

DALALBYTES RESEARCH

Havells India

The Electricals Franchise, the Lloyd Tax

A deep dive into India's premium FMEG compounder: segments, margins, commodities, Lloyd, and valuation.

NSE: HAVELLS

October 2, 2026

Reference price Rs 1,040 (NSE close, October 1, 2026;

NSE was closed October 2 for Gandhi Jayanti).

Market cap approx Rs 65,200 crore.

Two companies, one ticker

Havells is two companies wearing one ticker. The first is India's finest electrical-goods franchise: number one or two in switchgear, lighting and fans, a wires and cables business growing at 20%+ with 16-17% contribution margins, a dealer network of roughly 7,500 direct dealers and 100,000 retail outlets that competitors cannot replicate quickly, and a debt-free balance sheet run by a promoter family with 59.4% skin in the game and zero pledge. The second is Lloyd, the air-conditioner business bought in 2017, which lost Rs 203 crore at the EBIT line in FY26, needs a perfect summer every year just to break even, and faces Voltas, Daikin, Blue Star and LG in a market where Havells holds roughly 4% share.

The 30% fall in the stock over the past year (from the Rs 1,520 high) is not an accident; it is the market refusing to pay the old 50x earnings multiple for a company where nearly a quarter of revenue is hostage to the weather and copper is at record highs. At Rs 1,040 the stock trades at 38.6x FY26 earnings and roughly 35x FY27 street estimates: still a full multiple for mid-teens earnings growth, but well below the 50-55x forward P/E the stock commanded for years. The historical premium was earned by 12-15% growth and 11-12% EBITDA margins. FY26 delivered 3.4% growth and 9.8% margins. The premium is currently half-earned, which is why this is Selective Positive, not Positive.

74/100

DalalBytes score

Selective
Positive

Rating

Rs
1,040Reference: NSE
close
Oct 1, 2026Rs
1,730Base target
FY2029

+66%

Base upside
from reference

What would change the rating

- **Positive:** Lloyd returns to break-even-plus profitability for two consecutive quarters and cables sustains 15%+ growth through the Rs 340 crore capacity expansion.
- **Neutral or worse:** a third weak summer, or UltraTech and the Adani-Praneetha venture dragging cables pricing down from FY27.

FY2029 price targets

Scenario	FY29 EPS (Rs)	Multiple	Target (Rs)	Upside
Bear	30	35x	Rs 1,050	+1%
Base	38.5	45x	Rs 1,730	+66%

Scenario	FY29 EPS (Rs)	Multiple	Target (Rs)	Upside
Bull	44	55x	Rs 2,420	+133%

Base math: FY28E EPS Rs 34.1 (street) growing 13% to Rs 38.5 on revenue about Rs 33,500 crore at 10.5% EBITDA margin; 45x restored premium (below the historical 50-55x). Bear: Lloyd still loss-making, cables margins compressed, 35x. Bull: Lloyd turnaround plus cables supercycle, 55x. Full math in section 09.

02 BUSINESS AND PRODUCTS

Six segments, one profit engine

Havells India (incorporated 1983, listed 1993) reports six segments. FY26 revenue figures below are derived from the company's official Q4FY26 and 9MFY26 information updates (standalone; consolidated revenue was Rs 22,527.77 crore). Contribution margin is the company's own definition: net revenue less material cost, manufacturing variables, direct selling variables and depreciation.

Segment	FY26 rev (cr)	Share	Contrib. margin	EBIT margin
Switchgears	about 2,585	about 11.5%	37.4%	22.6%
Cables	about 8,677	about 38.6%	16.5%	12.7%
Lighting & Fixtures	about 1,655	about 7.4%	30.5%	12.6%
Electrical Consumer Durables	about 3,875	about 17.2%	22.6%	8.4%
Others (solar, motors, pumps)	about 1,727	about 7.7%	15.4%	1.6%
Lloyd Consumer	about 3,948	about 17.6%	8.4%	-7.3%

Segment EBIT margins are official 9MFY26 figures; Lloyd's full-year EBIT loss was about Rs 203 crore (vs Rs 131 crore profit in FY25).

