

HOLD

TP: Rs 1,670 | ▲ 12%

HAVELLS INDIA

Consumer Durables

19 October 2025

Weak primary hits ECD/Lloyd; W&C underperforms peers

- Q2 revenue grew 5% YoY, as the 2%/18% drop in ECD/Lloyd was partially offset by 12%/8% YoY growth in W&C and switchgears
- EBITDA margin expanded by 90bps YoY, led by significant improvement in gross margins (+120bps YoY/+150bps QoQ).
- We revise estimates downwards (5-6%), and roll forward to Sept-27E EPS, assigning an unchanged 50x multiple to arrive at TP of Rs 1,670

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Misses estimates, revenue/EBITDA 3%/6% below estimates: HAVL's reported a weak quarter as revenue/EBITDA 3%/6% below estimates. Revenue grew 5% YoY (-12% QoQ) to Rs 47.8 bn, led by continued weakness in demand for summer products and other consumer appliances. ECD segment revenue declined 2% YoY/7% QoQ, while Lloyd revenue fell 18% YoY. Decline in summer products was partially offset by growth in the wires & cables (W&C) division, which grew 12% YoY (+5% QoQ). On the profitability front, despite a muted 5% YoY growth in revenue, EBITDA margin expanded 90bps YoY to 9.2% (30bps below estimates). Absolute EBITDA grew by 17% YoY to Rs 4.4bn. Adjusted PAT came in at Rs 3.1bn (+17% YoY).

ECD segment revenue declined (-2% YoY/-7% QoQ) on weak seasonal demand: ECD revenue declined 2% YoY due to weak summer demand, driven by a shorter summer and elongated monsoon. Fans and air coolers continued to see a decline in volume as channel inventory remained elevated during the quarter, and its liquidation is likely to weigh on primary sales in the coming quarters. ECD segment margin compressed 200bps YoY to 5.6%, on account of revenue decline while brands investment continued.

High inventory level led to weak primary demand for Lloyd, post GST cut demand momentum a key monitorable: Lloyd's revenue declined 18% YoY to Rs 4.8bn, impacted by a high base and weak primary demand as inventories remain above the normal level. The company reported a loss of Rs 1.1bn in Q2 with EBIT margin contracting to -22% vs -4.1% in the year-ago period. While Lloyd achieved full-year profitability in FY25, turning profitable in FY26 appears challenging (1HFY26 EBIT loss of Rs 1.3bn. Channel inventory remains elevated — both for the company and the broader industry — which is likely to exert continued pressure on volumes and margins, as brands resort to discounts and promotional schemes. We expect inventory liquidation to take another quarter, with potential recovery only by Q4FY26.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	HAVL IN/Rs 1,492
Market cap	US\$ 10.6bn
Free float	41%
3M ADV	US\$ 16.1mn
52wk high/low	Rs 1,865/Rs 1,381
Promoter/FPI/DII	60%/23%/10%

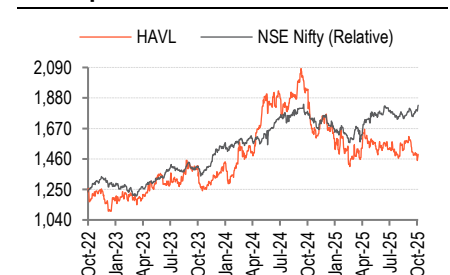
Source: NSE | Price as of 17 Oct 2025

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	1,85,900	2,17,781	2,27,795
EBITDA (Rs mn)	18,426	21,309	22,926
Adj. net profit (Rs mn)	12,708	14,723	15,878
Adj. EPS (Rs)	20.3	23.5	25.3
Consensus EPS (Rs)	20.3	24.5	30.9
Adj. ROAE (%)	18.1	18.7	18.2
Adj. P/E (x)	73.5	63.5	58.8
EV/EBITDA (x)	50.7	43.9	40.8
Adj. EPS growth (%)	18.6	15.9	7.9

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



C&W posts steady growth (+12% YoY), driven by infra-activity and price hikes:

C&W revenue grew 12% YoY to Rs 19.3 bn, supported by 5-7% rise in price and volume aided by growth in cables, led by improvement in infra-activity and capacity expansion in power cables. EBIT margins saw significant expansion of 500bps YoY to 13.7% on a favourable product mix, steady copper prices and operating leverage. The company is investing in expanding capacity for power cables, i.e. medium voltage and high-tension underground cables at its manufacturing unit in Alwar, Rajasthan.

