

India

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Overweight (no change)**Highlighted Companies****Havells India****ADD, TP Rs1513, Rs1518 close**

The Mumbai Metropolitan Region (MMR) remains a highly price-sensitive market. National brands headquartered in Mumbai and nearby locations have a higher market share and compete aggressively. Havells' fans have a meaningful mindshare in the trade channel.

Polycab India**ADD, TP Rs5465, Rs4880 close**

Channel check reveals a steady market share for the company in the cable segment, despite higher competition over the past one year. However, wire sales have seen marginal softness, given stiff competition in the flexible housing wire segment.

Orient Electric**ADD, TP Rs269, Rs207 close**

The MMR region has seen flat sales yoy for Orient Electric. The primary fills for coolers have not yet started. Lighting products' mind share in the region was relatively lower versus Philips and Panasonic.

Summary Valuation Metrics

P/E (x)	Mar24-F	Mar25-F	Mar26-F
Havells India	75.8	60.2	49.08
Polycab India	42.78	40.18	34.82
Orient Electric	45.23	32.24	23.79

P/BV (x)	Mar24-F	Mar25-F	Mar26-F
Havells India	12.89	11.41	9.99
Polycab India	9.18	7.84	6.71
Orient Electric	6.78	5.89	5.01

Dividend Yield	Mar24-F	Mar25-F	Mar26-F
Havells India	0.53%	0.66%	0.79%
Polycab India	0.51%	0.61%	0.72%
Orient Electric	0.72%	0.84%	1.2%

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Ind Goods & Services**Channel check - electrical goods**

- We met the distributors & retailers of electrical goods in the Mumbai region. Both retail & institutional sales doing well. Trade expects a good summer 2024.
- We saw market share shift in fans, lighting products, wires and switchgear. Cable/geyser shares steady. Sales per dealer down due to new dealerships.
- The onset of early summer season in Western India is positive for Havells India, CG Power and Orient Electric. Cable/wire demand was steady qoq.

Western India sales trend is positive; trade expects a good summer

- We met a few distributors & retailers of electrical goods in the Mumbai (Lohar Chawl) region over the last one week. Retail & institutional sales did well in Jan-Feb 2024.
- As brands expand their reach, new dealer appointments in the Mumbai suburban region led to lower incremental footfalls in the wholesale market (demand fulfilled locally).
- Multiple brands across categories indicate no change in the intense competition.
- Trade does not anticipate a meaningful negative impact on sales due to the general elections in India due in Apr-May 2024. No signs of a cash crunch so far.

Key highlights across product segments**Fans:**

- **Price hikes:** Most distributors expect price hikes across brands and SKUs of 2-3% in Mar 2024F, at the start of the summer season. This should help V-Guard's fan sales in the region, as currently the 'Glado Prime' range is pricier vs. peers, as per dealers.
- **Star rating for TPW and exhaust fans:** Most dealers expect energy-saving star ratings for TPW and exhaust fans to be rolled out over the next 12-24 months.
- **New brands and models:** Bajaj Electricals' 'Nex', V-Guard's 'Insight-G', Luminous, Breezalit, Kuhl and BPL ceiling fans & Breezalit and Wadbros exhaust fans witnessed more shelf place and customer displays. Designer fan brand Fanzart has launched its new fan catalogue. The demand for Anchor and Crompton fans appears stagnant.
- **Heavy-duty:** Almonard remained the preferred brand in heavy-duty TPW/exhaust fans.
- **Market share:** Atomberg continues to gain market share in premium fans. However, revenue per dealer has been flattish yoy, given new dealer appointments by Atomberg.

Lights:

- **LED prices:** Bulbs, battens and downlighters have seen a price erosion of 10-25% over the past one year. It is now spilling over to outdoor and façade lighting. Sale volume continues to grow in high double digits while value growth remains low. It is likely that price erosion would continue over CY24F as well.
- **Brand update:** Panasonic gained market share in B2C/B2B lighting. Syska lost considerably (even blacklisted by a few B2B customers) in the Mumbai region. Syska's vacuum has been filled by Philips, Panasonic, Great White and Crompton. Bajaj has limited B2C sales but robust B2B orders (5-year warranty). Polycab's share stayed low.

Switchgear:

- **Industrial demand better:** Domestic switchgear witnessed soft over-the-counter sales while industrial switchgear sales were relatively higher.
- **Competitive pricing:** L&T Switchgear (a part of Schneider Electric) has not revised its price list since Nov 2022. Legrand cut the prices in its list by 4-5% in Aug 2023. Hager took a marginal price hike. L&T (Schneider) and Legrand are preferred brands in industrial switchgear. As the prices are almost equal with Hager now, dealers have witnessed higher sales in the case of L&T and Legrand. Havells stayed low.

Cable and Wire (C&W):

- **Pricing:** Copper and aluminium prices have been in a tight band of +/- 5-10% over Jan-Feb 2024. No meaningful price changes by C&W brands in the region.
- **Polycab's cable share intact but down in case of wires:** Market leadership was intact for flexible (mid voltage) and armoured cables (high voltage) for Polycab. Too many wire brands have led to a shift in wire sales.
- **Active C&W brands:** Avocab, SPM Cables, Dynamic Cables, Diamond Cables, Great White, Havells, KEI, V-Guard and Finolex have seen intense competition in the Mumbai region.

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