

**HOLD**

TP: Rs 1,780 | ▼ 1%

**HAVELLS INDIA**

Consumer Durables

05 June 2024

## Annual report analysis: Product innovation driving growth

- **Healthy FY24 performance; EBITDA margin expansion of 40bps YoY; Lloyd turns profitable in Q4**
- **Rural market expansion and in-house manufacturing remain strategic focus areas**
- **Maintain HOLD on increased in valuations; TP of Rs 1,780 valued at 53x FY26E P/E**

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**Healthy performance amid lacklustre demand:** Throughout FY24, HAVL exhibited healthy overall performance with revenue at Rs 186bn (+9.9% YoY). Infrastructure-led segments, buoyed by government's consistent emphasis on infrastructure development, experienced strong growth trajectories. Conversely, B2C segments encountered challenges in a subdued consumer demand landscape.

**Expanding access into rural market:** With the aim of enhancing product accessibility, the company expanded into emerging channels such as modern format retail, e-commerce, and quick commerce. Additionally, through the Rural Vistaar programme, HAVL made efforts to establish a retail presence in towns with populations of less than 10,000, resulting in the addition of over 250 UTSAV stores this year alone, bringing the total to over 600.

**Manufacturing focus:** Manufacturing is a key strength for HAVL and its gross block expanded at 15% CAGR over the past 10 years. This growth continued post the acquisition of Lloyd as the company commissioned a new plant at Sri City, taking its total air conditioner capacity to 1mn units per year. Capex for FY24 was ~Rs 7bn.

**Higher R&D investment:** The company incurred R&D spend of Rs 2.06bn in FY24, rising at 18% CAGR over FY19-FY24. It has nearly tripled spends from Rs 790mn in FY19 to keep pace with the changing consumer environment.

**Expansive distribution reach:** HAVL's vast network includes around ~0.3mn retailers and electricians each, with 18,000 dealers and 8,718 active vendors. This network boosts product availability across markets. Efforts to onboard new electricians led to a significant monthly increase of 5% in enrolments.

**Maintain HOLD:** Despite acknowledging HAVL's strengths such as its strong brand, extensive distribution network, and growth potential, we remain cautious as its valuations are high. As a result, we maintain HOLD. Our TP for HAVL remains Rs 1,780, with a target multiple of 53x FY26E P/E.

### Key changes

Target	Rating
◀ ▶	◀ ▶

Ticker/Price	HAVL IN/Rs 1,793
Market cap	US\$ 13.7bn
Free float	41%
3M ADV	US\$ 26.4mn
52wk high/low	Rs 1,985/Rs 1,233
Promoter/FPI/DII	60%/23%/10%

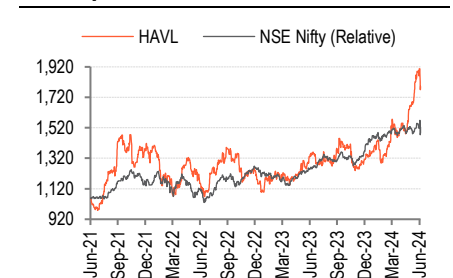
Source: NSE | Price as of 5 Jun 2024

### Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	185,900	211,581	240,871
EBITDA (Rs mn)	18,426	23,647	28,854
Adj. net profit (Rs mn)	12,708	17,217	21,093
Adj. EPS (Rs)	20.3	27.5	33.7
Consensus EPS (Rs)	20.3	27.3	33.2
Adj. ROAE (%)	18.1	21.4	22.4
Adj. P/E (x)	88.4	65.2	53.2
EV/EBITDA (x)	61.0	47.5	38.9
Adj. EPS growth (%)	18.6	35.5	22.5