Switchgears grew by 16% YoY, sustained improvement in margins: Switchgears revenue grew 8% YoY to Rs 6bn (-5% QoQ), driven by product range expansion, and improvement in project business traction. EBIT margin expanded 100bps YoY (-100bps QoQ) to 22.3%. Lighting segment revenue grew 8%, as prices stabilise. EBIT margin in the lighting segment remained at 12.7% (+100bps QoQ). Margins were supported by a premium product mix and shift towards solution-leading offerings. The company continues to invest in the lighting segment and expects pricing erosion to continue moderating.

Cut estimates; maintain HOLD: We revise our FY27/FY28 EPS estimates downward by 5%/6%, respectively, to reflect the ongoing weakness in the summer product categories — ECD and Lloyd — expected to weigh on the overall FY26 growth. We expect HAVL to deliver revenue/EBITDA/PAT CAGR of 10%/15%/15% over FY25–28E, supported by healthy growth and improving profitability across key segments. Rolling forward our valuation, we now base TP on Sept-27E EPS (vs June-27E earlier), assigning an unchanged multiple of 50x to arrive at a revised Sept-26 TP of Rs 1,670. While we remain constructive on the company's fundamentals, modest upside from the current levels leads us to maintain our HOLD rating.

Fig 1 – Quarterly & H1FY26 Financial Snapshot

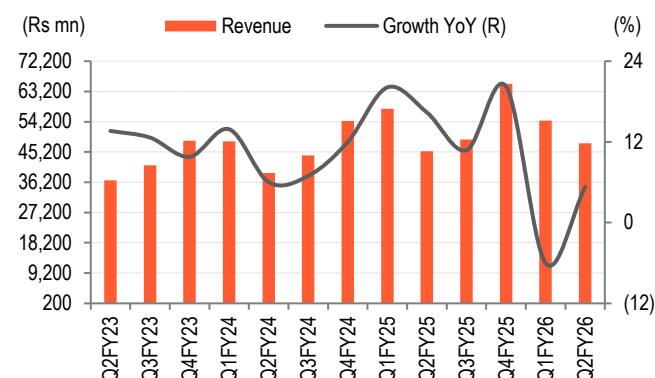
Particulars (Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)	Q2FY26E	Var (%)
Revenue	47,793	45,393	5	54,554	(12)	1,02,347	1,03,455	(1)	49,101	(3)
EBITDA	4,384	3,751	17	5,157	(15)	9,541	9,473	1	4,682	(6)
EBITDA Margin (%)	9.2	8.3	91bps	9.5	(30bps)	9bps	9bps	17bps	9.5	(36bps)
Depreciation	1,058	946		1,057		2,115	1,866		1,100	(4)
Interest	91	101		94		185	186		115	(21)
Other Income	863	929		692		1,554	1,702		692	25
PBT	4,098	3,633	13	4,698	(13)	8,795	9,123	(4)	4,158	(1)
Tax	963	955		1,222		2,185	2,370		1,048	(8)
Adjusted PAT	3,142	2,678	17	3,475	(10)	6,619	6,753	(2)	3,110	1
Exceptional item	-	-		-		-	-		-	-
Reported PAT	3,142	2,678	17	3,477	(10)	6,619	6,753	(2)	3,110	1
Adj. PAT Margin (%)	6.6	5.9	67bps	6.4	20bps	6.5	6.5	(6bps)	6.3	24bps
EPS (Rs)	5.0	4.3	17	5.5	(10)	10.6	10.8	(2)	5.0	1

