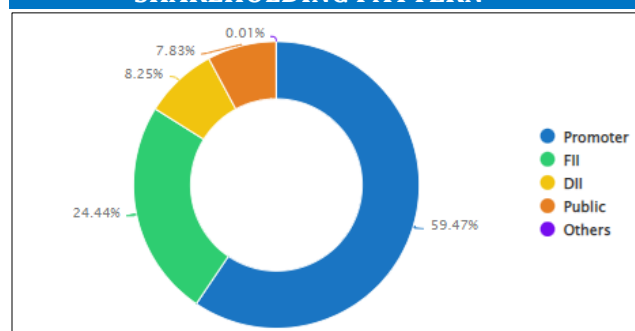


June 2022

VALUE PARAMETERS

Face Value (Rs.)	1.00
Mrk.Cap (Rs. in Cr)	68,418
52-Week High/Low	1504/977
EPS (TTM)	19.1
P/E Ratio (TTM)	57.3
Book Value per share (Rs)	95.8
Industry P/E	23.7
P/B Ratio (calc at CMP)	11.4
Dividend Yield (%)	0.68
Enterprise value (Rs in Cr)	66,307

SHAREHOLDING PATTERN



FINANCIAL PERFORMANCE

Consolidated	FY22	FY23E	FY24E
Sales (Rs. Cr)	13,938.48	16,580	19,102
Growth	33%	18%	15%
EBITDA	1760.42	1986	2479
EBITDA margin	12.63%	11.97%	13%
Adj. PAT (Rs. Cr)	1196.47	1478	1935
EPS (Rs)	19.10	23.6	30
RoE	21.41	21.7	23
RoCE	27.74	28.8	31
P/E (x)	60.4	62.4	56
EV/EBITDA	36.25	32.6	29.7

Our Recommendation: COVID-19 led restrictions are now easing off. Constructions of housing and buildings have started at full swing. Total of 1.7 crore new houses are to be constructed under PMAY. Urbanization and rising aspiration levels and increasing penetration in rural areas will give tailwinds to demand for home appliances. Capex of Rs 700 crore in FY23E to boost manufacturing of AC's. Given the strong quarterly performance in Q4FY22, we recommend BUY in price range Rs. 1000-1050 with target price Rs 1300 (upside 25%).

Investment Rationale:

About Company: Havells India Ltd. is an Indian multinational leading Fast-Moving Electrical goods company (FMEG) and a major power distribution equipment manufacturer. The company has a strong global presence in more than 60 countries and a strong 14000+ strong dealership network. The company has a diversified product portfolio consisting of switchgears, cables, electrical consumer durables and lighting & fixtures and owns some of the prestigious brands like Havells, Lloyd, Standard, and Crabtree. The company has 14 manufacturing plants located in India.

Q4FY22 Results: The Company posted a strong financial performance in Q4FY22.

- Consolidated revenue for the Havells India ltd. showed a significant growth of 32.55% YoY basis to Rs 4426 crore compared to Rs 3339 crore in the year ago quarter.
- On a sequential basis, revenue was up by 20.80% from Rs 3664 crore recorded in the previous quarter.
- EBITDA margin declined 340 bps YoY to 11.8% from 15.2%.
- PAT increased by 16.01% to 352.5 Cr as compared to Rs 303.8Cr registered in the corresponding quarter of the previous fiscal year.
- Company has approved a Final Dividend of Rs. 4.50 per equity share, for the financial year 2021-22.
- EPS has rose to Rs.5.63 for the period ended March 31, 2022 as compared to Rs.4.85 for the period ended March 31, 2021.

Key Highlights

- Sales increased 33% YoY to Rs 44.16 bn led by growth in Lloyd (+62% YoY), Cable (+45% YoY), Lighting (+22% YoY), ECD (+22% YoY) and Switchgear (+2% YoY). Q4FY22 witnessed 20% volume growth.
- Strong performance on the revenue front, however, high raw material costs contracted overall EBITDA margin 340 bps to 11.8%.
- COVID hindered housing construction in Jan and Feb which impacted Switchgears growth for the quarter.
- Cable growth across B2B and B2C with healthy mix of value and volume.
- Lloyd impacted by sustained competition and inadequate price increases.
- Capex worth Rs 7-8bn expected in Room AC and cables segment.
- Company is investing in omni-channel to boost growth across segments opening Utsav Stores in rural areas.
- Havells invested 0.92% of its revenue in R&D in FY22, which is up from 0.79% in FY21. Strong investment in R&D allows the company to launch new products with better features.

Key Risks:

- Possibility of pressure on EBITDA margin due to rise in prices of commodity.
- Competition from peers may dampen the growth.

