

July 21, 2025

RESULT REPORT Q1 FY26 | Sector: Consumer Durables

Havells India Ltd

B2C demand set to improve; upgrade to ADD

Our view – Festive season to see improved demand trends

Subdued summer results in revenue decline – Revenue declined 6% yoy missing ours and consensus estimates by 9% and 8% respectively. Higher than anticipated decline in summer products (ECD -14.1%, Lloyd -34.4%) has resulted in revenue missing estimates. B2B infrastructure driven products like switchgears (+9.3) and Cables and wires (+27.1%) exhibited growth.

Margins – EBITDA margin at 9.6% has been lower than estimates. Under-absorption of manufacturing expenses due to lower production volumes impacted the margins for the quarter. Subdued B2C demand along with de-growth in degrowth in summer products has resulted in negative operating leverage leading to lower segment margins.

Lloyd – Lloyd performance impacted with a weak summer season as against a strong season last year and the company saw a de-growth on back as channel inventory continues to remain high. Negative operating leverage has resulted in Lloyd reporting loss for the quarter, as production was curtailed to adjust channel inventory.

Other highlights – 1) Rural has been growing faster for HAVL albeit on the low base. Rural contributes ~5-6% of the overall sales and there is significant scope of improvement; 2) The company is further enhancing its cables capacity with capex of Rs3.4bn; 3) Channel inventory for cooling products is higher and will take couple of more months to normalize; 4) Management believes Q1 demand challenges are transient and expect revenue growth and margin improvement.

We upgrade the stock to ADD with revised PT of Rs1,716 as we believe worst in terms of B2C demand challenges is behind and expect real estate demand to bounce back with improved sentiments for festive demand. We continue to value HAVL at 50x as company has not seen material deterioration in contribution margins and operating margins will bounce back as volume growth comes back.

Exhibit 1: Actual vs estimates

Parameter	Q1FY26	QoQ (%)	YoY (%)	vs Est	vs Bloom
Revenue	54,378	-16.8%	-6.2%	Miss	Miss
EBITDA	5,199	-31.7%	-9.8%	Miss	Miss
EBITDA Margin (%)	9.6%	-208 bps	-38 bps	Miss	Miss
PAT / EPS	3,523	-32.5%	-14.3%	Miss	Miss

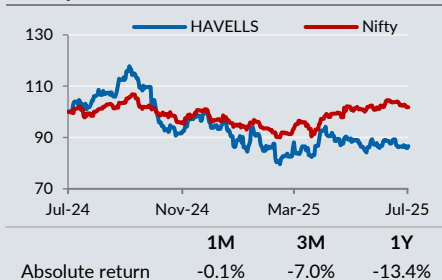
Source: Company, YES Sec

Reco	: ADD
CMP	: Rs 1,532
Target Price	: Rs 1,716
Potential Return	: +12.0%

Stock data (as on Jul 21, 2025)

Nifty	25,091
52 Week h/l (Rs)	2106 / 1381
Market cap (Rs/USD mn)	960851 / 11132
Outstanding Shares (mn)	627
6m Avg t/o (Rs mn):	1,590
Div yield (%):	0.7
Bloomberg code:	HAVL IN
NSE code:	HAVELLS

Stock performance



Shareholding pattern (As of Jun'25 end)

Promoter	59.4%
FII+DII	35.1%
Others	5.5%

Δ in stance

(1-Yr)	New	Old
Rating	ADD	NEUTRAL
Target Price	1,716	1,800

Δ in earnings estimates

	FY26e	FY27e
EPS (New)	27.5	34.3
EPS (Old)	28.9	36.0
% change	-4.7%	-4.7%

Financial Summary

(Rs mn)	FY25	FY26E	FY27E
Revenue	217,458	238,111	274,197
YoY Growth	17.2%	9.5%	15.2%
EBIDTA	21,486	25,721	31,538
YoY Growth	16.4%	19.7%	22.6%
PAT	14,888	17,269	21,516
YoY Growth	16.9%	16.0%	24.6%
ROE	18.9	19.6	21.6
EPS	23.7	27.5	34.3
P/E	64.5	55.6	44.6
BV	132.9	148.8	168.7
EV/EBITDA	44.3	37.2	30.1