The portfolio in one line each

- **Switchgears** (MCBs, modular switches: Havells, Crabtree, Standard): the crown jewel. about 37-40% contribution margins, #1 in MCBs at an estimated 27-28% share. This segment funds the rest.
- **Cables** (house wires + industrial/power cables): the growth engine, about 39% of revenue. about 65% retail wires (distribution-led, monthly price revisions) and about 35% institutional power cables (project-led). Tumkur underground-cable capacity ramping; 90-100% cable utilisation.
- **Lighting** (LED, luminaires, professional): about 30% contribution margins but flat revenue (Rs 1,655 cr) as LED price deflation offsets volume; professional lighting is the growth pocket.

- **ECD** (fans, water heaters, small appliances): fans #3 nationally (about 15% share); summer-linked, so FY26 was weak on unseasonal rains.
- **Others**: solar leading growth (+33% in Q3FY26); small but the highest-growth bucket.
- **Lloyd** (ACs, TVs, refrigerators): see section 04. The drag.

Manufacturing: the operational moat

One-plant-one-product strategy; about 90% of sales from in-house manufacturing, one of the highest ratios in Indian consumer electricals. A dozen-plus large plants (Neemrana, Alwar, Baddi, Faridabad, Haridwar, Sahibabad, Noida, Ghiloth, Bengaluru, Guwahati, Tumkur) plus Sri City for RAC/white goods and a new R&D; centre under construction. Outsourcing is only 5-7% of revenue. This depth gives total quality control and pricing agility that traded brands cannot match, and it underwrites the premium positioning.

The key analytical split

Ex-Lloyd, Havells is a 22%+ contribution-margin franchise (9MFY26: 21.9%). Lloyd drags the blended margin to 19.8%. Strip out Lloyd and Havells looks like a best-in-class electrical compounder; include Lloyd and it looks like a consumer-durables company with a weather problem. That tension is the whole investment debate.

03 INDUSTRY STRUCTURE AND THE DISTRIBUTION MOAT

Three competitive arenas

- **Electricals** (switchgear, wires, lighting): an oligopoly of national brands over a long tail of regional players. Brand, distribution and manufacturing scale are the moats; 5-10% price premiums hold where safety matters.
- **Cables**: retail house wires (brand-driven) vs institutional power/EHV cables (tender-driven). Demand rides the power-capex cycle, housing, data centres and renewables: the strongest structural tailwind in the portfolio.
- **Consumer durables** (Lloyd): brutally competitive, global giants plus Voltas and Blue Star. No pricing power for a 4%-share player.

Distribution: the deepest moat

about 7,500 direct dealers and about 100,000 retail outlets across India; 700+ exclusive Havells Galaxy brand showrooms (the industry's pioneering exclusive-outlet concept); about 220,000 electricians engaged through loyalty and training programmes; after-sales covering 400 cities with 560 channel partners and 2,000+ service personnel. Distribution is trade-only, with channel financing and transparent incentives. Debtor days of 12 (Dec 2025, TTM) prove the channel pulls product rather than being pushed.

Brand spend runs 3-4% of revenue historically (Rs 770 crore over five years per company disclosures; Rs 427 crore or 2.7% in 9MFY26 as Lloyd spending was cut). Lloyd AC was among the top digital advertisers in room cooling in FY25. The premium is real in electricals; it does not exist in Lloyd ACs, where the brand is a mid-tier challenger.

04 LLOYD: THE AC BUSINESS

Nine years on, the engine sputters

Lloyd Consumer	FY25	FY26
Revenue (cr)	about 4,950-5,130	about 3,948
Revenue growth	+35%	-23%
Contribution margin	14.0%	8.4% (9M)
Segment EBIT (cr)	+131	-203
Segment EBIT margin	about 2.6%	-7.3% (9M)

FY25 revenue and EBIT from company disclosures via press; FY26 revenue derived from official quarterly updates. The quarterly progression shows the seasonality trap: Q1FY26 contribution margin 13.2% on strong summer sales, Q2FY26 collapsed to 1.7% as the weak 2025 summer left channel inventory, Q3FY26 recovered to 8.1%, Q4FY26 negative again: the fourth straight quarterly EBIT loss.

