.3	42.7	36.0	29.1	24.4

Source: *Consensus broker estimates, Company, Axis Capital

Deepak Agarwal assumes coverage of Blue Star

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BUY (ADD) ▲

Current Price (Rs)	: 393
Target Price (Rs)	: 459 (490)
Potential Upside	: 17%

Market Data

No. of shares	: 436 mn
Free Float	: 45.7%
Market Cap (USD)	: 1,993 mn
52-week High/ Low (Rs)	: 577/ 300
Avg. Daily Volume (6M)	: 0.40 mn
Avg. Daily Value (6M;USD)	: 1.72 mn
Bloomberg Code	: VGRD IB
Promoters Holding	: 54.3%
FII / DII	: 13% / 20%

Price Performance

(%)	1M	3M	12M
Absolute	4.7	8.6	(15.7)
Relative	4.7	(1.2)	(19.0)

Source: Bloomberg

VGRD has expanded its geographical and product bases while managing its working capital. It is increasing the contribution from in-house manufacturing and is focusing on premium products, which should help improve GM and market share. For FY25-28E, we expect revenue/earnings CAGRs of 12% (weak demand in Q1FY26)/21%, on its (1) expanding product portfolio with an improving inhouse-mix, (2) increasing market share outside South India, (3) improving channel-mix, (4) focus on innovation/R&D, and (5) strengthening of the Sunflame business. We assume coverage of VGRD with a BUY rating, valuing it at 40x on Sep'27E EPS, on its strong balance sheet, cashflows, and increasing market share outside South India.

Electricals segment to see 11% CAGR over FY25-28E

The electricals segment's products – wires, pumps, switchgears, and modular switches – are non-seasonal and hence are expected to continue to perform well. However, demand for wires remains weaker than that for cables. Over FY25-28E, we expect a CAGR revenue of 11% and an EBIT margin improvement of ~100 bps to 11% in FY28E from FY25.

Consumer durables segment to see 12% CAGR over FY25-28E

This segment comprises summer-driven products like fans and air-coolers. Unseasonal rains in Q1FY26 will impact the segment's growth. However, it has improved its supply chain in water heaters and is ramping up the kitchen appliances division, which will support segment growth. We expect an overall segment revenue CAGR of ~12% over FY25-28E with a margin of ~6% in FY28E, vs management's expectation of a 7% margin in the near term with a target to reach ~10% in the long run, driven by a better mix in fans, investments in innovation and R&D and product expansion.

Electronics segment to see 14% CAGR over FY25-28E

This segment comprises stabilizers, UPS, and inverters, with 60% of its sales driven by RACs. The unseasonal rains in Q1FY26, having impacted the RAC season this summer, will thus impact this segment as well. Nonetheless, management maintains its long-term CAGR guidance of 12%. VGRD has set up two plants – one for electronic inverter components and another for battery, which will help in improving products and profitability. Overall, we expect a 14% CAGR over FY25-28E.

Financial summary (Consolidated)

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Sales (Rs mn)	48,567	55,778	60,237	68,740	77,969
EBITDA (Rs mn)	4,267	5,132	5,542	6,817	8,170
Adj. PAT (Rs mn)	2,575	3,137	3,464	4,470	5,502
Con. EPS* (Rs)	-	-	9.1	10.9	12.9
EPS (Rs)	5.9	7.2	7.9	10.3	12.6
Change YoY (%)	36	21	10	29	23
Previous EPS (Rs)	-	-	10.5	12.0	-
RoE (%)	14.2	15.0	14.6	16.2	17.0
RoCE (%)	17.2	19.8	18.7	20.9	22.0
P/E (x)	66.3	54.6	49.4	38.3	31.1
EV/E (x)	40.7	33.3	30.4	24.4	20.0

Source: *Consensus broker estimates, Company, Axis Capital

Deepak Agarwal assumes coverage of
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BUY

