Consumer Durables

Sector Update

September 01, 2026

Coverage Universe

Name of the Company	Rating	CMP (INR)	TP (INR)
Bajaj Electricals	Accumulate	326	403
Blue Star	Accumulate	1,491	1,653
Cello World	Accumulate	349	410
Crompton Greaves Consumer Electricals	Buy	231	330
Havells India	Accumulate	1,223	1,319
KEI Industries	Accumulate	5,348	6,001
LG Electronics India	HOLD	1,666	1,723
Polycab India	BUY	8,896	10,764
R R Kabel	HOLD	2,870	2,596
Voltas	HOLD	1,205	1,308

For further details on UltraTech's W&C entry and our earlier assessment, please refer to our consumer durables report dated March 5, 2025. Report Link

UltraTech W&C expansion barely cements an impact

Quick Pointers

- UTCEM commenced operations with 1.1mn km installed W&C capacity
- UTCEM committed INR8.9bn capex till Jun'26 out of INR18 bn planned

UTCEM informed the exchanges that its wires & cables (W&C) plant in Bharuch, Gujarat, has commenced commercial production from 1st Sep'26. The facility has an installed capacity of 1.1mn km for wires and light-duty cables, with total estimated Phase I investment of INR8.9bn as of Jun'26.

We believe that UltraTech's entry will not have a significant near-term impact on the financials of existing market leaders. However, it will be sentimentally negative for wire heavy companies in the long term. We are positive on cable heavy companies, and thus, continue to value cable heavy companies under our coverage at 40x P/E for KEII/POLYCAB, with TP of INR6,001/10,764, and at 35x P/E for RRKABEL with TP of INR2,596, which has wires accounting for 70% of its W&C business and higher export contribution (29% W&C Segment) compared with peers.

- Based on 1.1mn km capacity and optimal utilization of 70%, we estimate revenue potential of ~INR19bn, assuming average copper price of INR1,300/kg.
- Integrated wire and LT cable capacity typically generates an asset turnover of 2.5x-4.0x. Based on Phase I investment of INR8.9bn, we estimate potential revenue of INR22-35bn at peak utilization.
- UltraTech plans to generate ~60% of its W&C revenue from wires through its UltraTech Building Solutions (UBS) stores. Its strong relationships with industry stakeholders and the large pan-India UBS network of ~5,800 stores could enable faster ramp-up. We therefore see a higher competitive risk for wire-focused companies compared with cable-heavy players.
- Domestic W&C sector is expected to reach INR1,467bn by FY29E, implying ~13% CAGR over FY26-29E, with wires accounting for ~33% of the industry. Based on these industry growth estimates, we expect UltraTech to achieve <2% market share by FY28E at optimal utilization of its Phase I capacity. However, with the completion of its planned INR18bn capex, UltraTech aims to reach 5-7% market share in the W&C sector, which could significantly increase competitive intensity over the medium term.
- The INR18bn capex could generate revenue of ~INR72bn at optimal capacity utilization, assuming gross asset turnover of 4.0x.
- Increased focus on the building solutions segment suggests that UTCEM's capacity will be more concentrated toward wires and LT cables, rather than HT cables. In terms of product mix, the business is therefore likely to be more comparable with players such as Havells, Finolex Cables and RR Kabel.
- We estimate UltraTech to generate INR10bn revenue from the W&C segment in FY28E, with EBITDA margin of -5.0% initially. As production and sales ramp up, we expect the segment to turn profitable in subsequent years.

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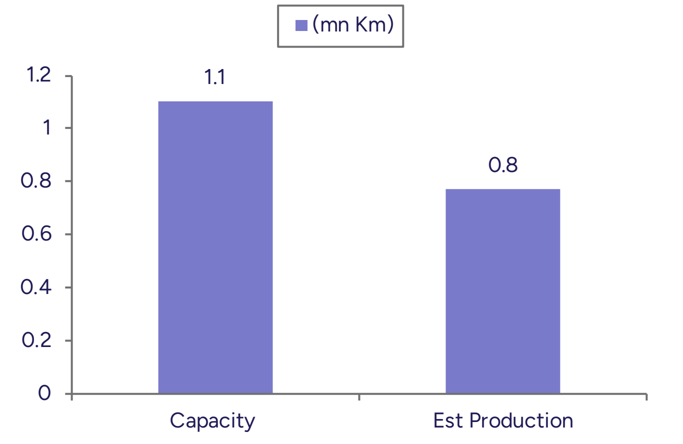
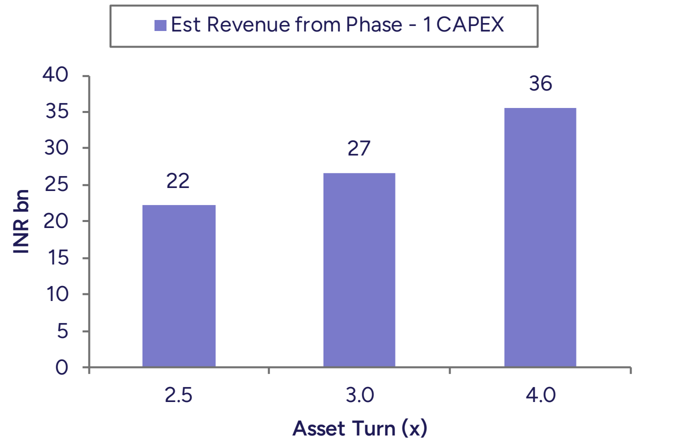
Exhibit 1: Avg capacity utilisation of 70% implies ~0.8mn km production



