20 January 2026

# Havells India

*Gradual recovery underway despite near-term hiccups; maintain BUY*

Rating: **BUY**
Target Price (12-mth): Rs.1,624
Share Price: Rs.1,355

**Havells' revenue grew 14.3% y/y in Q3FY26, mainly led by a robust 33/4% y/y growth in Cables & Wires (C&W)/Electrical Consumer Durables (ECD) business, despite 6% y/y drop in Lloyd. However, near-term performance will remain susceptible to inventory clearance, commodity price movement, seasonal demand trend and the pace of margin normalisation. Overall, Havells is well-placed to navigate near-term volatility and deliver sustainable growth, aided by a strong balance sheet, pricing power and disciplined capital allocation. We maintain BUY rating on the stock with a lower TP of Rs1,624 (from Rs1,720 earlier), valuing it at 48x FY28e EPS.**

**Healthy Q3:** Consolidated revenue rose 14.3% y/y to Rs55.8bn, primarily led by a robust 33% y/y growth in C&W business led by volume and commodity price inflation. ECD business rose 4% y/y, as normal onset of winters aided demand for heating products, while Lloyd contracted 6% y/y due to weak summer. Notably, the company recognised an exceptional charge of Rs450m towards New Labour Codes. EBITDA margin rose 51bps y/y to 9.2%, while gross margin fell 144bps. Employee cost/other expenses rose 5.6/5.7% y/y. PAT grew by 8% y/y to Rs3bn.

**Channel Inventory to Normalise by March:** In cooling products, channel inventories have corrected significantly, which are likely to normalise by Mar-26, as sell-through improves and residual old BEE-norm inventory is cleared in an orderly manner. As per the management, the industry requires 5-10% price hike to offset higher input cost arising from commodity inflation, currency depreciation and regulatory changes linked to BEE transitions expecting a part of this to be absorbed by GST 2.0.

**Outlook and Valuation:** Considering muted quarterly operating performance, we tweak our revenue/EBITDA/PAT estimates for FY26e/27e/28e. We expect revenue/PAT to clock 11/13% CAGR over FY25-28e, driven by cost efficiency and premium categories. At the CMP, the stock trades at 56/46/40x FY26e/27e/28e EPS of Rs24/Rs29/Rs34. Rolling over our estimates to FY28e, we maintain BUY rating on the stock with a revised TP of Rs1,624 (from Rs1,720 earlier), valuing it at 48x FY28e EPS of Rs34. **Risks:** Volatility in commodity prices; (b) lower volume in consumer-facing segments; and (c) higher competitive intensity.

| Key Financials (Y/E: Mar) | FY24 | FY25 | FY26e | FY27e | FY28e |
|---|---|---|---|---|---|
| Sales (Rs m) | 1,85,900 | 2,17,781 | 2,31,630 | 2,62,398 | 2,98,769 |
| Net profit (Rs m) | 12,708 | 14,702 | 14,590 | 18,221 | 21,168 |
| EPS (Rs) | 20.3 | 23.5 | 24.1 | 29.1 | 33.8 |
| PE (x) | 66.8 | 57.7 | 56.3 | 46.5 | 40.0 |
| EV / EBITDA (x) | 44.4 | 38.3 | 37.2 | 30.1 | 25.8 |
| P / BV (x) | 11.4 | 10.2 | 9.5 | 8.6 | 7.6 |
| *RoE (%)* | 18.1 | 18.7 | 16.4 | 18.5 | 19.1 |
| *RoCE post-tax (%)* | 14.3 | 14.7 | 14.1 | 15.8 | 16.4 |
| *RoIC post-tax (%)* | 23.1 | 25.3 | 21.6 | 23.5 | 27.1 |
| Net debt / equity (x) | (0.4) | (0.4) | (0.3) | (0.3) | (0.4) |

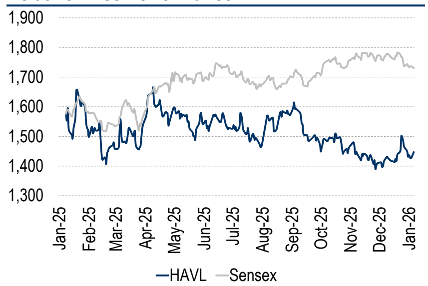
*Source: Company, Anand Rathi Research*

| Key Data | HAVL IN / HVEL.BO |
|---|---|
| 52-week high / low | Rs1713 / 1347 |
| Sensex / Nifty | 82180 / 25233 |
| Market cap | Rs898bn |
| Shares outstanding | 627m |

| Shareholding Pattern (%) | Dec'25 | Sep'25 | Jun'25 |
|---|---|---|---|
| Promoters | 59.4 | 59.4 | 59.4 |
| *- of which, Pledged* | - | - | - |
| Free float | 40.6 | 40.6 | 40.6 |
| - Foreign institutions | 18.0 | 19.3 | 21.6 |
| - Domestic institutions | 16.7 | 15.5 | 13.4 |
| - Public | 6.0 | 5.8 | 5.7 |

| Estimate Revision (%) | FY26e | FY27e | FY28e |
|---|---|---|---|
| Sales | (1.4) | (0.6) | 0.5 |
| EBITDA | (9.4) | (7.2) | (6.6) |
| PAT | (9.0) | (9.0) | (8.1) |

