RESULT REVIEW

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

BUY
TP: Rs 1,530 | ⮝ 29%

HAVELLS INDIA | Consumer Durables | 17 July 2026

Muted volume growth; margins miss on higher A&P spends

- **Revenue up 19% YoY (3% below estimate); C&W (+27%) growth offset by a decline in Switchgear (-4%) and other segments**
- **EBITDA margin miss (−318 bps) driven by more than 2x YoY A&P spend; C&W volumes flat, Lloyd ACs low single-digit growth**
- **Cut estimates, assign 45x FY28 EPS to arrive at Jun-27TP of Rs 1530; maintain BUY**

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Miss on margin as brand spend more than doubles: HAVL Q1 revenue was 3% below our estimate while EBITDA margin missed by a steep 318bps. Consolidated revenue grew 19% YoY (down 3% QoQ) to Rs65bn, led by C&W (+27%) and Renewables (+236%), while Switchgear declined 4% YoY on export disruption. Management confirmed A&P spend more than doubled YoY, frontloaded on seasonal categories, and expects this to normalise to its long-term run rate of ~2.7-2.8% of sales over the rest of the year.

C&W volumes stay flat: C&W revenue grew a strong 27% YoY, though management confirmed underlying volumes were largely flat (low-single-digit) across both wires and cables. The gap between contribution and EBIT margin widened, which management attributed specifically to the A&P step-up; a decline in copper prices toward quarter-end also slowed dealer pull-through as channel partners sold from existing stock rather than restocking.

Switchgear hit by export disruption: Switchgear revenue fell 4% YoY, entirely on export disruption (exports are ~15% of segment sales) tied to the West Asia situation, while domestic demand held stable. Management expects both the export and domestic run-rate to normalise from Q2, with segment margins structurally aimed at a 37-40% range over time.

Lighting sees pickup as pricing stabilises: Lighting revenue grew 5% YoY as ASP declines stabilised, translating into early value and volume growth. Management flagged the possibility of further price hikes ahead on rising electronics costs. ECD revenue grew 12% YoY, with demand holding up across categories despite calibrated price hikes taken to offset input cost inflation.

Lloyd's growth reflects distribution reset: Lloyd revenue grew 15% YoY, with AC volume growth in single digits and the rest coming from calibrated price hikes. Management attributed the muted underlying trend to a shift toward sell-out (rather than sell-in) distribution, normalising elevated channel sell-ins from prior quarters, compounded by a delayed summer that capped April sell-in even as sellout held up.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	HAVL IN/Rs 1,187
Market cap	US$ 7.8bn
Free float	41%
3M ADV	US$ 15.6mn
52wk high/low	Rs 1,621/Rs 1,124
Promoter/FPI/DII	60%/23%/10%

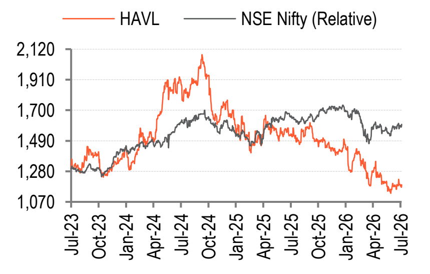
Source: NSE | Price as of 17 Jul 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	2,25,278	2,58,010	2,89,092
EBITDA (Rs mn)	22,015	25,938	31,518
Adj. net profit (Rs mn)	14,826	16,927	20,767
Adj. EPS (Rs)	23.7	27.0	33.1
Adj. ROAE (%)	16.7	17.1	18.9
Adj. P/E (x)	50.2	43.9	35.8
EV/EBITDA (x)	33.8	28.7	23.6
Adj. EPS growth (%)	0.7	14.2	22.7

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Renewables: mix shift dents margin, scale-up continues: Renewables revenue surged 236% YoY on low base, though EBIT margin fell sharply as strong demand skewed the mix toward solar panels, which carry lower margins than inverters; solar pumps remain a small contributor for now but are expected to scale in coming quarters. Management expects margins to improve as the business moves more toward the consumer segment in H2 and reiterated a strategic focus on residential/commercial/industrial installations (rather than utility-scale) plus emerging categories like BESS and EV chargers, building on the Goldi Solar investment as a supply-chain-securing move.

