

Estimate change	↔↔
TP change	↔↔
Rating change	↔↔

Bloomberg	HAVL IN
Equity Shares (m)	627
M.Cap.(INRb)/(USDb)	935.5 / 10.6
52-Week Range (INR)	1970 / 1360
1, 6, 12 Rel. Per (%)	-8/-17/-21
12M Avg Val (INR M)	1616
Free float (%)	40.6

## Financials & Valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	227.2	260.2	298.4
EBITDA	22.6	28.6	33.9
Adj. PAT	15.4	19.5	23.5
EBITDA Margin (%)	9.9	11.0	11.4
Cons. Adj. EPS (INR)	24.5	31.2	37.5
EPS Gr. (%)	4.5	27.2	20.4
BV/Sh. (INR)	148.7	169.0	193.4
<b>Ratios</b>			
Net D:E	(0.3)	(0.3)	(0.4)
RoE (%)	16.5	18.4	19.4
RoCE (%)	16.0	18.0	18.9
Payout (%)	35.0	35.0	35.0

## Valuations

P/E (x)	60.8	47.8	39.7
P/BV (x)	10.0	8.8	7.7
EV/EBITDA (x)	40.1	31.4	26.3
Div Yield (%)	0.6	0.7	0.9
FCF Yield (%)	0.4	1.1	1.5

## Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	59.4	59.4	59.4
DII	15.5	13.4	10.2
FII	19.3	21.6	24.8
Others	5.8	5.6	5.6

FII Includes depository receipts

**CMP: INR1,492**      **TP: INR1,640 (+10%)**      **Neutral**

## Weak Lloyd performance; Cable segment maintains growth

### Short summer and high channel inventory weigh on Lloyd's performance

- Havells India's (HAVL) 2QFY26 earnings were in line with estimates. Revenue increased ~5% YoY to INR47.8b. EBITDA grew ~17% YoY to INR4.4b. OPM expanded 90bp YoY to 9.2% (vs. our estimate of 9.5%). However, (Ex-Lloyd) segment margin expanded 2.3pp YoY to 12.2% (+1.2pp vs. our estimate). PAT grew ~19% YoY to INR3.2b (+5% vs. estimates led by higher other income).
- Management indicated weak performance in RAC, Fans, and Cooler due to a short summer season and higher channel inventory. The company is collaborating with channel partners to boost consumer offtake and anticipates channel inventory to normalize by the end of 3QFY26. It expects a recovery in the ECD and RAC segments in 2HFY26, led by positive consumer sentiments. The Cable segment continued to witness steady growth, supported by strong growth in power cables. The company's cable expansion plan is on track, and it has acquired a land parcel of 39 acres adjacent to the existing manufacturing facility.
- We largely maintained our earnings estimates for FY26-28E. HAVL's trades at 48x/40x FY27E/FY28E EPS. **We reiterate our Neutral rating** with a TP of INR1,640 (based on 50x Dec'27E EPS).

## OPM expands 90bp to ~9.2% ; C&W margin expands 5.1pp to ~14%

- HAVL's consolidated revenue/EBITDA/PAT stood at INR47.8b/INR4.4b/INR3.2b (+5%/+17%/+19% YoY and in line vs. our estimates). Gross margin stood at ~35% (+1.2pp YoY). OPM expanded 90bp YoY to ~9.2%. OPM (Ex-Lloyd) stood at ~12.2% (up 2.3pp YOY; 1.2pp above estimates). Ad spends stood at 2.8% of revenue vs. 2.9%/2.6% 2QFY25/1QFY26.
- Segmental highlights: 1) HAVL's revenue (excl. Lloyd) increased ~9% YoY to INR43.0b. **C&W's** revenue grew ~12% YoY to INR20.3b, and EBIT margin expanded 5.1pp YoY to ~14%. **Switchgear's** revenue rose ~8% YoY to INR6.0b, while EBIT margin expanded 1.5pp YoY to ~22%. The **Lighting** revenue increased ~8% YoY to INR4.3b, while EBIT margin remained flat YoY at ~13%. **ECD's** revenue declined ~2% YoY to INR8.4b, and EBIT margin contracted 1.9pp YoY to ~6%. 2) **Lloyd's** revenue declined ~18% YoY to INR4.8b. Operating loss stood at INR1.1b vs a loss of INR243m in 2QFY25.
- In 1HFY26, Revenue/EBITDA/PAT stood at INR INR102.3b/INR9.5b/INR6.7b (-1%/+1%/-1% YoY). OPM expanded 20bps YoY to ~9.3% in H1FY26. Operating cash outflow stood at INR3.8b vs operating cash inflow of INR7.6b in 1HYF25. Capex stood at INR6.3b vs INR3.5b in 1HFY25. Net cash outflow stood at INR10.1b vs net cash inflow of INR4.0b in 1HYF25.