Source: Company, Bloomberg, BOBCAPS Research

### Stock performance

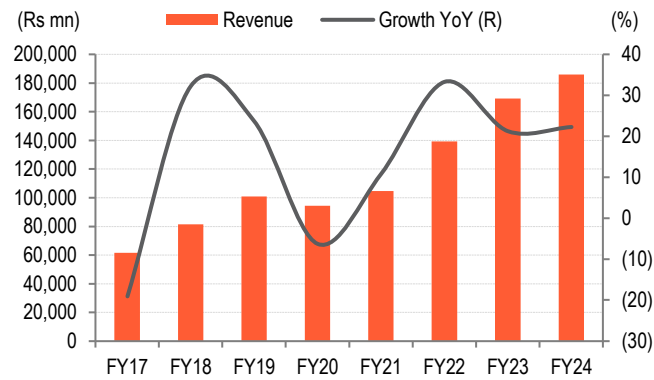


Source: NSE



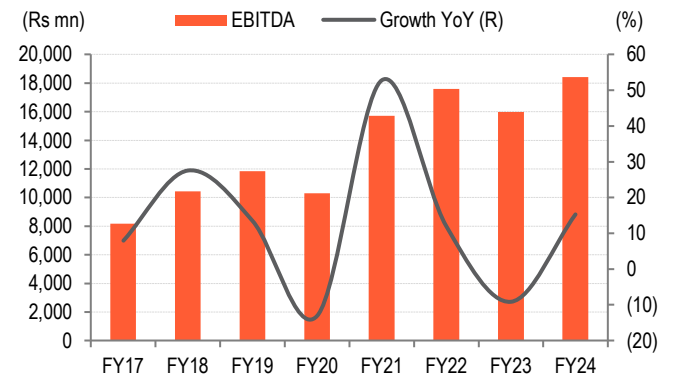
## Growth trends

**Fig 1 – Revenue growth**



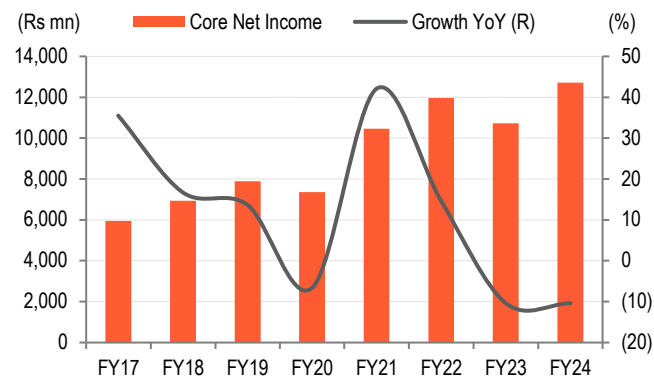
Source: Company, BOBCAPS Research

**Fig 2 – EBITDA growth**



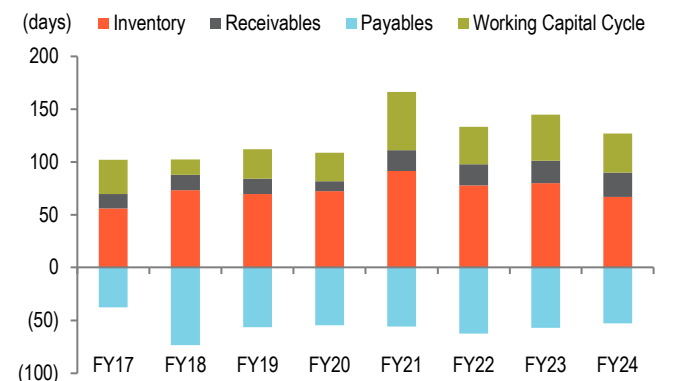
Source: Company, BOBCAPS Research

**Fig 3 – Adj. PAT trend**



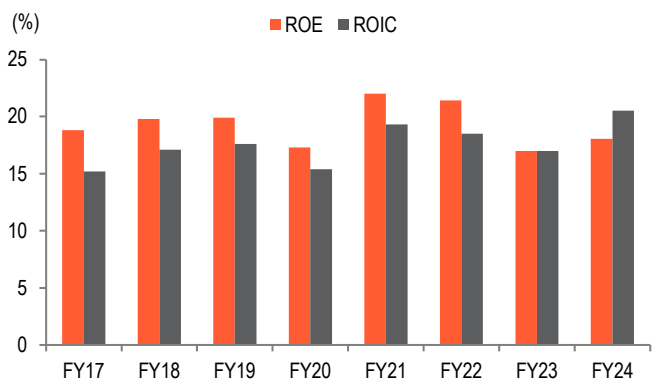
Source: Company, BOBCAPS Research

**Fig 4 – Working capital cycle**



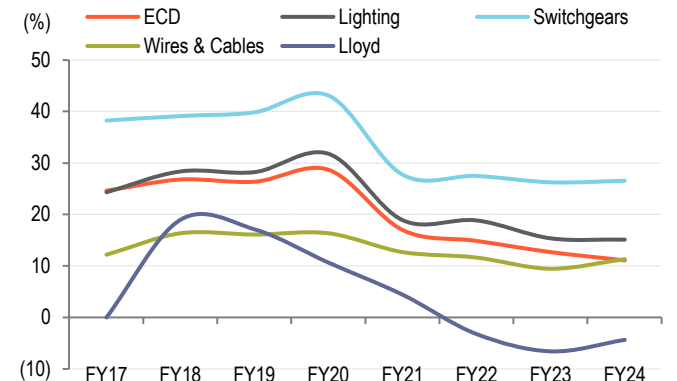
Source: Company, BOBCAPS Research

**Fig 5 – Return ratios**



Source: Company, BOBCAPS Research

**Fig 6 – Segmental EBIT margins**



Source: Company, BOBCAPS Research

## Annual report takeaways

HAVL increased margins in FY24 through premiumisation efforts, cost efficiencies, and the favourable impact of softer commodity prices. The company maintained a strong financial position, remaining free of debt, and consistently delivering on its dividend payout track record. This was underpinned by HAVL's ability to generate strong cash flows.

**Fig 7 – Segmental offerings**

Category	Offerings	Revenue share FY24 (%)	Revenue share FY23 (%)
Switchgears	Switches, domestic switchgears, industrial switchgears, capacitors, automation and control	12.08	12.6
Cables	Power cable and flexible cables	33.9	32.8
Lighting and Fixtures	Professional luminaires and consumer luminaires	8.8	9.5
Electrical Consumer Durables	Fans, small domestic appliances, and water heaters	18.7	19.5
Lloyd Consumer	Air conditioners, refrigerator, washing machine, televisions, and other domestic appliances	20.5	20.0
Others	Motors, solar, pump, water purifiers and personal grooming products	5.8	5.6

Source: Company, BOBCAPS Research

**Fig 8 – Segmental performance**

Particulars (Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Switchgears	14,677	14,245	15,777	13,394	14,609	17,960	21,202	22,463
EBIT margin (%)	38	39	40	43	28	27	26	27
Cables	26,756	26,834	32,346	29,942	31,802	46,451	55,326	63,176
EBIT margin (%)	12	16	16	16	13	12	9	11
