ANANDRATHI

India I Equities

Consumer Durables

Company Update

Change in Estimates ☑ Target ☑ Reco ☐

22 July 2025

# Havells, India

## *Weak Q1, recovery to be seen from H2; maintaining a Buy*

Rating: **Buy**
Target Price (12-mth): Rs.1,807
Share Price: Rs.1,570

**Hurt by a 34% y/y drop in Lloyd (and 14% in ECD), Havells reported a weak Q1, offset though by the strong Cable & Wire performance, where revenue grew 27% y/y because of capacity expansion and strong industrial-infra demand. Strategic bets in renewables and consistent execution in C&W lend comfort to long-term growth assurance. We, thus, retain our Buy rating, with a lower TP of Rs1,807 (50x Sep'27e EPS).**

**Lloyd, ECD drag on Q1 performance.** The weak summer pulled Lloyd down 34% y/y, and ECD 14% y/y; hence, consolidated revenue fell 6% y/y to Rs54.5bn, offset though by C&W's strong 27% revenue growth y/y because of capacity expansion and good industrial-infra demand. The EBITDA margin was 9.5% lower, limited to only 40bps y/y. Employee costs were 8% higher y/y while other expenses came flat. PAT was 14.8% lower y/y to Rs3.47bn due to lower EBITDA and an 11% y/y drop in other income.

**Lloyd impacted.** Weak summer demand was a challenging quarter for Lloyd. The company and channel stocks are high, expected to stabilise only in 1–2 quarters per management, easing supply-chain pressure and supporting volume recovery. Despite dull demand, Havells did not lose market share in Lloyd in H1 CY25. Brand-building and distribution investments were maintained, especially in north/west India, reinforcing Lloyd's position in the top-3 RAC brands. Demand during the coming festivals keeps the company sanguine about recovery in H2.

**Outlook, Valuation.** Despite a weak Q1, management reiterates confidence of demand recovering in H2 FY26. Factoring in the Q1 operating performance, we cut our FY26e revenue and FY27e revenue/EBITDA/PAT. We model 11/18% revenue/net profit CAGRs over FY25-28, which would result in the RoE expanding to 20.2%, from 18.7%. We expect cost efficiencies and premium categories to drive growth. We maintain our Buy rating, with a revised TP of Rs1,807 (earlier Rs1,852), 50x Sep'27e EPS of Rs36. At the CMP, the stock trades at 56x/47x FY26e/27e EPS of Rs28/Rs34.

| Key financials (YE: Mar) | FY24 | FY25 | FY26e | FY27e | FY28e |
|---|---|---|---|---|---|
| Sales (Rs m) | 1,85,900 | 2,17,781 | 2,39,803 | 2,68,161 | 3,01,619 |
| Net profit (Rs m) | 12,708 | 14,702 | 17,447 | 21,128 | 24,089 |
| EPS (Rs) | 20.3 | 23.5 | 27.9 | 33.8 | 38.5 |
| PE (x) | 77.4 | 66.8 | 56.3 | 46.5 | 40.8 |
| EV / EBITDA (x) | 51.7 | 44.6 | 37.7 | 30.9 | 26.8 |
| P / BV (x) | 13.2 | 11.8 | 10.7 | 9.4 | 8.2 |
| *RoE (%)* | 18.1 | 18.7 | 19.0 | 20.3 | 20.2 |
| *RoCE post-tax (%)* | 14.3 | 14.7 | 16.1 | 17.4 | 17.3 |
| *RoIC post-tax(%)* | 23.1 | 25.3 | 26.1 | 28.0 | 30.6 |
| Net debt / equity (x) | (0.4) | (0.4) | (0.3) | (0.4) | (0.4) |

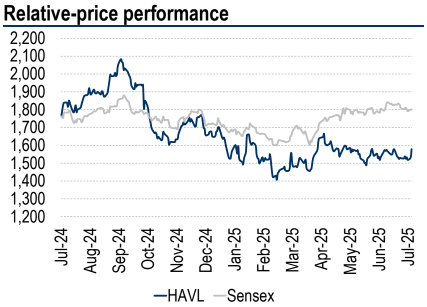
*Source: Company, Anand Rathi Research*

| Key data | HAVL IN / HVEL.BO |
|---|---|
| 52-week high/low | Rs2106 / 1381 |
| Sensex/Nifty | 82187 / 25061 |
| Market cap | Rs960bn |
| Shares outstanding | 627m |

| Shareholding pattern (%) | Jun'25 | Mar'25 | Dec'24 |
|---|---|---|---|
| Promoters | 59.4 | 59.4 | 59.4 |
| *- of which, Pledged* | - | - | - |
| Free float | 40.6 | 40.6 | 40.6 |
| - Foreign institutions | 21.6 | 22.3 | 23.5 |
| - Domestic institutions | 13.4 | 12.8 | 11.6 |
| - Public | 5.7 | 5.5 | 5.6 |

| Estimate revision (%) | FY26e | FY27e |
|---|---|---|
| Sales | (3.8) | (7.0) |
| EBITDA | (7.8) | (7.5) |
| EPS | (8.9) | (8.7) |