**Relative Price Performance**




*Source: Bloomberg*

**Manish Valecha**
Research Analyst

**Surbhi Lodha**
Research Analyst

# Quick Glance – Financials and Valuations

### Fig 1 – Income Statement (Rs m)

| Y/E Mar | FY24 | FY25 | FY26e | FY27e | FY28e |
|---|---|---|---|---|---|
| Net revenue | 1,85,900 | 2,17,781 | 2,31,630 | 2,62,398 | 2,98,769 |
| *Growth (%)* | 9.9 | 17.1 | 6.4 | 13.3 | 13.9 |
| Direct costs | 1,25,687 | 1,46,084 | 1,54,729 | 1,75,282 | 1,99,577 |
| SG&A | 41,787 | 50,388 | 54,767 | 59,990 | 68,041 |
| **EBITDA** | **18,426** | **21,309** | **22,135** | **27,126** | **31,150** |
| *EBITDA margins (%)* | 9.9 | 9.8 | 9.6 | 10.3 | 10.4 |
| - Depreciation | 3,385 | 4,004 | 4,546 | 5,346 | 5,826 |
| Other income | 2,490 | 3,033 | 2,895 | 3,149 | 3,585 |
| Interest expenses | 457 | 432 | 423 | 438 | 458 |
| PBT | 17,074 | 19,905 | 20,061 | 24,490 | 28,451 |
| *Effective tax rates (%)* | 25.6 | 26.1 | 25.6 | 25.6 | 25.6 |
| + Associates / (Minorities) | - | 20 | 30 | 30 | 30 |
| Net income | 12,708 | 14,702 | 14,590 | 18,221 | 21,168 |
| Adj. income | 12,708 | 14,723 | 15,070 | 18,251 | 21,198 |
| WANS | 627 | 627 | 627 | 627 | 627 |
| FDEPS (Rs) | 20.3 | 23.5 | 24.1 | 29.1 | 33.8 |
| *FDEPS growth (%)* | 18.6 | 15.9 | 2.4 | 21.1 | 16.1 |
| *Gross margins (%)* | 32.4 | 32.9 | 33.2 | 33.2 | 33.2 |

### Fig 2 – Balance Sheet (Rs m)

| Y/E Mar | FY24 | FY25 | FY26e | FY27e | FY28e |
|---|---|---|---|---|---|
| Share capital | 627 | 627 | 627 | 627 | 627 |
| Net worth | 74,468 | 83,238 | 89,087 | 98,567 | 1,10,993 |
| Debt | - | - | - | - | - |
| Minority interest | - | 172 | 202 | 232 | 262 |
| DTL / (Assets) | 3,226 | 3,524 | 3,524 | 3,524 | 3,524 |
| **Capital employed** | **77,694** | **86,933** | **92,812** | **1,02,322** | **1,14,779** |
| Net tangible assets | 26,063 | 32,521 | 39,975 | 42,629 | 40,803 |
| Net intangible assets | 10,730 | 10,910 | 10,969 | 11,027 | 11,084 |
| Goodwill | 3,105 | 3,105 | 3,105 | 3,105 | 3,105 |
| CWIP (tang. & intang.) | 2,969 | 1,165 | 2,000 | 1,000 | 500 |
| Investments (strategic) | 200 | 110 | 6,110 | 6,110 | 6,110 |
| Investments (financial) | - | - | - | - | - |
| Current assets (excl. cash) | 50,708 | 56,348 | 66,066 | 73,897 | 83,140 |
| Cash | 30,382 | 33,781 | 25,432 | 32,362 | 46,059 |
| Current liabilities | 46,284 | 50,931 | 54,769 | 61,733 | 69,947 |
| Working capital | 4,424 | 5,417 | 11,297 | 12,165 | 13,193 |
| **Capital deployed** | **77,694** | **86,933** | **92,812** | **1,02,322** | **1,14,779** |
| Contingent liabilities | 1,169 | | | | |

