BUY
TP: Rs 1,400 | ⮝ 30%

HAVELLS INDIA

| Consumer Durables | 23 October 2026

Volume recovery and opex leverage offset cable margin drag

- **Revenue up 35% YoY (15% above estimate), led by C&W (+48%), Switchgear (+31%), Lloyd (+28%) and Renewables (+148%)**
- **Gross margin down 426bps YoY, primarily on cables; lower staff and other costs (+401bps) limit EBITDA margin decline to 25bps**
- **Revise estimates, assign 40x Sep'28E EPS to arrive at Sep-27 TP of Rs 1,400; maintain BUY**

Vineet Shanker
Research Analyst
Amey Tupe
Research Associate
research@bobcaps.in

Beat on revenue, not margin: Q2 revenue grew 35% YoY to Rs64bn, EBITDA 31% and Adj. PAT 11%. Gross margin fell 426bps YoY to 30.7% (primarily cables), but lower employee (141bps) and other expenses (260bps) limited the EBITDA margin decline to 25bps at 8.9%. PAT lagged EBITDA on a one-time other-income gain in the base.

Volumes revive, but cable margins reset lower: C&W revenue grew 48% YoY, aided by over 30% price hikes in the past 12 months, with volumes up close to double digits (vs largely flat in Q1). EBIT grew 9%, but margin fell 357bps YoY to 10.1% as lower aluminium prices during the quarter hurt cable margins against a strong base. Management said H1 cable contribution margin of ~15% is in line with its long-term average.

Price catch-up restores Switchgear margins: Switchgear revenue grew 31% YoY with volume growth close to double digits, as Q1's muted growth (competitors delayed price moves) gave way to regular demand. EBIT rose 49%, with margin up 309bps YoY (454bps QoQ) to 25.4%. Management said contribution margin is back at 38-39%, within its normalised 38-40% band, on pricing actions, with further hikes planned in Q3 on persisting raw material pressure.

Lighting lags as ECD margins rebuild: Lighting revenue grew 7% YoY, but EBIT fell 17% with margin down 283bps to 9.9%. ECD revenue grew 11% YoY and EBIT 34%, with margin up 107bps to 6.2%. Management said price hikes across categories ranged from 10-25% over the past 12 months, and expects to take a further 5-7% across products in Q3 as Q2 saw sharp raw material increases.

Lloyd loss steady as cost pass-through lags: Lloyd revenue grew 28% YoY on healthy volumes, with pricing more muted than in the Havells portfolio, as pull-led distribution settles and the new refrigerator plant adds volumes. EBIT loss was flat YoY at Rs1.1bn, with margin improving 494bps to -17.0%. Management cited off-season under-absorption and cost increases not yet passed on, which it expects to pass through over Q3-Q4.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	HAVL IN/Rs 1,073
Market cap	US$ 7.1bn
Free float	41%
3M ADV	US$ 10.7mn
52wk high/low	Rs 1,517/Rs 1,015
Promoter/FPI/DII	60%/23%/10%

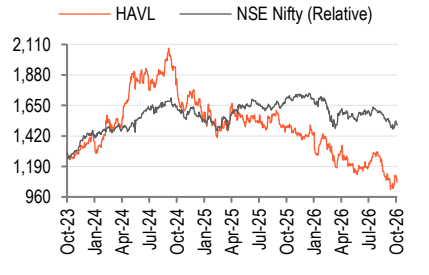
Source: NSE | Price as of 22 Oct 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	2,25,278	2,70,140	2,99,186
EBITDA (Rs mn)	22,015	24,629	32,493
Adj. net profit (Rs mn)	14,826	15,977	21,028
Adj. EPS (Rs)	23.7	25.5	33.6
Adj. ROAE (%)	16.7	16.2	19.2
Adj. P/E (x)	45.3	42.1	32.0
EV/EBITDA (x)	30.5	27.3	20.7
Adj. EPS growth (%)	0.7	7.8	31.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Renewables margin recovers; model stays brand-led: Renewables revenue grew 148% YoY to Rs3.3bn, with EBIT margin at 8.3% vs 3.8% a year ago and 2.7% in Q1. Management reiterated a brand-and-channel model, selling integrated kits through system integrators, distributors and dealers rather than utility-scale projects, with manufacturing largely done by Goldi Solar. It declined to guide on peak revenue or margin but said industry consolidation could lift margins.