**Relative-price performance**




*Source: Bloomberg*


**Manish Valecha**
Research Analyst

**Surbhi Lodha**
Research Analyst

# Quick Glance – Financials and Valuations

### Fig 1 – Income statement (Rs m)

| Year-end: Mar | FY24 | FY25 | FY26e | FY27e | FY28e |
|---|---|---|---|---|---|
| Net revenues | 1,85,900 | 2,17,781 | 2,39,803 | 2,68,161 | 3,01,619 |
| *Growth (%)* | *9.9* | *17.1* | *10.1* | *11.8* | *12.5* |
| Direct costs | 1,25,687 | 1,46,084 | 1,60,188 | 1,79,132 | 2,01,482 |
| SG&A | 41,787 | 50,388 | 54,372 | 58,487 | 65,411 |
| **EBITDA** | **18,426** | **21,309** | **25,243** | **30,543** | **34,727** |
| *EBITDA margins (%)* | *9.9* | *9.8* | *10.5* | *11.4* | *11.5* |
| - Depreciation | 3,385 | 4,004 | 4,537 | 5,275 | 5,931 |
| Other income | 2,490 | 3,033 | 3,165 | 3,540 | 3,981 |
| Interest expenses | 457 | 432 | 420 | 410 | 400 |
| PBT | 17,074 | 19,905 | 23,451 | 28,398 | 32,377 |
| *Effective tax rates (%)* | *25.6* | *26.1* | *25.6* | *25.6* | *25.6* |
| + Associates / (Minorities) | - | 20 | 30 | 30 | 30 |
| Net income | 12,708 | 14,702 | 17,447 | 21,128 | 24,089 |
| Adj. income | 12,708 | 14,723 | 17,477 | 21,158 | 24,119 |
| WANS | 627 | 627 | 627 | 627 | 627 |
| FDEPS (Rs) | 20.3 | 23.5 | 27.9 | 33.8 | 38.5 |
| *FDEPS growth (%)* | *18.6* | *15.9* | *18.7* | *21.1* | *14.0* |
| *Gross margins (%)* | *32.4* | *32.9* | *33.2* | *33.2* | *33.2* |

### Fig 2 – Balance sheet (Rs m)

| Year-end: Mar | FY24 | FY25 | FY26e | FY27e | FY28e |
|---|---|---|---|---|---|
| Share capital | 627 | 627 | 627 | 627 | 627 |
| Net worth | 74,468 | 83,238 | 91,944 | 1,04,331 | 1,19,679 |
| Debt | - | - | - | - | - |
| Minority interest | - | 172 | 202 | 232 | 262 |
| DTL / (Assets) | 3,226 | 3,524 | 3,524 | 3,524 | 3,524 |
| **Capital employed** | **77,694** | **86,933** | **95,670** | **1,08,087** | **1,23,464** |
| Net tangible assets | 26,063 | 32,521 | 36,985 | 40,710 | 41,779 |
| Net intangible assets | 10,730 | 10,910 | 10,969 | 11,027 | 11,084 |
| Goodwill | 3,105 | 3,105 | 3,105 | 3,105 | 3,105 |
| CWIP (tang. & intang.) | 2,969 | 1,165 | 2,000 | 2,000 | 1,000 |
| Investments (strategic) | 200 | 110 | 6,110 | 6,110 | 6,110 |
| Investments (financial) | - | - | - | - | - |
| Current assets (excl. cash) | 50,708 | 56,348 | 68,132 | 75,355 | 83,861 |
| Cash | 30,382 | 33,781 | 31,027 | 38,868 | 53,180 |
| Current liabilities | 46,284 | 50,931 | 56,582 | 63,012 | 70,580 |
| Working capital | 4,424 | 5,417 | 11,550 | 12,343 | 13,281 |
| **Capital deployed** | **77,694** | **86,933** | **95,670** | **1,08,087** | **1,23,464** |
| Contingent liabilities | 1,169 | - | - | - | - |

### Fig 3 – Cash-flow statement (Rs m)

| Year-end: Mar | FY24 | FY25 | FY26e | FY27e | FY28e |
|---|---|---|---|---|---|
| PBT | 17,074 | 19,905 | 23,451 | 28,398 | 32,377 |
| + Non-cash items | 3,385 | 4,004 | 4,537 | 5,275 | 5,931 |
| Oper. prof. before WC | 20,459 | 23,909 | 27,988 | 33,673 | 38,308 |
| - Incr. / (decr.) in WC | 4,273 | (2,438) | (133) | (793) | (938) |
| Others incl. taxes | (5,201) | (6,318) | (8,749) | (10,400) | (11,869) |
| Operating cash-flow | 19,530 | 15,153 | 19,106 | 22,480 | 25,500 |
| - Capex (tang. + intang.) | (7,623) | (7,538) | (9,894) | (9,058) | (6,057) |
| Free cash-flow | 11,907 | 7,615 | 9,212 | 13,421 | 19,443 |
| Acquisitions | | | | | |
| - Div.(incl. buyback & taxes) | (4,701) | (6,268) | (8,771) | (8,771) | (8,771) |
| + Equity raised | 213 | 425 | - | - | - |
| + Debt raised | - | - | - | - | - |
| - Fin investments | (10,371) | 1,802 | (6,000) | - | - |
| - Misc. (CFI + CFF) | (772) | (771) | 60 | 60 | 60 |
| Net cash-flow | (1,944) | 5,449 | (2,754) | 7,841 | 14,313 |