## Key highlights from the management commentary

- The quarter was marked by a weaker summer, leading to subdued sales in cooling products. Elevated channel inventory carried over from 1Q further weighed on primary sales. Management indicated that inventory liquidation is underway and should normalize by the end of 3QFY26.
- The C&W segment maintained its steady growth momentum, led by strong traction in power cables and sustained B2B demand from real estate, infrastructure, and industrial projects.

Sanjeev Kumar Singh - Research analyst (Sanjeev.Singh@MotilalOswal.com)

Research analyst - Mudit Agarwal (Mudit.Agarwal@MotilalOswal.com) | Abhishek Sheth (Abhishek.Sheth@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

- FY26 capex is guided at around INR14b, with FY27 estimated at INR10b, primarily allocated toward capacity expansion in Cables, Lloyd, and Automation.

### Valuation and view

- HAVL's 2QFY26 performance was in line with our estimates, as weakness in Lloyd offset the strong performance of other segments. We believe demand momentum after the GST reduction will be a key monitorable for the near term, along with a reduction in channel inventory.
- We expect HAVL to report a revenue/EBITDA/ PAT CAGR of 11%/17%/17% over FY25-28. We estimate OPM to expand to ~11% by FY27-28 vs. ~10% in FY26E. The company's RoIC is expected to improve to ~28% by FY28 from ~21% in FY26, and RoE is likely to be ~19% in FY28 vs. ~16% in FY26E.
- HAVL trades at 48x/40x FY27E/FY28E EPS, and we reiterate our Neutral rating with a TP of INR1,640 based on 50x Dec'27E EPS

### Quarterly performance

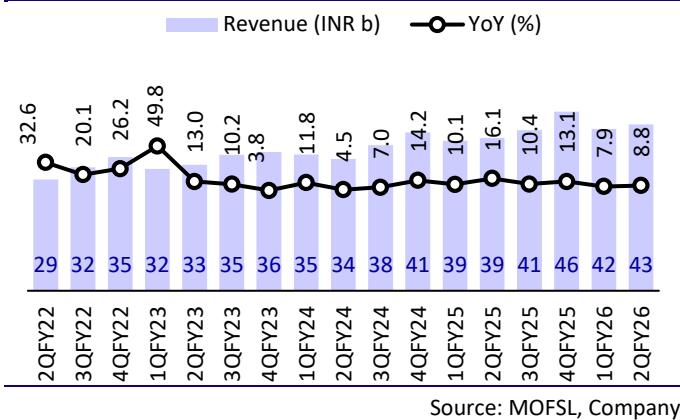
Y/E March	(INR m)											
	FY25				FY26E				FY25	FY26E	MOFSL	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	
<b>Sales</b>	<b>58,062</b>	<b>45,393</b>	<b>48,890</b>	<b>65,436</b>	<b>54,554</b>	<b>47,793</b>	<b>52,918</b>	<b>71,982</b>	<b>2,17,781</b>	<b>2,27,248</b>	<b>47,637</b>	<b>0%</b>
Change (%)	20.1	16.4	10.8	20.2	-6.0	5.3	8.2	10.0	17.1	4.3	4.9	
<b>Adj. EBITDA</b>	<b>5,722</b>	<b>3,751</b>	<b>4,265</b>	<b>7,570</b>	<b>5,157</b>	<b>4,384</b>	<b>5,172</b>	<b>7,867</b>	<b>21,309</b>	<b>22,581</b>	<b>4,537</b>	<b>-3%</b>
Change (%)	42.4	0.5	-1.4	19.3	-9.9	16.9	21.3	3.9	15.6	6.0	21.0	
Adj. EBITDA margin (%)	9.9	8.3	8.7	11.6	9.5	9.2	9.8	10.9	9.8	9.9	9.5	(35)
Depreciation	920	946	1,041	1,097	1,057	1,058	1,138	1,405	4,004	4,658	1,107	-4%
Interest	86	101	94	152	94	91	165	126	432	476	110	-17%
Other Income	773	929	643	687	692	911	820	835	3,033	3,359	742	23%
Extra-ordinary items	-	-	-	-	-	-	-	-	-	-	0	
<b>PBT</b>	<b>5,490</b>	<b>3,633</b>	<b>3,773</b>	<b>7,009</b>	<b>4,698</b>	<b>4,146</b>	<b>4,690</b>	<b>7,172</b>	<b>19,905</b>	<b>20,807</b>	<b>4,062</b>	<b>2%</b>
Tax	1,415	955	994	1,839	1,222	963	1,102	2,151	5,203	5,438	1,036	
Effective Tax Rate (%)	25.8	26.3	26.3	26.2	26.0	23.2	23.5	30.0	26.1	26.1	25.5	
<b>Reported PAT</b>	<b>4,075</b>	<b>2,678</b>	<b>2,780</b>	<b>5,170</b>	<b>3,475</b>	<b>3,183</b>	<b>3,637</b>	<b>5,073</b>	<b>14,702</b>	<b>15,368</b>	<b>3,026</b>	<b>5%</b>
Change (%)	42.0	7.5	(3.5)	15.7	(14.7)	18.9	30.9	(1.9)	15.7	4.5	13.0	
<b>Adj. PAT</b>	<b>4,075</b>	<b>2,678</b>	<b>2,780</b>	<b>5,170</b>	<b>3,475</b>	<b>3,183</b>	<b>3,637</b>	<b>5,073</b>	<b>14,702</b>	<b>15,368</b>	<b>3,026</b>	<b>5%</b>
Change (%)	42.0	7.5	(3.5)	15.7	(14.7)	18.9	30.9	(1.9)	15.7	4.5	13.0	