Current Price (Rs)	: 223
Target Price (Rs)	: 268
Potential Upside	: 20%

Market Data

No. of shares	: 213 mn
Free Float	: 61.7%
Market Cap (USD)	: 554 mn
52-week High/ Low (Rs)	: 297/ 177
Avg. Daily Volume (6M)	: 0.21 mn
Avg. Daily Value (6M;USD)	: 0.55 mn
Bloomberg Code	: ORIENTEL IB
Promoters Holding	: 38.3%
FII / DII	: 7% / 27%

Price Performance

(%)	1M	3M	12M
Absolute	(0.6)	5.5	(16.4)
Relative	(0.6)	(4.3)	(19.6)

Source: Bloomberg

OEL is a strong fan brand, with improving revenues in its lighting/switchgear, air-cooler, and water-heater businesses. Over FY25-28E, we expect OEL's revenue/earnings to see ~11/33% CAGRs, as it focuses on product expansion, R&D (new launches), value engineering/addition, manufacturing (supply chain), branding, market penetration with DTM strategy, along with aggressive A&P spends (higher than industry), improving share in premium segment, and strengthening its sales/marketing team. OEL currently trades at P/Es of 50x/37x/25x on FY26/27/28E. We value OEL at 35x on Sep'27E, driven by improvement in balance sheet and cashflows and strong return ratios. We initiate coverage of OEL with a BUY rating and a TP of Rs 268.

Growth improvement helped by product diversification

Over the past ten years, OEL's business concentration in fans has reduced to ~55% in FY25 (from 80%) due to increase in revenue from other segments. Its strategic diversification beyond fans is gaining momentum, with strong performance in both B2B/B2C lighting. We expect OEL to focus on exploring new opportunities and on high-potential segments like lighting and switchgear, as well as on exports and B2B, while continuing to build on its core strength in fans. To improve its margins OEL has started focusing on launching premium portfolios across electronic consumer durables (ECD) and lighting and switchgear. Management aims to increase its premium fans business from ~30% of portfolio currently (vs industry average of ~20%) to 40%.

Strengthens channel and team

OEL's direct-to-market (DTM) operations has significantly enhanced its go-to-market strategy in fans, by way of deepening market penetration and improving channel efficiency and product availability. It now operates DTM in 11 states (vs four states three years ago). Since it started DTM operations across states, it has delivered high-double-digit revenue growth and gained market shares there. OEL's advertising and promotion (A&P) spend (as % of sales) at ~5% is the highest in the industry.

Stability in management structure after a year of churn

Frequent churns in management profile over Q1FY24 to Q1FY25 impacted OEL's overall business. But things are stable now. Its margins have started moving towards normal levels. OEL's average EBITDA margin improved from ~5.1% over Q1FY24-Q1FY25 (vs ~7.4% over Q1FY18-Q4FY23) to ~6.9% over Q2FY25-Q4FY25.

Financial summary (Standalone)

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Sales (Rs mn)	28,121	30,937	33,078	37,222	41,887
EBITDA (Rs mn)	1,443	2,037	2,231	2,670	3,517
Adj. PAT (Rs mn)	566	832	957	1,303	1,946
Con. EPS* (Rs)	-	-	5.9	8.0	10.1
EPS (Rs)	2.7	3.9	4.5	6.1	9.1
Change YoY (%)	(26)	47	15	36	49
Previous EPS (Rs)	-	-	-	-	-
RoE (%)	12.3	12.5	13.3	16.5	21.6
RoCE (%)	15.7	20.9	21.7	25.6	32.0
P/E (x)	84.1	57.2	49.7	36.5	24.5
EV/E (x)	32.7	23.2	21.0	17.3	12.6

Source: *Consensus broker estimates, Company, Axis Capital

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BUY (ADD) ▲

Current Price (Rs)	: 339
Target Price (Rs)	: 424 (485)
Potential Upside	: 25%

Market Data

No. of shares	: 644 mn
Free Float	: 100.0%
Market Cap (USD)	: 2,537 mn
52-week High/ Low (Rs)	: 484/ 301
Avg. Daily Volume (6M)	: 2.57 mn
Avg. Daily Value (6M;USD)	: 10.29 mn
Bloomberg Code	: CROMPTON IB
Promoters Holding	: 0.0%
FII / DII	: 29% / 57%