### Fig 3 – Cash-flow Statement (Rs m)

| Y/E Mar | FY24 | FY25 | FY26e | FY27e | FY28e |
|---|---|---|---|---|---|
| PBT | 17,074 | 19,905 | 19,610 | 24,490 | 28,451 |
| + Non-cash items | 3,385 | 4,004 | 4,546 | 5,346 | 5,826 |
| Oper. prof. before WC | 20,459 | 23,909 | 24,157 | 29,836 | 34,277 |
| - Incr. / (decr.) in WC | 4,273 | (2,438) | 120 | (867) | (1,028) |
| Others incl. taxes | (5,201) | (6,318) | (7,493) | (8,980) | (10,411) |
| Operating cash-flow | 19,530 | 15,153 | 16,784 | 19,989 | 22,838 |
| - Capex (tang. + intang.) | (7,623) | (7,538) | (12,894) | (7,058) | (3,557) |
| Free cash-flow | 11,907 | 7,615 | 3,889 | 12,931 | 19,281 |
| Acquisitions | | | | | |
| - Div. (incl. buyback & taxes) | (4,701) | (6,268) | (8,771) | (8,771) | (8,771) |
| + Equity raised | 213 | 425 | - | - | - |
| + Debt raised | - | - | - | - | - |
| - Fin investments | (10,371) | 1,802 | (6,000) | - | - |
| - Misc. (CFI + CFF) | (772) | (771) | (390) | 60 | 60 |
| Net cash-flow | (1,944) | 5,449 | (8,349) | 6,930 | 13,697 |

*Source: Company*

### Fig 4 – Ratio Analysis

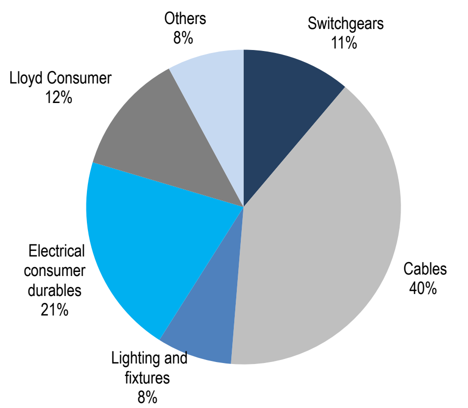
| Y/E Mar | FY24 | FY25 | FY26e | FY26e | FY26e |
|---|---|---|---|---|---|
| P/E (x) | 66.8 | 57.7 | 56.3 | 46.5 | 40.0 |
| EV / EBITDA (x) | 44.4 | 38.3 | 37.2 | 30.1 | 25.8 |
| EV / Sales (x) | 4.4 | 3.7 | 3.6 | 3.1 | 2.7 |
| P/B (x) | 11.4 | 10.2 | 9.5 | 8.6 | 7.6 |
| RoE (%) | 18.1 | 18.7 | 16.4 | 18.5 | 19.1 |
| RoCE (%) - after tax | 14.3 | 14.7 | 14.1 | 15.8 | 16.4 |
| RoIC (%) - after tax | 23.1 | 25.3 | 21.6 | 23.5 | 27.1 |
| DPS (Rs) | 9.0 | 10.0 | 14.0 | 14.0 | 14.0 |
| Dividend yield (%) | 0.7 | 0.7 | 1.0 | 1.0 | 1.0 |
| Dividend payout (%) - incl. DDT | 44.4 | 42.6 | 58.2 | 48.1 | 41.4 |
| Net debt / equity (x) | (0.4) | (0.4) | (0.3) | (0.3) | (0.4) |
| Receivables (days) | 23 | 21 | 21 | 21 | 21 |
| Inventory (days) | 67 | 68 | 68 | 68 | 68 |
| Payables (days) | 53 | 51 | 51 | 51 | 51 |
| CFO : PAT (%) | 153.7 | 102.9 | 111.4 | 109.5 | 107.7 |