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ANALYST VIEW & INVESTMENT THESIS

We believe worst in terms of B2C demand is behind and expect better demand trends in the upcoming festive season supported by growth in real estate sales. B2B infrastructure led demand should continue its strong growth momentum with Cables & wires registering double digit growth on back of capacity expansion. We have trimmed our revenue expectation especially for B2C summer products on poor Q1 and high channel inventory resulting revenue de-growth for Lloyds in FY26 on extremely strong growth of FY25. We continue to value the company at 50x as we see structural gradual margin improvement from current levels as company has been working on improving its cost structure. We are factoring FY25-27E Revenue/EBITDA/PAT CAGR of 12%/21%/20%. Our EPS estimates for FY26 and FY27 have been revised downwards by 5% each on lower revenue from B2C summer products. We however upgrade the stock to ADD with revised PT Of Rs1,716 as stock has underperformed and expect it to start outperforming once revenue growth and margin starts to improve.

In medium to long term basis, we foresee company to continue commanding higher valuation as company embarks on its journey to improve its margin in its core Havells back to its historic high levels. Lloyds margins will be boosted by higher operating leverage and strategic initiatives that company is undertaking to get its cost structure. In medium to long term, we believe Havells should be bought on dips.

Exhibit 2: Quarterly snapshot (Consolidated)

Rs mn	Q1FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)	FY25	FY24	YoY (%)
Total Sales	57,981	65,322	54,378	(6.2)	(16.8)	217,458	185,600	17.2
EBITDA	5,762	7,607	5,199	(9.8)	(31.7)	21,486	18,517	16.0
EBITDA Margin (%)	9.9	11.6	9.6			9.9	10.0	(1.0)
Depreciation	920	1080	1051	14.2	(2.7)	3,987	3,385	17.8
EBIT	4842	6527	4149	(14.3)	(36.4)	17,499	15,132	15.6
EBIT Margin (%)	8.4	10.0	7.6			8.0	8.2	(1.3)
Interest	86	152	94	9.5	(38.5)	432	457	(5.4)
Other Income	770.3	686.5	690.6	(10.3)	0.6	3,025	2,489	21.5
PBT	5527	7062	4746	(14.1)	(32.8)	20,091	17,163	17.1
Tax	1415	1839	1222	(13.6)	(33.5)	5,203	4,367	19.1
ETR	25.6	26.0	25.8	0.6	(1.1)	26	25.4	1.8
PAT	4112	5223	3523	(14.3)	(32.5)	14,888	12,729	17.0
PAT Margin (%)	7.1	8.0	6.5			6.8	6.9	(0.2)
EPS (Rs)	6.6	8.3	5.6	(14.3)	(32.5)	24	20	17.0

Source: Company, YES Sec

Exhibit 3: Segmental Performance

Rs mn	Q1FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)	FY25	FY24	YoY (%)
Switchgears	5,759	6,914	6,296	9.3	(8.9)	23,953	22,451	6.7
Cable and Wires	15,212	21,694	19,332	27.1	(10.9)	71,836	63,176	13.7
Lighting and Fixtures	3,856	4,358	3,735	(3.1)	(14.3)	16,532	16,308	1.4
Electrical Consumer Durables	10,549	9,959	9,059	(14.1)	(9.0)	40,115	34,822	15.2
Lloyds	19,241	18,700	12,619	(34.4)	(32.5)	51,233	37,907	35.2
Others	3,365	3,698	3,337	(0.8)	(9.8)	13,789	10,936	26.1
Total Sales	57,981	65,322	54,378	(6.2)	(16.8)	217,458	185,600	17.2
PBIT								
Switchgears	1419	1776	1475	3.9	(16.9)	5,393	5,997	(10.1)