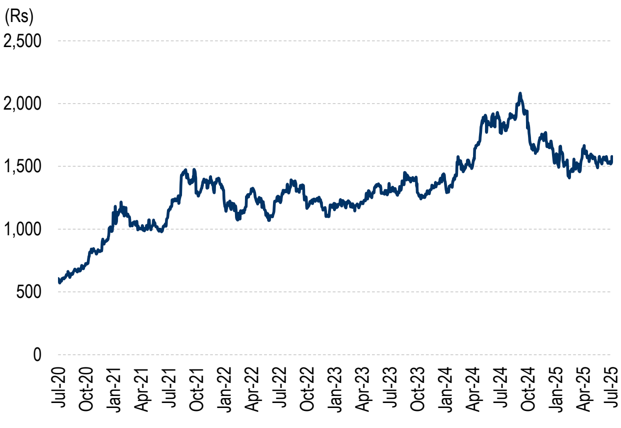
*Source: Company*

### Fig 4 – Ratio analysis

| Year-end: Mar | FY24 | FY25 | FY26e | FY27e | FY28e |
|---|---|---|---|---|---|
| P/E (x) | 77.4 | 66.8 | 56.3 | 46.5 | 40.8 |
| EV / EBITDA (x) | 51.7 | 44.6 | 37.7 | 30.9 | 26.8 |
| EV / Sales (x) | 5.1 | 4.4 | 4.0 | 3.5 | 3.1 |
| P/B (x) | 13.2 | 11.8 | 10.7 | 9.4 | 8.2 |
| RoE (%) | 18.1 | 18.7 | 19.0 | 20.3 | 20.2 |
| RoCE (%) - after tax | 14.3 | 14.7 | 16.1 | 17.4 | 17.3 |
| RoIC (%) - after tax | 23.1 | 25.3 | 26.1 | 28.0 | 30.6 |
| DPS (Rs) | 9.0 | 10.0 | 14.0 | 14.0 | 14.0 |
| Dividend yield (%) | 0.6 | 0.6 | 0.9 | 0.9 | 0.9 |
| Dividend payout (%) - incl. DDT | 44.4 | 42.6 | 50.2 | 41.5 | 36.4 |
| Net debt / equity (x) | (0.4) | (0.4) | (0.3) | (0.4) | (0.4) |
| Receivables (days) | 22.9 | 21.1 | 21.0 | 21.0 | 21.0 |
| Inventory (days) | 66.9 | 67.8 | 68.0 | 68.0 | 68.0 |
| Payables (days) | 52.9 | 51.1 | 51.0 | 51.0 | 51.0 |
| CFO : PAT (%) | 153.7 | 102.9 | 109.3 | 106.2 | 105.7 |