Financials and Valuations

Q4FY22 Financial Summary, consolidated (Rs. Cr)

Y/E March	Q4FY22	Q4FY21	YoY (%)	Q3FY22	QoQ (%)
Net Revenues	4,426.26	3,339.21	32.55%	3,664.21	20.80%
EBITDA	519.93	508.18	2.31%	440.21	18.11%
PAT	352.48	303.8	16.01%	305.8	15.26%
Adjusted EPS (INR)	5.63	4.85	16.08%	4.88	15.37%

Income Statement, consolidated (Rs. Cr)

Y/E March	FY18	FY19	FY20	FY21	FY22
Net Revenues	8,269.01	10,073.43	9,440.26	10,457.30	13,938.48
Expenditure	7,225.61	8,889.11	8,411.61	8,885.52	12,178.06
EBITDA	1,043.40	1,184.32	1,028.65	1,571.78	1,760.42
<i>EBITDA Margin (%)</i>	<i>12.62%</i>	<i>11.76%</i>	<i>10.90%</i>	<i>15.03%</i>	<i>12.63%</i>
Depreciation	140	149	218	249	261
EBIT	902.91	1,034.94	810.68	1,322.87	1,499.53
Other Income	117.9	128.65	113.41	187.36	160.44
Interest	24.83	16.25	19.72	72.68	53.41
Exceptional items	-18.67	0.00	0.00	0.00	0.00
PBT	977.31	1,147.34	904.37	1,437.55	1,606.56
Tax	303.83	359.4	168.76	393.24	410.09
PAT	673.48	787.94	735.61	1,044.31	1,196.47
Net Profit	660.97	787.61	735.35	1,044.31	1,196.47
Min Int.	1.40	0.00	0.00	0.00	0.00
Shares associates	0.00	0.00	0.00	0.00	0.00
Consolidated Net Profit	662.37	787.61	735.35	1,044.31	1,196.47
EPS	10.60	12.59	11.75	16.68	19.10

Cash Flow Statement, consolidated (Rs. Cr)

Y/E March	FY18	FY19	FY20	FY21	FY22
PBT	983	1147	904	1438	1607
Adj. For Exp.	93	73	184	196	213
Other Adj.	269	-471	-21	-700	324
CF After WC	1345	749	1067	934	2144
Tax	-245	-247	-240	-273	-415
CF from Op. Activity (a)	1100	502	827	661	1729
CF from Inv. Activity (b)	-944	188	-548	-763	-759
CF from Fin. Activity (c)	-409	-318	-716	190	-547
Net Change (a+b+c)	-253	372	-437	88	423
Opening cash	592	336	705	268	355
Other Adj.	-2	-3	-	0	-1
Closing Cash Balance	337	705	268	355	776

Balance Sheet, consolidated (Rs. Cr)

Y/E March	FY18	FY19	FY20	FY21	FY22
Equity Share Capital	63	63	63	63	63
Share Warrants	0	0	1	1	1
Reserves & Surplus	3,667	4,135	4,248	5,113	5,940
Total Shareholder's Fund	3,730	4,198	4,312	5,177	6,004
L.T. Borrowings	81	41	0	394	273
Deferred tax liability	212	317	287	339	351
L.T. Trade pay	0	0	0	0	0
Other long term LIAB.	23	21	113	107	188
L.T. Provisions	25	33	36	58	76
Non-Current Liabilities	341	412	436	898	888
S.T. Borrowings	7	0	0	0	0
S.T Trade pay	1640	1560	1414	1597	2380
Other S.T. Liab.	697	746	703	848	937
S.T. Provisions	186	234	210	609	663
Current Liabilities	2,530	2,540	2,327	3,054	3,980
Minority Interest	8	0	0	0	0
Total Equity & Liability	6,608	7,148	7,073	9,129	10,870
Fixed assets	2789	3137	3437	3381	3492
L.T. Investments	54	0	0	0	273
L.T. Loans & Adv.	56	96	151	145	127
Other L.T. Assets	2	72	6	6	26
Non-Current Assets	2,901	3,305	3,594	3,532	3,918
S.T. Investments	17	17	19	306	153
Inventories	1,633	1,919	1,872	2,620	2,968
Sundry Debtors	328	407	242	564	766
Cash & Bank	1,562	1,311	1,133	1,653	2,548
Others	167	189	215	454	517
Current Assets	3,707	3,843	3,481	5,597	6,952
Misc. Exp. not W/O	0	0	0	0	0
Total Assets	6,608	7,148	7,073	9,129	10,870