Cut estimates; maintain BUY: We have revised our EPS estimate downward by 7% in FY27, to factor in Lloyd's low single digit volume performance during the quarter and higher A&P spends. We estimate Havells to report revenue/EBITDA/PAT CAGR of 12%/16%/16% over FY26-29E respectively. At CMP, the stock trades at 35x on FY28EPS. We assign a target multiple of 45x to arrive at June-27TP of Rs 1,530 (vs earlier TP of Rs 1550).

Fig 1 – Quarterly financial snapshot

Particular (Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Q1FY27E	Var (%)
Revenue	65,182	54,554	19	67,052	(3)	67,156	(3)
EBITDA	4,674	5,157	(9)	7,263	(36)	6,953	(33)
EBITDA Margin (%)	7.2	9.5	(228bps)	10.8	(370bps)	10.4	(318bps)
Depreciation	1,218	1,057		1,087			
Interest	75	94		99			
Other Income	542	692		433			
PBT	3,923	4,698	(16)	6,511	(40)	6,353	(38)
Tax	1,026	1,222		1,942			
Adjusted PAT	2,890	3,477	(17)	4,569	(37)	4,752	(39)
Exceptional item	-	-		(2,530)			
Reported PAT	2,890	3,477	(17)	0	NA	4,752	(39)
Adj. PAT Margin (%)	4.4	6.4	(194bps)	6.8	(240bps)	7.1	(264bps)
EPS (Rs)	4.6	5.5	(17)	7.3	(37)	7.6	(39)

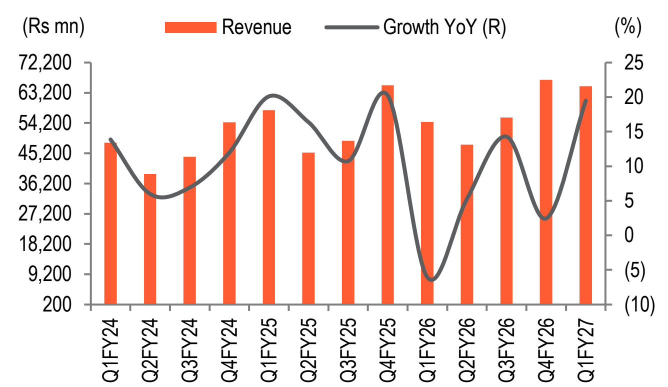
Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

Particulars (Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Segment revenue					
Switch gears	6,077	6,298	(4)	7,354	(17)
C&W	24,556	19,332	27	24,741	(1)
Lighting	4,006	3,802	5	4,487	(11)
ECD	11,131	9,949	12	10,824	3
Lloyd	14,574	12,711	15	15,205	(4)
Renewables	3,143	936	236	2,594	21
Others	1,694	1,526	11	1,847	(8)
EBIT					
Switch gears	1267	1476	(14)	1717	(26)
Margin (%)	20.84	23.43	(258bps)	23.4	(251bps)
C&W	2545	2426	5	3514	(28)
Margin (%)	10.4	12.6	(219bps)	14.2	(384bps)
Lighting	415	455	(9)	958	(57)
Margin (%)	10.4	12.0	(162bps)	21.3	(1098bps)
ECD	583	787	(26)	1111	(47)
Margin (%)	5.2	7.9	(266bps)	10.3	(502bps)
Lloyd	(563)	(209)	NA	(272)	107
Margin (%)	(3.9)	(1.6)	(221bps)	(1.8)	(207bps)
Renewables	84	112	(26)	184	(54)
Margin (%)	2.7	12.0	(935bps)	7.1	(442bps)
Others	82	51	61	119	(31)
Margin (%)	4.9	3.3	151bps	6.5	(160bps)