Price Performance

(%)	1M	3M	12M
Absolute	(1.5)	1.4	(21.6)
Relative	(1.5)	(8.4)	(24.8)

Source: Bloomberg

Crompton is the market leader in fans and has been increasing market share in other appliances and pumps along with strengthening the lighting portfolio and revamping the Butterfly business. Over FY25-28E, we expect revenue/earnings CAGRs of ~10% (weak demand in Q1FY26)/16%, on: (1) strengthening portfolio in fans and moving up in premium ranges; (2) securing strong orders in solar pumps while maintaining stable growth in non-solar; (3) increasing the product portfolio towards ceiling, battens, and outdoor lighting in B2C and ramping up the B2B lighting portfolio; and (4) realigning product portfolio and distribution for Butterfly. We assume coverage of Crompton, valuing it at 35x on Sep'27E EPS with a BUY rating and TP of Rs 424.

ECD – leader in fans, expands in other segments

Crompton is the leader in fans, with strong portfolio additions and channel. It is now the #2 player in BLDC and aims to become #1 in the next five years. Premium fans is ~22-25% of its fans portfolio and it plans to increase it to ~40% in the next two to three years with the introduction of BLDC and 3-5-star-rated induction fans. For FY26E, it expects high-double-digit growth from the NUCLEUS/XTECH platforms. In pumps, it expects to increase focus on underpenetrated regions like West India and South India along with bridging the portfolio gaps in the agricultural segment and securing orders in solar pumps. Overall, its expanding portfolio, increasing EBO and MBO, and improving sourcing for chimneys, hobs, etc. will lead to an ECD CAGR of 10% (on weak Q1FY26) over FY25-28E and an EBIT margin of 16.2% in FY28E (vs 15.4% in FY25).

Lighting – change in mix to drive growth

Price erosion remains a concern for the industry, while Crompton is focusing on improving its product-mix to inch up margins. In FY25, Crompton improved its lighting margin ~130 bps to 12.6% on a higher share of outdoor lighting along with product addition of ceiling/battens. Going ahead, we expect Crompton to make product launches in the ceiling portfolio, targeting both mass-market and premium segments and securing large orders in B2B lighting. Over FY25-28E, we expect a 7% revenue CAGR along with a margin improvement of ~80-100 bps in FY28E.

Butterfly business revamp

Crompton is transforming the Butterfly product range – from mixer-grinders to cooktops – across categories along with repositioning the channel. We expect an 8% CAGR over FY25-28E along with a margin of 7.4% in FY28E (vs 5.6% in FY25) for this business.

Financial summary (Consolidated)

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Sales (Rs mn)	73,128	78,636	83,372	92,940	1,03,759
EBITDA (Rs mn)	6,983	8,684	9,216	10,738	12,467
Adj. PAT (Rs mn)	4,264	5,443	5,897	7,130	8,464
Con. EPS* (Rs)	-	-	10.2	12.0	14.1
EPS (Rs)	6.6	8.5	9.2	11.1	13.1
Change YoY (%)	(11)	28	8	21	19
Previous EPS (Rs)	-	-	11.0	12.7	-
RoE (%)	13.0	14.9	14.7	16.1	17.3
RoCE (%)	16.2	21.0	19.6	23.3	27.6
P/E (x)	51.1	40.1	37.0	30.6	25.8
EV/E (x)	32.4	25.6	24.2	20.4	17.2

Source: *Consensus broker estimates, Company, Axis Capital

Deepak Agarwal assumes coverage of
Crompton Greaves Consumer Electricals

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ADD (NO CHANGE)

Current Price (Rs)	: 1,377
Target Price (Rs)	: 1,543 (1,650)
Potential Upside	: 12%