The competitive reality

India's room-AC market is about 12.5-14 million units a year. 2026 share estimates: Voltas 17-18.6%, Daikin 17%, Blue Star 14%, LG 9%, Haier 8%, Panasonic 6.7%, Samsung 5.5%, Godrej 5%, Havells/Lloyd about 4%, Hitachi 3%. Voltas sold 1 million ACs in Q1FY27 alone. Lloyd has no cost, technology or distribution edge against Voltas (Tata distribution and service), Daikin (premium technology) or Blue Star (commercial depth). It competes on price and advertising, the two most expensive ways to hold 4% share.

FY26 hit Lloyd with a triple blow: energy-efficiency norm changes raising product costs, copper up about 34% plus rupee depreciation raising input costs, and competitive intensity blocking full pass-through. The company took 8-15% price increases in Q4FY26 and said more would be needed. The industry announced 5-8% AC price hikes from October 1, 2026 (third hike of the year, cumulative 16-18% since January). If the industry holds these into the festive season, Lloyd margins recover; if smaller players hold prices to buy share, Lloyd bleeds again. This is the key FY27 swing factor.

Verdict on Lloyd

Lloyd consumed about Rs 1,557 crore of capital in 2017, delivers volatile low-single-digit margins at best, and in FY26 destroyed about Rs 200 crore of EBIT while tying up working capital. The bull case: AC penetration in India is among the lowest of any major economy, and a normalised Lloyd earns 8-10% EBIT on Rs 5,000+ crore revenue. The bear case: Lloyd is structurally a 4%-share brand in a scale game. Until Lloyd prints two clean profitable quarters, assume the bear case in your numbers and treat any recovery as upside.

05 CABLES VS WIRES, AND THE COMMODITY MACHINE

The growth engine, in detail

- **Mix:** about 65% retail house wires (monthly price revisions, brand premium) and about 35% institutional/power cables including EHV and underground (tender pricing, longer cycles).
- **FY26:** cables revenue about Rs 8,677 crore, up roughly 20-25% YoY, about 39% of group revenue and nearly half of group EBIT. Contribution margin 16.5% (9M) vs 13.9% a year earlier; segment EBIT margin 12.7% vs 10.2%. Q2FY26 hit 17.7%, the best in recent history.
- **Capacity:** cables utilisation 90-100%, wires 65-70%. Rs 340 crore expansion plus 39 acres acquired, commissioning by end-FY27, roughly doubling underground-cable capacity over FY24-FY27.
- **Competition risk:** UltraTech Cement and the Adani-Praneetha Ecocables JV enter in FY27. Havells is less exposed than pure cables players (cables about 39% of its revenue vs about 90%+ for them), but institutional pricing is the transmission channel. Kotak cut fair value to Rs 1,250 in September 2026 citing this risk.

Commodity pass-through: how margins behaved

Raw materials were Rs 12,346 crore in FY26 (about 55% of revenue). Pass-through differs by channel: retail wires and switchgear reprice monthly/quarterly (near-complete, 4-8 week lag); institutional cables have contractual pass-through with longer lags; Lloyd and ECD face competitive limits on pass-through, which is why Lloyd margins collapsed when copper surged.

Year	Copper regime	Gross margin	EBITDA margin
FY22	Rising (post-Covid rally)	31.6%	12.7%
FY23	Peak then correcting	30.7%	9.6%
FY24	Stable-high	32.3%	10.1%
FY25	Rising into 2025	32.9%	9.9%

Year	Copper regime	Gross margin	EBITDA margin
FY26	Record (LME \$14,533/t; +34% YoY)	33.1%	9.8-10.0%

Gross margin actually improved to 33.1% in FY26 despite record copper: monthly price revisions in retail wires, brand pricing power and in-house manufacturing efficiency more than offset input inflation in the core. EBITDA margin compression (12.7% to about 9.8%) came from Lloyd losses and higher A&P;/employee costs, not from pass-through failure. Caveat: rising copper also creates inventory holding gains (flattering margins) while inflating working capital (inventory days 78); a copper correction reverses both.

