

# Havells India Ltd.

**Nifty** 24,531  
**Sensex** 80,605

## Key Stock Data

**CMP** ₹1,765.9  
**Target Price** ₹1,950 (+10.4%)  
**Market Cap** ₹1,107bn  
**52W High/ Low** ₹1985/₹1233  
**Shares o/s mn** 626.7  
**Bloomberg** HAVL:IN  
**NSE Code** HAVELLS  
**BSE Code** 517354

## Shareholding Pattern (%) Jun'24

**Promoter** 59.4  
**DII** 9.6  
**FII** 25.3  
**Public & Others** 5.7

(₹ mn)

Particulars	FY21	FY22	FY23
<b>Revenues</b>	104,279	138,885	168,684
<b>EBITDA</b>	15,653	17,576	16,030
<b>EBITDA Margin (%)</b>	15.0	12.7	9.5
<b>Net Profit</b>	10,396	11,947	10,750
<b>EPS (₹)</b>	16.6	19.1	17.2
<b>DPS (₹)</b>	6.5	7.5	7.5
<b>RoE (%)</b>	22.0	21.8	16.3
<b>RoCE (%)</b>	24.6	24.8	17.9
<b>P/E (x)</b>	109.7	95.5	106.1
<b>EV/EBITDA (x)</b>	72.3	63.8	70.2
<b>P/BV (x)</b>	22.1	19.0	17.2

Particulars	FY24	FY25E	FY26E
<b>Revenues</b>	185,499	223,263	263,244
<b>EBITDA</b>	18,453	25,729	32,991
<b>EBITDA Margin (%)</b>	9.9	11.5	12.5
<b>Net Profit</b>	12,732	18,033	23,482
<b>EPS (₹)</b>	20.3	28.8	37.5
<b>DPS (₹)</b>	9.0	11.0	13.0
<b>RoE (%)</b>	17.1	22.7	25.4
<b>RoCE (%)</b>	18.5	23.2	26.1
<b>P/E (x)</b>	86.9	61.3	47.1
<b>EV/EBITDA (x)</b>	58.6	41.7	32.5
<b>P/BV (x)</b>	14.9	13.2	11.4

Source- Company, Way2Wealth

## Relative Performance

Return(%)	1 Yr	3Yr	5 Yr
<b>Havells</b>	36.9	80.0	155.1
<b>Nifty 50</b>	31.4	54.7	116.5
<b>Sensex</b>	21.4	52.2	111.9

Source - Company, Way2Wealth

## Jayakanth Kasthuri

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## Summary

**Havells Q1FY25 Revenue grew 20.2% YoY (+6.7% QoQ) to ~₹58bn driven by strong summer season products and continued industrial and infrastructure led B2B segment, demand outlook remains positive with some uptick in consumer trends. Summer dependent businesses Lloyd and ECD registered growth of 47.4% and 20.3% respectively, led by strong performance of RAC, Fans and Air-coolers which has grown higher albeit on low base. Gross margins have expanded on 149 bps YoY basis, the flow through of higher gross margin resulted in EBITDA margin improvement by 160 bps YoY to 9.9%. However, on sequential basis margins was lower by 178 bps. PAT grew 43.1% YoY (-8.4% QoQ) to ₹4.11bn.**

**As per the management, Lloyds is the journey and investments will be continued to be made as there is strong long term potential. Contribution margin rose 70bps QoQ to 13.2% while EBIT margin grew 70bps QoQ to 3.5% in Q1FY25. Over a period of time, Lloyd has seen improved price realisation and reduced cost. Inventory position across both trade and OEM is at lower level due to demand surge. It will continue to invest in brand building (4-4.5% of sales) and channel development for RAC due to its strong growth potential, with anticipated benefits extending to refrigerators and washing machines.**

**Switchgear & Switches sales grew ~7% YoY to ~₹5.8bn (domestic sales +12%, certain export orders shifted to Q2) with EBIT margin at 24.6%, down 283bps YoY. This segment witnessed increased competitive intensity has been there since few years. Despite strong competition margins have remained healthy and margins in switchgears will remain in the current range of 25-26%. Contribution margins likely to be maintained in the range of 38-41%.**

**Electrical Consumer Durables (ECD) growth was healthy at 20.3% YoY to ₹10.6bn led by strong summer demand of fans and air-coolers and low base effect. It's contribution margin improved due to premiumisation and cost control measures.**

**Lighting grew 5% YoY to ₹3.9bn (healthy volume growth offset by LED price erosion) with EBIT margin rising 210bps YoY to 16.3%.**

**Cables grew 2% YoY to ₹15.2bn as healthy double digit growth in cables was offset by muted wires sales that saw heavy de-stocking in Jun'24. Its EBIT margin was flat YoY at 11.2%. Sales from the new Karnataka cables plant is likely to start in Q2FY25, thus easing capacity constraint.**