Source: Company, BOBCAPS Research

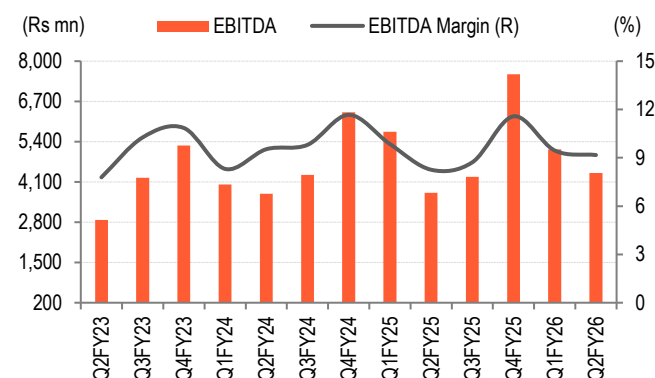
Fig 2 – Segmental performance

Particulars (Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Segment revenue								
ECD	8,418	8,564	(2)	9,073	(7)	17,492	19,118	(9)
Lighting	4,284	3,951	8	3,802	13	8,086	7,826	3
Switch gears	5,955	5,513	8	6,298	(5)	12,254	11,281	9
C&W	20,282	18,052	12	19,332	5	39,615	33,264	19
Lloyd	4,822	5,896	(18)	12,711	(62)	17,533	25,183	(30)
EBIT								
ECD	475	643	(26)	788.3	(40)	1,263	1,790	(29)
margin %	5.6	7.5	(200bps)	8.7	(300bps)	7.2	9.4	(200bps)
Lighting	546	501	9	455	20	1,001	1,131	(11)
margin %	12.7	12.7	0bps	12.0	100bps	12.4	14.4	(200bps)
Switch gears	1,328	1,150	16	1476	(10)	2,804	2,572	9
margin %	22.3	20.9	100bps	23.4	(100bps)	22.9	22.8	0bps
C&W	2,782	1,548	80	2426	15	5,209	3,259	60
margin %	13.7	8.6	500bps	12.6	100bps	13.1	9.8	300bps
Lloyd	(1060)	(243)	NA	(209)	NA	(1,269)	393	(423)
margin %	(22.0)	(4.1)	NA	(1.6)	NA	(7.2)	1.6	(900bps)