06 FINANCIALS FY22-FY26

Five years in one table

Consolidated, Rs crore. Revenue, EBITDA, PAT, EPS, ROE and ROCE from company filings; operating cash flow and capex from cash-flow data.

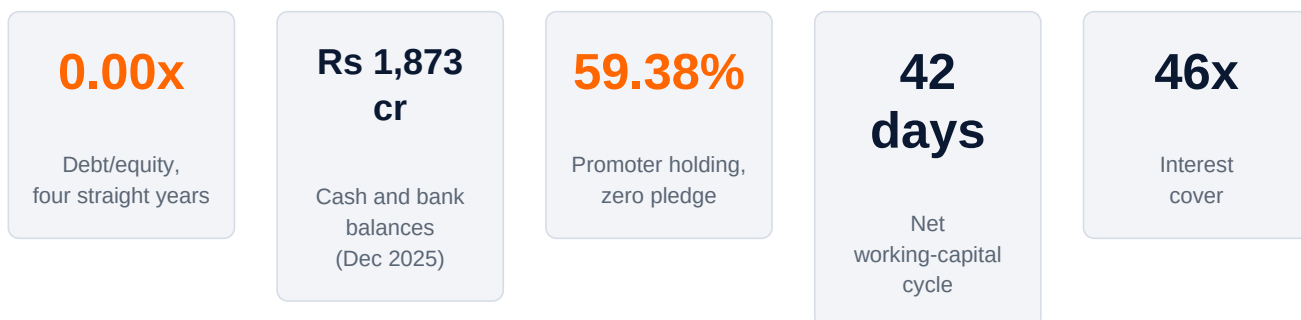
	FY22	FY23	FY24	FY25	FY26
Revenue	13,938	16,911	18,590	21,778	22,528
Revenue growth	-	21.3%	9.9%	17.2%	3.4%
EBITDA (excl OI)	1,774	1,621	1,881	2,160	2,202
EBITDA margin	12.7%	9.6%	10.1%	9.9%	9.8%
PAT	1,196	1,072	1,271	1,470	1,689
EPS (Rs)	19.10	17.11	20.28	23.48	26.95
ROE	21.4%	17.0%	18.1%	18.7%	19.1%
ROCE	27.7%	23.1%	25.5%	26.2%	25.7%
Operating cash flow	1,730	560	1,950	1,520	1,572
Capex	260	590	790	770	1,484
Free cash flow	about 1,470	about -30	about 1,160	about 750	about 88
Dividend/share (Rs)	7.50	7.50	9.00	10.00	10.00

Reading the five years

- Revenue compounded about 12.7% (FY22-26); PAT about 9%. Respectable, not the 15%+ of the glory years.
- FY26 is the weakest earnings-quality year in the series: 3.4% revenue growth, operating profit up only about 2%, PAT growth (+14.9%) flattered by other income of Rs 533 crore (vs Rs 303 crore in FY25, including fair-value gains).
- Q1FY27 (June 2026) stayed soft: revenue about Rs 6,572 crore, PAT about Rs 290 crore, EBIT margin about 6.1%. The weak-summer overhang persists.
- Dividends: Rs 3.00 interim + Rs 4.50 final (FY22, FY23); Rs 3.00 + Rs 6.00 (FY24); Rs 4.00 + Rs 6.00 (FY25, FY26). Payout 37-44%.

07 BALANCE SHEET: THE IRON FORTRESS

One of India's cleanest industrial balance sheets



- **Zero debt.** Only lease liabilities (about Rs 274 crore) on the books. Net worth Rs 8,989 crore (Dec 2025, standalone, unaudited); book value about Rs 150-155/share.
- **Promoter 59.38%, pledge 0%,** unchanged eight straight quarters through March 2026. FIIs sold from 25.33% (Jun 2024) to 16.94%; DIIs absorbed it, rising 9.55% to 17.73%.
- **Working capital:** debtor days 12 (best-in-class, proves channel strength), inventory days 78 (copper-intensive cables + pre-summer Lloyd stocking), creditor days 47.
- **Capital allocation:** Rs 600 crore Goldi Solar stake (Q1FY26, solar adjacency); Rs 129.60 crore recognised as an intangible for the HPL Group settlement securing absolute 'HAVELLS' trademark rights (Q3FY26, removes a legacy overhang). Both funded from cash, no debt.
- **Uninterrupted dividends** since listing; about 1% yield at Rs 1,040.