### Segmental performance (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	
<b>Sales</b>												
Switchgear	5,768	5,513	5,769	6,918	6,298	5,955	6,230	7,401	23,968	25,885	5,898	1%
Cables & Wires	15,212	18,052	16,879	21,694	19,332	20,282	19,411	25,023	71,836	84,048	21,301	-5%
ECD	10,554	8,564	11,048	9,973	9,073	8,418	11,269	10,575	40,139	39,336	8,136	3%
Lighting & Fixtures	3,876	3,951	4,464	4,417	3,802	4,284	4,643	4,564	16,708	17,292	4,030	6%
Lloyd	19,287	5,896	7,422	18,736	12,711	4,822	7,793	20,881	51,341	46,207	4,717	2%
<b>EBIT</b>												
Switchgear	1,422	1,150	1,048	1,776	1,476	1,328	1,402	1,748	5,395	5,954	1,180	13%
Cables & Wires	1,711	1,548	1,870	2,586	2,426	2,782	2,329	3,052	7,715	10,590	2,556	9%
ECD	1,147	643	953	1,248	788	475	958	1,398	3,991	3,619	488	-3%
Lighting & Fixtures	630	501	651	725	455	546	604	678	2,507	2,283	443	23%
Lloyd	636	(243)	(361)	1,144	(209)	(1,060)	(312)	656	1,175	(924)	(236)	NA
<b>EBIT Margin (%)</b>												
Switchgear	24.6	20.9	18.2	25.7	23.4	22.3	22.5	23.6	22.5	23.0	20.0	230
Cables & Wires	11.2	8.6	11.1	11.9	12.6	13.7	12.0	12.2	10.7	12.6	12.0	172
ECD	10.9	7.5	8.6	12.5	8.7	5.6	8.5	13.2	9.9	9.2	6.0	(36)
Lighting & Fixtures	16.2	12.7	14.6	16.4	12.0	12.7	13.0	14.9	15.0	13.2	11.0	174
Lloyd	3.3	(4.1)	(4.9)	6.1	(1.6)	(22.0)	(4.0)	3.1	2.3	(2.0)	(5.0)	NA