*Source: Company*

### Fig 5 – Price Movement


*Source: Bloomberg*

### Fig 6 – Revenue-mix (Q3FY26)




*Source: Company*

## Fig 7 – Financial Performance

| (Rs m) | Q3FY24 | Q4FY24 | Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 | Q1FY26 | Q2FY26 | Q3FY26 | y/y (%) | q/q (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Income** | **44,139** | **54,420** | **58,062** | **45,393** | **48,890** | **65,436** | **54,554** | **47,793** | **55,879** | **14.3** | **16.9** |
| Raw material cost | 29,447 | 36,562 | 39,565 | 30,075 | 32,055 | 44,389 | 36,311 | 31,078 | 37,439 | 16.8 | 20.5 |
| Employee cost | 3,830 | 4,202 | 4,617 | 4,646 | 4,693 | 4,745 | 4,995 | 4,788 | 4,956 | 5.6 | 3.5 |
| Other expenses | 6,535 | 7,310 | 8,158 | 6,922 | 7,877 | 8,731 | 8,091 | 7,543 | 8,323 | 5.7 | 10.3 |
| **EBITDA** | **4,327** | **6,346** | **5,723** | **3,751** | **4,265** | **7,570** | **5,157** | **4,384** | **5,161** | **21.0** | **17.7** |
| Depreciation | 877 | 934 | 920 | 946 | 1,041 | 1,097 | 1,057 | 1,058 | 1,086 | 4.3 | 2.7 |
| Finance cost | 102 | 177 | 86 | 101 | 94 | 152 | 94 | 91 | 89 | (4.9) | (2.3) |
| Other income | 559 | 758 | 773 | 929 | 643 | 687 | 692 | 863 | 427 | (33.6) | (50.5) |
| Exceptional items | - | - | - | - | - | - | - | - | (450) | - | - |
| **PBT** | **3,907** | **5,993** | **5,490** | **3,633** | **3,773** | **7,009** | **4,698** | **4,098** | **3,962** | **5.0** | **(3.3)** |
| Tax | 1,028 | 1,526 | 1,415 | 955 | 994 | 1,839 | 1,222 | 963 | 1,076 | 8.2 | 11.7 |
| **PAT** | **2,879** | **4,467** | **4,079** | **2,682** | **2,783** | **5,178** | **3,477** | **3,190** | **3,008** | **8.1** | **(5.7)** |
| EPS (Rs) | 4.6 | 7.1 | 6.5 | 4.3 | 4.4 | 8.3 | 5.5 | 5.1 | 5.5 | 24.3 | 8.4 |
| **As % of income** | | | | | | | | | | **y/y (bps)** | **q/q (bps)** |
| **Gross margins** | **33.3** | **32.8** | **31.9** | **33.7** | **34.4** | **32.2** | **33.4** | **35.0** | **33.0** | **(143.49)** | **(197.42)** |
| Employee costs | 8.7 | 7.7 | 8.0 | 10.2 | 9.6 | 7.3 | 9.2 | 10.0 | 8.9 | (73.02) | (114.83) |
| Other expenses | 10.8 | 11.0 | 11.1 | 12.4 | 12.5 | 11.2 | 12.2 | 13.0 | 12.1 | (33.78) | (90.52) |
| **EBITDA margins** | **9.8** | **11.7** | **9.9** | **8.3** | **8.7** | **11.6** | **9.5** | **9.2** | **9.2** | **51.25** | **6.28** |
| Depreciation | 2.0 | 1.7 | 1.6 | 2.1 | 2.1 | 1.7 | 1.9 | 2.2 | 1.9 | (18.54) | (26.94) |
| Finance costs | 0.2 | 0.3 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | (3.23) | (3.14) |
| Other income | 1.3 | 1.4 | 1.3 | 2.0 | 1.3 | 1.1 | 1.3 | 1.8 | 0.8 | (55.17) | (104.07) |
| **PBT margins** | **8.9** | **11.0** | **9.5** | **8.0** | **7.7** | **10.7** | **8.6** | **8.6** | **7.1** | **(62.73)** | **(148.29)** |
| Effective tax rates | 26.3 | 25.5 | 25.8 | 26.3 | 26.3 | 26.2 | 26.0 | 23.5 | 27.1 | 81.14 | 364.49 |
| **PAT margins** | **6.5** | **8.2** | **7.0** | **5.9** | **5.7** | **7.9** | **6.4** | **6.7** | **6.2** | **49.62** | **(48.60)** |
| **Segment-wise revenue (Rs m)** | | | | | | | | | | **y/y (%)** | **q/q (%)** |
| Switchgear | 5,206 | 6,513 | 5,768 | 5,513 | 5,769 | 6,918 | 6,298 | 5,955 | 6,244 | 8.2 | 4.8 |
| Cables | 15,727 | 17,896 | 15,212 | 18,052 | 16,879 | 21,694 | 19,332 | 20,282 | 22,411 | 32.8 | 10.5 |
| Lighting & Fixtures | 4,335 | 4,353 | 3,876 | 3,951 | 4,464 | 4,417 | 3,802 | 4,284 | 4,306 | (3.5) | 0.5 |
| Electrical consumer durables | 9,615 | 9,104 | 10,554 | 8,564 | 11,048 | 9,973 | 9,073 | 8,418 | 11,515 | 4.2 | 36.8 |
| Lloyd Consumer | 6,561 | 13,459 | 19,287 | 5,896 | 7,422 | 18,736 | 12,711 | 4,822 | 7,006 | (5.6) | 45.3 |
| Other | 2,695 | 3,096 | 3,365 | 3,418 | 3,308 | 3,698 | 3,337 | 4,032 | 4,398 | 32.9 | 9.1 |
| **Mix (%)** | | | | | | | | | | | |
| Switchgear | 12 | 12 | 10 | 12 | 12 | 11 | 12 | 12 | 11 | | |
| Cables | 36 | 33 | 26 | 40 | 35 | 33 | 35 | 42 | 40 | | |
| Lighting & Fixtures | 10 | 8 | 7 | 9 | 9 | 7 | 7 | 9 | 8 | | |
| Electrical consumer durables | 22 | 17 | 18 | 19 | 23 | 15 | 17 | 18 | 21 | | |
| Lloyd Consumer | 15 | 25 | 33 | 13 | 15 | 29 | 23 | 10 | 13 | | |
| Other | 6 | 6 | 6 | 8 | 7 | 6 | 6 | 8 | 8 | | |
| **Segment EBIT (%)** | | | | | | | | | | **bps y/y** | **bps q/q** |
| Switchgear | 23.9 | 28.2 | 24.6 | 20.9 | 18.2 | 25.7 | 23.4 | 22.3 | 22.0 | 385.22 | (28.02) |
| Cables | 10.3 | 12.0 | 11.2 | 8.6 | 11.1 | 11.9 | 12.6 | 13.7 | 11.8 | 76.55 | (187.46) |
| Lighting & Fixtures | 14.0 | 18.0 | 16.2 | 12.7 | 14.6 | 16.4 | 12.0 | 12.7 | 11.1 | (346.26) | (161.35) |
| Electrical consumer durables | 11.0 | 11.3 | 10.9 | 7.5 | 8.6 | 12.5 | 8.7 | 5.6 | 10.1 | 146.96 | 445.81 |
| Lloyd Consumer | (10.0) | 2.7 | 3.3 | (4.1) | (4.9) | 6.1 | (1.6) | (22.0) | (8.6) | (375.05) | 1,336.12 |
| Other | 1.4 | 2.9 | 3.3 | 1.9 | (2.0) | 3.9 | 4.8 | 2.9 | 1.7 | 368.62 | (123.36) |