Revise] estimates; maintain BUY: We cut FY27E EPS by 5.6% and raise FY28E by 1.3%, lowering FY27E EBITDA margin by 93bps on cable margins and slower Lloyd cost pass-through. We estimate revenue/EBITDA/PAT CAGR of 13%/17%/16% over FY26-29E. At CMP, the stock trades at 30x Sep'28E EPS. We assign 40x (vs 45x earlier) to arrive at Sep-27 TP of Rs 1,400 (vs Rs 1,530).

Fig 1 – Quarterly & H1FY27 Financial Snapshot

Particular (Rs mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	H1FY27	H1FY26	YoY (%)	Q2FY27E	Var (%)
Revenue	64,320	47,793	35	65,182	(1)	1,29,502	1,02,347	(21)	56,047	15
EBITDA	5,725	4,375	31	4,674	22	10,399	9,532	(8)	5,467	5
EBITDA Margin (%)	8.9	9.2	(25bps)	7.2	170bps	8bps	9bps	128bps	9.8	(85bps)
Depreciation	1,277	1,048		1,218		2,495	2,106		1,240	
Interest	48	91		75		122	185		120	
Other Income	326	863		542		868	1,554		542	
PBT	4,726	4,098	15	3,923	20	8,649	8,795	2	4,649	2
Tax	1,234	963		1,026		2,260	2,185		1,171	
Adjusted PAT	3,495	3,142	11	2,897	21	6,386	6,619	4	3,477	1
Exceptional item	-	-		-		-	-		0	
Reported PAT	3,495	3,142	11	0	NA	6,386	6,619	4	3,477	1
Adj. PAT Margin (%)	5.4	6.6	(114bps)	4.4	100bps	4.9	6.5	154bps	6.2	(77bps)
EPS (Rs)	5.6	5.0	11	4.6	21	10.2	10.6	3.6	5.5	0

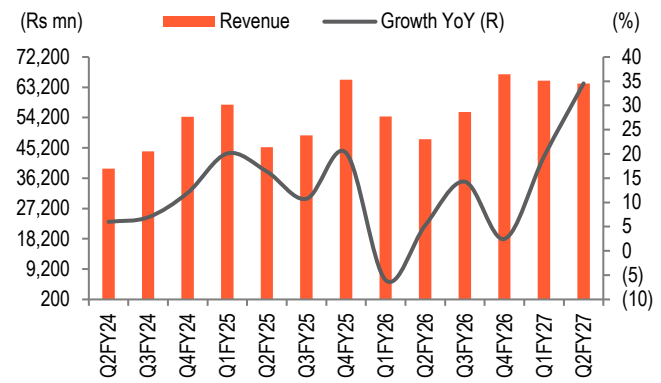
Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

Particulars (Rs mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	H1FY27	H1FY26	YoY (%)
Segment revenue								
Switch gears	7,817	5,955	31	6,077	29	13,894	12,254	(12)
C&W	29,989	20,282	48	24,556	22	54,545	39,615	(27)
Lighting	4,595	4,284	7	4,006	15	8,601	8,086	(6)
ECD	10,721	9,686	11	11,131	(4)	21,852	19,635	(10)
Lloyd	6,194	4,822	28	14,574	(58)	20,769	17,533	(16)
Renewables	3,292	1,328	148	3,143	5	6,435	2,264	(65)
Others	1,712	1,435	19	1,694	1	3,406	2,961	(13)
EBIT								
Switch gears	1985	1328	49	1267	57	3,251	2,804	(14)
EBIT margin (%)	*25.39*	*22.30*	*309bps*	*20.8*	*454bps*	*23.4*	*22.9*	*(100bps)*
C&W	3043	2782	9	2545	20	5,588	5,209	(7)
EBIT margin (%)	*10.1*	*13.7*	*(357bps)*	*10.4*	*(22bps)*	*10.2*	*13.1*	*300bps*
Lighting	455	546	(17)	415	10	870	1,001	15
EBIT margin (%)	*9.9*	*12.7*	*(283bps)*	*10.4*	*(45bps)*	*10.1*	*12.4*	*200bps*
ECD	670	501	34	583	15	1,253	1,288	3
EBIT margin (%)	*6.2*	*5.2*	*107bps*	*5.2*	*100bps*	*5.7*	*6.6*	*100bps*
Lloyd	(1055)	(1060)	NA	(563)	88	(1,618)	(1,269)	(22)
EBIT margin (%)	*(17.0)*	*(22.0)*	*494bps*	*(3.9)*	*(1317bps)*	*(7.8)*	*(7.2)*	*100bps*
Renewables	273	50	444	84	226	356	163	(54)
EBIT margin (%)	*8.3*	*3.8*	*451bps*	*2.7*	*562bps*	*5.5*	*7.2*	*200bps*
Others	102	41	151	82	24	184	92	(50)
EBIT margin (%)	*6.0*	*2.8*	*312bps*	*4.9*	*110bps*	*5.4*	*3.1*	*(200bps)*

