

October 18, 2025

RESULT REPORT Q2 FY26 | Sector: Consumer Durables

Havells India Ltd

Normalcy to return Q4 onwards; reiterate ADD

Our view – High channel inventory of summer products impacts Q2

High channel inventory of summer products results in subdued revenue growth – Revenue grew 5% yoy missing ours and consensus estimates by 2% and 1% respectively. Higher than anticipated decline in summer products (ECD -1.8%yoy, Lloyd -18.5% yoy) has resulted in revenue missing estimates. B2B infrastructure driven products like switchgears (+8.0 yoy) and Cables and wires (+12.4% yoy) exhibited growth.

Higher gross margins result in EBITDA margin improvement – EBITDA margins expanded by 86 bps yoy, however it was weighed down by seasonal weakness, under-absorption, and temporary channel schemes. The company has reaffirmed its medium-term contribution margin structure of 15–16% margin in Cables & Wires, 37–40% in Switchgears, and ~100-150bps improvement EBITDA margins – with a clear recovery trajectory in H2FY26.

ECD witnesses de-growth- ECD saw a de-growth of 2% yoy on back of mid-single-digit fall in fans and a sharp decline in air coolers. Strong growth in water heaters and small domestic appliances partly cushioned the decline. Margins were lower on of under-absorption of manufacturing overheads at fan plants during the off-season and a higher EPR liability incurred during the quarter. Management believes lower margin is temporary and will improve once revenue growth comes back.

Lloyd – Lloyd had a weak Q2FY26 as a shorter summer and high channel inventory hit both sales and margins. The company launched short-term consumer schemes to support channel liquidation and management expect inventory normalization by end-Q3, with a visible recovery in contribution margins from Q4.

Capex- Havells acquired a 39-acre land parcel in Alwar, Rajasthan, adjacent to its existing manufacturing facility, to support future expansion. For FY26, Havells expects total capex of Rs 14.5 bn directed towards cables capacity. FY27 estimated capex is around 10 bn.

We continue with our ADD with revised PT of Rs1,698 as we believe high channel inventory is getting liquidated and normalcy is expected to return Q4 onwards. Moreover, demand is expected to bounce back with improved real estate absorption and positive sentiments for festive demand. We continue to value HAVL at 50x as company deterioration in contribution margins is temporary and will bounce back on improved demand.

Exhibit 1: Actual vs estimates

Parameter	Q1FY26	QoQ (%)	YoY (%)	vs Est	vs Bloom
Revenue	47,666	-12.3%	5.2%	Miss	Miss
EBITDA	4,408	-15.2%	16.0%	Miss	Miss
EBITDA Margin (%)	9.2%	-31 bps	86 bps	Miss	Miss
PAT / EPS	3,175	-9.9%	16.5%	Miss	Miss

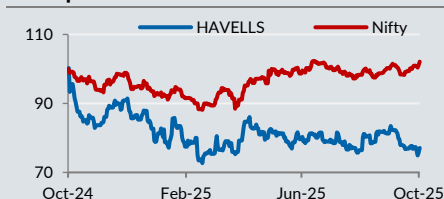
Source: Company, YES Sec

Reco	: ADD
CMP	: Rs 1492
Target Price	: Rs 1,698
Potential Return	: +13.9%

Stock data (as on Oct 17, 2025)

Nifty	25,710
52 Week h/l (Rs)	1970 / 1381
Market cap (Rs/USD mn)	925631 / 10520
Outstanding Shares (mn)	627
6m Avg t/o (Rs mn):	1,484
Div yield (%):	0.6
Bloomberg code:	HAVL IN
NSE code:	HAVELLS

Stock performance



	1M	3M	1Y
Absolute return	-6.4%	-2.7%	-17.4%

Shareholding pattern (As of Sep'25 end)

Promoter	59.4%
FII+DII	34.6%
Others	5.9%

Δ in stance

(1-Yr)	New	Old
Rating	ADD	ADD
Target Price	1,698	1,716

Δ in earnings estimates

	FY26e	FY27e
EPS (New)	26.1	34.0
EPS (Old)	27.5	34.3
% change	-5.1%	-0.9%

Financial Summary

(Rs mn)	FY25	FY26E	FY27E
Revenue	217,458	237,849	273,939
YoY Growth	17.2%	9.4%	15.2%
EBIDTA	21,486	24,503	31,234
YoY Growth	16.4%	14.0%	27.5%
PAT	14,888	16,366	21,291
YoY Growth	16.9%	9.9%	30.1%
ROE	18.9	18.6	21.5
EPS	23.7	26.1	34.0
P/E	62.8	57.1	43.9
BV	132.9	148.0	167.7
EV/EBITDA	43.1	38.0	29.6