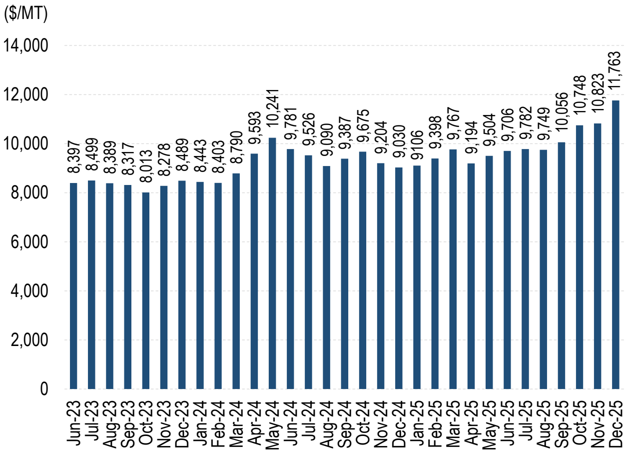
*Source: Company*

# Q3FY26 Earnings Concall – Key Highlights

### Strong Growth in C&W Biz

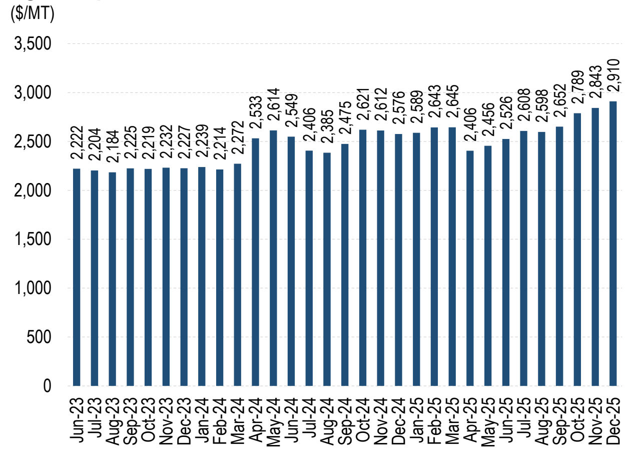
- C&W business remained the key growth engine, aided by healthy volume expansion and favourable realisation tailwinds from elevated copper and aluminium prices. The management indicated that volume growth remained robust at >20%, driven by sustained infrastructure activity, housing demand and incremental channel stocking ahead of continuous price hikes.
- Capacity utilisation remains healthy, with wires operating at ~65-70% and cables at a relatively tight ~80-90%, underpinning the company's decision to continue investing in capex over the medium-term to support demand visibility and market share gains.
- While some moderation in volume is possible as channel inventory levels normalize after extra stocking in Q3, the management does not foresee any strategic shift from channel-led model or towards lower-margin B2B sales.
- Export opportunities in underground cables are being actively pursued as a long-term hedge against domestic cyclicality, though near-term growth remains impacted by tariff-related weakness in the US market.
- Overall, the segment is well-positioned to sustain high-teens to low-twenties growth over the medium-term, aided by capacity expansion, pricing power and strong end-market tailwinds, making it a key earnings and valuation driver for the company, going forward.