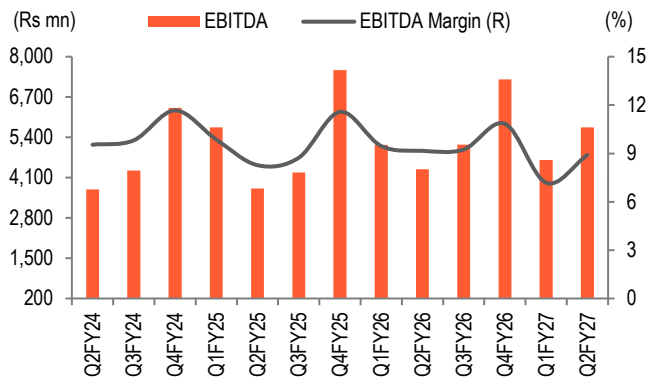
Source: Company, BOBCAPS Research

Fig 3 – Revenue trend



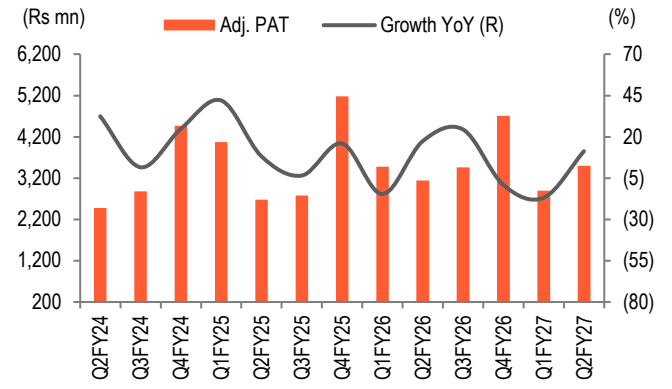
Source: Company, BOBCAPS Research

Fig 4 – EBITDA trend



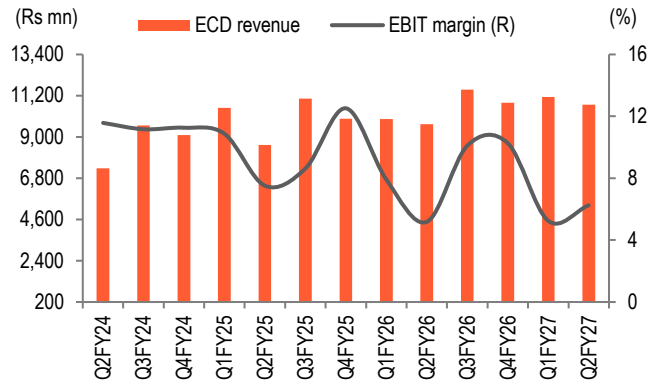
Source: Company, BOBCAPS Research

Fig 5 – Profit trend



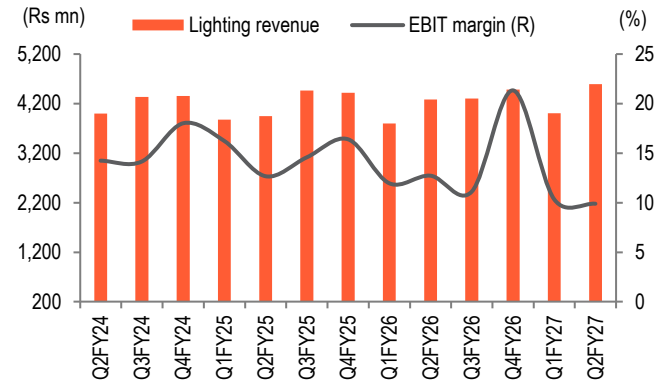
Source: Company, BOBCAPS Research

Fig 6 – ECD business growth



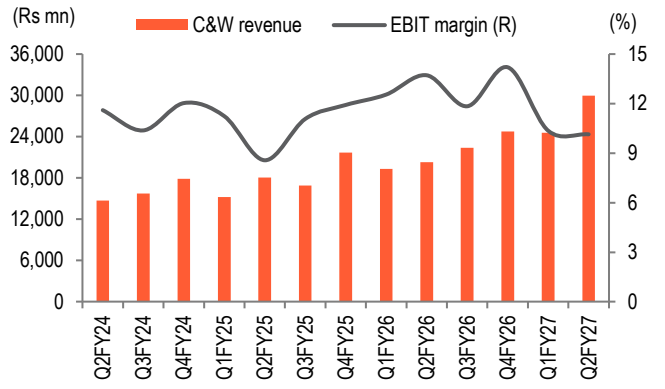
Source: Company, BOBCAPS Research

Fig 7 – Lighting's business growth



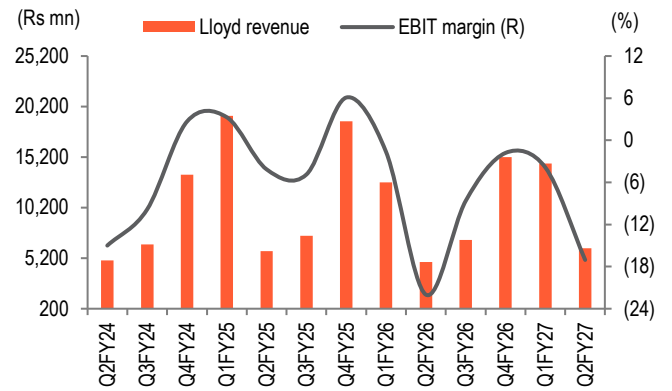
Source: Company, BOBCAPS Research

Fig 8 – Cables & Wires business growth



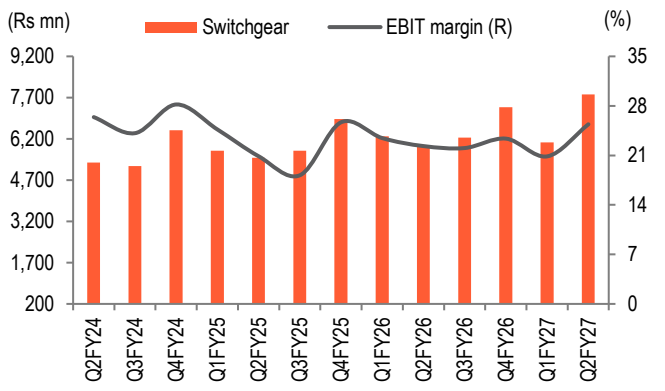
Source: Company, BOBCAPS Research

Fig 9 – Lloyd's business growth



Source: Company, BOBCAPS Research

Fig 10 – Switchgear's business growth

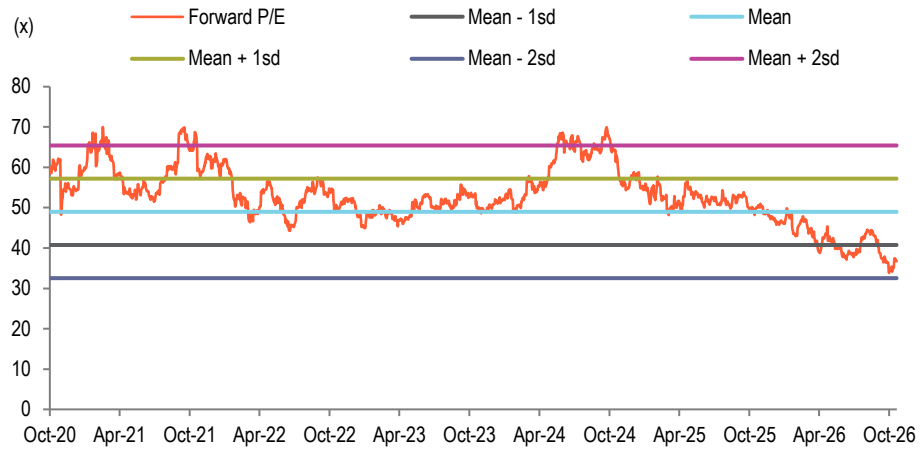


Source: Company, BOBCAPS Research

Valuation methodology

We cut FY27E EPS by 5.6% and raise FY28E by 1.3%, lowering FY27E EBITDA margin by 93bps on cable margins and slower Lloyd cost pass-through. We estimate revenue/EBITDA/PAT CAGR of 13%/17%/16% over FY26-29E. We roll forward to Sep'28E EPS and assign 40x (vs 45x) to arrive at Sep-27 TP of Rs 1,400 (vs Rs 1,530); maintain BUY.

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	2,70,140	2,99,186	3,27,818	2,58,010	2,89,106	3,19,733	4.7	3.5	2.5