Rs mn	Q1FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)	FY25	FY24	YoY (%)
PBIT %	24.6	25.7	23.4			2.5	3.2	
Cable and Wires	1711	2586	2426	41.8	(6.2)	7,715	7,184	7.4
PBIT %	11.2	11.9	12.6			3.5	3.9	
Lighting and Fixtures	630	747	462	(26.7)	(38.2)	2,537	2,500	1.5
PBIT %	16.3	17.1	12.4			1.2	1.3	
Electrical Consumer Durables	1147	1249	789	(31.2)	(36.8)	3,994	3,904	2.3
PBIT %	10.9	12.5	8.7			1.8	2.1	
Lloyds	674	1167	-197	(129.2)	(116.9)	1,308	-1,629	(180.3)
PBIT %	3.5	6.2	-1.6			0.6	-0.9	
Others	110	143	162	47.0	13.2	252	260	
PBIT %	3.3	3.9	4.8			0.1	0.1	
Total PBIT	5,691	7,668	5,117	(10.1)	(33.3)	21,198	18,215	16.4
Finance Costs	86	152	94	9.5	(38.5)	432	457	(5.5)
Unallocable expense	849	1141	969	14.0	(15.1)	3,699	3,152	17.4
Exceptional Items	0	0	0			0	0	
PBT	5527	7062	4055	(26.6)	(42.6)	20,091	17,095	17.5

Source: Company, YES Sec

KEY CON-CALL HIGHLIGHTS

- **Management commentary** – The company expects Q1 growth challenges to be transitory and expect growth and margin improvement to continue in ensuing quarters. The company is adding new products in the rural channel. Pumps have been launched in rural, now Havells products are also launched in rural channel and company is planning to offer Lloyd portfolio in rural channel.
- **Rural growth** – Rural growth has been faster but on very low base. Rural is in nascent stage for Havells as just 5-6% of the volumes comes from rural, there is significant scope for expansion in rural.
- **Channel inventory** – The company has high inventory is high at the company level and it is still higher than the normal. Primary sales have been lower in first fortnight of the current quarter thus channel inventory is getting adjusted but higher than normal
- **ECD margin** – The company has seen improvement in contribution margin. Product mix change on back of muted summer has resulted in lower ECD margins.
- **Cables and Wires** –The company is further expanding the cables with capex of Rs3.4bn as demand continues to remain strong for cables. **Volume growth in Wires and Cables is ~11% while balance is value growth. Mix continues to remain stable with wires contributing ~65%**
- **Cables capacity expansion** – Medium voltage and high voltage cables capacity are being enhanced
- **Lighting** – **sequential LED pricing decline is plateauing.** The company is focusing on premium lighting and solutions.
- **Consumer demand** – Expect consumer demand to improve from 2H of the financial year.
- **Demand** – **B2B infrastructure led demand remain healthy while consumer demand faced challenges on back of subdued summer.**
- **Solar portfolio** – The company is witnessing strong growth in solar and expect solar products to become Rs15bn revenue in next couple of years. The company had clocked turnover of Rs5bn in solar products for FY27.

- **Other category** – Other category has been flattish as there was slowdown in pumps, which witnessed decline in Q1.
- **RAC discounting** – The company is unlikely to offer any offseason discounting
- **Market share** – Lloyd has maintained its market share for 1st 6 months of the calendar year 2025. The company has not lost any market share in Fans and coolers.
- **In-organic acquisition** – The company is open for any in-organic opportunities and on time to time basis continues to evaluate.