Market Data

No. of shares	: 331 mn
Free Float	: 69.7%
Market Cap (USD)	: 5,301 mn
52-week High/ Low (Rs)	: 1,945/ 1,183
Avg. Daily Volume (6M)	: 2.01 mn
Avg. Daily Value (6M;USD)	: 30.83 mn
Bloomberg Code	: VOLT IB
Promoters Holding	: 30.3%
FII / DII	: 22% / 29%

Price Performance

(%)	1M	3M	12M
Absolute	7.8	7.2	(9.4)
Relative	7.8	(2.6)	(12.7)

Source: Bloomberg

We expect Voltas to see revenue/earnings CAGRs of ~12/22% over FY25-28E, led by the following: (1) in UCP – (i) long-term demand drivers for ACs, PLI benefits for components, market leadership, and Voltas Beko (home appliances); (ii) increasing penetration with channel expansion; and (iii) improving sourcing with backward integration/localization to help supply chain in the long term, but may cap margins in the short term; (2) in EMP/services – strong domestic order book and expansion in the international market; and (3) in engineering projects/services – strengthening its existing product basket. We value Voltas on Sep'27E on an SoTP basis – UCP at 45x to Rs 1,208, EMP at 20x to Rs 111, EPS at 15x to Rs 64, and Voltas Beko at 2.5x Sep'27E sales to Rs 159. We assume coverage of Voltas with an ADD rating and a TP of Rs 1,543.

Unitary cooling business to see 11% CAGR over FY25-28E

Voltas's UCP business saw a 36% YoY volume growth in FY25, with RAC volume above ~2.5 mn units and a market share of ~19% (one player in RAC). Also, its air-cooler business grew ~70% YoY in volume and Voltas is now the #3 player here. The commercial refrigerator business was impacted by QCO, while the commercial AC business performed well in FY25. We expect Voltas's UCP business to see an 11% revenue CAGR over FY25-28E, backed by (1) improving its sourcing, (2) improving product-mix and pricing points, (3) higher focus on the modern trade channel along with general trade, and (4) lower RAC penetration. We expect lower growth in FY26E mainly because of unseasonal rains across the country impacting summer demand.

EMP and services to grow on healthy order book pipeline

In FY25, the segment order book reduced 16% YoY to Rs 67.5 bn, mainly because of Voltas's increasing focus on completion and decrease in order bookings due to the elections. It has secured large-scale integrated MEP projects in metro rails, tunnels, data centers, etc. We expect a CAGR of ~13% over FY25-28E on its healthy order book and increased focus on diversifying vendors and sourcing geographies.

Voltas Beko continues to gain market share

In FY25, Voltas Beko's volume growth was ~57% YoY (vs muted industry growth). In semi-automatic washing machines, it is now the #2 player (~15.3% share). Voltas Beko has strengthened its local production capabilities, with plans to increase capacity by over 50%, and has localized 100% of its production of refrigerators and washing machines.

Financial summary (Consolidated)

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Sales (Rs mn)	1,24,812	1,54,128	1,65,367	1,89,877	2,13,671
EBITDA (Rs mn)	4,746	11,162	11,474	13,844	16,723
Adj. PAT (Rs mn)	2,481	8,343	10,176	12,536	15,296
Con. EPS* (Rs)	-	-	28.1	35.2	41.8
EPS (Rs)	7.5	25.2	30.8	37.9	46.2
Change YoY (%)	(35)	236	22	23	22
Previous EPS (Rs)	-	-	34.2	41.3	-
RoE (%)	4.4	13.5	14.7	16.1	17.4
RoCE (%)	9.1	17.7	17.7	18.6	19.4
P/E (x)	183.6	54.6	44.8	36.3	29.8
EV/E (x)	95.8	41.0	39.5	32.4	26.3