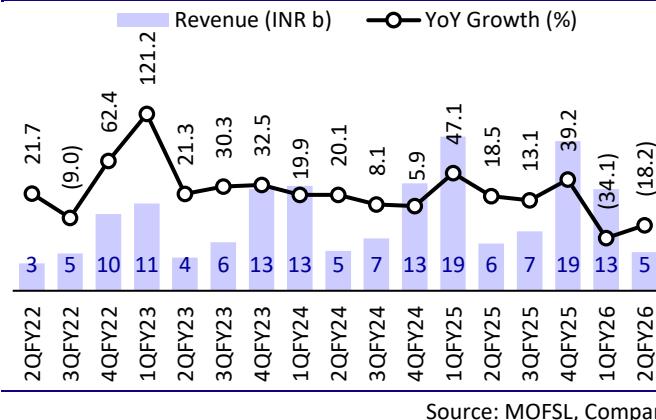
## Story in charts

**Exhibit 1: HAVL's (ex-Lloyd) revenue rose 9% YoY**



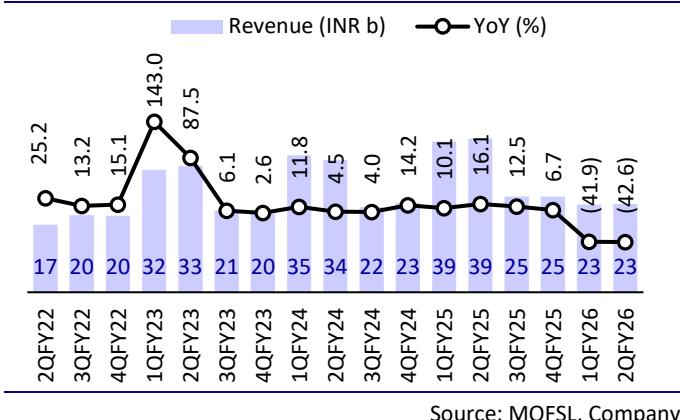
Source: MOFSL, Company

**Exhibit 2: Lloyd's revenue declined ~18% YoY**



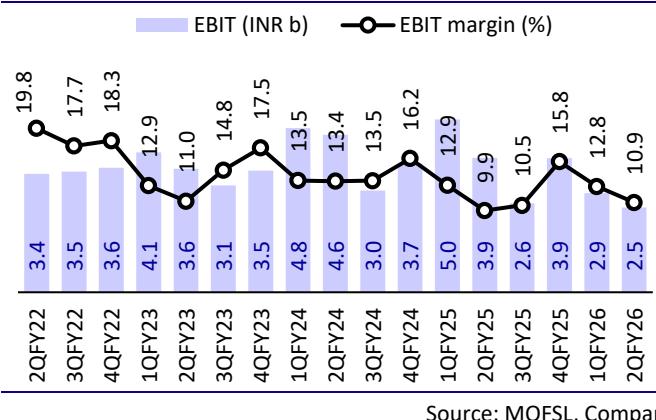
Source: MOFSL, Company

**Exhibit 3: HAVL's (ex-C&W) sales declined ~43% YoY**



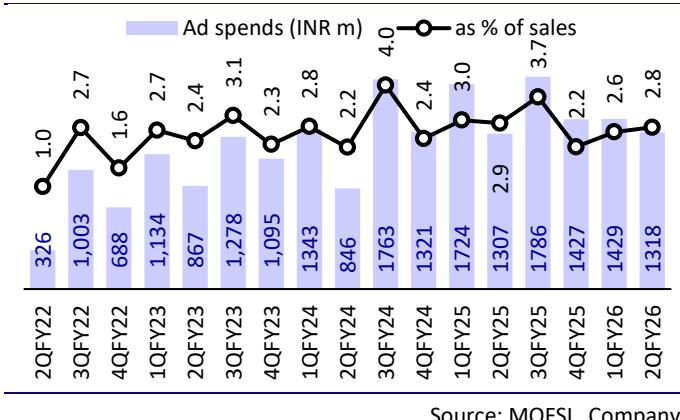
Source: MOFSL, Company

**Exhibit 4: HAVL's (ex-C&W) EBIT margin trend**



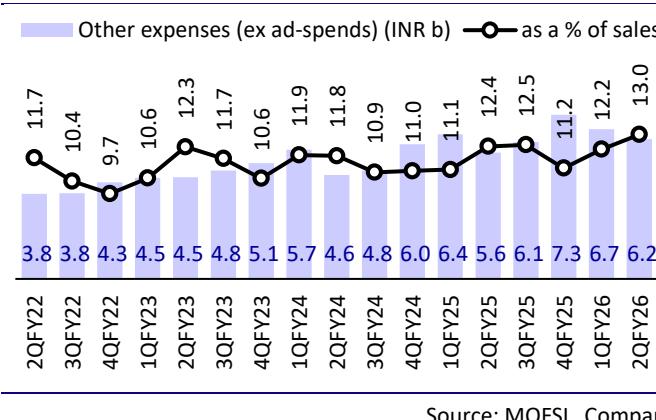
Source: MOFSL, Company

**Exhibit 5: Ad spending as % of revenue increased in 2QFY26**



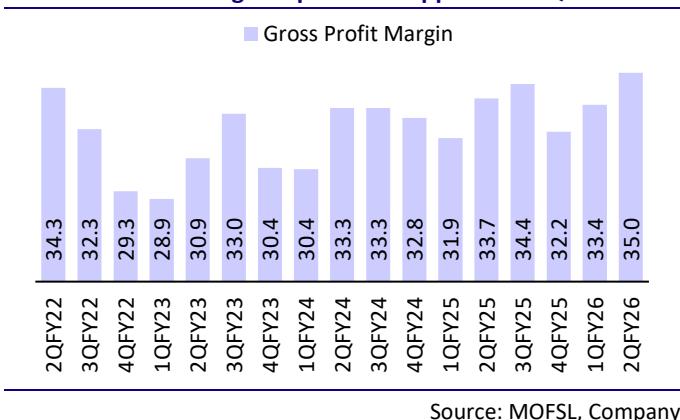
Source: MOFSL, Company

**Exhibit 6: Other expenses (ex-ad spending) as a % of sales**



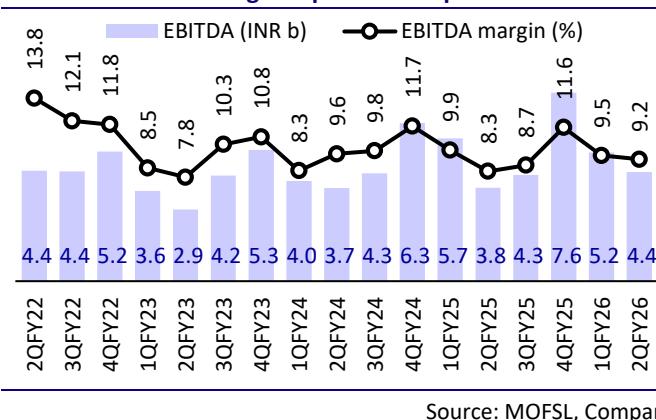
Source: MOFSL, Company

**Exhibit 7: Gross margin expanded 1.2pp YoY in 2QFY26**



Source: MOFSL, Company

**Exhibit 8: EBITDA margin expanded 90bp YoY to 9.2%**



Source: MOFSL, Company

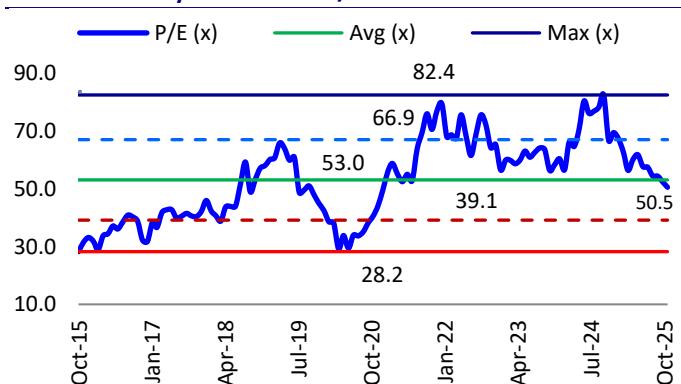


## Conference call highlights

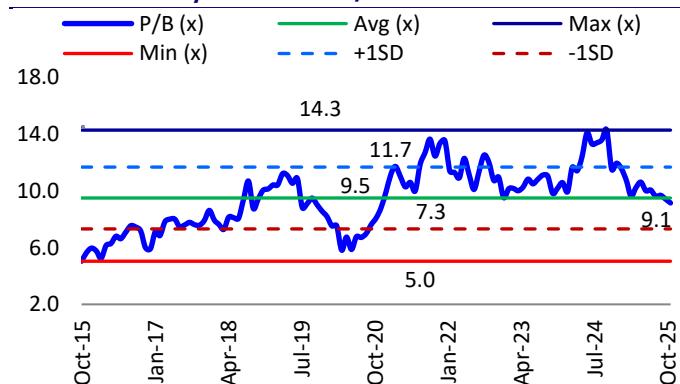
- **Key highlights:** The quarter was marked by a weaker summer, leading to subdued sales in cooling products such as air conditioners, fans, and air coolers. Elevated channel inventory carried over from 1Q further weighed on primary sales. Management noted that inventory liquidation is underway and should normalize by the end of 3QFY26.
- The recent GST rate reduction on air conditioners, solar, and PV modules has improved consumer sentiment, and management expects this, along with the festive season, to support stronger retail demand in 2H. It clarified that it did not implement any price cuts during the quarter; instead, it offered short-term consumer schemes to aid secondary sales and help channel partners clear excess inventory. These schemes have since been withdrawn following GST revisions.
- With new BEE norms for fans and air conditioners introduced in Jan'26, manufacturers are managing production to liquidate existing inventory. Prices are likely to rise, but management expects the cost increase to be passed to consumers with limited impact on volumes.