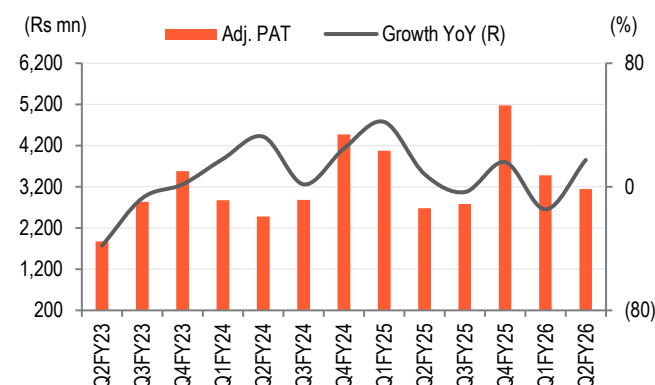
Source: Company, BOBCAPS Research

Fig 3 – Revenue trend

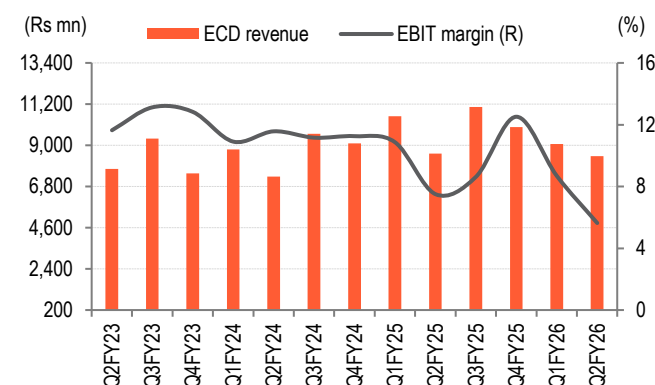
Source: Company, BOBCAPS Research

Fig 4 – EBITDA trend

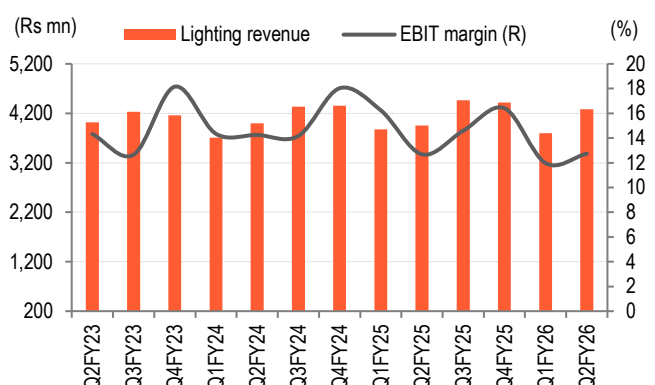
Source: Company, BOBCAPS Research

Fig 5 – Profit trend

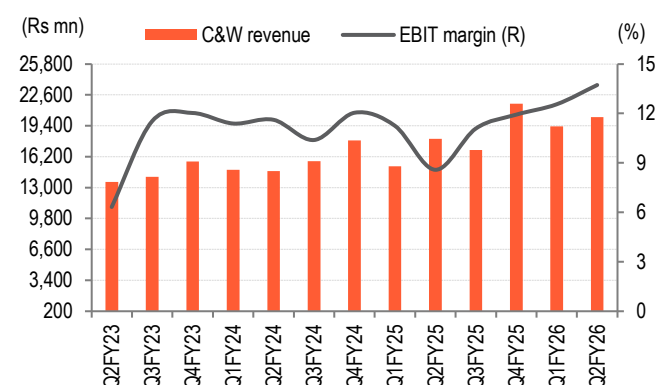
Source: Company, BOBCAPS Research

Fig 6 – ECD business growth

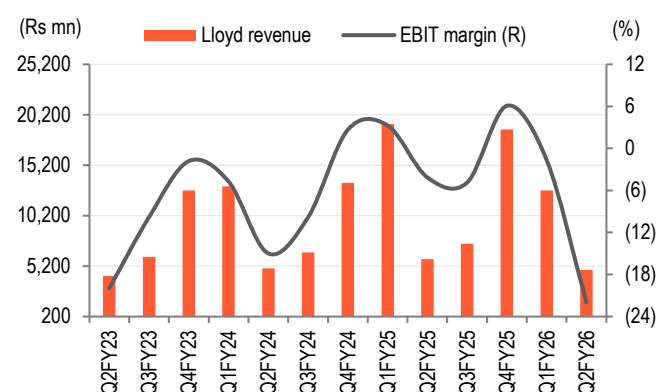
Source: Company, BOBCAPS Research

Fig 7 – Lighting's business growth

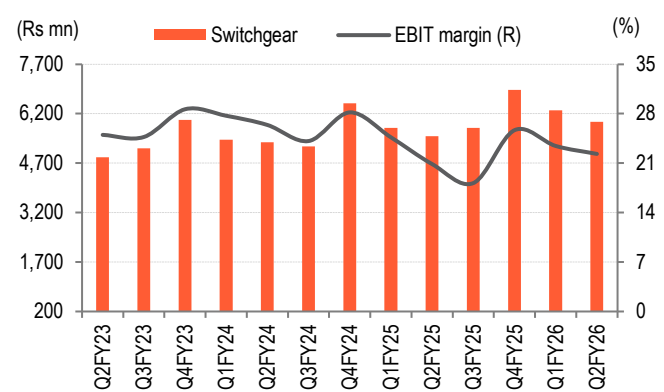
Source: Company, BOBCAPS Research

Fig 8 – Cables & Wires business growth

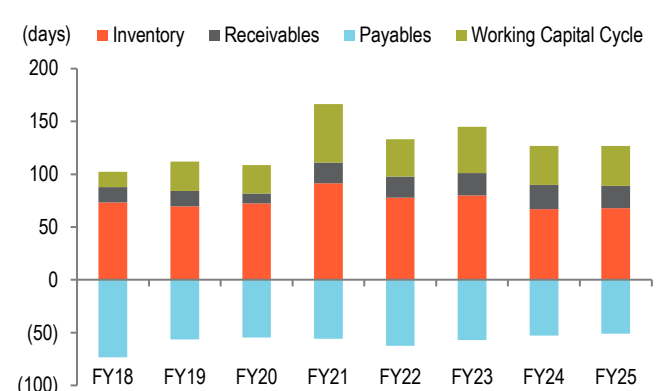
Source: Company, BOBCAPS Research

Fig 9 – Lloyd's business growth


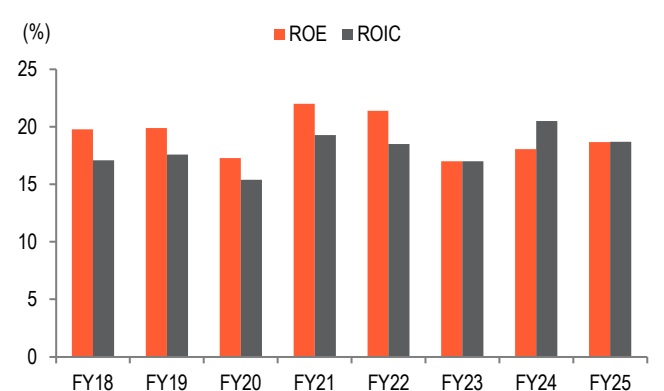
Source: Company, BOBCAPS Research

Fig 10 – Switchgear's business growth


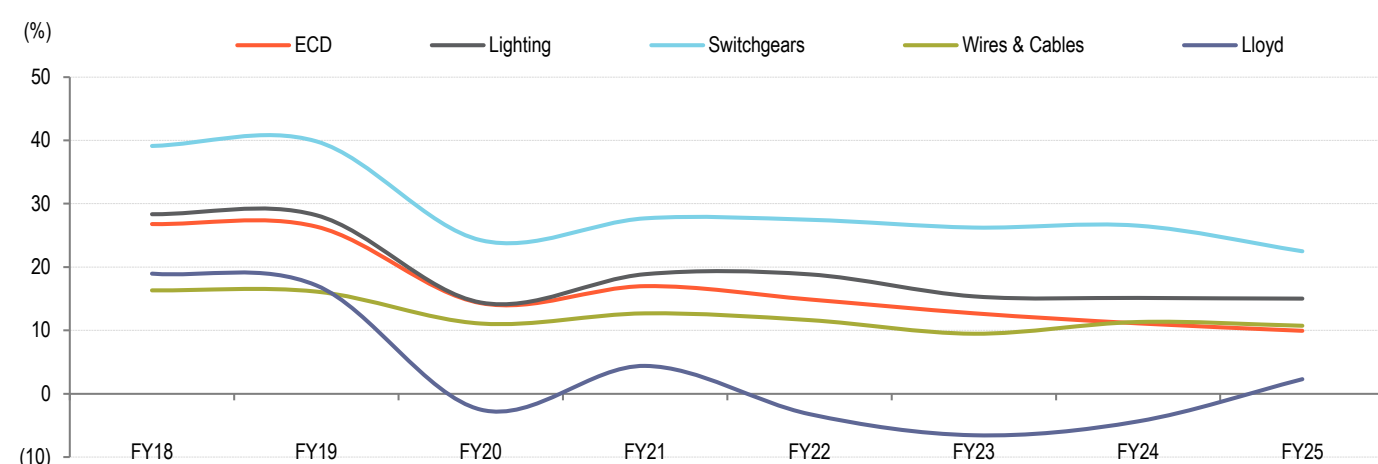
Source: Company, BOBCAPS Research