Source: *Consensus broker estimates, Company, Axis Capital

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ADD

Current Price (Rs)	: 1,384
Target Price (Rs)	: 1,490
Potential Upside	: 8%

Market Data

No. of shares	: 127 mn
Free Float	: 49.0%
Market Cap (USD)	: 2,044 mn
52-week High/ Low (Rs)	: 2,450/ 899
Avg. Daily Volume (6M)	: 0.48 mn
Avg. Daily Value (6M;USD)	: 6.52 mn
Bloomberg Code	: WHIRL IB
Promoters Holding	: 51.0%
FII / DII	: 11% / 28%

Price Performance

(%)	1M	3M	12M
Absolute	4.2	25.1	(30.3)
Relative	4.2	15.3	(33.6)

Source: Bloomberg

Over FY25-28E, we expect Whirlpool of India (Whirlpool) to gain market share and improve profitability, mainly on: (1) refrigerators – strengthening its market position in direct-cool segment with new launches, improving pricing, and launching premium frost-free; (2) washing machines – added front-load along with increasing warranties in semi-automatic; and (3) an improving incentive structure. Hence, we expect revenue/earnings CAGRs of 11/19% over FY25-28E. Whirlpool has strong brand recall, strong balance sheet, and working capital management. We expect OCF/FCFF of Rs 14 bn/7.7 bn over FY26-28E and RoCE/RoCE (ex-cash) of 18/57% in FY28E. We value Whirlpool at a P/E of 35x on Sep'27E EPS (lower multiple mainly because of lack of clarity on parent stake sale) and initiate with an ADD rating and a TP of Rs 1,490.

Refrigerators: Strong position in DC, expansion in FF

In the past two years, Whirlpool has improved its pricing and introduced new products like glass door in direct-cool (DC) and 3-star in frost-free (FF). This has made it the #2 player in DC (since May'24) and the leader in the 190-200 l category, mainly on highest SKUs and products. It increased its product launches in FF and plans to add products in the side-by-side/4-door categories in the next one year (as per channel checks). We expect Whirlpool's refrigerator business to see a 9% CAGR over FY25-28E with market share gains amid a weak demand environment

Washing machines: Market share gains across categories

Whirlpool has increased its product basket in washing machines (WM) by introducing FL. In semi-automatic, it has extended warranty from two to four years, ahead of competitors. Also, to strengthen its position at the entry level, it has improved its sourcing strategy (increasing outsourcing). It has introduced new technology products to lift market share. In top-load, its market share rose 250 bps YoY in FY25, mainly on aggressive pricing, advertising, and strong growth in Bloomwash. In front-load, it is ramping up its product basket and has introduced a five-year warranty, which is ahead of the industry. We expect Whirlpool's WM business to see an 11% CAGR over FY25-28E with a market share gain.

Distribution strategy revamp to increase penetration

Whirlpool increased its store promoter strength by ~2,000 in FY24. It changed the incentive structure for the channel and team from just volume to volume plus value and has strengthened its team. This helped it make strong market share gains across segments.

Financial summary (Consolidated)

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Sales (Rs mn)	68,298	79,194	85,287	96,400	1,08,154
EBITDA (Rs mn)	4,030	5,503	5,295	6,898	8,892
Adj. PAT (Rs mn)	2,432	3,558	3,408	4,616	6,186
Con. EPS* (Rs)	-	-	34.0	39.6	53.4
EPS (Rs)	19.2	28.0	26.9	36.4	48.8
Change YoY (%)	9	46	(4)	35	34
Previous EPS (Rs)	-	-	-	-	-
RoE (%)	6.1	9.2	8.1	10.0	11.9
RoCE (%)	9.4	13.6	12.2	15.0	17.8
P/E (x)	72.2	49.4	51.5	38.0	28.4
EV/E (x)	38.4	27.3	28.0	20.9	15.7

Source: *Consensus broker estimates, Company, Axis Capital

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ADD

Current Price (Rs)	: 668
Target Price (Rs)	: 754
Potential Upside	: 13%

Market Data

No. of shares	: 115 mn
Free Float	: 37.3%
Market Cap (USD)	: 897 mn
52-week High/ Low (Rs)	: 1,038/ 490
Avg. Daily Volume (6M)	: 0.12 mn
Avg. Daily Value (6M;USD)	: 0.89 mn
Bloomberg Code	: BJE IB
Promoters Holding	: 62.7%
FII / DII	: 8% / 16%