**Fig 8 – Copper Prices on Rise**



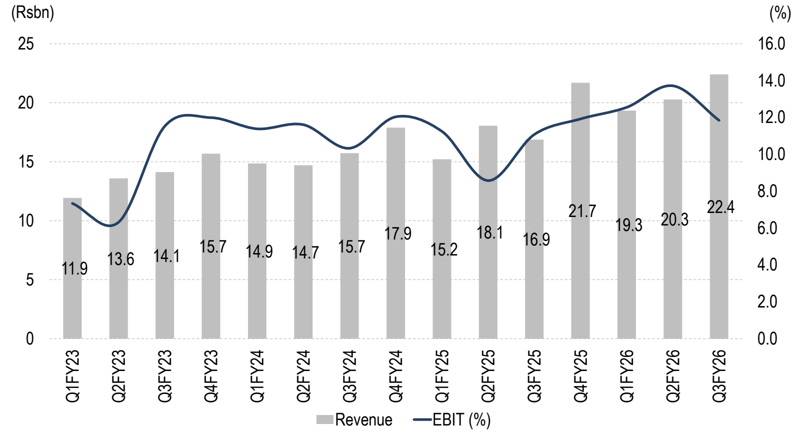

*Source: Bloomberg, Anand Rathi Research*

**Fig 9 – Uptrend in Aluminium Prices**




*Source: Bloomberg, Anand Rathi Research*

**Fig 10 – Quarterly Cables Revenue and EBIT**

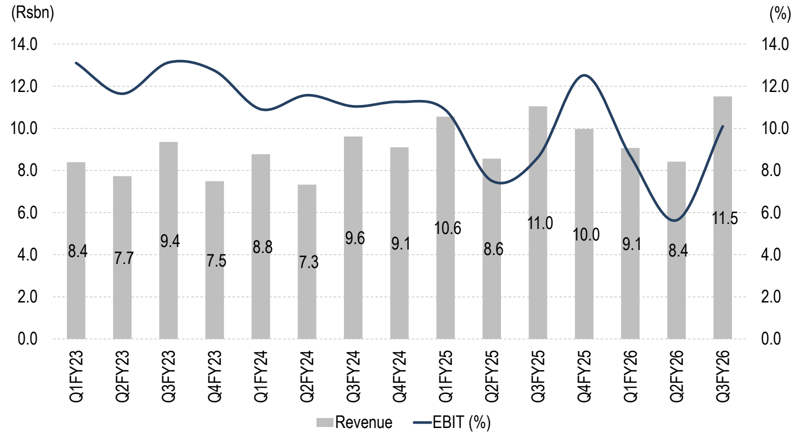



*Source: Company*

## ECD - Gradual Normalisation Expected

- ECD business rose 4% y/y, mainly led by strong demand for heating appliances and water heaters due to favourable winter season, while performance in fans remained weak and continued to weigh on overall growth.
- The management highlighted that segmental growth was largely volume-driven, with limited contribution from pricing, reflecting a cautious demand environment and higher competitive intensity across categories.
- Segmental margin remains under pressure due to elevated RM cost, incomplete price pass-on and continued promotional intensity, particularly in mass categories i.e., fans and lighting.
- The company is in the process of gradually restoring margin towards normalised levels through calibrated price hikes, cost efficiency initiatives and improvement in product-mix, while maintaining strict discipline on not sacrificing profitability for volume growth.
- Looking ahead, the management expects a gradual recovery in ECD performance, as seasonal demand for fans and cooling products improves, price increases flow through more fully and operating leverage benefits kick in, though near-term margins are likely to remain volatile given commodity inflation and the competitive landscape.
- Lighting revenue fell 3.5% y/y due to muted demand, intense competition and aggressive pricing by regional players, leading to some market share loss.
- Margin recovery is expected to be gradual, aided by infrastructure and institutional demand, though near-term growth and margin improvement are likely to remain subdued.