- **Lloyd:** Lloyd's performance was weak due to a short summer, which led to high channel inventory and lower production. The company did not cut prices but introduced short-term consumer schemes to help clear stocks.
- Inventory levels are expected to normalize by the end of 3Q, after which the company anticipates a pick-up in both secondary sales and manufacturing utilization.
- The management acknowledged increased competition, particularly from LG in the mass-premium segment, but believes that this will ultimately help category penetration in smaller towns. HAVL continues to focus on strengthening Lloyd's distribution, retail reach, and brand positioning across Tier 2 and Tier 3 markets.
- **Cables and Wires (C&W):** The segment maintained steady growth momentum, led by strong traction in power cables and sustained B2B demand from real estate, infrastructure, and industrial projects.
- The company reported that cable margins benefited during the quarter from stable raw material prices and inventory gains due to the rising trend in copper prices. Management indicated sustainable contribution margins in the range of ~15-16%, indicating stability at healthy levels.
- On a first-half basis, wire growth remained robust in the mid-double digits, despite some quarterly variations driven by stocking behavior and price movements.
- The Tumkur facility, commissioned last year, has ramped up well and is contributing to capacity growth. Additionally, the company has acquired a 39-acre land parcel adjacent to its existing cable facility to support future expansion.
- Management clarified that in cables, volume and value growth were broadly similar, while in wires, value growth outpaced volume growth due to higher copper prices. Overall, the company continues to maintain a strong market share in both categories.
- **ECD segment, small appliances, and lighting:** The ECD segment's contribution margin contracted due to lower revenues in fans and coolers, driven by weaker demand from a short summer, prolonged monsoon, and under-absorption of manufacturing overheads. Fans saw a mid-single-digit decline, while coolers declined sharply due to high humidity and channel overstocking. Margins were

also impacted by higher EPR liabilities, which are being passed on during the peak season.