08 LEADERSHIP AND GOVERNANCE

A builder, not just an inheritor

Anil Rai Gupta, Chairman and Managing Director (57). Son of founder Qimat Rai Gupta (started 1958; bought the Havells brand for Rs 7 lakh). Joined 1992; drove the consumer pivot (Crabtree, Standard); led the audacious 2007 Sylvania acquisition (\$600 million, 1.5x Havells' size, restructured through the 2008 crisis); CMD since November 2014. Revenue grew from about Rs 8,100 crore (FY18) to Rs 22,528 crore (FY26) under him, with the brand premiumised and manufacturing deepened to about 90% in-house. BA Economics (SRCC, Delhi), MBA (Wake Forest, USA).

- **Management depth:** five strategic business units with separate P&L; responsibility; deliberate FMCG-background hiring for consumer businesses; disclosure quality well above the mid-cap average (quarterly segment contribution margins, segment EBIT, WC days, cash flows).
- **Governance:** no pledge, no related-party controversies, Big-Four-audited, consistent 37-44% payout. The HPL trademark settlement cleaned up the last legacy dispute.
- **Flag:** remuneration Rs 35.2 crore in FY25 (about 2% of PAT), high by Indian standards though shareholder-approved.
- **Succession:** no visible next-generation operating successor; key-man risk around the Chairman, partly mitigated by the SBU structure. Lloyd (2017, about Rs 1,557 crore) remains his one large capital-allocation call yet to pay back.

09 VALUATION VS PEERS

Priced for the bad news

Prices as of October 1, 2026. Havells EV/EBITDA uses net-cash-adjusted EV (about Rs 63,300 crore) on FY26 EBITDA of Rs 2,202 crore.

Company	Price (Rs)	Mkt cap (cr)	P/E	EV/EBITDA	EBITDA mgn	ROE
Havells	1,040	65,200	38.6x	about 29x	9.8%	19.1%
Polycab	7,990	120,331	42.0x	27.2x	about 14%	24.5%
KEI Industries	4,502	43,097	43.2x	about 31x	11.8%	about 20%
Crompton Consumer	about 203	13,490	about 27x	about 16x	10.2%	about 19%
Voltas (Lloyd comp)	about 1,067	about 35,300	60-84x	about 38x	4.5%	5.7%

Polycab FY26: PAT Rs 2,708 crore on sales Rs 28,884 crore. KEI FY26: sales Rs 11,748 crore, EBITDA Rs 1,388 crore, PAT Rs 918 crore. Crompton FY26: revenue Rs 8,096 crore, EBITDA Rs 827 crore, PAT about Rs 502 crore. Voltas: TTM figures.

Is the premium earned?

Havells historically traded at 50-55x forward earnings, a premium to Polycab/KEI justified by superior return ratios (ROCE 25.7%), switchgear monopoly-like margins and 12-15% growth. Today it trades at a **discount** to the pure cables peers on P/E (38.6x vs 42-43x) despite better ROCE. That discount is the market's verdict on Lloyd and on FY26's 3.4% growth, and it is rational: you do not pay 50x for 3.4% growth and a loss-making AC business.

But the bar for a re-rating is low. If Lloyd merely returns to FY25 profitability (Rs 131 crore EBIT) and cables sustains 15-20% growth, FY27-28 earnings growth re-accelerates to 20%+ and the 50x multiple becomes defensible again. At about 35x FY27E (street EPS about Rs 29.5), the stock is priced for the bad news to persist; any Lloyd normalisation is upside. Street targets (JM Rs 1,780, PL Rs 1,634, Kotak Rs 1,250, MOFSL Rs 1,650) all sit 20-40% above Rs 1,040: the market is pricing estimate cuts the street has not fully made.