Lighting and Fixtures	10,498	11,774	13,092	10,253	11,140	13,916	16,145	16,398
EBIT margin (%)	24	28	28	32	19	19	15	15
Electrical Consumer Durables	14,199	15,696	20,964	20,054	23,770	30,739	32,982	34,825
EBIT margin (%)	25	27	26	29	17	15	13	11
Lloyd Consumer	0	14,141	18,556	15,903	16,888	22,732	33,949	38,103
EBIT margin (%)	0	19	17	11	4	(3)	(7)	(4)

Source: Company, BOBCAPS Research

**Fig 9 – Geographical revenue breakup**

Segment revenue by locations of customers (%)	
Revenue - Domestic Market	97
Revenue - Overseas Market	3

Source: Company, BOBCAPS Research

**Fig 10 – R&D spends**

Particulars (Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Capital	31	37	113	160	52	63	151	259
Recurring	456	536	682	856	904	1,040	1,481	1,802
Total	487	573	794	1,016	956	1,103	1,632	2,061
as a % of revenue	0.8	0.7	0.8	1.1	0.9	0.8	1.0	1.1

Source: Company, BOBCAPS Research

**Fig 11 – Working capital management**

Particulars (Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Account receivables	2,307	3,278	4,066	2,417	5,637	7,663	9,739	11,650
Receivable days	14	15	15	9	20	20	21	23
Inventory	9,453	16,330	19,190	18,719	26,199	29,681	37,086	34,086
Inventory days	56	73	70	72	91	78	80	67
Account Payables	6,335	16,400	15,598	14,138	15,971	23,800	26,432	26,919
Payable days	38	73	57	55	56	62	57	53
Cash conversion cycle	32	14	28	27	55	35	44	37

Source: Company, BOBCAPS Research

**Fig 12 – Contingent liabilities**

Particulars (Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Claims / suits filed against the Group not acknowledged as debts	57	153	66	65	69	71	68	66.7
Disputed tax liabilities in respect of pending litigations before appellate authorities	682	778	781	781	642	749	547	1102.5
Demand raised by Uttarakhand Power Corporation	10	10	10					
Total	749	941	857	846	710	820	616	1169
Net worth	32,768	37,292	41,976	43,116	51,763	60,029	66,255	74,468
CL as a % of NW	2.3	2.5	2.0	2.0	1.4	1.4	0.9	1.6

Source: Company, BOBCAPS Research

**Fig 13 – Auditors' remuneration**

Particulars (Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Auditor's remunerations	25	14	16	15	14	14	15	20
as a % of EBITDA	0.3	0.1	0.1	0.2	0.1	0.1	0.1	0.1

