



BAJAJ BROKING

Sectoral Thematic

Consumer Durable

5 March 2025

Stay cool and invest smart – Air Conditioners Stocks

As 2025 unfolds, India is experiencing an unprecedented rise in temperatures, making this February month one of the hottest on record. Consequently, AC manufacturers and related businesses are drawing significant attention in the stock market.

According to the India Meteorological Department (IMD), the country is likely to witness above-normal maximum temperatures across most parts between March and May 2025. An increased number of heatwave days is also anticipated during these months, except in Northeast India, extreme northern regions, and southwestern parts of the Peninsular region.

This surge in temperatures is expected to lead to a significant increase in electricity consumption due to the heightened use of cooling appliances. As the heat becomes unbearable, the demand for air conditioners is projected to rise sharply, benefiting companies in the cooling solutions sector.

Historically, hot summers have resulted in a spike in sales for companies manufacturing air conditioners, coolers, and refrigeration products. In 2025, this trend is expected to be even more pronounced.

As India gears up for an exceptionally hot summer in 2025, the stock is likely to witness heightened interest in air conditioner stocks. Investors looking to capitalize on seasonal trends should keep a close watch on key players in the cooling solutions industry. With strong demand and favorable market dynamics, AC stocks could emerge as a hot investment theme this summer.

Top Picks in Air Conditioners Space				Time Frame - 6 month	
Name	Market Cap (in Cr.)	Recommended Range	Target	StopLoss	Upside
Voltas	46438	1370-1410	1590	1263	14%
PG Electroplast	24214	830-860	980	738	16%

Market Cap as on 5th March 2025

Stock Recommendation

Company Information

Voltas is a leading provider of air conditioning, refrigeration, and electro-mechanical services, operating as an EPC contractor in both domestic and international markets, including the Middle East and Singapore. The company also offers engineering solutions for industries such as mining, water management and treatment, construction equipment, and textiles machinery. Established over six decades ago through a partnership between Tata Sons and the Swiss company Volkart Brothers, Voltas has built a strong reputation for its expertise in project management. With over 5,000 active customer sites across India, Voltas continues to be a trusted name in engineering solutions.

Key Triggers-

- ❑ Market leader with a 20.5% market share in room air conditioners.
- ❑ Robust demand for both split and window air conditioners.
- ❑ Significant capex allocation of ₹400-450 crores for compressor manufacturing and production expansion at the Chennai factory, with ₹250 crores dedicated to compressors.
- ❑ Positive demand outlook for the upcoming summer season.
- ❑ Expectation of normalized pressures related to the new factory ramp-up and inventory liquidation in commercial refrigeration.

Technical Outlook

- ❑ Stock is resuming its up move after forming base at the long term 200 weeks EMA and the 61.8% retracement of the previous rally (808-1944) thus offers fresh entry opportunity.
- ❑ It has generated a breakout above the falling channel containing entire decline highlighting reversal of corrective trend.
- ❑ We expect the stock to head higher towards 1590 levels in the coming months being the 61.8% retracement of entire decline(1859-1135).



Stock Recommendation

Company Information

PG Electroplast Limited (PGEL), the flagship company of the PG Group, was established in 2003, although the PG Group's journey began in 1977. As a prominent and diversified Indian Electronic Manufacturing Service (EMS) provider, PGEL specializes in Original Design Manufacturing (ODM), Original Equipment Manufacturing (OEM), and Plastic Injection Molding. The company serves over 50 leading Indian and global brands, delivering innovative solutions across various industries.

Key Triggers-

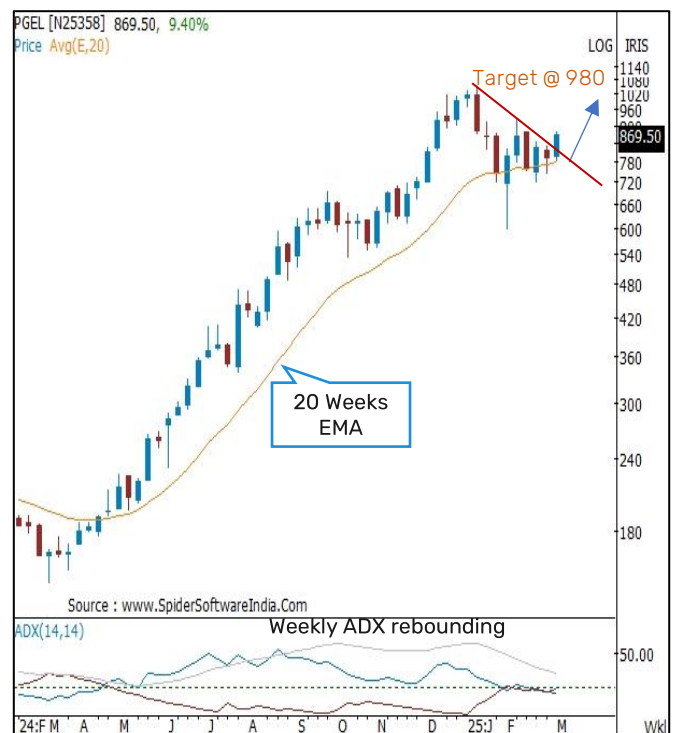
- ❑ Revised revenue guidance for FY '25 set at ₹4,550 crores for PG Electroplast, plus ₹550 crores from the joint venture Goodworth Electronics, totaling approximately ₹5,100 crores.
- ❑ Anticipated 98% growth in key product segments (washing machines, room air conditioners, air coolers), with revenue rising from ₹1,668 crores in FY '24 to ₹3,300 crores in FY '25.
- ❑ Capital expenditure guidance between ₹370 crores and ₹380 crores.
- ❑ Over 90% of revenue growth expected to come from existing clients, with minimal reliance on new client acquisitions.
- ❑ Strong demand forecasted for the upcoming season, with positive prospects for client onboarding and market share expansion.

Technical Outlook

- ❑ The stock has generated a breakout above the falling supply line joining the highs of the last 2 months thus offers fresh entry opportunity
- ❑ It has recently rebounded after base formation above the 20 weeks EMA and the previous major breakout area highlighting positive price structure
- ❑ We expect the stock to head higher towards 980 levels in the coming quarters being the previous breakdown area and 80% retracement of the entire decline (1054-597)

PG Electroplast

Buying range	: Rs 830 - 860
Target	: Rs 980
Upside	: 16%
Stoploss	: Rs 738
Time Horizon	: 6 Months



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Name : Bajaj Broking Research Team | Email Id : researchdesk@bajajbroking.in

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Vikas Vyas
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Nisarg Shah
(Fundamental Analyst)

Harsh Parekh
(Technical Analyst)

Raunaq Murarka
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