Exhibit 4: Key Monitorable Triggers

What to Watch	Why it Matters	Timeline
Lloyd performance	Lloyd performance has been dragging overall performance	Immediate
Fans Market share	Fans portfolio has been stagnant for past couple of years	Immediate
Industrial-Infra Demand	Market share gains in Cables and Wires	FY27

Source: Company, YES Sec

Exhibit 5: Estimate Revisions (Rs mn)

Metric	Old Est (FY27E)	New Est	% Change	Reason
Revenue	285,325	274,197	-3.9%	Higher than expected decline in summer products coupled with high channel inventory results in revenue cut
EBITDA	32,818	31,538	-3.9%	EBITDA cut is in line with revenue
PAT	22464	21,516	-4.7%	Lower other income results in higher PAT estimate cut

Source: Company, YES Sec

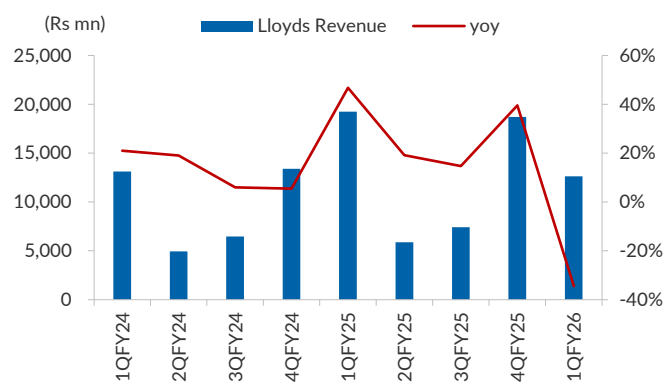
Exhibit 6: Valuation Snapshot

Valuation Metric	FY25E	FY26E	FY27E
P/E (x)	50.9	41.0	34.3
EV/EBITDA (x)	35.1	28.5	23.6
ROCE (%)	31.5	32.7	32.7

Source: Company, YES Sec

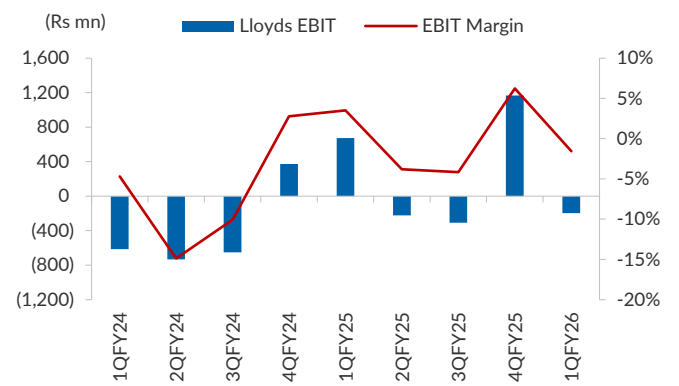
CHARTS

Exhibit 7: Subdued summer demand on account of unseasonal rainfall led to volume de growth



Source: Company, YES Sec

Exhibit 8: Margin contraction due to negative operating leverage



Source: Company, YES Sec

Exhibit 9: Revenue and Margin Assumption

Rs mn	FY23	FY24	FY25	FY26E	FY27E
Switchgear	21196	22450	23953	26349	28984
% yoy growth	19%	6%	7%	10%	10%
Cables and wires	55326	63176	71836	86204	103444
% yoy growth	19%	14%	14%	20%	20%
Lighting and Fixtures	16015	16268	16532	17358	19094
% yoy growth	17%	2%	2%	5%	10%
Electrical consumer durables	32958	34818	40115	42923	48073
% yoy growth	7%	6%	15%	7%	12%
Lloyd's consumer	33686	37852	51233	49696	57150
% yoy growth	49%	12%	35%	-3%	15%
Others	9503	10936	13789	15582	17452
% yoy growth	25%	15%	26%	13%	12%
Total Revenue	168684	185499	217458	238111	274197
% yoy growth	21%	10%	17%	9%	15%

Rs mn	FY23	FY24	FY25	FY26E	FY27E
Switchgear	5564	5960	5393	6060	6811
% margin	26%	27%	23%	23%	24%
Cables and wires	5247	7161	7715	10344	12413
% margin	9%	11%	11%	12%	12%
Lighting and Fixtures	2469	2474	2537	2604	2864
% margin	15%	15%	15%	15%	15%
Electrical consumer durables	4189	3872	3994	4292	5288
% margin	13%	11%	10%	10%	11%
Lloyd's consumer	-2,209	-1,644	1,308	745	2,286
% margin	-7%	-4%	3%	2%	4%
Others	350	246	252	545	873
% margin	4%	2%	2%	4%	5%
Total PBIT	15609	18068	21198	24591	30535
% margin	9%	10%	10%	10%	11%