**Fig 11 – Quarterly Revenue and EBIT, ECD**

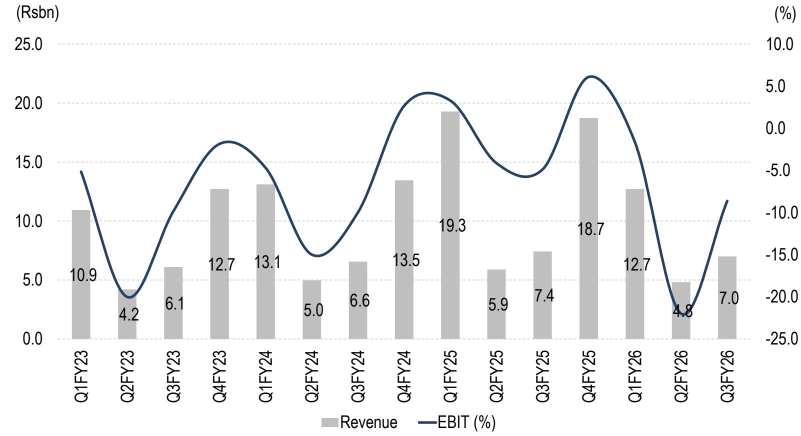



*Source: Company, Anand Rathi Research*

## Lloyd – Inventory Normalisation Underway with Sequential Recovery

- Lloyd's Q3 revenue contracted 6% y/y, impacted by an unusually weak summer season, subdued consumer demand and elevated channel inventories, which constrained primary sales and led to cautious production planning. EBIT margins came in at -8.6%, with significant under-absorption of factory expenses and lower revenue.
- The management highlighted that channel inventory levels are now significantly lower than last year and are in the process of normalising, with full normalisation expected by Mar-26, as sell-through improves and the summer season commences in southern markets from February and in northern regions thereafter.
- A portion of residual inventory relates to old BEE-norm compliant models, which the company expects to liquidate over the next 2-3 months in an orderly manner without resorting to aggressive discounting, aided by a disciplined trade and clear product differentiation between old and new energy-efficiency norms.
- From pricing perspective, the industry requires 5-10% price hike to offset higher input cost led by commodity inflation, currency depreciation and regulatory changes linked to BEE transitions. However, the management expects a part of this to be absorbed by GST 2.0, thereby limiting the impact on end-consumer prices and preserving demand elasticity.
- Looking ahead, the outlook for Lloyd hinges on the strength of upcoming summer season, pace of inventory clearance and effectiveness of price pass-on, with a cleaner channel base. Stabilisation in inventory positions the business for a gradual recovery in volume and utilisation over the medium-term.

**Fig 12 – Quarterly Revenue and EBIT (Lloyd)**




*Source: Company, Anand Rathi Research*

## Switchgears and Solar

- Switchgear business grew 8% y/y, led by demand from real estate and project segments, while segmental margin improved 385bps led by better operating leverage and execution improvements.
- Other segments grew 33% y/y mainly led by solar category owing to strong traction in solar modules, aided by steady demand for inverters and balance-of-system products. Growth has been accelerated by Havells' strategic investment in Goldi Solar, ensuring secured module supply and participation across renewable ecosystem.
- While margin remains relatively lower at 1.7% due to a mix of utility-scale and institutional projects, the management remains optimistic on medium-term margin expansion, as scale improves and business mix shifts towards higher-value solutions.
- With a broad portfolio spanning modules, inverters, switchgear, cables, EPC and system integration, the company is well-placed to benefit from India's accelerating renewable adoption, with solar likely to deliver sustained revenue growth and gradually improvement in profitability.

## Capex Plans

- Havells continues to maintain a disciplined and growth-oriented capex strategy, with FY26/27e capex guided at ~Rs14/10bn, broadly in line with recent investment levels, largely towards C&W capex, new product development, automation and technology upgrades.
- Major chunk of the capex will be incurred for expanding capacities in the high-growth C&W segment and setting up a new R&D centre.
- Capex for Lloyd has largely been completed in FY25, limiting incremental capital intensity in cooling products, going forward.

# Outlook and Valuations

While C&W aided the quarterly performance, consumer-facing segments remained under pressure amid a muted demand environment. Margin saw near-term volatility due to commodity inflation, mix effects and incomplete price pass-through, though the management reiterated that these pressures are cyclical and not structural. Channel inventories, particularly in cooling products, have corrected meaningfully and are expected to normalise by Mar-26, providing a cleaner base ahead of the peak summer season.

Havells aims to increase profitability via higher operating leverage, cost optimisation and better product-mix led by premiumisation. It sees significant potential in solar and renewables portfolio, intending to scale them up markedly with support from Goldi Solar partnership.

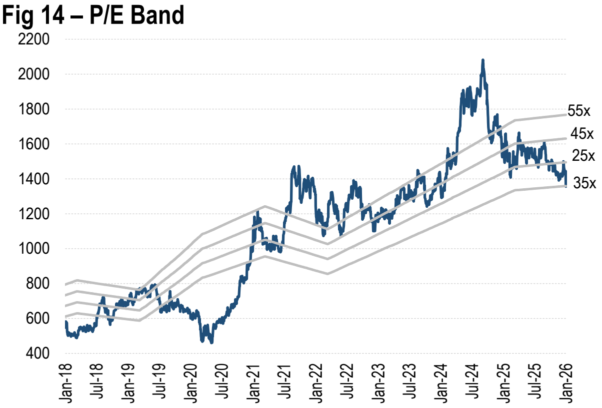
We expect the company's margin to remain under pressure in the short-term due to elevated input cost. Considering muted quarterly operating performance, we tweak our revenue/EBITDA/PAT estimates for FY26e/27e/28e. We expect revenue/PAT to clock 11/13% CAGR over FY25-28e, which would expand the RoE from 18.7% to 19.1%. At the CMP, the stock trades at 56/46/40x FY26e/27e/28e EPS of Rs24/Rs29/Rs34. Rolling over our estimates to FY28e, we maintain BUY rating on the stock with a revised TP of Rs1,624 (from Rs1,720 earlier), valuing it at 48x FY28e EPS of Rs34.