## Key Result Highlights

- **Strong numbers driven by harsh summer and continued Industrial and infra led B2B segment -** Havells Q1FY25 Revenue grew 20.2% YoY (+6.7% QoQ) to ~₹58bn driven by strong summer season products and continued industrial and infrastructure led B2B segment, demand outlook remains positive with some uptick in consumer trends. Summer dependent businesses Lloyd and ECD registered growth of 47.4% and 20.3% respectively, led by strong performance of RAC, Fans and Air-coolers which has grown higher albeit on low base. Gross margins have expanded on 149 bps YoY basis, the flow through of higher gross margin resulted in EBITDA margin improvement by 160 bps YoY to 9.9%. However, on sequential basis margins was lower by 178 bps. PAT grew 43.1% YoY (-8.4% QoQ) to ₹4.11bn.
- **Switchgear & Switches sales grew ~7% YoY to ~₹5.8bn (domestic sales +12%, certain export orders shifted to Q2) with EBIT margin at 24.6%, down 283bps YoY. This segment witnessed increased competitive intensity has been there since few years. Despite strong competition margins have remained healthy and margins in switchgears will remain in the current range of 25-26%. Contribution margins likely to be maintained in the range of 38-41%.**
- **Electrical Consumer Durables (ECD) growth was healthy at 20.3% YoY to ₹10.6bn led by strong summer demand of fans and air-coolers and low base effect. It's contribution margin improved due to premiumisation and cost control measures, but its EBIT margin was flat YoY at 10.9%.**

- Lighting grew 5% YoY to ₹3.9bn (healthy volume growth offset by LED price erosion) with EBIT margin rising 210bps YoY to 16.3%.
- Cables grew 2% YoY to ₹15.2bn as healthy double digit growth in cables was offset by muted wires sales that saw heavy de-stocking in Jun'24. Its EBIT margin was flat YoY at 11.2%. Sales from the new Karnataka cables plant is likely to start in Q2FY25, thus easing capacity constraint. The company's aspiration is to derive 10% of cables revenue from exports.
- As per the management, Lloyds is the journey and investments will be continued to be made as there is strong long term potential. Contribution margin rose 70bps QoQ to 13.2% while EBIT margin rose 70bps QoQ to 3.5% in Q1FY25. Over a period of time, Lloyd has seen improved price realisation and reduced cost. Inventory position across both trade and OEM is at lower level due to demand surge. It will continue to invest in brand building (4-4.5% of sales) and channel development for RAC due to its strong growth potential, with anticipated benefits extending to refrigerators and washing machines. Premiumisation and manufacturing efficiency has resulted in improved margins. Operating leverage has also played out in margin improvement. The company expect increased price realisation and cost efficiency to accrue on sustainable basis henceforth. The company expects continued improvement in Volume as well as profitability in coming quarters. Exports revenue traction for Lloyd is still 12months away. Currently approvals are being granted and most of the approvals should be in place in the next 12 months. There is hardly any inventory remaining with the channel partners as there has been stock out during the summer season. Non-AC margins for other product in Lloyds is better than that of AC. A&P expenses for Lloyds is in range of 4-4.5% and for Havells it is in range of 2.5%.
- OCF in Q1FY25 was at ₹8.5bn v/s ₹19.9bn in FY24. Capex earmarked for FY25 at ₹8bn and ₹8bn-10bn for FY26 (40% for cables).

### View

Havells Q1FY25 had a strong topline growth of 20% YoY largely driven by Lloyd (+47% YoY) and ECD (+20% YoY led by fans and air-coolers) amid strong summer season. As per management, consumer spending is showing signs of improvement, though it is premature to determine if demand will continue to strengthen. Following rising commodity prices, the company undertook price hikes in majority of categories in Q1, however, it will partly reflect in Q2. Management is committed to drive volume growth as well as improving profitability for Lloyd. It is cautiously optimistic of improvement in consumer demand going forward. Commodity prices surge could impact margins going forward. We continue with our **ACCUMULATE** stance on the stock with fair value of ₹1,930-1,950 trading at P/E 47.1x FY26 EPS of ₹37.5.