FINANCIALS

Exhibit 10: Balance Sheet

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Equity capital	627	627	627	627	627
Reserves	65,518	73,758	82,683	92,680	105,137
Net worth	66,145	74,385	83,310	93,307	105,764
Debt	0	0	0	0	0
Deferred tax liab (net)	3,615	3,575	3,753	3,753	3,753
Other non current liabilities	3,349	3,453	3,081	3,369	3,872
Total liabilities	73,109	81,413	90,144	100,430	113,389
Fixed Asset	37,870	42,865	47,451	51,959	55,791
Investments	2,013	412	740	6,740	6,740
Other Non-current Assets	2,840	2,262	1,575	1,703	1,926
Net Working Capital	25,818	33,441	32,560	36,348	38,050
Inventories	37,085	34,085	40,074	50,232	57,844
Sundry debtors	9,713	11,572	12,536	13,700	15,776
Loans and Advances	0	0	0	0	0
Sundry creditors	26,425	26,907	30,401	36,532	42,069
Other current liabilities	9,148	13,102	13,856	15,112	17,308
Cash & equivalents	4,569	2,434	7,817	3,680	10,881
Total Assets	73,109	81,413	90,144	100,430	113,389

Source: Company, YES Sec

Exhibit 11: Income statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Revenue	168,684	185,499	217,458	238,111	274,197
Operating profit	16,030	18,453	21,486	25,721	31,538
Depreciation	2,961	3,385	3,987	4,729	5,404
Interest expense	336	457	432	389	350
Other income	1,770	2,487	3,025	2,700	3,250
Profit before tax	14,503	17,098	20,091	23,303	29,034
Taxes	3,753	4,366	5,203	6,034	7,518
Minorities and other	-	-	-	-	-
Adj. profit	10,750	12,732	14,888	17,269	21,516
Exceptional items	-	-	-	-	-
Net profit	10,750	12,732	14,888	17,269	21,516

Source: Company, YES Sec

Exhibit 12: Cashflow Statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Profit before tax	14,839	17,555	20,523	23,692	29,385
Depreciation	2,961	3,385	3,987	4,729	5,404
Tax paid	(3,753)	(4,366)	(5,203)	(6,034)	(7,518)
Working capital Δ	(4,455)	(5,814)	881	(3,788)	(1,702)
Other operating items					
Operating cashflow	9,592	10,760	20,189	18,599	25,567
Capital expenditure	(5,924)	(8,380)	(8,574)	(9,236)	(9,236)
Free cash flow	3,668	2,380	11,615	9,363	16,331
Equity raised	208	209	306	-	-
Investments	2,539	(207)	(329)	(6,000)	-
Debt financing/disposal	(3,955)	-	-	-	-
Interest paid	(336)	(457)	(432)	(389)	(350)
Dividends paid	(4,699)	(4,701)	(6,269)	(7,271)	(9,060)
Net Δ in cash	(3,068)	(2,135)	5,384	(4,137)	7,202