- Water heaters and small appliances delivered strong growth, offsetting part of the cooling category weakness. Management highlighted continued traction in appliances and water heaters as consumers shift toward energy-efficient and premium models.
- Other product categories witnessed margin expansion. Margins in fans are expected to recover from 3Q as inventory normalizes and demand picks up. The company continues its shift toward BLDC fans, which now constitute a major share of total fan sales.
- In lighting, performance improved with LED price stabilization and early signs of residential demand recovery, supported by real estate momentum. Margins remain healthy and industry-leading, supported by cost control and mix improvement. Contribution margin in the switchgear segment should be between 37-40% depending on the product-mix in the quarter.
- The company continues to invest in R&D, premiumization, and design-led innovation across these categories, focusing on expanding the energy-efficient and higher-value product portfolio to drive steady margin growth in the medium term.
- Goldi Solar investment** The solar business remained soft in 2Q, as this is typically a low quarter for installations, but management expects a strong rebound in H2FY26, especially in 3Q and 4Q. The recent investment in Goldi Solar has already begun delivering benefits through better supply chain integration and improved component availability. The company expects meaningful growth momentum from rooftop solar and PV modules, with margins expanding gradually as volumes scale up. HAVL also plans to leverage this investment to strengthen its presence in renewable and other segments such as EV charging and automation solutions, positioning the business for long-term sustainable growth.
- Working Capital and Capex:** Working capital increased due to higher inventory in Cables and Lloyd, which led to a reduction in cash balance (INR14.4b vs INR33.5b in Mar '25) and impacted interest income in 2Q.
- Working capital increased INR10.7b YoY, and there was a cash outflow of INR3.7b from operations vs an inflow of INR7.7b in Sep'24. Working capital is expected to normalized by 4QFY26, though other income will be relatively lower in 3Q given the capex plans.
- FY26 capex is guided at around INR14b, with FY27 estimated at INR10b, primarily allocated toward capacity expansion in Cables, Lloyd, and Automation.

**Exhibit 9: One-year forward P/E chart**


Source: MOFSL, Company

**Exhibit 10: One-year forward P/B chart**


Source: MOFSL, Company

## Financials and valuations (Consolidated)

Income Statement									(INR M)
Y/E March	2021	2022	2023	2024	2025	2026E	2027E	2028E	
<b>Net Sales</b>	<b>1,04,279</b>	<b>1,38,885</b>	<b>1,69,107</b>	<b>1,85,900</b>	<b>2,17,781</b>	<b>2,27,248</b>	<b>2,60,243</b>	<b>2,98,352</b>	
Change (%)	10.6	33.2	21.8	9.9	17.1	4.3	14.5	14.6	
Raw Materials	64,749	93,840	1,17,055	1,25,687	1,46,084	1,50,211	1,70,199	1,94,824	
Gross margin (%)	37.9	32.4	30.8	32.4	32.9	33.9	34.6	34.7	
Staff Cost	8,853	10,147	12,816	15,484	18,700	21,505	24,731	28,441	
Other Expenses	15,024	17,322	23,245	26,304	31,688	32,951	36,694	41,173	
<b>EBITDA</b>	<b>15,653</b>	<b>17,576</b>	<b>15,991</b>	<b>18,426</b>	<b>21,309</b>	<b>22,581</b>	<b>28,619</b>	<b>33,915</b>	
% of Net Sales	15.0	12.7	9.5	9.9	9.8	9.9	11.0	11.4	
Depreciation	2,489	2,608	2,962	3,385	4,004	4,658	5,291	5,925	
Interest	726	534	336	457	432	476	523	576	
Other Income	1,450	1,604	1,777	2,490	3,033	3,209	3,455	4,182	
<b>PBT</b>	<b>13,888</b>	<b>16,038</b>	<b>14,471</b>	<b>17,074</b>	<b>19,905</b>	<b>20,657</b>	<b>26,259</b>	<b>31,597</b>	
Tax	3,590	4,091	3,753	4,366	5,203	5,438	6,916	8,324	
Rate (%)	25.8	25.5	25.9	25.6	26.1	26.3	26.3	26.3	
Extra-ordinary Inc.(net)	98	0	0	0	0	0	0	0	
<b>Reported PAT</b>	<b>10,396</b>	<b>11,948</b>	<b>10,717</b>	<b>12,708</b>	<b>14,702</b>	<b>15,218</b>	<b>19,344</b>	<b>23,273</b>	
Change (%)	41.8	14.9	-10.3	18.6	15.7	3.5	27.1	20.3	
<b>Adjusted PAT</b>	<b>10,298</b>	<b>11,948</b>	<b>10,717</b>	<b>12,708</b>	<b>14,702</b>	<b>15,368</b>	<b>19,544</b>	<b>23,523</b>	
Change (%)	40.5	16.0	-10.3	18.6	15.7	4.5	27.2	20.4	