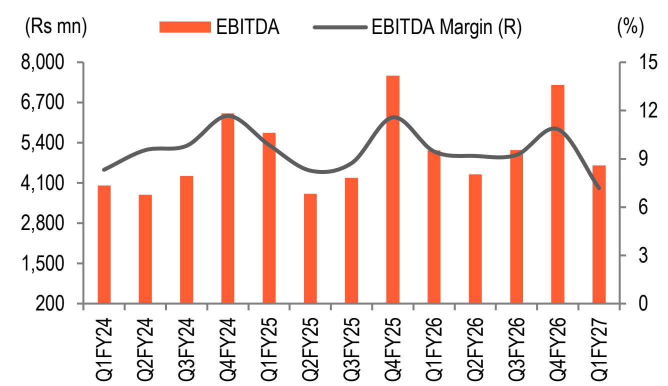
Source: Company, BOBCAPS Research

Fig 3 – Revenue trend



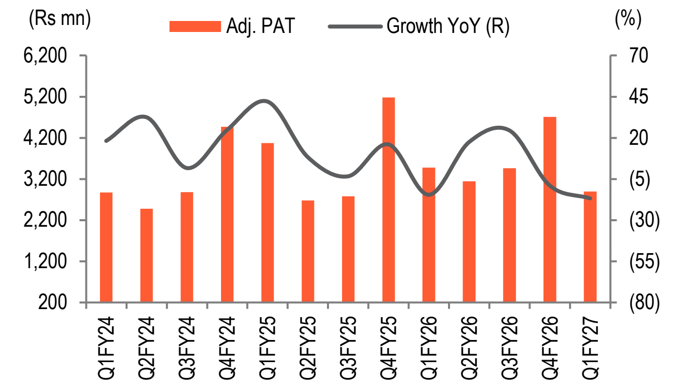
Source: Company, BOBCAPS Research

Fig 4 – EBITDA trend



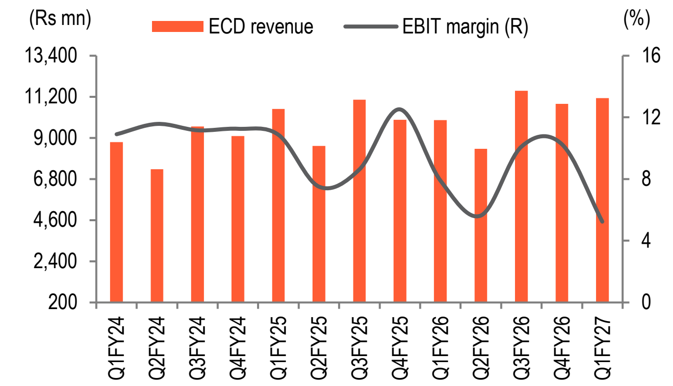
Source: Company, BOBCAPS Research

Fig 5 – Profit trend



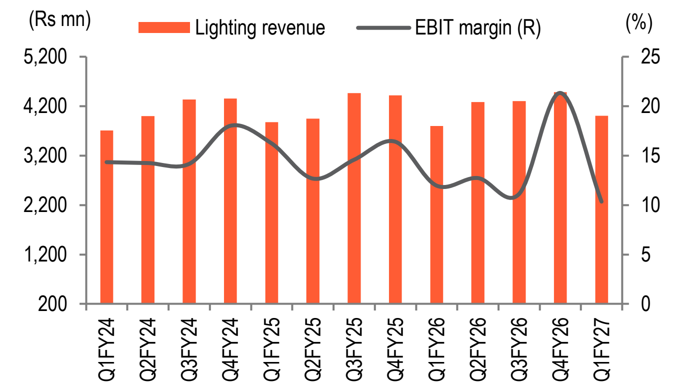
Source: Company, BOBCAPS Research

Fig 6 – ECD business growth



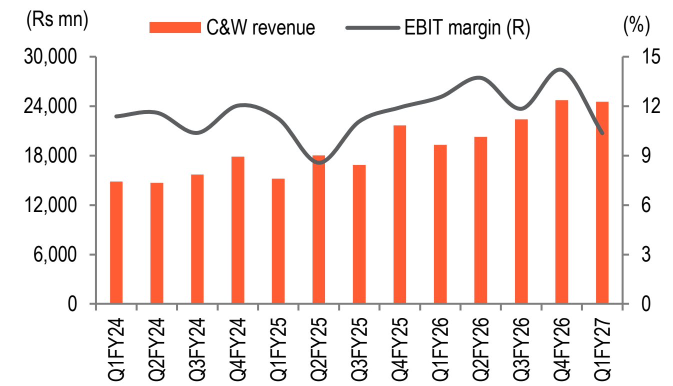
Source: Company, BOBCAPS Research

Fig 7 – Lighting's business growth



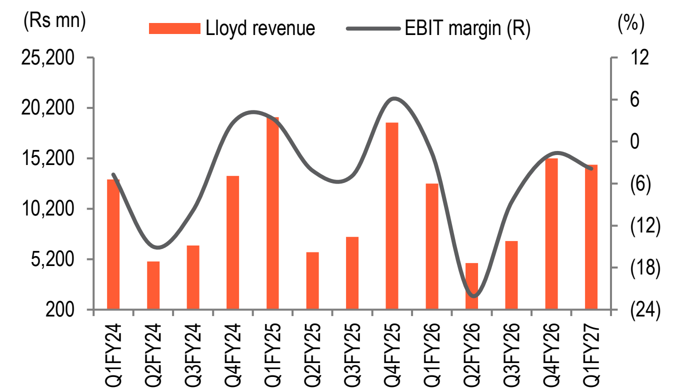
Source: Company, BOBCAPS Research

Fig 8 – Cables & Wires business growth



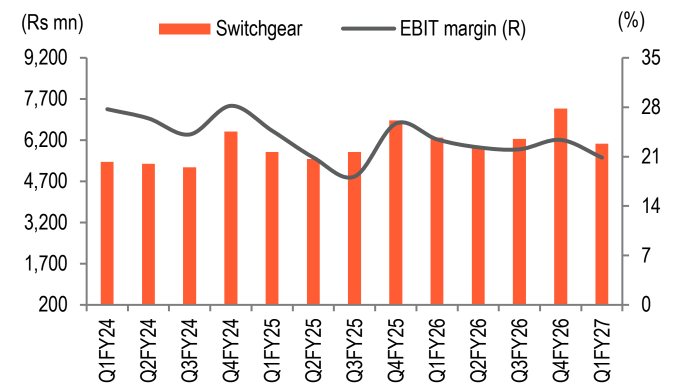