Price Performance

(%)	1M	3M	12M
Absolute	1.5	30.7	(37.3)
Relative	1.5	21.0	(40.6)

Source: Bloomberg

Over the past five years, BJE has evolved into a 'House of Brands', with all its products under one umbrella. Over FY25-28E, we expect BJE to see revenue/earnings CAGRs of 10/29%, with its focus on product expansion, R&D (new launches), value engineering and addition, manufacturing (supply chain), branding, leveraging distribution network, increasing share from alternate channels, launching premium products, changing product-mix in lighting, and securing orders for professional lighting. This should result in strong revenue visibility, with levers for margin expansion. BJE currently trades at P/Es of 50x/36x/27x on FY26/27/28E. We value BJE at 35x on Sep'27E, backed by improvement in balance sheet and cashflows (Rs 3.4bn as on FY25) and de-merger of EPC business. We initiate coverage with an ADD rating and a TP of Rs 754.

Continued improvement in products through innovation

BJE is significantly overhauling its entire product portfolio to address existing market gaps, enhance features, and introduce more premium offerings. In the past five years, it has launched ~1,537/2,422 SKUs in consumer product and lighting business. Its R&D expenses have significantly increased in the past two years and are now higher than the industry average. Over next two to three years, BJE will continue to focus on SKU addition and strong R&D. It remains the #1 player in mixer-grinder and #2 in water-heaters.

Strong distribution to support growth ahead

BJE has improved its distribution network through various GTM strategies. Also, to upgrade its go-to-market capabilities, it has strengthened its footprint in high-growth channels such as e-commerce (including quick-commerce) and modern trade, while deepening its presence in traditional trade networks. The share of alternate channel grew from ~30% in FY18 to now almost at 43%. Amongst the alternate channels, e-com saw an almost 23% CAGR over FY20-25 and its contribution increased from 7% (percent of CP business) in FY19 to 16% in FY25. We expect BJE's consumer products revenues to see a 10% CAGR over FY25-28E along with margin improvement of 300 bps to 7% in FY28E (from 4% in FY25).

Change in product-mix in lighting to inch up market share

Across its lighting segments, BJE is leveraging its R&D capabilities to develop new products that generate better margins. In professional lighting, it has been gaining strong traction with the revamped GTM initiatives and healthy order book. We expect a CAGR of 10% over FY25-28E along with a margin of 8% in FY28E (vs 6.6% in FY25).

Financial summary (Consolidated)

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Sales (Rs mn)	46,413	48,284	50,659	56,731	64,066
EBITDA (Rs mn)	2,597	3,075	3,508	4,263	5,147
Adj. PAT (Rs mn)	1,359	1,121	1,544	2,118	2,852
Con. EPS* (Rs)	-	-	15.6	21.5	28.2
EPS (Rs)	11.8	9.7	13.4	18.4	24.7
Change YoY (%)	(37)	(18)	38	37	35
Previous EPS (Rs)	-	-	-	-	-
RoE (%)	9.4	7.7	8.5	10.7	12.9
RoCE (%)	14.1	13.8	14.3	17.0	19.4
P/E (x)	56.6	68.8	49.9	36.4	27.0
EV/E (x)	28.6	24.7	21.2	17.0	13.8

Source: *Consensus broker estimates, Company, Axis Capital

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REDUCE (NO CHANGE)

Current Price (Rs)	: 1,526
Target Price (Rs)	: 1,589 (1,850)
Potential Upside	: 4%