Fig 11 – Working Capital Trends


Source: Company, BOBCAPS Research

Fig 12 – ROE vs ROIC – Yearly Trend


Source: Company, BOBCAPS Research

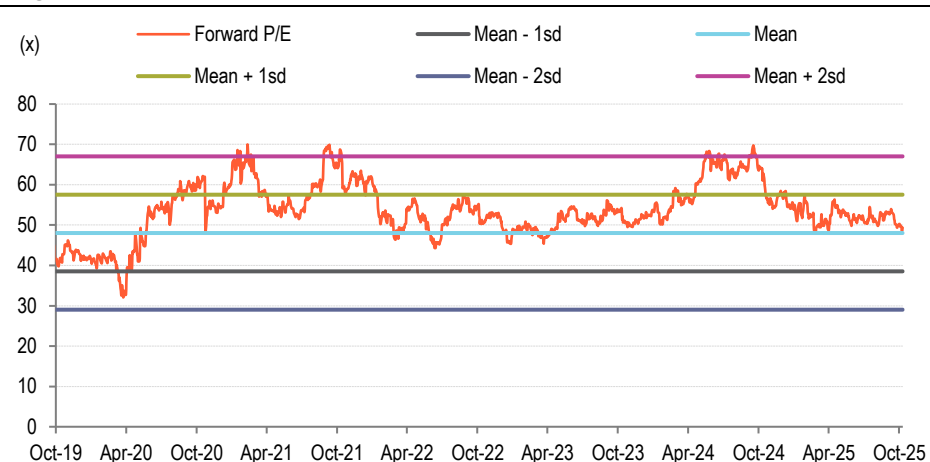
Fig 13 – Segmental EBIT Margins


Source: Company, BOBCAPS Research

Valuation Methodology

We revise our FY27/FY28 EPS estimates downward by 5%/6%, respectively, to reflect the ongoing weakness in the summer product categories — ECD and Lloyd — expected to weigh on the overall FY26 growth. We expect HAVL to deliver revenue/EBITDA/PAT CAGR of 10%/15%/15% over FY25–28E, supported by healthy growth and improving profitability across key segments. Rolling forward our valuation, we now base TP on Sept-27E EPS (vs June-27E earlier), assigning an unchanged multiple of 50x to arrive at a revised Sept-26 TP of Rs 1,670. While we remain constructive on the company's fundamentals, modest upside from the current levels leads us to maintain our HOLD rating.