Source: Company, BOBCAPS Research

Fig 9 – Lloyd's business growth



Source: Company, BOBCAPS Research

Fig 10 – Switchgear's business growth

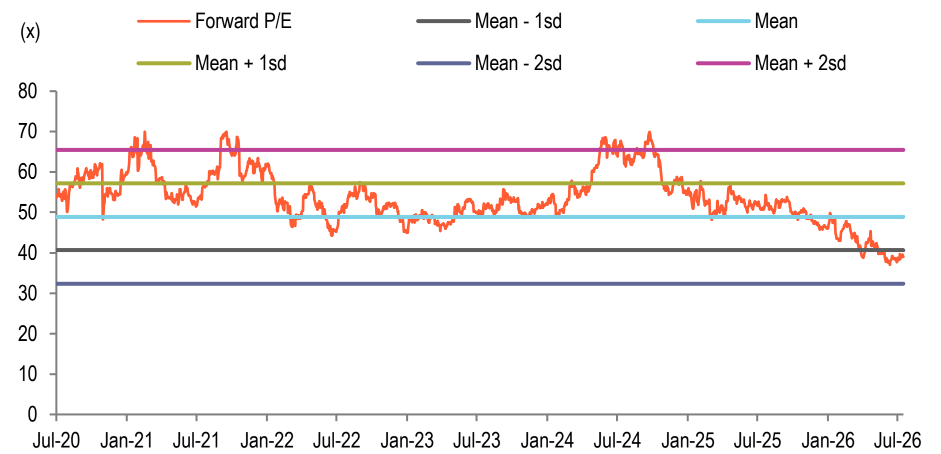


Source: Company, BOBCAPS Research

Valuation methodology

We have revised our EPS estimate downward by 7% in FY27, to factor in Lloyd's low single digit volume performance during the quarter and higher A&P spends. We estimate Havells to report revenue/EBITDA/PAT CAGR of 12%/16%/16% over FY26-29E respectively. At CMP, the stock trades at 35x on FY28EPS. We assign a target multiple of 45x to arrive at June-27TP of Rs 1,530 (vs earlier TP of Rs 1550).