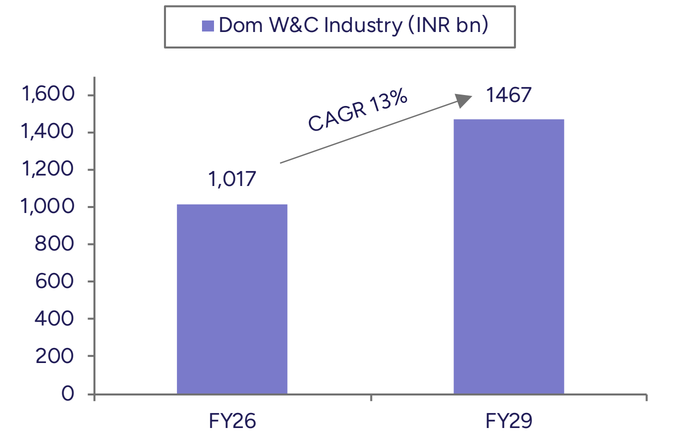
Source: Company, PL

Exhibit 2: Estimated Revenue Sensitivity to Asset Turns



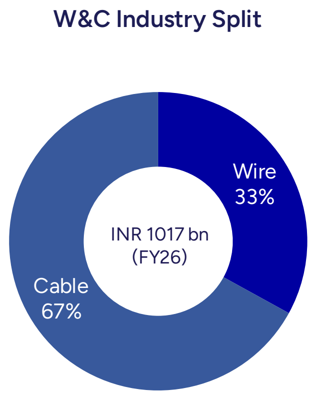
Source: Company, PL

Exhibit 3: Domestic W&C is expected to grow by 13% CAGR



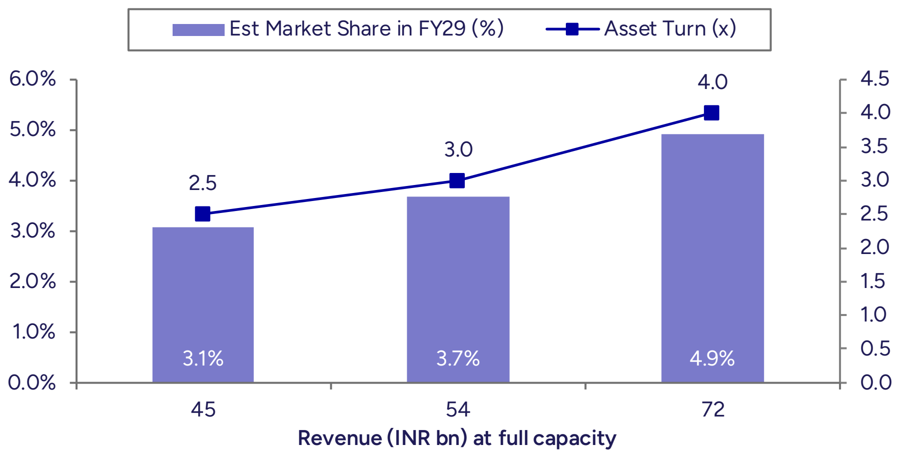
Source: Company, PL

Exhibit 4: Wires accounted for 33% of W&C Industry in FY26



Source: Company, PL

Exhibit 5: UTCEM is expected to capture ~4.9% market share by FY29



Source: Company, PL

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Amber Enterprises India	Buy	9244	7222
2	Astral	BUY	1684	1464
3	Avalon Technologies	Reduce	1470	1823
4	Bajaj Electricals	Accumulate	403	383
5	Blue Star	Accumulate	1653	1514
6	Cello World	Accumulate	410	360
7	Century Plyboard (I)	Accumulate	878	770
8	Cera Sanitaryware	BUY	7221	6049
9	Crompton Greaves Consumer Electricals	Buy	330	252
10	Cyient DLM	HOLD	635	623
11	Finolex Industries	Accumulate	197	164
12	Greenpanel Industries	BUY	284	184
13	Havells India	Accumulate	1319	1187
14	Kajaria Ceramics	BUY	1403	1198
15	Kaynes Technology India	Accumulate	4390	3856
16	KEI Industries	Accumulate	6001	5500
17	LG Electronics India	HOLD	1723	1730
18	Polycab India	BUY	10764	9215
19	Premier Energies	Accumulate	1131	1047
20	R R Kabel	HOLD	2596	2525
21	Supreme Industries	BUY	4610	3395
22	Syrma SGS Technology	HOLD	1409	1378
23	Vikram Solar	Accumulate	173	157
24	Voltas	HOLD	1308	1321
25	Waaree Energies	BUY	3280	2625

PL's Recommendation Nomenclature (Absolute Performance)

BUY	:	> 15%
Accumulate	:	5% to 15%
Hold	:	+5% to -5%
Reduce	:	-5% to -15%
Sell	:	< -15%
Not Rated (NR)	:	No specific call on the stock
Under Review (UR)	:	Rating likely to change shortly

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