EBITDA	24,629	32,493	35,359	25,927	31,506	34,568	(5.0)	3.1	2.3
EBITDA Margin (%)	9.1	10.9	10.8	10.0	10.9	10.8	(93bps)	(4bps)	(3bps)
PAT	15,977	21,028	23,118	16,919	20,758	22,921	(5.6)	1.3	0.9
EPS (Rs)	25.5	33.6	36.9	27.0	33.1	36.6	(5.6)	1.3	0.9

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**	**2,70,140**	**2,99,186**	**3,27,818**
EBITDA	21,309	22,015	24,629	32,493	35,359
Depreciation	4,004	4,338	5,338	6,551	6,754
EBIT	17,305	17,677	19,291	25,943	28,606
Net interest inc./(exp.)	(432)	(373)	(442)	(442)	(442)
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	21,360	28,112	30,906
Income taxes	5,203	5,203	5,383	7,084	7,788
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**	**15,977**	**21,028**	**23,118**
Adjustments	0	(2,079)	0	0	0
Adjusted net profit	**14,723**	**14,826**	**15,977**	**21,028**	**23,118**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	30,470	29,084	40,706	45,083	49,397
Other current liabilities	16,623	15,991	18,503	20,492	22,453
Provisions	0	0	0	0	0
Debt funds	3,185	2,652	3,272	3,272	3,272
Other liabilities	4,527	5,181	6,186	6,837	7,479
Equity capital	627	627	627	627	627
Reserves & surplus	82,611	93,927	1,02,073	1,15,270	1,33,062
Shareholders' fund	83,238	94,555	1,02,701	1,15,897	1,33,690
Total liab. and equities	**1,38,043**	**1,47,463**	**1,71,368**	**1,91,582**	**2,16,292**
