

# Havells India

## Performance in line; summer category drag eased

Revenue grew 14% YoY to INR 55.73bn, primarily due to robust 33% YoY growth in cables and wire segment. Consumer durables, switchgear, and other segments' topline grew 4/8/33% YoY, while lighting and Lloyds drag revenue growth was down 4/7% YoY. EBITDAM expanded 60bps YoY, driven by lower fixed costs as a percentage of sales. This propelled 21% YoY EBITDA growth, translating to 22% YoY APAT expansion. The company noted that channel inventories in wires and cables are building up, with sustained price hikes made in Q3 with similar expectations for Q4. Channel inventory for summer products is declining and is expected to normalize by Q4 as demand picks up. The management anticipates a 5-10% price hike in RAC, bringing prices nearly back to pre-GST-cut levels. Factoring in-line Q3 performance, we have maintained our revenue, EBITDA, and APAT estimates. We maintain BUY and value the company at 50x Mar-28E EPS to arrive at an unchanged TP of INR 1,765/sh.

- **Q3FY26 highlights:** Revenue stood at INR 55.73bn, up 14% YoY, primarily due to robust growth in cables and wire segment. Gross margin declined 140bps YoY (-190bps QoQ) due to change in product mix. EBITDAM expanded by 60bps YoY (10bps QoQ) owing to decline in other expenses/employee cost, down by 120/70bps YoY (-90/-110bps QoQ). Consequently, EBITDA grew 21% YoY. APAT grew 22% YoY, led by higher EBITDA, and lower tax rate, partially offset by decreased other income (down 33% YoY).
- **Segmental highlights:** Cables accelerated with volume gains and price hikes from commodity inflation; revenue +33% YoY, EBIT margin +80bps YoY (-190bps QoQ) at 11.8%. Switchgear posted 8% YoY growth with margins up 380bps to 22%. ECD delivered healthy growth in heating products on winter demand, with revenue up 4% YoY and margins improving 150bps to 10.1%. Lloyd saw subdued performance due to ongoing weak summer impact, with revenue down 7% YoY and margins falling 430bps YoY (+1,220bps) to -9%. Lighting revenue suffered from festive demand shifting to prior period, down 4% YoY, with 290bps YoY margin drop to 12%. Other segments grew 33% YoY, led by solar product demand, with margins rising 110bps YoY to -1%.
- **Earnings call takeaways and outlook:** The company noted that channel inventories in wires and cables are building up, with sustained price hikes made in Q3 and similar expectations for Q4. Channel inventory for summer products is declining and is expected to normalize by Q4 as demand picks up. However, management highlighted that new BEE norms effective from Jan 2026, along with rising commodity costs, will drive higher costs in RAC and fans. It anticipates a 5-10% price hike in RAC, bringing prices nearly back to pre-GST-cut levels. The company has budgeted INR14/10bn capex for FY26/27E, respectively. Factoring in-line Q3 performance, we have maintained our revenue, EBITDA, and APAT estimates. We maintain BUY and value the company at 50x Mar-28E EPS to arrive at an unchanged TP of INR 1,765/sh.

### Financial summary

(INR mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ(%)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	55,734	48,825	14.2	47,666	16.9	1,85,499	2,17,458	2,29,342	2,61,675	2,98,115
EBITDA	5,240	4,316	21.4	4,418	18.6	18,453	21,486	23,176	28,112	32,304
APAT	3,464	2,828	22.5	3,175	9.1	12,732	14,888	15,694	18,940	22,144
EPS (INR)	5.5	4.5	22.5	5.1	9.1	20.3	23.7	25.0	30.2	35.3
P/E (x)						70.7	60.5	57.4	47.5	40.7
EV/EBITDA(x)						47.1	40.3	37.7	31.0	26.8
RoE (%)						18.1	18.9	17.9	19.5	20.6

Source: Company, HSIE Research

## BUY

CMP (as on 19 Jan 2026)	INR 1,447
Target Price	INR 1,765
NIFTY	25,586

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1,765	INR 1,765
EPS revision %	FY26E	FY27E
	-	-

### KEY STOCK DATA

Bloomberg code	HAVL IN
No. of Shares (mn)	627
MCap (INR bn) / (\$ mn)	908/9,984
6m avg traded value (INR mn)	1,270
52 Week high / low	INR 1,713/1,360

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(3.0)	(4.7)	(8.1)
Relative (%)	(2.1)	(6.5)	(16.7)

### SHAREHOLDING PATTERN (%)

	Sep-25	Dec-25
Promoters	59.38	59.38
FIs & Local MFs	15.52	17.96
FPIs	19.28	16.53
Public & Others	5.82	6.13
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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# L&T Finance