**Fig 13 – Change in Estimates**

| (Rs m) | New | | | Old | | | Variance (%) | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY26e | FY27e | FY28e | FY26e | FY27e | FY28e | FY26 | FY27 | FY28e |
| Revenue | 2,31,630 | 2,62,398 | 2,98,769 | 2,34,883 | 2,63,977 | 2,97,136 | (1.4) | (0.6) | 0.5 |
| EBITDA | 22,135 | 27,126 | 31,150 | 24,433 | 29,218 | 33,333 | (9.4) | (7.2) | (6.6) |
| EBITDA (%) | 9.6 | 10.3 | 10.4 | 10.4 | 11.1 | 11.2 | | | |
| PBT | 20,061 | 24,490 | 28,451 | 22,265 | 26,899 | 30,951 | (9.9) | (9.0) | (8.1) |
| PAT | 15,070 | 18,221 | 21,168 | 16,565 | 20,013 | 23,028 | (9.0) | (9.0) | (8.1) |
| PAT (%) | 6.5 | 6.9 | 7.1 | 7.1 | 7.6 | 7.7 | | | |
| EPS (Rs) | 24.1 | 29.1 | 33.8 | 26.5 | 32.0 | 36.8 | | | |

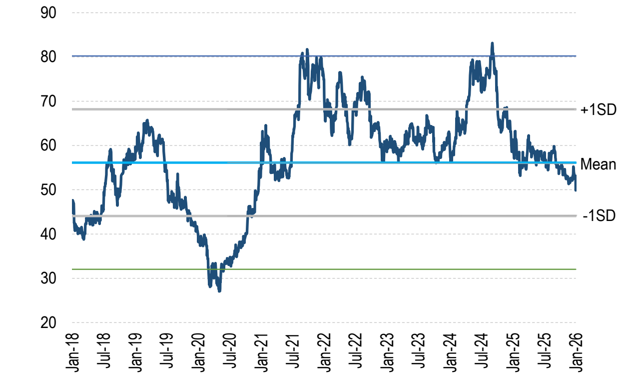
*Source: Anand Rathi Research*

**Fig 14 – P/E Band**




*Source: Company, Anand Rathi Research*

**Fig 15 – Mean PE is ~56x**




*Source: Company, Anand Rathi Research*

### Key Risks

- Volatility in commodity prices.
- Lower volume in consumer-facing segments.
- Higher competitive intensity.

## Appendix

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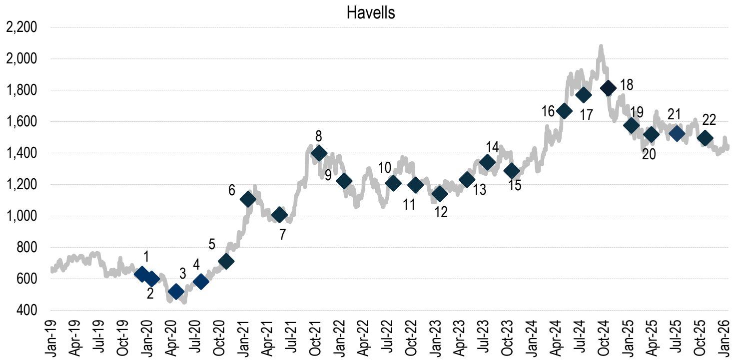


| | Date | Rating | TP (Rs) | Share Price (Rs) |
|---|---|---|---|---|
| 9 | 23-Jan-22 | Hold | 1,362 | 1,242 |
| 10 | 21-Jul-22 | Sell | 1,232 | 1,258 |
| 11 | 20-Oct-22 | Sell | 1,067 | 1,216 |
| 12 | 19-Jan-23 | Sell | 1,072 | 1,208 |
| 13 | 03-May-23 | Sell | 1,009 | 1,241 |
| 14 | 20-Jul-23 | Hold | 1,369 | 1,348 |
| 15 | 22-Oct-23 | Hold | 1,405 | 1,293 |
| 16 | 02-May-24 | Buy | 1,911 | 1,663 |
| 17 | 21-Jul-24 | Buy | 2,146 | 1,766 |
| 18 | 20-Oct-24 | Buy | 2,117 | 1,843 |
| 19 | 18-Jan-25 | Buy | 1,949 | 1,575 |
| 20 | 23-Apr-25 | Buy | 1,852 | 1,613 |
| 21 | 22-Jul-25 | Buy | 1,807 | 1,570 |
| 22 | 25-Oct-22 | Buy | 1,720 | 1,500 |

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| | Buy | Hold | Sell |
|---|---|---|---|
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| Mid Caps (101st-250th company) | >20% | 0-20% | <0% |
| Small Caps (251st company onwards) | >25% | 0-25% | <0% |

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