Fig 14 – HAVL 1YF PE band chart



Source: Company, BOBCAPS Research

Fig 15 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	2,27,795	2,56,905	2,89,029	2,32,345	2,64,653	3,04,305	(2.0)	(2.9)	(5.0)
EBITDA	22,926	28,527	32,748	23,873	29,799	34,560	(4.0)	(4.3)	(5.2)
EBITDA Margin (%)	10.1	11.1	11.3	10.3	11.3	11.4	(20 bps)	(20 bps)	0 bps
PAT	15,878	19,551	22,381	16,513	20,476	23,737	(3.8)	(4.5)	(5.7)
EPS (Rs)	25.3	31.2	35.7	26.4	32.7	38	(3.8)	(4.5)	(5.7)

Source: BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25E	FY26E	FY27E	FY28E
Total revenue	1,85,900	2,17,781	2,27,795	2,56,905	2,89,029
EBITDA	18,426	21,309	22,926	28,527	32,748
Depreciation	3,385	4,004	4,455	5,189	5,723
EBIT	15,041	17,305	18,470	23,338	27,025
Net interest inc./(exp.)	(457)	(432)	(396)	(481)	(515)
Other inc./(exp.)	2,490	3,033	3,154	3,280	3,411
Exceptional items	0	0	0	0	0
EBT	17,074	19,905	21,228	26,137	29,922
Income taxes	4,366	5,203	5,349	6,587	7,540
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	12,708	14,723	15,878	19,551	22,381
Adjustments	0	0	0	0	0
Adjusted net profit	12,708	14,723	15,878	19,551	22,381

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25E	FY26E	FY27E	FY28E
Accounts payables	26,919	30,470	37,446	42,231	47,512
Other current liabilities	15,305	17,398	15,602	17,596	19,797
Provisions	0	0	0	0	0
Debt funds	3,032	0	3,303	3,434	3,434
Other liabilities	4,604	6,937	7,256	8,183	9,206
Equity capital	627	627	627	627	627
Reserves & surplus	73,841	82,611	90,971	1,02,691	1,17,241
Shareholders' fund	74,468	83,238	91,598	1,03,318	1,17,868
Total liab. and equities	1,24,327	1,38,043	1,55,205	1,74,762	1,97,816
Cash and cash eq.	30,382	33,781	37,417	42,271	52,717
Accounts receivables	11,650	12,587	13,106	14,781	15,837
Inventories	34,086	40,469	43,687	49,973	57,014
Other current assets	2,879	1,838	1,248	1,408	1,584
Investments	0	0	0	0	0
Net fixed assets	26,063	32,521	37,066	40,877	43,154
CWIP	2,969	1,165	1,000	1,000	0
Intangible assets	0	0	0	0	0
Deferred tax assets, net	0	0	0	0	0
Other assets	16,299	15,682	21,682	24,453	27,510
Total assets	1,24,327	1,38,043	1,55,205	1,74,762	1,97,816

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25E	FY26E	FY27E	FY28E
Cash flow from operations	19,529	15,153	22,367	23,398	27,312
Capital expenditures	(7,591)	(7,660)	(9,000)	(9,000)	(8,000)
Change in investments	(10,371)	2,131	(6,000)	0	0
Other investing cash flows	1,823	2,513	484	(1,844)	(1,034)
Cash flow from investing	(16,139)	(3,016)	(14,516)	(10,844)	(9,034)
Equities issued/Others	0	425	0	0	0
Debt raised/repaid	(848)	0	3,303	131	0
Interest expenses	0	0	0	0	0
Dividends paid	(4,488)	(7,114)	(7,518)	(7,831)	(7,831)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(5,335)	(6,689)	(4,215)	(7,700)	(7,831)
Chg in cash & cash eq.	(1,945)	5,448	3,635	4,854	10,446
Closing cash & cash eq.	30,382	33,781	37,417	42,271	52,717