Fig 11 – HAVL 1YF PE band chart



Source: Company, BOBCAPS Research

Fig 12 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	2,58,010	2,89,092	3,19,712	2,55,565	2,87,530	3,24,043	1.0	0.5	(1.3)
EBITDA	25,938	31,518	34,581	27,653	31,641	35,814	(6.2)	(0.4)	(3.4)
EBITDA Margin (%)	10.1	10.9	10.8	10.8	11.0	11.1	(77bps)	(10bps)	(24bps)
PAT	16,927	20,767	22,931	18,210	20,859	23,853	(7.0)	(0.4)	(3.9)
EPS (Rs)	27.0	33.1	36.6	29.1	33.3	38.1	(7.0)	(0.4)	(3.9)

Source: BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**2,17,781**	**2,25,278**	**2,58,010**	**2,89,092**	**3,19,712**
EBITDA	21,309	22,015	25,938	31,518	34,581
Depreciation	4,004	4,338	5,338	5,851	6,152
EBIT	17,305	17,677	20,600	25,667	28,429
Net interest inc./(exp.)	(432)	(373)	(481)	(515)	(515)
Other inc./(exp.)	3,033	2,414	2,511	2,611	2,742
Exceptional items	0	0	0	0	0
EBT	19,905	19,719	22,630	27,763	30,656
Income taxes	5,203	5,203	5,703	6,996	7,725
Extraordinary items	0	(2,079)	0	0	0
Min. int./Inc. from assoc.	0	298	0	0	0
Reported net profit	**14,723**	**16,906**	**16,927**	**20,767**	**22,931**
Adjustments	0	(2,079)	0	0	0
Adjusted net profit	**14,723**	**14,826**	**16,927**	**20,767**	**22,931**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	30,470	29,084	38,878	43,562	48,176
Other current liabilities	16,623	15,991	17,672	19,801	21,898
Provisions	0	0	0	0	0
Debt funds	3,185	2,652	3,434	3,434	3,434
Other liabilities	4,527	5,181	5,915	6,611	7,297
Equity capital	627	627	627	627	627
Reserves & surplus	82,611	93,927	1,03,023	1,15,959	1,33,565
Shareholders' fund	83,238	94,555	1,03,650	1,16,586	1,34,192
Total liab. and equities	**1,38,043**	**1,47,463**	**1,69,549**	**1,89,994**	**2,14,997**
Cash and cash eq.	33,781	23,635	34,803	40,700	53,426
Accounts receivables	12,587	7,898	12,724	15,841	17,518
Inventories	40,469	44,407	49,481	57,026	63,067
Other current assets	1,838	2,313	1,414	1,584	1,752
Investments	0	0	0	0	0
Net fixed assets	32,521	38,130	41,792	43,941	46,789
CWIP	1,165	4,395	1,000	1,000	1,000
Intangible assets	13,998	15,329	15,329	15,329	15,329
Deferred tax assets, net	0	0	0	0	0
Other assets	1,684	11,356	13,006	14,573	16,117
Total assets	**1,38,043**	**1,47,463**	**1,69,549**	**1,89,994**	**2,14,997**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**15,153**	**15,720**	**24,739**	**22,598**	**27,908**
Capital expenditures	(7,660)	(14,218)	(9,000)	(8,000)	(9,000)
Change in investments	2,131	3,708	0	0	0
Other investing cash flows	2,513	1,581	2,478	(870)	(857)
Cash flow from investing	**(3,016)**	**(8,929)**	**(6,522)**	**(8,870)**	**(9,857)**
Equities issued/Others	425	330	0	0	0
Debt raised/repaid	0	0	782	0	0
Interest expenses	0	0	0	0	0
Dividends paid	(7,114)	(7,265)	(7,831)	(7,831)	(5,325)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	**(6,689)**	**(6,935)**	**(7,049)**	**(7,831)**	**(5,325)**
Chg in cash & cash eq.	**5,448**	**(144)**	**11,168**	**5,897**	**12,726**
Closing cash & cash eq.	**33,781**	**23,635**	**34,803**	**40,700**	**53,426**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	23.5	27.0	27.0	33.1	36.6
Adjusted EPS	23.5	23.7	27.0	33.1	36.6
Dividend per share	10.0	10.0	12.5	12.5	8.5
Book value per share	132.9	150.9	165.4	186.1	214.2