## A mixed bag

L&T Finance's (LTF) Q3FY26 earnings were lower than our estimates, largely due to higher-than-expected credit costs (2.7%). Loan growth witnessed a strong uptick (+20% YoY), driven by a surge in disbursements (+49% YoY). While moderation in credit costs has been slightly protracted, management expects credit costs to normalize to 2-2.2% by Q4FY27, due to improving macro environment and impact of tech transformation (Project Cyclops, Nostradamus etc.). LTF is poised to deliver strong AUM growth (~21% CAGR) during FY26-28E, driven by existing products as well as new products (gold loans, micro-LAP etc.). We revise our FY26-FY28E earnings estimates to factor in higher loan growth, offset by higher credit costs and maintain ADD with a revised RI-based TP of INR 295 (implying 2.3x Sep-27 ABVPS). While LTF is poised to deliver RoA/RoE of ~2.7%/15% by FY28E, current valuations provide limited upside.

- **Disbursements growth accelerates further:** LTF reported strong disbursements growth of +49% YoY, driven by personal loans (+118% YoY), MFI (+47% YoY), two-wheelers (+33% YoY), and gold loans (6% of disbursements). We expect the loan growth momentum to sustain, led by tech transformation across products, increasing partnerships in personal loans and rebound in MFI segment. NIMs reflat by 16bps QoQ due to lower cost of funds and marginal reflation in asset yields.
- **Marginal dip in credit costs; expect gradual improvement ahead:** GS-III/NS-III improved QoQ to 3.19%/0.92% (Q2FY26: 3.29%/1%). Credit costs (adjusted for macro prudential provisions) declined by 22bps QoQ to 2.7% vs. 3%/3.7% in Q2FY26/Q1FY26. With improving collection efficiency in MFI segment and overall collections environment along with positive outcomes from tech initiatives, we expect credit costs to normalize further in FY27.
- **Enroute to a strong RoA; cyclicity a key monitorable:** LTF is gradually pivoting toward a steadily growing diversified franchise, along with improving profitability (2.3% in Q3). Improving asset quality in MFI and other segments is likely to drive improving profitability over FY26-FY28E. However, high exposure to cyclical segments such as MFI, tractors, and two-wheelers (~52%) and the increasing share of personal loans remains a concern on overall profitability during downcycles.

### Financial summary (consolidated)

Y/E Mar (INR bn)	Q3FY26	Q3FY25	YoY(%)	Q2FY26	QoQ(%)	FY25	FY26E	FY27E	FY28E
NII	25.4	22.4	13.4	24.0	5.6	86.7	98.7	118.5	140.7
PPOP	17.3	14.8	17.2	16.3	6.0	59.6	67.1	82.3	99.7
PAT	7.4	6.3	18.0	7.3	0.4	26.4	29.6	38.9	49.0
EPS (INR)	2.9	2.5	17.6	2.9	0.3	10.6	11.9	15.6	19.6
ROAE (%)						10.8	11.1	13.2	14.9
ROAA (%)						2.4	2.3	2.5	2.7
ABVPS (INR)						99	107	118	133
P/ABV (x)						3.0	2.8	2.5	2.3
P/E (x)						28.3	25.2	19.2	15.3

### Change in estimates

INR bn	FY26E			FY27E			FY28E		
	Old	New	Chg	Old	New	Chg	Old	New	Chg
AUM	1,156	1,192	3.1%	1,386	1,431	3.3%	1,663	1,713	3.0%
NIM (%)	7.8	7.6	-29 bps	8.0	7.7	-28 bps	8.0	7.7	-32 bps
NII	100.9	98.7	-2.2%	119.1	118.5	-0.5%	141.9	140.7	-0.9%
PPOP	67.7	67.1	-1.0%	81.6	82.3	0.8%	100.0	99.7	-0.2%
PAT	31.0	29.6	-4.4%	38.8	38.9	0.3%	50.9	49.0	-3.8%
ABVPS (INR)	107.2	106.7	-0.5%	119.3	118.5	-0.7%	134.6	132.9	-1.2%

Source: Company, HSIE Research

## ADD

CMP (as on 19 Jan 2026)	INR 300
Target Price	INR 295
NIFTY	25,586

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR280	INR295
EPS %	FY26E	FY27E
	-4.4%	0.3%

### KEY STOCK DATA

Bloomberg code	LTF IN
No. of Shares (mn)	2,503
MCap (INR bn) / (\$ mn)	751/8,260
6m avg traded value (INR mn)	2,022
52 Week high / low	INR 329/131

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	12.7	47.7	109.8
Relative (%)	13.5	45.9	101.1

### SHAREHOLDING PATTERN (%)

	Sep-25	Dec-25
Promoters	66.1	66.0
FIs & Local MFs	14.3	15.3
FPIs	6.4	6.7
Public & Others	13.2	12.0

### Pledged Shares

Source: BSE

Pledged shares as % of total shares

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