Balance Sheet (Consolidated)									(INR M)
Y/E March	2021	2022	2023	2024	2025	2026E	2027E	2028E	
Share Capital	626	626	627	627	627	627	627	627	
Reserves	51,019	59,260	65,628	73,841	82,611	92,600	1,05,304	1,20,594	
<b>Net Worth</b>	<b>51,645</b>	<b>59,886</b>	<b>66,255</b>	<b>74,468</b>	<b>83,238</b>	<b>93,227</b>	<b>1,05,931</b>	<b>1,21,221</b>	
Loans	4,922	3,955	0	0	0	0	0	0	
Deferred Tax Liability	3,391	3,506	3,615	3,575	3,753	3,753	3,753	3,753	
<b>Capital Employed</b>	<b>59,958</b>	<b>67,348</b>	<b>69,870</b>	<b>78,043</b>	<b>87,163</b>	<b>97,152</b>	<b>1,09,856</b>	<b>1,25,146</b>	
Gross Fixed Assets	41,965	46,005	50,838	57,896	68,540	78,540	88,540	98,540	
Less: Depreciation	9,062	11,670	14,632	18,017	22,021	26,678	31,970	37,894	
<b>Net Fixed Assets</b>	<b>32,903</b>	<b>34,335</b>	<b>36,207</b>	<b>39,879</b>	<b>46,519</b>	<b>51,861</b>	<b>56,570</b>	<b>60,646</b>	
Capital WIP	899	572	1,664	2,987	1,182	1,182	1,182	1,182	
Investments	3,079	4,261	2,009	200	110	6,110	6,110	6,110	
<b>Curr. Assets</b>	<b>51,321</b>	<b>65,884</b>	<b>71,695</b>	<b>81,261</b>	<b>90,283</b>	<b>90,975</b>	<b>1,06,096</b>	<b>1,25,541</b>	
Inventory	26,199	29,681	37,086	34,086	40,469	42,337	48,484	55,583	
Debtors	5,636	7,675	9,755	11,652	12,587	13,134	15,041	17,244	
Cash & Bank Balance	16,247	25,358	18,702	30,382	33,781	29,278	35,441	44,540	
Other Current Assets	3,238	3,169	6,152	5,141	3,447	6,226	7,130	8,174	
<b>Current Liab. &amp; Prov.</b>	<b>28,245</b>	<b>37,704</b>	<b>41,705</b>	<b>46,284</b>	<b>50,931</b>	<b>52,976</b>	<b>60,102</b>	<b>68,332</b>	
Creditors	15,968	23,794	26,432	26,919	30,470	31,794	36,411	41,743	
Other Liabilities	9,117	10,615	11,157	15,711	16,565	17,285	19,795	22,693	
Provisions	3,160	3,295	4,116	3,654	3,896	3,896	3,896	3,896	
<b>Net Current Assets</b>	<b>23,076</b>	<b>28,180</b>	<b>29,990</b>	<b>34,977</b>	<b>39,352</b>	<b>37,999</b>	<b>45,994</b>	<b>57,208</b>	
<b>Application of Funds</b>	<b>59,958</b>	<b>67,348</b>	<b>69,870</b>	<b>78,043</b>	<b>87,163</b>	<b>97,152</b>	<b>1,09,856</b>	<b>1,25,146</b>	