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25E	FY26E	FY27E	FY28E
Reported EPS	20.3	23.5	25.3	31.2	35.7
Adjusted EPS	20.3	23.5	25.3	31.2	35.7
Dividend per share	8.5	10.0	12.0	12.5	12.5
Book value per share	118.9	132.9	146.2	164.9	188.1

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25E	FY26E	FY27E	FY28E
EV/Sales	5.0	4.3	4.1	3.6	3.2
EV/EBITDA	50.7	43.9	40.8	32.8	28.5
Adjusted P/E	73.5	63.5	58.8	47.8	41.7
P/BV	12.5	11.2	10.2	9.0	7.9

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25E	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	74.4	74.0	74.8	74.8	74.8
Interest burden (PBT/EBIT)	113.5	115.0	114.9	112.0	110.7
EBIT margin (EBIT/Revenue)	8.1	7.9	8.1	9.1	9.4
Asset turnover (Rev./Avg TA)	7.1	6.7	6.1	6.3	6.7
Leverage (Avg TA/Avg Equity)	0.4	0.4	0.4	0.4	0.4
Adjusted ROAE	18.1	18.7	18.2	20.1	20.2

Ratio Analysis

Y/E 31 Mar	FY24A	FY25E	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	9.9	17.1	4.6	12.8	12.5
EBITDA	15.2	15.6	7.6	24.4	14.8
Adjusted EPS	18.6	15.9	7.9	23.1	14.5

Profitability & Return ratios (%)

EBITDA margin	9.9	9.8	10.1	11.1	11.3
EBIT margin	8.1	7.9	8.1	9.1	9.4
Adjusted profit margin	6.8	6.8	7.0	7.6	7.7
Adjusted ROAE	18.1	18.7	18.2	20.1	20.2
ROCE	20.5	18.7	18.2	19.7	20.0

Working capital days (days)

Receivables	23	21	21	21	20
Inventory	67	68	70	71	72
Payables	53	51	60	60	60

Ratios (x)

Gross asset turnover	3.9	4.4	3.9	3.8	3.8
Current ratio	1.8	1.9	1.8	1.8	1.9
Net interest coverage ratio	32.9	40.0	46.6	48.5	52.5
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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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

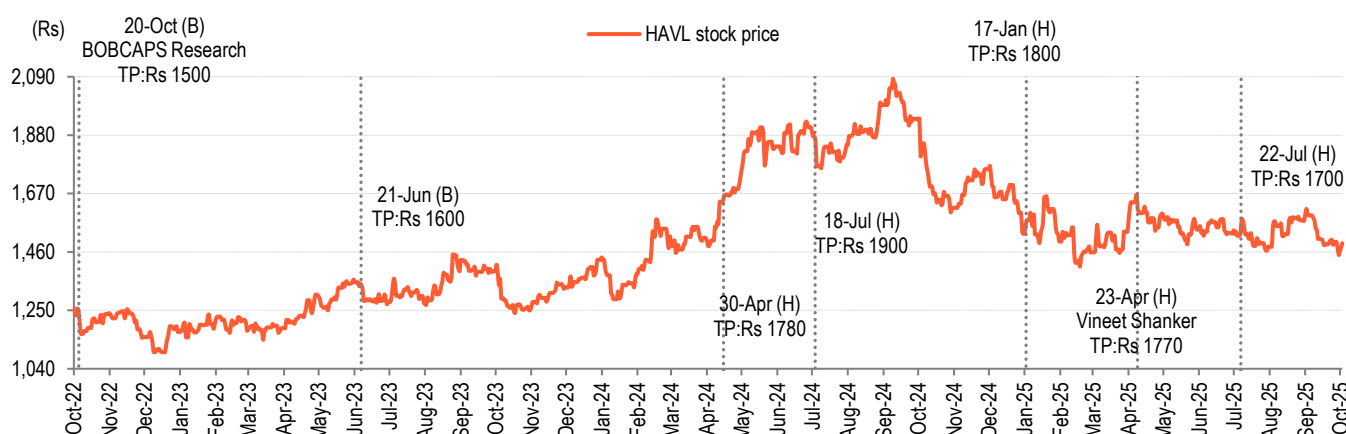
HOLD – Expected return from -6% to +15%

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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