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ANALYST VIEW & INVESTMENT THESIS

We believe worst in terms of B2C demand and high channel inventory is behind. Expect better demand trends as festive season has started on strong note post GST rationalization. Sentiments around the festive season have been positive and high channel inventory is being liquidated. 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 1H 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 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% and 0.9% on lower revenue from B2C summer products. We maintain ADD rating with revised PT Of Rs1,698 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	Q2FY25	Q1FY26	Q2FY26	YoY (%)	QoQ (%)	1HFY26	1HFY25	YoY (%)
Total Sales	45,330	54,378	47,666	5.2	(12.3)	102,044	103,311	(1.2)
EBITDA	3,800	5,199	4,408	16.0	(15.2)	9,607	9,562	0.5
EBITDA Margin (%)	8.4	9.6	9.2			9.4	9.3	1.7
Depreciation	946	1051	1051	11.1	0.0	2,101	1,866	12.6
EBIT	2854	4149	3357	17.6	(19.1)	7,505	7,696	(2.5)
EBIT Margin (%)	6.3	7.6	7.0			7.4	7.4	(1.3)
Interest	101	94	91	(9.3)	(2.4)	185	186	(0.7)
Other Income	927.6	690.6	862.6	(7.0)	24.9	1,553	1,698	(8.5)
PBT	3681	4746	4128	12.1	(13.0)	8,874	9,208	(3.6)
Tax	955	1222	963	0.9	(21.2)	2,185	2,370	(7.8)
ETR	25.9	25.8	23.3	(10.3)	(9.6)	25	25.7	(4.3)
PAT	2726	3523	3175	16.5	(9.9)	6,698	6,838	(2.0)
PAT Margin (%)	6.0	6.5	6.7			6.6	6.6	(0.8)
EPS (Rs)	4.4	5.6	5.1	16.5	(9.9)	11	11	(2.0)

Source: Company, YES Sec

Exhibit 3: Segmental Performance

Rs mn	Q2FY25	Q1FY26	Q2FY26	YoY (%)	QoQ (%)	1HFY26	1HFY25	YoY (%)
Switchgears	5,513	6,296	5,954	8.0	(5.4)	12,250	11,271	8.7
Cable and Wires	18,052	19,332	20,282	12.4	4.9	39,615	33,264	19.1
Lighting and Fixtures	3,909	3,735	4,198	7.4	12.4	7,934	7,765	2.2
Electrical Consumer Durables	8,564	9,059	8,414	(1.8)	(7.1)	17,473	19,113	(8.6)
Lloyds	5,874	12,619	4,786	(18.5)	(62.1)	17,405	25,116	(30.7)
Others	3,418	3,337	4,032	17.9	20.8	7,369	6,783	8.6
Total Sales	45,330	54,378	47,666	5.2	(12.3)	102,044	103,311	(1.2)
PBIT								

Rs mn	Q2FY25	Q1FY26	Q2FY26	YoY (%)	QoQ (%)	1HFY26	1HFY25	YoY (%)
Switchgears	1150	1475	1328	15.5	(10.0)	2,803	2,569	9.1
PBIT %	20.9	23.4	22.3			2.7	2.5	
Cable and Wires	1548	2426	2782	79.7	14.7	5,209	3,259	59.8
PBIT %	8.6	12.6	13.7			5.1	3.2	
Lighting and Fixtures	505	462	565	11.9	22.4	1,027	1,135	(9.5)
PBIT %	12.9	12.4	13.5			1.0	1.1	
Electrical Consumer Durables	643	789	476	(26.0)	(39.7)	1,265	1,790	(29.3)
PBIT %	7.5	8.7	5.7			1.2	1.7	
Lloyds	-224	-197	-989	342.1	401.5	-1,186	450	(363.3)
PBIT %	-3.8	-1.6	-20.7			-1.2	0.4	
Others	66	162	69	5.5	(57.3)	231	176	
PBIT %	1.9	4.8	1.7			0.2	0.2	
Total PBIT	3,688	5,117	4,232	14.8	(17.3)	9,349	9,379	(0.3)
Finance Costs	101	94	91	(9.3)	(2.4)	185	186	(0.7)
Unallocable expense	834	969	865	3.8	(10.7)	1,834	1,683	9.0
Exceptional Items	0	0	0			0	0	
PBT	3681	4055	4128	7.7	(2.2)	8,021	9,208	(12.9)