FY2029 targets: the math

- **Base Rs 1,730:** FY28E EPS Rs 34.1 (street) + 13% = Rs 38.5 on revenue about Rs 33,500 crore at 10.5% EBITDA margin (Lloyd normalised, cables operating leverage); PAT about Rs 2,415 crore; 45x restored premium (below historical 50-55x) = $38.5 \times 45 = \text{Rs } 1,732$. Upside +66%.
- **Bear Rs 1,050:** third weak summer + cables pricing pressure; FY29 EPS Rs 30; derated 35x = Rs 1,050. Upside +1%.
- **Bull Rs 2,420:** Lloyd turnaround to 8-10% EBIT on Rs 5,500 crore revenue + cables supercycle; FY29 EPS Rs 44; full 55x = Rs 2,420. Upside +133%.

10 RISKS

The honest list

- **Commodity volatility.** Copper at \$14,533/t flatters cables revenue and creates inventory gains; a correction reverses both. Aluminium substitution (copper/aluminium ratio 4.2-4.4x, past the 3.5x tipping point) is a structural demand risk.
- **Lloyd and weak summers.** Two weak summers produced a Rs 203 crore FY26 EBIT loss. A third forces another year of inventory clearing and estimate cuts. Lloyd is about 18% of revenue and 100% of the earnings volatility.
- **Cables competition.** UltraTech and Adani-Praneetha enter in FY27; institutional cable pricing is the transmission channel. Watch segment EBIT margins quarterly.
- **Premium derating.** 38.6x FY26 earnings still embeds recovery; Rs 1,015 (52-week low) was tested in September 2026.
- **LED price deflation** keeps lighting revenue flat; professional lighting must offset B2C decline.
- **New bets:** Rs 600 crore Goldi Solar and the Sri City white-goods ramp are unproven return-on-capital bets.

- **Key-man/succession:** heavy dependence on Anil Rai Gupta with no visible next-generation operating successor.

11 MOAT DURABILITY AND WHAT TO WATCH

Durable in electricals, absent in appliances

Genuinely hard to replicate: the distribution network, the premium electricals brand built over 25 years of 3-4%-of-revenue advertising, and 90% in-house manufacturing. A new entrant can build a cable plant; it cannot build 7,500 dealer relationships and the electrician's default recommendation in five years. In switchgear and wires this moat is intact and probably widening.

Not a moat: Lloyd (4% AC share, no edge), institutional cables pricing, lighting B2C. Roughly 25-30% of revenue sits in businesses with no durable moat. Havells' moat is broader than Polycab's or KEI's (single premium brand across switchgear, wires, lighting, fans) but narrower than it looks. Price the stock on the electricals; demand Lloyd as a free option, not a growth engine.

Quarterly checklist

- Lloyd segment EBIT positive for two consecutive quarters = turnaround confirmed.
- Cables contribution margin holding above 15% despite new entrants.
- Channel inventory normalisation (management guided end-Q3FY26).
- Copper direction and inventory days (78 at Dec 2025).
- Sri City utilisation and Goldi Solar contribution in Others.
- Promoter holding and pledge (59.38%, zero): any change is a red flag.
- FII/DII flow: FII selling (25.3% to 16.9%) stabilising would signal the derating is done.

12 SOURCES AND METHODOLOGY

How this report was built

Reference: Rs 1,040 NSE close Oct 1, 2026 (Finnhub, ICICI Direct; NSE shut Oct 2 for Gandhi Jayanti). FY26 segment figures derived from the official Q4FY26 and 9MFY26 information updates (standalone); consolidated revenue Rs 22,527.77 crore. Five-year financials from filings via Smart-Investing/MoneyWorks4Me; cash flows cross-checked (AlphaSpread, Stocks Sena); balance sheet from the official Q3FY26 update; shareholding and dividends from Trendlyne/Stocks Sena compilations; analyst views JM/PL/MOFSL/Kotak; copper LME via Morningstar/Dow Jones (Sep 2026); AC shares from 2026 industry compilations; peer figures from filings and press releases. 'Estimated'/'derived' marks author calculations. Educational purposes only: targets are scenario estimates, not predictions.