## Financials and valuations (Consolidated)

Ratios								
Y/E March	2021	2022	2023	2024	2025	2026E	2027E	2028E
<b>Basic (INR)</b>								
Adjusted EPS	16.5	19.1	17.1	20.3	23.5	24.5	31.2	37.5
Growth (%)	40.4	16.0	-10.3	18.5	15.7	4.5	27.2	20.4
Cash EPS	20.4	23.2	21.8	25.7	29.8	31.9	39.6	47.0
Book Value	82.5	95.6	105.8	118.8	132.8	148.7	169.0	193.4
DPS	2.5	6.5	7.5	9.0	10.0	8.6	10.9	13.1
Payout (incl. Div. Tax.)	18.2	34.1	43.9	37.0	42.6	35.0	35.0	35.0
<b>Valuation (x)</b>								
P/Sales	8.8	6.6	5.5	5.0	4.2	4.1	3.5	3.1
P/E (standalone)	89.5	77.2	86.1	72.6	62.8	60.1	47.2	39.2
Cash P/E	72.1	63.4	67.4	57.3	49.4	46.1	37.2	31.3
EV/EBITDA	58.2	51.3	56.5	48.4	41.7	39.6	31.0	25.9
EV/Sales	8.7	6.5	5.3	4.8	4.1	3.9	3.4	2.9
Price/Book Value	17.8	15.4	13.9	12.4	11.1	9.9	8.7	7.6
Dividend Yield (%)	0.2	0.4	0.5	0.6	0.7	0.6	0.7	0.9
<b>Profitability Ratios (%)</b>								
RoE	19.9	20.0	16.2	17.1	17.7	16.5	18.4	19.4
RoCE	18.1	18.3	15.7	16.7	17.2	16.0	18.0	18.9
RoIC	24.0	29.6	19.6	23.6	24.0	21.4	25.2	27.7
<b>Turnover Ratios</b>								
Debtors (Days)	20	20	21	23	21	21	21	21
Inventory (Days)	92	78	80	67	68	68	68	68
Creditors. (Days)	56	63	57	53	51	51	51	51
Asset Turnover (x)	1.7	2.1	2.4	2.4	2.5	2.3	2.4	2.4
<b>Leverage Ratio</b>								
Net Debt/Equity (x)	-0.2	-0.4	-0.3	-0.4	-0.4	-0.3	-0.3	-0.4
<b>Cash Flow Statement</b>								
Y/E March	2021	2022	2023	2024	2025	2026E	2027E	2028E
PBT before EO Items	14,104	16,272	14,610	17,185	20,465	20,807	26,459	31,847
Add : Depreciation	2,489	2,608	2,962	3,385	4,004	4,658	5,291	5,925
Interest	(315)	(717)	(898)	(1,393)	(1,823)	(2,734)	(2,932)	(3,606)
Less : Direct Taxes Paid	2,714	4,138	3,919	3,919	5,055	5,438	6,916	8,324
(Inc)/Dec in WC	6,985	(3,420)	7,105	(4,272)	2,438	3,150	1,832	2,116
<b>CF from Operations</b>	<b>6,579</b>	<b>17,446</b>	<b>5,649</b>	<b>19,529</b>	<b>15,153</b>	<b>14,143</b>	<b>20,071</b>	<b>23,725</b>
(Inc)/Dec in FA	(1,227)	(2,490)	(5,855)	(7,278)	(7,209)	(10,000)	(10,000)	(10,000)
<b>Free Cash Flow</b>	<b>5,353</b>	<b>14,956</b>	<b>(206)</b>	<b>12,251</b>	<b>7,944</b>	<b>4,143</b>	<b>10,071</b>	<b>13,725</b>
(Pur)/Sale of Investments	(2,169)	(5,102)	6,206	(8,861)	4,193	(2,791)	3,455	4,182
<b>CF from Investments</b>	<b>(3,396)</b>	<b>(7,592)</b>	<b>350</b>	<b>(16,139)</b>	<b>(3,016)</b>	<b>(12,791)</b>	<b>(6,545)</b>	<b>(5,818)</b>
(Inc)/Dec in Net Worth / Others	195	(183)	(360)	(558)	(346)	-	-	-
(Inc)/Dec in Debt	4,136	(973)	(3,937)	-	-	-	-	-
Less : Interest Paid	459	245	70	76	75	476	523	576
Dividend Paid	1,878	4,073	4,703	4,701	6,268	5,379	6,840	8,233
<b>CF from Fin. Activity</b>	<b>1,994</b>	<b>(5,473)</b>	<b>(9,069)</b>	<b>(5,336)</b>	<b>(6,689)</b>	<b>(5,855)</b>	<b>(7,364)</b>	<b>(8,809)</b>
<b>Inc/Dec of Cash</b>	<b>5,178</b>	<b>4,380</b>	<b>(3,070)</b>	<b>(1,945)</b>	<b>5,449</b>	<b>(4,503)</b>	<b>6,163</b>	<b>9,099</b>
Add: Beginning Balance (including bank deposits)	11,069	20,978	21,771	32,327	28,333	33,781	29,278	35,441
<b>Closing Balance</b>	<b>16,247</b>	<b>25,358</b>	<b>18,702</b>	<b>30,382</b>	<b>33,781</b>	<b>29,278</b>	<b>35,441</b>	<b>44,540</b>

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

## NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

#### Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>. MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analyst is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com). Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

#### Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

#### For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal Capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal Capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

#### For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business transaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

#### For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to [grievances@motilaloswal.com](mailto:grievances@motilaloswal.com).

Nainesh Rajani

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

Contact: (+65) 8328 0276

#### Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months

- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

#### Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

#### Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no warranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

#### Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alterations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed 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, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

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

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

#### Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.