Source: Company, YES Sec

KEY CON-CALL HIGHLIGHTS

- **Management commentary** – High channel inventory for the summer products has impacted Q2. High inventory has resulted in higher working capital requirement impacting other income. Company has been engaging with the channel partners and expect channel inventory to be liquidated by end of Q3.
- **Margin** – The company is hopeful of ~100bps-150bps margin expansion in FY27 on back of cost rationalization and premiumization.
- **Channel engagement** – various consumer support schemes have been offered to liquidate the channel inventory. Contribution margin will start to normalize by end of Q3, and complete normalization will happen from Q4.
- **Channel inventory** – Distribution channel inventory will be normalized by Q3. Distribution channel is the one that picks up inventory in Q3, while modern trade and e-commerce channel pick up inventory for the season in Q4
- **ECD** – Fans have seen de-growth in mid-single digit, while air-coolers has seen significant de-growth. Water heater and consumer appliances has seen good growth.
- **ECD margins** – ECD margins in Q2 has been impacted by negative operating leverage. Company expects lower ECD margin to be transient and margin will bounce back once the growth returns.
- **Lighting** –LED pricing has been stabilizing. Consumer buying ahead of festive season has resulted in revenue growth.
- **Cables and wires** – Profitability improvement in cables and wires is on back of raw material benefits. On sustainable basis the company expects contribution margin in the range of 15-16%. Growth in wires has been in mid-double digit for 1HFY26.
- **Volume growth** – Volume growth for cables is same as value growth, while for wires value growth is lower as compared to value growth.

- **Lloyd** – The company is seeing positive momentum in Lloyd as pent up demand has been aiding, and rural demand has been coming back. There is positive sentiment in the rural area for the festive season.
- **Solar business** – 2nd Half is stronger for the solar business. Demand for solar products has been decent in Q2. In Q3 and Q4 the complete benefit of improved supply chain through Goldi solar investment.
- **Capex** – Capex of FY26 would be Rs13bn and for FY27 it is estimated to Rs10bn.
- **B2B business** – There is traction in B2B demand. The company remains positive on the B2B demand environment. **There is positivity in in the international business despite the turmoil in the geo-politics.**

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	274,197	273,939	-0.1%	NA
EBITDA	31,538	31,234	-1.0%	EBITDA cut is in on back of slightly lower margin
PAT	21,516	21,291	-1.0%	PAT cut is in line with EBITDA

Source: Company, YES Sec

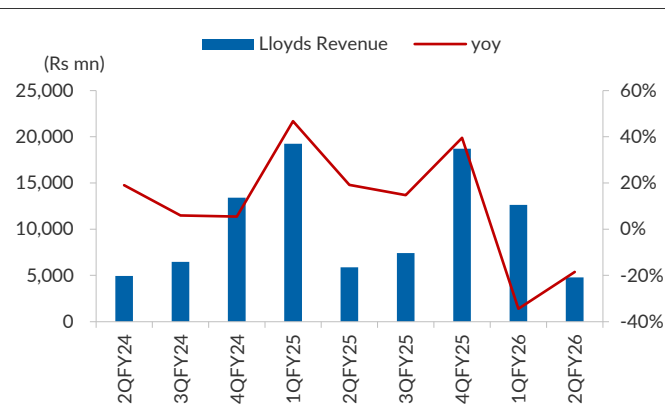
Exhibit 6: Valuation Snapshot

Valuation Metric	FY25E	FY26E	FY27E	5-year Avg (2 year forward)
P/E (x)	62.8	57.1	43.9	46.2
EV/EBITDA (x)	43.1	38.0	29.6	32.4
ROCE (%)	26.0	25.5	29.4	NA