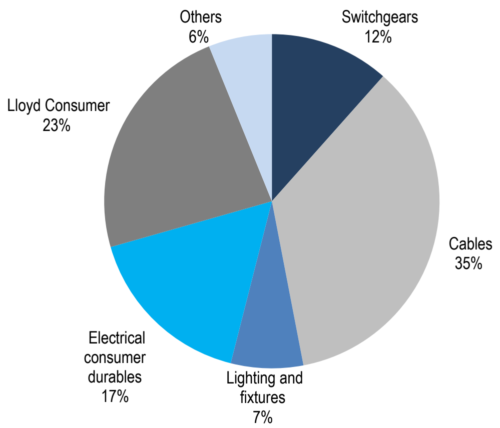
*Source: Company*

### Fig 5 – Price movement




*Source: Bloomberg*

### Fig 6 – Revenue mix, Q1 FY26




*Source: Company*

## Fig 7 – Financial performance

| (Rs m) | Q1 FY24 | Q2 FY24 | Q3 FY24 | Q4 FY24 | Q1 FY25 | Q2 FY25 | Q3 FY25 | Q4 FY25 | Q1 FY26 | % Y/Y | % Q/Q |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Income** | **48,338** | **39,003** | **44,139** | **54,420** | **58,062** | **45,393** | **48,890** | **65,436** | **54,554** | ***(6.0)*** | ***(16.6)*** |
| Raw material costs | 33,659 | 26,019 | 29,447 | 36,562 | 39,565 | 30,075 | 32,055 | 44,389 | 36,311 | *(8.2)* | *(18.2)* |
| Employee costs | 3,570 | 3,783 | 3,830 | 4,202 | 4,617 | 4,646 | 4,693 | 4,745 | 4,995 | *8.2* | *5.3* |
| Other expenses | 7,089 | 5,467 | 6,535 | 7,310 | 8,158 | 6,922 | 7,877 | 8,731 | 8,091 | *(0.8)* | *(7.3)* |
| **EBITDA** | **4,020** | **3,734** | **4,327** | **6,346** | **5,723** | **3,751** | **4,265** | **7,570** | **5,157** | ***(9.9)*** | ***(31.9)*** |
| Depreciation | 763 | 812 | 877 | 934 | 920 | 946 | 1,041 | 1,097 | 1,057 | *14.9* | *(3.6)* |
| Finance costs | 85 | 93 | 102 | 177 | 86 | 101 | 94 | 152 | 94 | *9.5* | *(38.5)* |
| Other income | 648 | 525 | 559 | 758 | 773 | 929 | 643 | 687 | 692 | *(10.5)* | *0.7* |
| Exceptional items | - | - | - | - | - | - | - | - | - | | |
| **PBT** | **3,821** | **3,353** | **3,907** | **5,993** | **5,490** | **3,633** | **3,773** | **7,009** | **4,698** | ***(14.4)*** | ***(33.0)*** |
| Tax | 950 | 862 | 1,028 | 1,526 | 1,415 | 955 | 994 | 1,839 | 1,222 | *(13.6)* | *(33.5)* |
| **PAT** | **2,871** | **2,491** | **2,879** | **4,467** | **4,079** | **2,682** | **2,783** | **5,178** | **3,477** | ***(14.8)*** | ***(32.9)*** |
| EPS (Rs) | 4.6 | 4.0 | 4.6 | 7.1 | 6.5 | 4.3 | 4.4 | 8.3 | 5.5 | *(14.7)* | *(32.9)* |
| **As % of income** | | | | | | | | | | **bps y/y** | **bps q/q** |
| **Gross margins** | **30.4** | **33.3** | **33.3** | **32.8** | **31.9** | **33.7** | **34.4** | **32.2** | **33.4** | ***158.3*** | ***127.7*** |
| Employee costs | 7.4 | 9.7 | 8.7 | 7.7 | 8.0 | 10.2 | 9.6 | 7.3 | 9.2 | *120.6* | *190.6* |
| Other expenses | 11.9 | 11.8 | 10.8 | 11.0 | 11.1 | 12.4 | 12.5 | 11.2 | 12.2 | *113.0* | *105.0* |
| **EBITDA margins** | **8.3** | **9.6** | **9.8** | **11.7** | **9.9** | **8.3** | **8.7** | **11.6** | **9.5** | ***(40.3)*** | ***(211.7)*** |
| Depreciation | 1.6 | 2.1 | 2.0 | 1.7 | 1.6 | 2.1 | 2.1 | 1.7 | 1.9 | *35.3* | *26.2* |
| Finance costs | 0.2 | 0.2 | 0.2 | 0.3 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | *2.4* | *(6.1)* |
| Other income | 1.3 | 1.3 | 1.3 | 1.4 | 1.3 | 2.0 | 1.3 | 1.1 | 1.3 | *(6.4)* | *21.8* |
| **PBT margins** | **7.9** | **8.6** | **8.9** | **11.0** | **9.5** | **8.0** | **7.7** | **10.7** | **8.6** | ***(84.5)*** | ***(210.0)*** |
| Effective tax rates | 24.9 | 25.7 | 26.3 | 25.5 | 25.8 | 26.3 | 26.3 | 26.2 | 26.0 | *24.6* | *(21.9)* |
| **PAT margins** | **5.9** | **6.4** | **6.5** | **8.2** | **7.0** | **5.9** | **5.7** | **7.9** | **6.4** | ***(65.1)*** | ***(154.0)*** |
| **Segment-wise revenue (Rs m)** | | | | | | | | | | **% Y/Y** | **% Q/Q** |
| Switchgear | 5,409 | 5,336 | 5,206 | 6,513 | 5,768 | 5,513 | 5,769 | 6,918 | 6,298 | *9.2* | *(9.0)* |
| Cables | 14,852 | 14,702 | 15,727 | 17,896 | 15,212 | 18,052 | 16,879 | 21,694 | 19,332 | *27.1* | *(10.9)* |
| Lighting & Fixtures | 3,710 | 3,999 | 4,335 | 4,353 | 3,876 | 3,951 | 4,464 | 4,417 | 3,802 | *(1.9)* | *(13.9)* |
| Electrical Consumer Durables | 8,775 | 7,331 | 9,615 | 9,104 | 10,554 | 8,564 | 11,048 | 9,973 | 9,073 | *(14.0)* | *(9.0)* |
| Lloyd Consumer | 13,109 | 4,974 | 6,561 | 13,459 | 19,287 | 5,896 | 7,422 | 18,736 | 12,711 | *(34.1)* | *(32.2)* |
| Other | 2,483 | 2,662 | 2,695 | 3,096 | 3,365 | 3,418 | 3,308 | 3,698 | 3,337 | *(0.8)* | *(9.8)* |
| Less: Inter-segment | - | - | - | - | - | - | - | - | - | | |
| **Mix (%)** | | | | | | | | | | | |
| Switchgear | 11 | 14 | 12 | 12 | 10 | 12 | 12 | 11 | 12 | | |
| Cables | 31 | 38 | 36 | 33 | 26 | 40 | 35 | 33 | 35 | | |
| Lighting & Fixtures | 8 | 10 | 10 | 8 | 7 | 9 | 9 | 7 | 7 | | |
| Electrical Consumer Durables | 18 | 19 | 22 | 17 | 18 | 19 | 23 | 15 | 17 | | |
| Lloyd Consumer | 27 | 13 | 15 | 25 | 33 | 13 | 15 | 29 | 23 | | |
| Other | 5 | 7 | 6 | 6 | 6 | 8 | 7 | 6 | 6 | | |
| **Segment EBIT (%)** | | | | | | | | | | **bps y/y** | **bps q/q** |
| Switchgear | 27.7 | 26.4 | 23.9 | 28.2 | 24.6 | 20.9 | 18.2 | 25.7 | 23.4 | *-122.0* | *-224.0* |
| Cables | 11.4 | 11.6 | 10.3 | 12.0 | 11.2 | 8.6 | 11.1 | 11.9 | 12.6 | *130.4* | *62.9* |
| Lighting & Fixtures | 14.3 | 14.3 | 14.0 | 18.0 | 16.2 | 12.7 | 14.6 | 16.4 | 12.0 | *-426.9* | *-443.7* |
| Electrical Consumer Durables | 10.9 | 11.6 | 11.0 | 11.3 | 10.9 | 7.5 | 8.6 | 12.5 | 8.7 | *-217.7* | *-382.8* |
| Lloyd Consumer | (4.7) | (15.0) | (10.0) | 2.7 | 3.3 | (4.1) | (4.9) | 6.1 | (1.6) | *-494.5* | *-774.9* |
| Other | 3.5 | 1.5 | 1.4 | 2.9 | 3.3 | 1.9 | (2.0) | 3.9 | 4.8 | *157.6* | *98.2* |