**FINANCIAL PERFORMANCE**

(₹ mn)

Particulars	Q1FY25	Q1FY24	YoY (%)	Q4FY24	QoQ(%)	FY24	FY23	YoY (%)
<b>Revenues</b>	<b>57,981</b>	<b>48,237</b>	<b>20.2</b>	<b>54,343</b>	<b>6.7</b>	<b>185,499</b>	<b>168,684</b>	<b>10.0</b>
Raw material costs	39,500	33,579	17.6	36,495	8.2	125,365	116,713	7.4
Staff costs	4,582	3,601	27.2	4,179	9.6	15,411	12,617	22.1
Advertisement Spend	1,724	1,343	28.3	1,321	30.5	5,274	4,374	20.6
Other expenses	6,414	5,690	12.7	5,981	7.2	20,997	18,951	10.8
<b>EBITDA</b>	<b>5,762</b>	<b>4,024</b>	<b>43.2</b>	<b>6,368</b>	<b>(9.5)</b>	<b>18,453</b>	<b>16,030</b>	<b>15.1</b>
<b>EBITDA Margin (%)</b>	<b>9.9</b>	<b>8.3</b>	<b>160</b>	<b>11.7</b>	<b>(178)</b>	<b>9.9</b>	<b>9.5</b>	<b>44</b>
Depreciation	920	763	20.6	934	(1.5)	3,385	2,961	14.3
Interest costs	86	85	0.9	177	(51.7)	457	336	36.0
Other income	770	647	19.1	757	1.7	2,487	1,770	40.5
PBT	5,527	3,823	44.6	6,014	(8.1)	17,098	14,503	17.9
Tax	1,415	950	49.0	1,526	(7.3)	4,366	3,753	16.3
<b>Net Profit</b>	<b>4,112</b>	<b>2,874</b>	<b>43.1</b>	<b>4,489</b>	<b>(8.4)</b>	<b>12,732</b>	<b>10,750</b>	<b>18.4</b>
EPS (₹)	6.6	4.6		7.2		20.3	17.2	

Source –Company, Way2Wealth

**SEGMENTAL PERFORMANCE**

																				(₹ mn)	
Revenue	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	YoY	QoQ	
	FY20	FY21	FY21	FY21	FY21	FY22	FY22	FY22	FY22	FY23	FY23	FY23	FY23	FY24	FY24	FY24	FY24	FY25	(%)	(%)	
Switchgear	3,027	1,902	3,703	4,371	4,633	3,734	4,426	4,960	4,744	5,167	4,878	5,141	6,010	5,407	5,324	5,206	6,513	5,759	6.5	(11.6)	
Cables & Wires	6,823	4,611	7,847	9,052	10,292	8,072	11,440	12,058	14,881	11,929	13,594	14,121	15,682	14,852	14,702	15,727	17,896	15,212	2.4	(15.0)	
Lighting & Fixtures	2,343	1,380	2,646	3,533	3,297	2,099	3,536	4,080	3,994	3,711	3,970	4,201	4,134	3,670	3,965	4,299	4,334	3,856	5.1	(11.0)	
Electrical Consumer Durable (ECD)	4,177	3,017	5,799	7,831	7,124	5,760	7,284	8,926	8,698	8,381	7,735	9,348	7,495	8,770	7,331	9,613	9,104	10,549	20.3	15.9	
Lloyd Electric	4,579	3,062	2,804	5,116	5,906	4,944	3,413	4,657	9,592	10,837	4,141	6,068	12,640	13,055	4,930	6,467	13,401	19,241	47.4	43.6	
Other	1,213	820	1,719	1,757	2,070	1,373	2,112	1,841	2,261	2,276	2,372	2,319	2,536	2,483	2,662	2,695	3,096	3,365	35.5	8.7	
<b>Total</b>	<b>22,162</b>	<b>14,792</b>	<b>24,518</b>	<b>31,660</b>	<b>33,322</b>	<b>25,982</b>	<b>32,210</b>	<b>36,523</b>	<b>44,171</b>	<b>42,301</b>	<b>36,689</b>	<b>41,197</b>	<b>48,496</b>	<b>48,237</b>	<b>38,912</b>	<b>44,006</b>	<b>54,343</b>	<b>57,981</b>	<b>20.2</b>	<b>6.7</b>	

Source – Company, Way2Wealth

																				(₹ mn)	
Revenue Mix (%)	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	YoY	QoQ	
	FY20	FY21	FY21	FY21	FY21	FY22	FY22	FY22	FY22	FY23	FY23	FY23	FY23	FY24	FY24	FY24	FY24	FY25	(BPS)	(BPS)	
Switchgear	13.7	12.9	15.1	13.8	13.9	14.4	17.0	19.1	18.3	12.2	13.3	12.5	12.4	11.2	13.7	11.8	12.0	9.9	(128)	(205)	
Cables & Wires	30.8	31.2	32	28.6	30.9	31.1	44.0	46.4	57.3	28.2	37.1	34.3	32.3	30.8	37.8	35.7	32.9	26.2	(455)	(669)	
Lighting & Fixtures	10.6	9.3	10.8	11.2	9.9	8.1	13.6	15.7	15.4	8.8	10.8	10.2	8.5	7.6	10.2	9.8	8.0	6.7	(96)	(132)	
Electrical Consumer Durable (ECD)	18.8	20.4	23.7	24.7	21.4	22.2	28.0	34.4	33.5	19.8	21.1	22.7	15.5	18.2	18.8	21.8	16.8	18.2	1	144	
Lloyd Electric	20.7	20.7	11.4	16.2	17.7	19.0	13.1	17.9	36.9	25.6	11.3	14.7	26.1	27.1	12.7	14.7	24.7	33.2	612	853	
Other	5.5	5.5	7	5.5	6.2	5.3	8.1	7.1	8.7	5.4	6.5	5.6	5.2	5.1	6.8	6.1	5.7	5.8	66	10	

