

## Havells India (HAVL) - SELL

### Company Update

Current Market Price (CMP) <b>Rs.1507</b>	Fair Value (FV) <b>Rs.1350</b>
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### Rationale:

- Lloyd: Multiple near-term headwinds.
- Lloyd aspires to register some EBIT margin expansion each year in the medium term.
- The new refrigerator capacity could get commissioned by March 2026E.
- Within kitchen appliances, Havells is working on product development.
- Switchgear market share is stable.
- Havells aspires for a standalone (ex-Lloyd) EBIT margin of 13-14.5% in medium term.
- We expect earnings per share (EPS) growth of 8.4% in FY26E and 22% in FY27E.

### Positives:

- W&C demand remains robust, led by capacity expansion/favorable commodity prices.
- Based on the order pipeline, Havells is confident of strong cable demand sustaining for at least the next two years.
- Smaller segments of ECD, such as air purifiers, air fryers and garment steamers, are seeing robust growth.
- LED prices have been steady since March 2025.

### Negatives:

- High trade inventory and an adverse season are weighing on the RAC category.
- RAC: In our view, the GST rate cut may not be a major near-term demand driver.

(EBIT: Earnings Before Interest and Tax; ECD: Electrical Consumer Durables; LED: light emitting diode; RAC: Room Air Conditioner; GST: Goods and Services Tax)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: [shrikant.chouhan@kotak.com](mailto:shrikant.chouhan@kotak.com)). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months



RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	<b>Not Rated.</b> Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	<b>Not Available or Not Applicable.</b> The information is not available for display or is not applicable
NM	–	<b>Not Meaningful.</b> The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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