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	3.4	3.3	2.9	2.6	2.3
EV/EBITDA	34.9	33.8	28.7	23.6	21.5
Adjusted P/E	50.5	50.2	43.9	35.8	32.4
P/BV	8.9	7.9	7.2	6.4	5.5

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	74.0	75.2	74.8	74.8	74.8
Interest burden (PBT/EBIT)	115.0	111.5	109.9	108.2	107.8
EBIT margin (EBIT/Revenue)	7.9	7.8	8.0	8.9	8.9
Asset turnover (Rev./Avg TA)	6.7	5.9	6.2	6.6	6.8
Leverage (Avg TA/Avg Equity)	0.4	0.4	0.4	0.4	0.4
Adjusted ROAE	18.7	16.7	17.1	18.9	18.3

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	17.1	3.4	14.5	12.0	10.6
EBITDA	15.6	3.3	17.8	21.5	9.7
Adjusted EPS	15.9	0.7	14.2	22.7	10.4
Profitability & Return ratios (%)					
EBITDA margin	9.8	9.8	10.1	10.9	10.8
EBIT margin	7.9	7.8	8.0	8.9	8.9
Adjusted profit margin	6.8	6.6	6.6	7.2	7.2
Adjusted ROAE	18.7	16.7	17.1	18.9	18.3
ROCE	19.1	17.0	17.4	19.2	18.6
Working capital days (days)					
Receivables	21	13	18	20	20
Inventory	68	72	70	72	72
Payables	51	47	55	55	55
Ratios (x)					
Gross asset turnover	4.4	3.8	3.8	3.7	3.7
Current ratio	1.9	1.7	1.7	1.8	1.9
Net interest coverage ratio	40.0	47.4	42.8	49.8	55.2
Adjusted debt/equity	0.0	0.0	0.0	0.0	0.0

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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BUY – Expected return >+15%

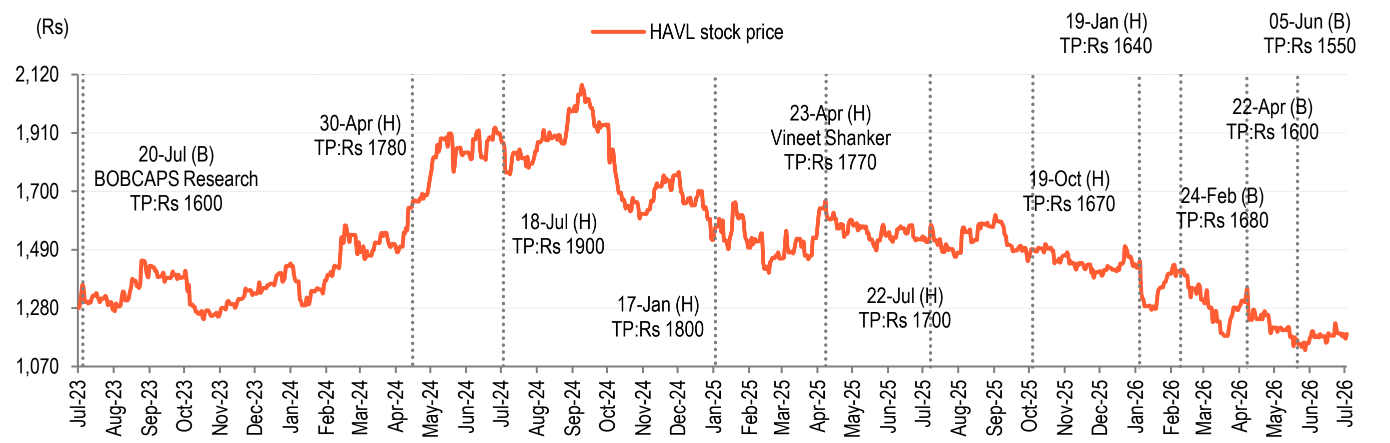
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): HAVELLS INDIA (HAVL IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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