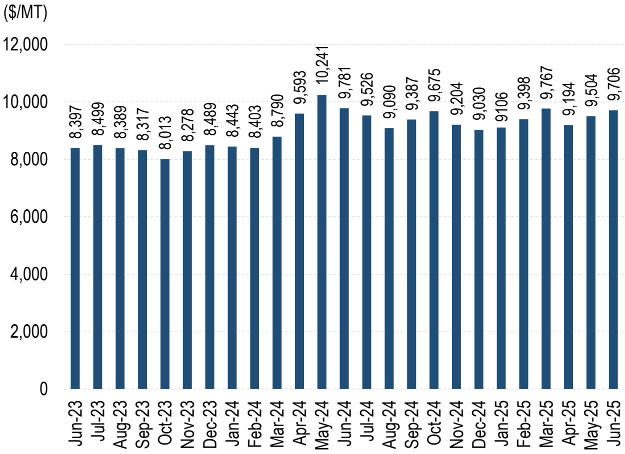
*Source: Company*

# Q1 FY26 Concall Highlights

### Strong growth in cables and wires

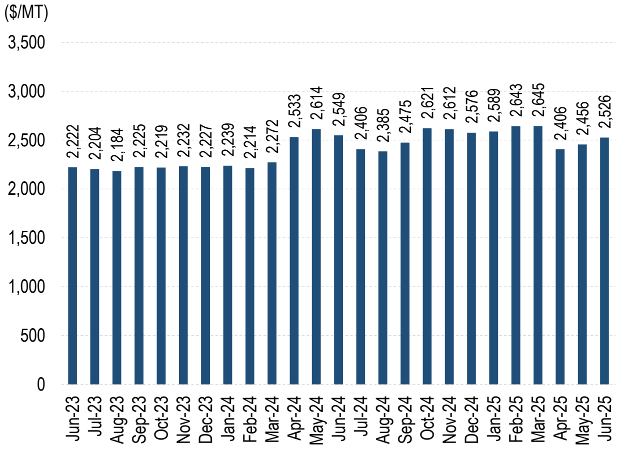
- C&W's Q1 performance was strong: revenue grew a strong 27% y/y, with ~21% volume growth from capacity expansion and industrial-infra demand. Growth across cables and wires was broad-based.
- Temporary inventory build-up was seen in wires due to copper-price volatility and dealer stocking. This is expected to normalize in 15–20 days after the quarter's end.
- Cables reported a healthy, 12.6%, EBIT margin, up 130bps y/y, led by operating leverage, capacity expansion and a better mix (medium-/high-voltage cables).
- Underground cables showed traction on the commissioning of the Tumkur plant aiding supply flexibility. The ongoing capacity expansion is expected to double by FY27, focused on power cables (medium to high voltage).
- Management expects sustained growth, backed by capacity additions, exports and product-mix improvements