Cash and cash eq.	33,781	23,635	28,760	38,158	53,118
Accounts receivables	12,587	7,898	12,582	14,754	16,166
Inventories	40,469	44,407	51,808	57,378	62,869
Other current assets	1,838	2,313	1,480	1,639	1,796
Investments	0	0	0	0	0
Net fixed assets	32,521	38,130	46,792	48,241	49,487
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	13,618	15,082	16,525
Total assets	**1,38,043**	**1,47,463**	**1,71,368**	**1,91,582**	**2,16,292**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**15,153**	**15,720**	**24,197**	**26,043**	**29,087**
Capital expenditures	(7,660)	(14,218)	(14,000)	(8,000)	(8,000)
Change in investments	2,131	3,708	0	0	0
Other investing cash flows	2,513	1,581	2,139	(813)	(802)
Cash flow from investing	**(3,016)**	**(8,929)**	**(11,861)**	**(8,813)**	**(8,802)**
Equities issued/Others	425	330	0	0	0
Debt raised/repaid	0	0	620	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)**	**(7,211)**	**(7,831)**	**(5,325)**
Chg in cash & cash eq.	**5,448**	**(144)**	**5,125**	**9,398**	**14,960**
Closing cash & cash eq.	**33,781**	**23,635**	**28,760**	**38,158**	**53,118**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	23.5	27.0	25.5	33.6	36.9
Adjusted EPS	23.5	23.7	25.5	33.6	36.9
Dividend per share	10.0	10.0	12.5	12.5	8.5
Book value per share	132.9	150.9	163.9	185.0	213.4