Source: Company, YES Sec

Exhibit 13: Du-pont analysis

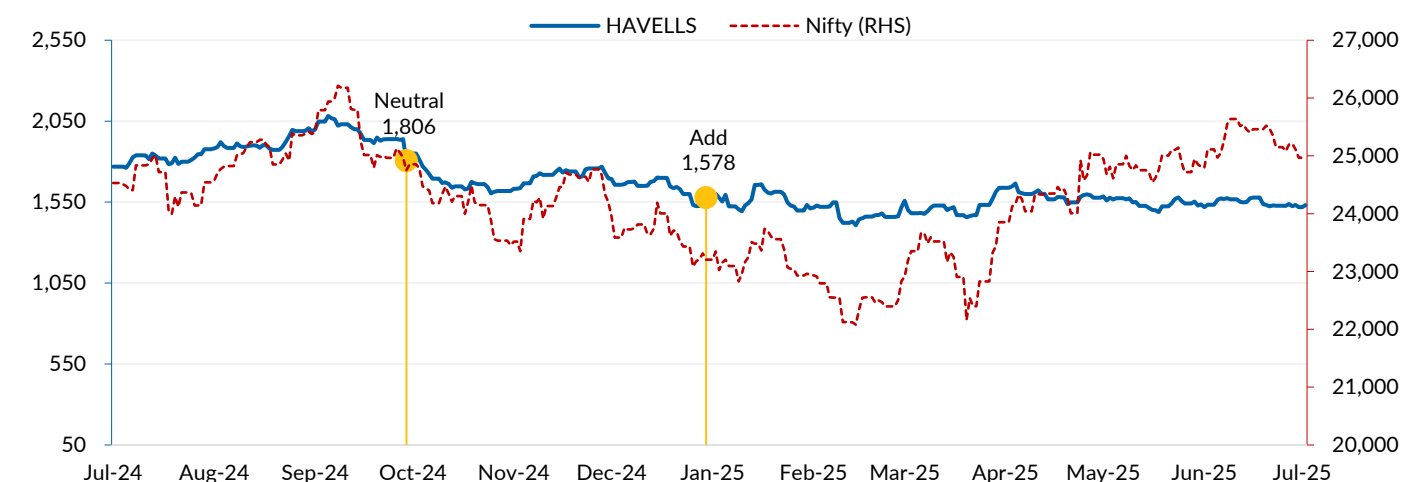
Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Tax burden (x)	0.74	0.74	0.74	0.74	0.74
Interest burden (x)	0.98	0.97	0.98	0.98	0.99
EBIT margin (x)	0.09	0.09	0.09	0.10	0.11
Asset turnover (x)	1.56	1.57	1.66	1.62	1.65
Financial leverage (x)	1.72	1.68	1.66	1.66	1.67
RoE (%)	17.1	18.1	18.9	19.6	21.6

Exhibit 14: Ratio analysis

Y/e 31 Mar	FY23	FY24	FY25	FY26E	FY27E
Growth matrix (%)					
Revenue growth	21.5	10.0	17.2	9.5	15.2
Op profit growth	(8.8)	15.1	16.4	19.7	22.6
EBIT growth	(10.5)	18.3	16.9	15.4	24.0
Net profit growth	(10.0)	18.4	16.9	16.0	24.6
Profitability ratios (%)					
OPM	9.5	9.9	9.9	10.8	11.5
EBIT margin	8.8	9.5	9.4	9.9	10.7
Net profit margin	6.4	6.9	6.8	7.3	7.8
RoCE	22.8	25.0	26.0	26.8	29.5
RoNW	17.1	18.1	18.9	19.6	21.6

Y/e 31 Mar	FY23	FY24	FY25	FY26E	FY27E
RoA	9.9	10.8	11.4	11.8	12.9
Per share ratios					
EPS	17.2	20.3	23.7	27.5	34.3
Dividend per share	7.5	7.5	10.0	11.6	14.5
Cash EPS	21.9	25.7	30.1	35.1	42.9
Book value per share	105.6	118.7	132.9	148.8	168.7
Valuation ratios					
P/E	89.3	75.4	64.5	55.6	44.6
P/CEPS	70.0	59.6	50.9	43.7	35.7
P/B	14.5	12.9	11.5	10.3	9.1
EV/EBIDTA	59.6	51.9	44.3	37.2	30.1
Payout (%)					
Dividend payout	43.7	36.9	42.1	42.1	42.1
Tax payout	25.9	25.5	25.9	25.9	25.9
Liquidity ratios					
Debtor days	21.0	22.8	21.0	21.0	21.0
Inventory days	80.2	67.1	67.3	77.0	77.0
Creditor days	57.2	52.9	51.0	56.0	56.0

Recommendation Tracker



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