**Fig 8 – Copper prices**



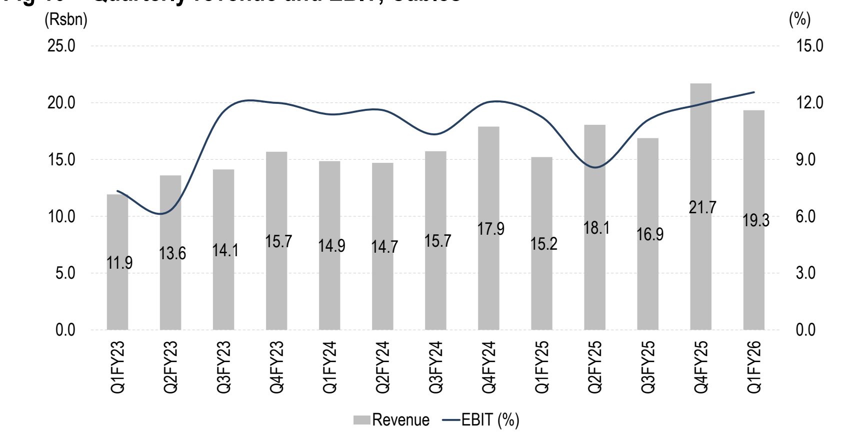

*Source: Bloomberg, Anand Rathi Research*

**Fig 9 – Aluminium prices**




*Source: Bloomberg, Anand Rathi Research*

**Fig 10 – Quarterly revenue and EBIT, Cables**

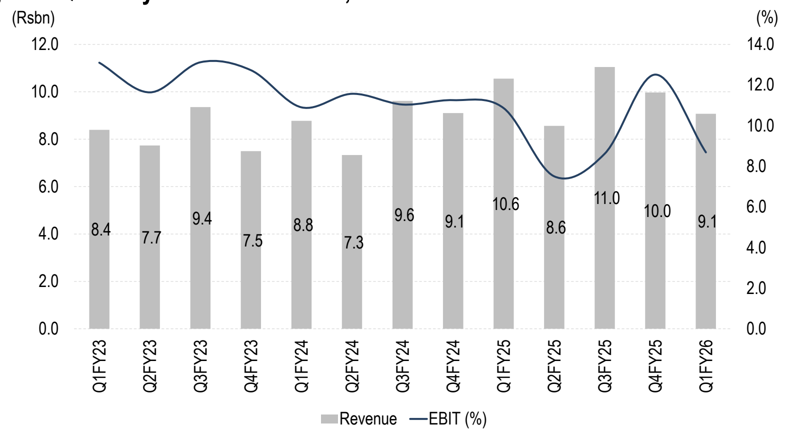



*Source: Company, Anand Rathi Research*

## ECD impacted by weak summers

- The ECD category reported a 14% y/y decline, impacted heavily by weak summer demand. Fans and air coolers sharply slowed; room coolers were particularly hit hard led by seasonality-led demand disruption and huge channel stocks. Demand destruction for room coolers was seen across the industry.
- While operating leverage was impacted, management highlighted that contribution margins in fans and water heaters improve, aided by the ongoing premiumisation and operational efficiencies.
- The company is confident of recovering growth in coming quarters, supported by normalised inventory, wider distribution reach, a pick-up in festival demand and continued investments in premium and energy-efficient offerings such as BLDC fans.
- Management is confident of no market-share loss in fans despite the sharp decline in the category because of the weak summer
- Lighting revenue slipped 2%y/y on the deflationary trend in LED. Despite pricing pressures, investment continues in capability building. The 12% EBIT margin was due to the focus on high-margin premium and solution-oriented offerings, helping the company maintain industry-leading margins.

**Fig 11 – Quarterly revenue and EBIT, ECD**




*Source: Company, Anand Rathi Research*

## Switchgear

- Switchgear reported a 9% y/y increase in Q1 FY26. Healthy profitability with a 38–40% contribution margin being maintained. Competition in this segment is largely from established manufacturers, not new entrants. The company expects growth to pick up in H2 with real-estate momentum.

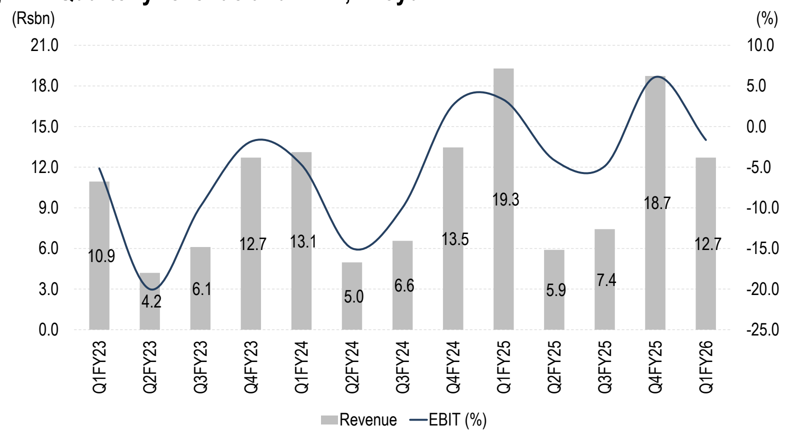
## Lloyd retained its growth momentum

- Lloyd's Q1 revenue contracted 34%y/y chiefly due to the high base and unseasonal weather that cut into industry-wide cooling-product sales. The EBIT margin was -1.6%. The company said Lloyd's stocks were high post-summer, owing to production build-up ahead of the season, but are expected to return to normal in two quarters without the need for serious discounting.
- Lloyd's focus is on gaining market share and strengthening its brand through channel expansion, innovative products and investments in

manufacturing and customer outreach. Importantly, management reiterated Lloyd's structural turnaround story is intact, with its focus on deeper penetration, operational efficiencies and premium positioning. The brand continues to rank among the top three in the RAC segment, and Havells is confident of revenue and margin growth for Lloyd in the medium term led by operating leverage and a better premium product-mix.

- The company spends on brand-building, ads, R&D and manufacturing. It sees immense growth opportunity as it now has only small market shares in many categories.

**Fig 12 – Quarterly revenue and EBIT, Lloyd**




*Source: Company, Anand Rathi Research*

## Capex plans

- Management guided to Rs20bn capex in two years, to expand underground cable capacity, incl. the new R&D centre. On commissioning the Rs3bn low-tension(348,000 cable-km)-plant in Tumakuru, it intends to deploy Rs4.5bn for high-tension-cable expansion, easing capacity constraints in underground cables and residential wires. A 50-60% capacity increase in medium-voltage cables is expected.

  Besides, it invested Rs4.8bn in a refrigerator plant at Ghiloth, Rajasthan, strengthening its consumer durables category. It has also expanded its RAC capacity from 2m to 3m units across the Ghiloth and Sricity plants. The Tumakuru plant ramp-up will drive strong cable demand growth.