Market Data

No. of shares	: 627 mn
Free Float	: 40.6%
Market Cap (USD)	: 11,134 mn
52-week High/ Low (Rs)	: 2,106/ 1,381
Avg. Daily Volume (6M)	: 1.09 mn
Avg. Daily Value (6M;USD)	: 19.55 mn
Bloomberg Code	: HAVL IB
Promoters Holding	: 59.4%
FII / DII	: 22% / 12%

Price Performance

(%)	1M	3M	12M
Absolute	(1.0)	(0.4)	(20.0)
Relative	(0.9)	(10.2)	(23.3)

Source: Bloomberg

We expect **Havells (ex-Lloyd)** to see a revenue CAGR of 13% over FY25-28E, driven by improvement in product basket, channel expansion, tapping into solar, personal grooming, and premium kitchen appliances opportunities. **For Lloyd**, we expect ~11% CAGR over FY25-28E, on (1) completion of appliances portfolio, (2) benefit from own manufacturing, (3) focus on profitability, and (4) opening of export opportunity. Overall, we expect an earnings CAGR of 17%. We value Havells at a P/E of 45x on Sep'27E due to its strong brand, distribution, in-house manufacturing, fresh investments in team + brand + distribution, opening of export opportunity, market share gain, strong balance sheet, and improved ratios. We assume coverage of Havells with a REDUCE rating and a TP of Rs 1,589.

In ECD – strong in fans, ramping up in other categories

In the past five years, electrical consumer durables (ECD) saw a CAGR of ~13%, with strong growth in the fans category wherein it increased its market share from #4 position to #2 now; but other small appliances categories were impacted by muted demand. Over FY25-28E, we expect ECD to see a CAGR ~12% on strong SKU addition in fans, new product innovation, a shift towards alternate channels, and building a strong team.

No capacity constraint in cables with new capacity in place

To tap into opportunities in electrification, data centers, expansion of railways and metros, and telecom and IT sectors, Havells has planned ~Rs 14-15 bn of capex for cables and wires, of which it has incurred ~Rs 11 bn and will incur the rest likely by end-H1FY27. With this, it will not only cater to domestic demand but also explore export opportunities. Overall, we expect ~14% CAGR over FY25-28E with an 80-bps improvement in margins.

Switchgear strong-margin business; improving product-mix in lighting

Higher project sales and reallocation of plants have impacted switchgear margins. Though we expect this segment to see a 9% CAGR over FY25-28E, with margins improving to 25% in FY28E vs 22.5% in FY25 on product-mix change. In lighting, we expect ~9% revenue CAGR with margin improving to ~16.2% in FY28E (vs 15.3% in FY25) with the introduction of the premium lights portfolio.

Lloyd focuses on profitability and inching up other products

Since past 1-1.5 years, Lloyds has been focusing on profitability, adding better product SKUs, and strengthening its team and channel. Also, it is now setting up refrigerator capacity to diversify from RAC. We expect a revenue CAGR of ~11% over FY25-28E.

Financial summary (Standalone)

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Sales (Rs mn)	1,85,499	2,17,458	2,39,704	2,72,836	3,09,205
EBITDA (Rs mn)	18,453	21,485	24,140	28,101	32,880
Adj. PAT (Rs mn)	12,732	14,888	17,010	20,275	23,989
Con. EPS* (Rs)	-	-	28.9	34.7	39.6
EPS (Rs)	20.3	23.7	27.1	32.3	38.3
Change YoY (%)	18	17	14	19	18
Previous EPS (Rs)	-	-	32.7	38.6	-
RoE (%)	18.1	18.9	19.5	21.1	22.2
RoCE (%)	24.5	25.5	26.1	28.3	29.7
P/E (x)	75.2	64.3	56.3	47.2	39.9
EV/E (x)	50.2	43.0	38.1	32.6	27.5

Source: Company, Axis Capital

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BUY	We expect this stock to deliver more than 15% returns over the next 12 months.
ADD	We expect this stock to deliver 5-15% returns over the next 12 months.
REDUCE	We expect this stock to deliver 5% to -10% returns over the next 12 months.
SELL	We expect this stock to deliver <-10% returns over the next 12 months.