Source: Company, YES Sec

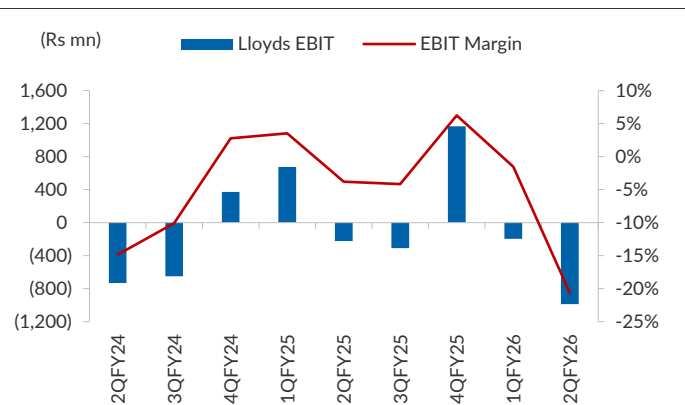
CHARTS

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



Source: Company, YES Sec

Exhibit 8: Margins contracted on account under-absorption due to lower revenue and higher consumer offers



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	87066	104479
% yoy growth	19%	14%	14%	21%	20%
Lighting and Fixtures	16015	16268	16532	17540	19294
% yoy growth	17%	2%	2%	6%	10%
Electrical consumer durables	32958	34818	40115	42642	47759
% yoy growth	7%	6%	15%	6%	12%
Lloyd's consumer	33686	37852	51233	48671	55972
% yoy growth	49%	12%	35%	-5%	15%
Others	9503	10936	13789	15582	17452
% yoy growth	25%	15%	26%	13%	12%
Total Revenue	168684	185499	217458	237849	273939
% yoy growth	21%	10%	17%	9%	15%

Rs mn	FY23	FY24	FY25	FY26E	FY27E
Switchgear	5564	5960	5393	5955	6666
% margin	26%	27%	23%	23%	23%
Cables and wires	5247	7161	7715	10796	12955
% margin	9%	11%	11%	12%	12%
Lighting and Fixtures	2469	2474	2537	2543	2798
% margin	15%	15%	15%	15%	15%
Electrical consumer durables	4189	3872	3994	3838	4776
% margin	13%	11%	10%	9%	10%
Lloyd's consumer	-2,209	-1,644	1,308	-389	2,239
% margin	-7%	-4%	3%	-1%	4%
Others	350	246	252	327	698
% margin	4%	2%	2%	2%	4%
Total PBIT	15609	18068	21198	23070	30132
% 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	92,158	104,484
Net worth	66,145	74,385	83,310	92,785	105,111
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	3,365	3,869
Total liabilities	73,109	81,413	90,144	99,904	112,733
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	1,701	1,925
Net Working Capital	25,818	33,441	32,560	36,335	38,038
Inventories	37,085	34,085	40,074	50,176	57,790
Sundry debtors	9,713	11,572	12,536	13,684	15,761
Loans and Advances	0	0	0	0	0
Sundry creditors	26,425	26,907	30,401	36,492	42,029
Other current liabilities	9,148	13,102	13,856	15,096	17,292
Cash & equivalents	4,569	2,434	7,817	3,168	10,239
Total Assets	73,109	81,413	90,144	99,904	112,733

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	237,849	273,939
Operating profit	16,030	18,453	21,486	24,503	31,234
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	22,085	28,731
Taxes	3,753	4,366	5,203	5,719	7,440
Minorities and other	-	-	-	-	-
Adj. profit	10,750	12,732	14,888	16,366	21,291
Exceptional items	-	-	-	-	-
Net profit	10,750	12,732	14,888	16,366	21,291

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	22,475	29,081
Depreciation	2,961	3,385	3,987	4,729	5,404
Tax paid	(3,753)	(4,366)	(5,203)	(5,719)	(7,440)
Working capital Δ	(4,455)	(5,814)	881	(3,775)	(1,702)
Other operating items					
Operating cashflow	9,592	10,760	20,189	17,709	25,342
Capital expenditure	(5,924)	(8,380)	(8,574)	(9,236)	(9,236)
Free cash flow	3,668	2,380	11,615	8,473	16,106
Equity raised	208	209	306	(0)	-
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)	(6,891)	(8,965)
Net Δ in cash	(3,068)	(2,135)	5,384	(4,649)	7,071