## Investment in Goldi Solar

Havells' investment in Goldi Solar is purely strategic, to fortify its rooftop solar category. It has invested Rs6bn in Goldi Solar (a 9.09% stake) for backward integration into solar panels and cells, as supply-security and quality control over solar panels were becoming uncertain due to import restrictions and mounting demand. Through its investment in Goldi Solar, it will secure access to critical components without the need to build manufacturing capabilities from scratch. It plans to lever this manufacturing base to scale up the solar business faster, aiming at ~Rs10bn-15bn revenue.

# Outlook, Valuations

Seasonal demand disruption, especially in cooling products, dented volumes, and kept operating leverage pressured. Management expects demand to improve across core categories (fans, RACs, air-coolers) with the onset of the festival season and normalising stock levels.

On the margin front, the company aims to increase profitability via better operating leverage, cost optimisation and a better product mix because of premiumisation (especially Lloyd, ECD, cables). It sees significant potential in its solar and renewables portfolio, intending to scale them up markedly with support from the Goldi Solar partnership.

Factoring in the weak Q1, we cut our FY26e revenue and FY27e revenue/ EBITDA/PAT. We expect operational efficiencies to drive higher margins in Lloyd. The company's expenditure to strengthen Lloyd and broaden its distribution network would reap long-term benefits.

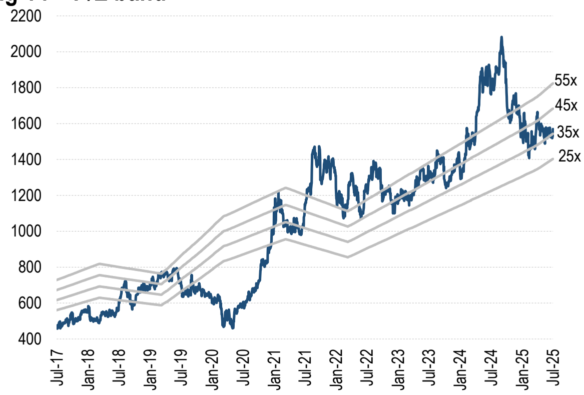
We model 11/18% revenue/net profit CAGRs over FY25-28, which would result in RoE expanding from 18.7% to 20.2%. We maintain our Buy rating, with a 12-mth TP of Rs1,807 (earlier Rs1,852), 50x Sep'27e EPS of Rs36. At the CMP, the stock trades at 56x/47x FY26e/27e EPS of Rs28/Rs34.

**Fig 13 – Estimate changes**

| | New | | Old | | Variance (%) | |
|---|---|---|---|---|---|---|
| (Rs m) | FY26e | FY27e | FY26e | FY27e | FY26 | FY27 |
| Revenue | 2,39,803 | 2,68,161 | 2,49,402 | 2,88,368 | *(3.8)* | *(7.0)* |
| EBITDA | 25,243 | 30,543 | 27,369 | 33,026 | *(7.8)* | *(7.5)* |
| EBITDA (%) | *10.5* | *11.4* | *11.0* | *11.5* | | |
| PBT | 23,451 | 28,398 | 25,738 | 31,112 | *(8.9)* | *(8.7)* |
| PAT | 17,447 | 21,128 | 19,149 | 23,147 | *(8.9)* | *(8.7)* |
| PAT (%) | *7.3* | *7.9* | *7.7* | *8.0* | | |
| EPS (Rs) | 27.9 | 33.8 | 30.6 | 37.0 | *(8.9)* | *(8.7)* |

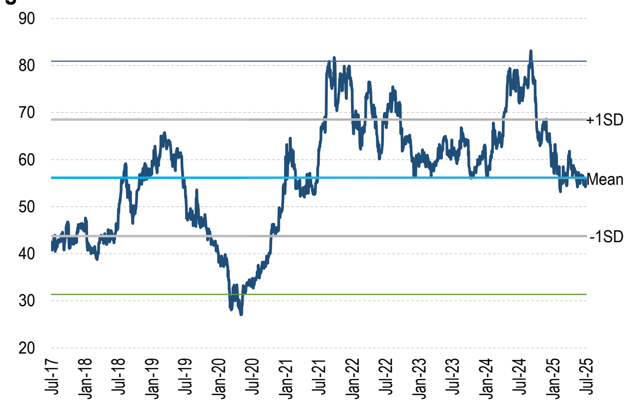
*Source: Anand Rathi Research*

**Fig 14 – P/E band**




*Source: Company, Anand Rathi Research*

**Fig 15 – Mean PE is ~56x**




*Source: Company, Anand Rathi Research*

### Key risks

- Commodity price fluctuations could eat into growth.
- Inability to boost volumes in consumer-facing segments, which aid operating leverage, could compel us to lower our estimates.
- Keener competition from larger peers operating on an all-India level

could restrict the company's ability to pass on commodity price rises.