Key Ratios

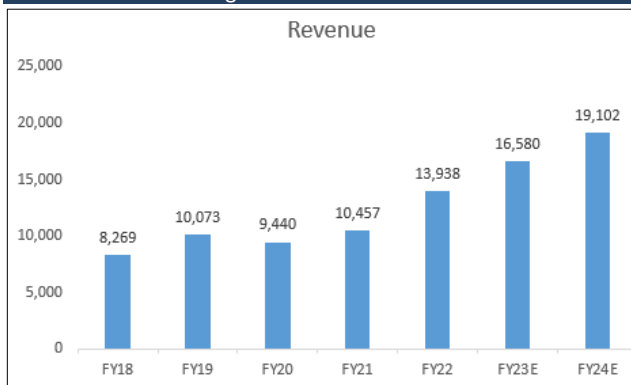
Y/E March	FY2018	FY2019	FY2020	FY2021	FY2022
Per Share Data (Rs)					
EPS	10.60	12.59	11.75	16.68	19.10
BV/Share	59.66	67.1	68.89	82.68	95.84
DPS	4	4.5	4	6.5	7.5
Dividend Payout (%)	37.75	35.74	34.04	38.96	39.26
Valuation Ratios					
P/E	46.03	61.23	40.84	62.93	60.4
P/BV	8.18	11.49	6.97	12.7	12.04
EV/EBITDA	24.79	34.78	24.65	36.34	36.25
Return Ratios (%)					
ROE	19.23%	19.87%	17.29%	22.02%	21.41%
ROCE	28.13%	29.55%	22.11%	30.49%	27.74%
Leverage Ratio (x)					
Current Ratio	1.46	1.51	1.50	1.83	1.75
Interest Cover Ratio	19.19	21.76	18.61	16.96	25.01
Net Debt/Equity	0.03	0.02	0.01	0.09	0.07
Quick Ratio	0.82	0.76	0.69	0.97	1

Segment-wise highlights

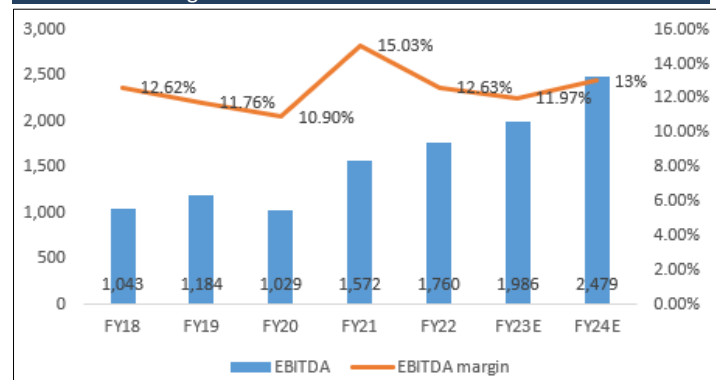
(Revenue in Rs Cr)	FY21	FY22	Growth (%)
Switchgears	1,460.9	1,796.0	22.90%
Cables	3,180.2	4,645.1	46.10%
Lighting & Fixtures	1,114.0	1,391.6	24.90%
Electrical consumer durables	2,377.0	3,073.9	29.30%
Lloyd Consumer	1,688.8	2,273.2	34.60%
Inter segment	636.5	758.7	19.20%
Total	10,457.3	13,938.5	33.30%

(EBIT in Rs Cr)	FY21	FY22	Growth (%)
Switchgears	404.7	493.5	22.00%
Cables	403.8	540.5	33.90%
Lighting & Fixtures	210.2	262.2	24.80%
Electrical consumer durables	403.7	457.6	13.40%
Lloyd Consumer	74.1	-73.5	-199.10%
Inter segment	31.0	56.9	83.70%
Total	1,527.4	1,737.3	13.70%

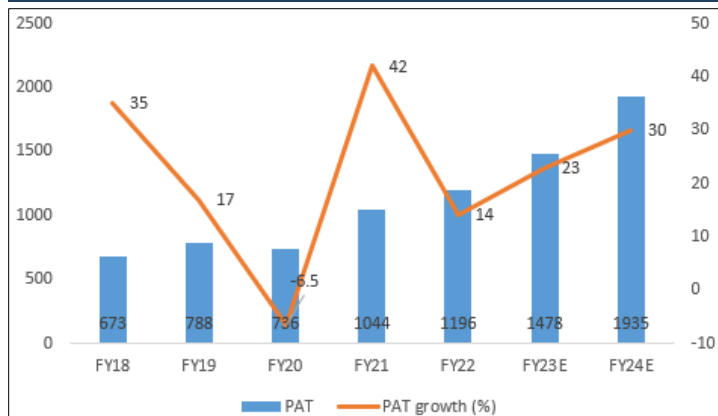
Revenue and Revenue growth



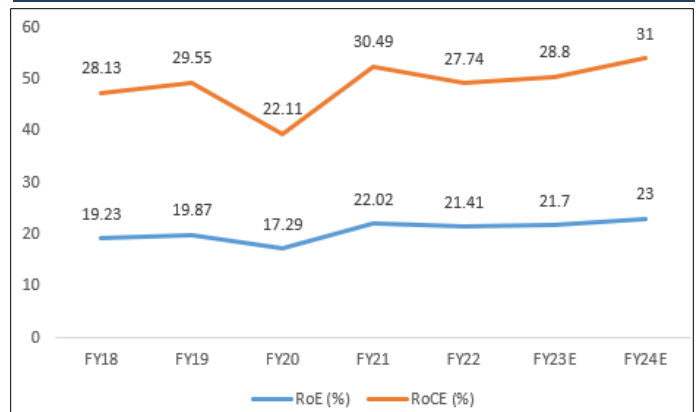
EBITDA & EBITDA growth



PAT and PAT growth



RoE vs RoCE



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Disclosure:

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