

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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