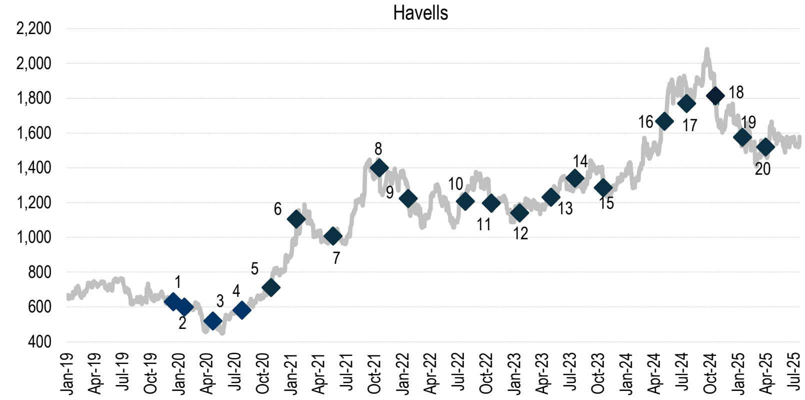
## Appendix

### Analyst Certification

The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

### Important Disclosures on subject companies

**Rating and Target Price History (as of 22 July 2025)**




| | Date | Rating | TP (Rs) | Share Price (Rs) |
|---|---|---|---|---|
| 5 | 29-Oct-20 | Hold | 797 | 725 |
| 6 | 21-Jan-21 | Hold | 1,207 | 1,131 |
| 7 | 21-May-21 | Hold | 1,136 | 1,028 |
| 8 | 22-Oct-21 | Hold | 1,360 | 1,285 |
| 9 | 23-Jan-22 | Hold | 1,362 | 1,242 |
| 10 | 21-Jul-22 | Sell | 1,232 | 1,258 |
| 11 | 20-Oct-22 | Sell | 1,067 | 1,216 |
| 12 | 19-Jan-23 | Sell | 1,072 | 1,208 |
| 13 | 03-May-23 | Sell | 1,009 | 1,241 |
| 14 | 20-Jul-23 | Hold | 1,369 | 1,348 |
| 15 | 22-Oct-23 | Hold | 1,405 | 1,293 |
| 16 | 02-May-24 | Buy | 1,911 | 1,663 |
| 17 | 21-Jul-24 | Buy | 2,146 | 1,766 |
| 18 | 20-Oct-24 | Buy | 2,117 | 1,843 |
| 19 | 18-Jan-25 | Buy | 1,949 | 1,575 |
| 20 | 23-Apr-25 | Buy | 1,852 | 1,613 |

### Anand Rathi Ratings Definitions

Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps, Mid Caps & Small Caps as described in the Ratings Table below:

| Ratings Guide (12 months) | Buy | Hold | Sell |
|---|---|---|---|
| Large Caps (Top 100 companies) | >15% | 0-15% | <0% |
| Mid Caps (101st-250th company) | >20% | 0-20% | <0% |
| Small Caps (251st company onwards) | >25% | 0-25% | <0% |

**Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014**

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity, SEBI Regn No. INH000000834, Date of Regn. 29/06/2015, BSE Enlistment Number – 5048 date of Regn 25 July 2024 ) is a subsidiary of the Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd (BSE), National Stock Exchange of India Ltd. (NSEIL),Multi Commodity Exchange of India Limited (MCX),National Commodity & Derivatives Exchange Limited (NCDEX), and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. (CDSL), ARSSBL is engaged into the business of Stock Broking, Depository Participant, Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

**General Disclaimer:** This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment /trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i.e. www.rathionline.com

**Disclaimers in respect of jurisdiction:** This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

**Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates**

**Answers to the Best of the knowledge and belief of ARSSBL/ its Associates/ Research Analyst who is preparing this report**

| | |
|---|---|
| Research analyst or research entity or his associate or his relative has any financial interest in the subject company and the nature of such financial interest. | No |
| ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report? | No |
| ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company | No |
| ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report? | No |
| ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months | No |
| ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months | No |
| ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months | No |
| ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months | No |
| ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report | No |
| ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company. | No |
| ARSSBL/its Associates/ Research Analyst/ his Relative has been engaged in market making activity for the subject company. | No |

**NOTICE TO US INVESTORS:**

This research report is the product of Anand Rathi Share and Stock Brokers Limited, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated person(s) of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances, and trading securities held by a research analyst account.

Research reports are intended for distribution only to Major U.S. Institutional Investors as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act of 1934 (the Exchange Act) and interpretations thereof by the U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this research report is not a Major U.S. Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated, and/or transmitted onward to any U.S. person which is not a Major U.S. Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major U.S. Institutional Investors, Anand Rathi Share and Stock Brokers Limited has entered into a Strategic Partnership and chaperoning agreement with a U.S. registered broker-dealer: Banc Trust Securities USA. Transactions in securities discussed in this research report should be affected through Banc Trust Securities USA.

1. ARSSBL or its Affiliates may or may not have been beneficial owners of the securities mentioned in this report.

2. ARSSBL or its affiliates may have or not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.

3. ARSSBL or its affiliates may have or not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.

4. However, one or more of ARSSBL or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon, either on their own account or on behalf of their clients.

5. As of the publication of this report, ARSSBL does not make a market in the subject securities.

6. ARSSBL or its Affiliates may or may not, to the extent permitted by law, act upon or use the above material or the conclusions stated above, or the research or analysis on which they are based before the material is published to recipients and from time to time, provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.



As of the publication of this report, ARSSBL does not make a market in the subject securities.

Registration granted by SEBI, Enlistment as RA and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Additional information on recommended securities/instruments is available on request.

**Compliance officer:** Deepak Kedia, email id: deepakkedia@rathi.com, Contact no. +91 22 6281 7000
**Grievance officer:** Madhu Jain, email id: grievance@rathi.com, Contact no. +91 22 6281 7191

**ARSSBL registered address:** Express Zone, A Wing, 10th Floor, Western Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097.
Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.