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	3.1	3.0	2.5	2.2	2.1
EV/EBITDA	31.5	30.5	27.3	20.7	19.0
Adjusted P/E	45.7	45.3	42.1	32.0	29.1
P/BV	8.1	7.1	6.5	5.8	5.0

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	110.7	108.4	108.0
EBIT margin (EBIT/Revenue)	7.9	7.8	7.1	8.7	8.7
Asset turnover (Rev./Avg TA)	6.7	5.9	5.8	6.2	6.6
Leverage (Avg TA/Avg Equity)	0.4	0.4	0.5	0.4	0.4
Adjusted ROAE	18.7	16.7	16.2	19.2	18.5

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	17.1	3.4	19.9	10.8	9.6
EBITDA	15.6	3.3	11.9	31.9	8.8
Adjusted EPS	15.9	0.7	7.8	31.6	9.9
Profitability & Return ratios (%)					
EBITDA margin	9.8	9.8	9.1	10.9	10.8
EBIT margin	7.9	7.8	7.1	8.7	8.7
Adjusted profit margin	6.8	6.6	5.9	7.0	7.1
Adjusted ROAE	18.7	16.7	16.2	19.2	18.5
ROCE	19.1	17.0	16.5	19.5	18.8
Working capital days (days)					
Receivables	21	13	17	18	18
Inventory	68	72	70	70	70
Payables	51	47	55	55	55
Ratios (x)					
Gross asset turnover	4.4	3.8	3.8	3.6	3.6
Current ratio	1.9	1.7	1.6	1.7	1.8
Net interest coverage ratio	40.0	47.4	43.7	58.7	64.8
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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Name of the Research Entity: **BOB Capital Markets Limited**
Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
SEBI Research Analyst Registration No: **INH000000040 (Perpetual)**
SEBI Stock Broker Registration No: **INZ000159332**
SEBI Depository Participant Registration No: **IN-DP-728-2022**
SEBI Merchant Banker Registration No: **INM000009926**
Phone: +91-22-61389300
Name of the Compliance Officer: Mr. Sameer Khobrekar
Email ID: Compliance@bobcaps.in; Phone no.: +91-22-61389358
For any queries or grievances, you may contact the Grievance Officer.
Name of the Grievance Officer: Mr. Nilesh Mehta
Email ID: head-customercare@bobcaps.in; Phone no: 92288 60945

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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

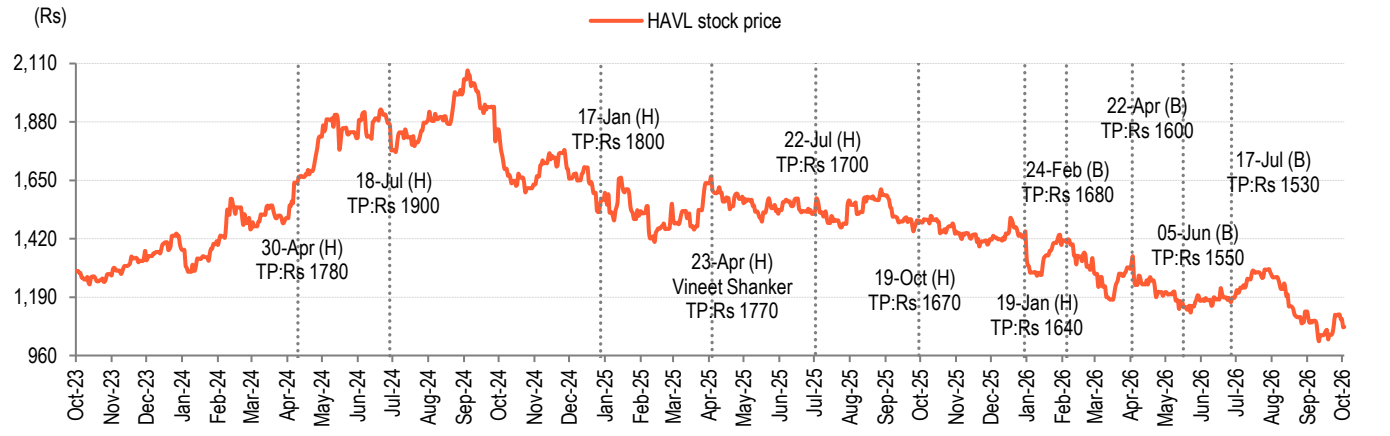
HOLD – Expected return from -6% to +15%

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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