Source – Company, Way2Wealth

																				(₹ mn)	
Segment-wise contribution	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	YoY	QoQ	
	FY20	FY21	FY21	FY21	FY21	FY22	FY22	FY22	FY22	FY23	FY23	FY23	FY23	FY24	FY24	FY24	FY24	FY25	(%)	(%)	
Switchgear	670	291	1,150	1,372	1,234	1,020	1,203	1,454	1,231	1,353	1,220	1,270	1,712.3	1,485.9	1,406.6	1,243.7	1,836.0	1,419.2	(4.5)	(22.7)	
Cables & Wires	666	366	1,118	1,026	1,528	1,262	1,153	1,256	1,732	875	859	1,628	1,880.4	1,683.7	1,706.5	1,624.6	2,153.8	1,710.9	1.6	(20.6)	
Lighting & Fixtures	329	29	521	811	680	317	773	869	617	611	570	534	748.5	521.0	569.3	604.5	786.8	630.1	20.9	(19.9)	
Electrical Consumer Durable (ECD)	560	370	1,172	1,405	1,090	673	1,264	1,138	1,501	1,098	901	1,228	954.4	946.9	848.4	1,061.9	1,025.1	1,147.1	21.1	11.9	
Lloyd Electric	85	64	51	309	318	103	(183)	(418)	(213)	(559)	(833)	(596)	(225.9)	(614.8)	(733.1)	(659.8)	371.6	673.9	(209.6)	81.4	
Other	(13)	(46)	141	703	145	54	202	46	265	122	41	72	112.0	82.9	40.1	38.6	88.7	110.0	32.7	24.0	
<b>Total</b>	<b>2,297</b>	<b>1,074</b>	<b>4,153</b>	<b>5,627</b>	<b>4,994</b>	<b>3,429</b>	<b>4,412</b>	<b>4,344</b>	<b>5,133</b>	<b>3,500</b>	<b>2,758</b>	<b>4,135</b>	<b>5,182</b>	<b>4,106</b>	<b>3,838</b>	<b>3,914</b>	<b>6,262</b>	<b>5,691</b>	<b>38.6</b>	<b>(9.1)</b>	

Source – Company, Way2Wealth

																				(₹ mn)	
Segment-wise EBIT Margin(%)	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	YoY	QoQ	
	FY20	FY21	FY21	FY21	FY21	FY22	FY22	FY22	FY22	FY23	FY23	FY23	FY23	FY24	FY24	FY24	FY24	FY25	(BPS)	(BPS)	
Switchgear	22.1	15.3	31.1	31.4	26.6	27.3	27.2	29.3	25.9	26.2	25.0	24.7	28.5	27.5	26.4	23.9	28.2	24.6	(283)	(355)	
Cables & Wires	9.8	7.9	14.2	11.3	14.8	15.6	10.1	10.4	11.6	7.3	6.3	11.5	12.0	11.3	11.6	10.3	12.0	11.2	(9)	(79)	
Lighting & Fixtures	14.0	2.1	19.7	23.0	20.6	15.1	21.9	21.3	15.4	16.5	14.4	12.7	18.1	14.2	14.4	14.1	18.2	16.3	214	(181)	
Electrical Consumer Durable (ECD)	13.4	12.3	20.2	17.9	15.3	11.7	17.3	12.7	17.3	13.1	11.6	13.1	12.7	10.8	11.6	11.0	11.3	10.9	8	(39)	
Lloyd Electric	1.9	2.1	1.8	6.0	5.4	2.1	(5.4)	(9.0)	(2.2)	(5.2)	(20.1)	(9.8)	(1.8)	(4.7)	(14.9)	(10.2)	2.8	3.5	821	73	
Other	(1.1)	(5.6)	8.2	40.0	7.0	3.9	9.6	2.5	11.7	5.4	1.7	3.1	4.4	3.3	1.5	1.4	2.9	3.3	(7)	40	

Source – Company, Way2Wealth

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Name of the Security	<b>Havells India Ltd.</b>
Name of the analyst	<b>Jayakanth Kasthuri</b>
Analysts' ownership of any stock related to the information contained	No
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

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