Source: Company, YES Sec

Exhibit 13: Du-pont analysis

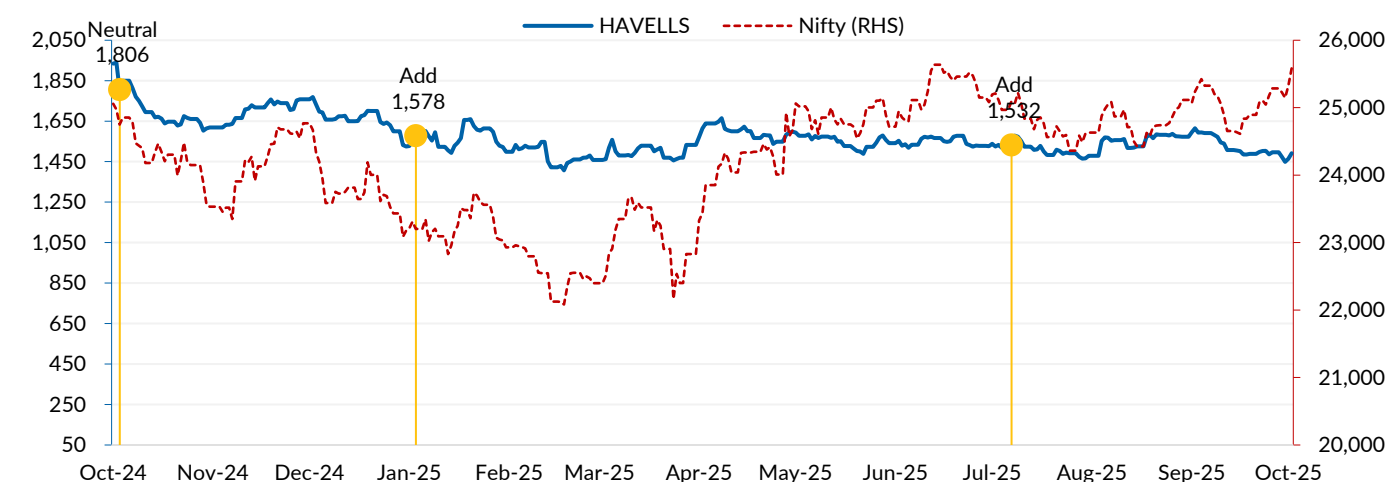
Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Tax burden (x)	0.74	0.74	0.74	0.74	0.74
Interest burden (x)	0.98	0.97	0.98	0.98	0.99
EBIT margin (x)	0.09	0.09	0.09	0.09	0.11
Asset turnover (x)	1.56	1.57	1.66	1.62	1.65
Financial leverage (x)	1.72	1.68	1.66	1.66	1.67
RoE (%)	17.1	18.1	18.9	18.6	21.5

Exhibit 14: Ratio analysis

Y/e 31 Mar	FY23	FY24	FY25	FY26E	FY27E
Growth matrix (%)					
Revenue growth	21.5	10.0	17.2	9.4	15.2
Op profit growth	(8.8)	15.1	16.4	14.0	27.5
EBIT growth	(10.5)	18.3	16.9	9.5	29.4
Net profit growth	(10.0)	18.4	16.9	9.9	30.1
Profitability ratios (%)					
OPM	9.5	9.9	9.9	10.3	11.4
EBIT margin	8.8	9.5	9.4	9.4	10.6
Net profit margin	6.4	6.9	6.8	6.9	7.8
RoCE	22.8	25.0	26.0	25.5	29.4
RoNW	17.1	18.1	18.9	18.6	21.5

Y/e 31 Mar	FY23	FY24	FY25	FY26E	FY27E
RoA	9.9	10.8	11.4	11.2	12.8
Per share ratios					
EPS	17.2	20.3	23.7	26.1	34.0
Dividend per share	7.5	7.5	10.0	11.0	14.3
Cash EPS	21.9	25.7	30.1	33.6	42.6
Book value per share	105.6	118.7	132.9	148.0	167.7
Valuation ratios					
P/E	86.9	73.4	62.8	57.1	43.9
P/CEPS	68.1	58.0	49.5	44.3	35.0
P/B	14.1	12.6	11.2	10.1	8.9
EV/EBIDTA	58.0	50.5	43.1	38.0	29.6
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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Analyst signature

Analyst signature

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