Source: Company, BOBCAPS Research

**Fig 14 – Key personnel remuneration**

Particulars (Rs mn)	Designation	Gross Salary	Stock option	Commission	Total
Mr. Anil Rai Gupta	CMD	86		219	305
Mr. Ameet Kumar Gupta	WTD	34		88	122
Mr. Rajesh Kumar Gupta	Group CFO	76	0	88	164
Mr. Siddhartha Pandit	WTD	12	83		95
Total					686
as a % of employee expense					5.4

Source: Company, BOBCAPS Research

## Manufacturing focus

### Integrated manufacturing operations

- HAVL is investing in the latest technologies, mass production processes, and robust operations which facilitate the production of reliable and high-quality products.
- HAVL has long practised 'Make in India', manufacturing 90% of its products in-house.

- All manufacturing plants are unique, based on different technologies, but have fully integrated manufacturing set-ups. Each plant is equipped with a high level of in-house manufacturing, with all major components produced under the same roof.
- HAVL has procured automatic high-tech machines from Japan, Europe, and other leading manufacturers across the globe.
- Capacity expansion was undertaken across categories, focusing on HAVL in-house manufacturing. It has established capacities in the southern part of India, which is helping the company enhance competitiveness and responsiveness, and aligns with its ESG goals.
- The company currently has 15 manufacturing locations across nine locations in India (Fig 15), and research and development centres in Noida, Bangalore and Ghiloth (Rajasthan).
- **AC plant operational at Sri City:** Manufacturing operations at Sri City Plant are in full swing, capable of producing up to 1mn AC units annually. This cutting-edge facility incorporates seamless manufacturing processes and produces all essential components in-house. With advanced machinery and processes supported by its manufacturing execution systems (MES), the plant efficiently manages its operations, with women employees skillfully managing major tasks.

#### **New manufacturing plant at Tumkur**

- HAVL is in the process of establishing a Cables plant at Tumkur in Karnataka. This upcoming state-of-the-art factory signifies a significant investment in enhancing manufacturing and supply chain capabilities in South India, indicating strategic foresight and commitment to addressing increasing market demands. The company expects to commence operations in FY25 and the greenfield manufacturing plant will cover an area of 300k sq. ft. It will initially focus on manufacturing Low Tension, Instrumentation and Control Cables under one roof, and the plant aims to streamline operations and optimise production processes to maximise output and effectively meet customer requirements.

#### **New EMS manufacturing facility at Neemrana**

- According to HAVL, its newly established Lighting and EMS Division provides a holistic solution for all EMS requirements, encompassing PCB Design, PCB Assembly, Product Assembly and Testing in a single facility for multiple business units.
- The facility boasts the capability to manufacture innovative and smart lighting products, encompassing a diverse range of LED drivers ranging from 3W to 250W. It produces smart LED drivers equipped with advanced features like dimming and tunable white, utilising technologies such as DALI (Digital Addressable Lighting Interface), Bluetooth, Wi-Fi, GSM (Global System for Mobile Communications) and GPRS (General Packet Radio Service).

**Fig 15 – HAVL’s manufacturing plants**

Unit/Plant	Products
Solan, Baddi, Himachal Pradesh	Electrical wire accessories and switchgears
Haridwar, Uttarakhand	Water purifiers and appliances
Faridabad, Haryana	Switchgears
Sahibabad, Uttar Pradesh	Switchgears and capacitors
Neemrana, Alwar, Rajasthan	Motors and pumps; lighting & fixtures, water heaters and water coolers
Matsya Industrial Area, Alwar, Rajasthan	Industrial and domestic cables
Haridwar, Uttarakhand	Fans
Ghiloth, Alwar, Rajasthan	Air conditioners and washing machines
Sri City, Andhra Pradesh	Air conditioners

Source: Company, BOBCAPS Research

## Balance sheet and cash flows

- HAVL ended the year with Rs 30.15bn in net cash.
- Capex was Rs 7.13bn in FY24, 25% higher than in FY23.
- Research and development spend for FY24 was Rs 2.06bn. The R&D team strength is 713 and HAVL has four R&D centres across India.
- The cash conversion cycle stood at 37 days vs 44 in FY23.

**Fig 16 – HAVL’s segmental capital expenditure**

Segments (Rs mn)	FY20	FY21	FY22	FY23	FY24
Switchgears	520	260	370	270	540
Cables	1,050	270	210	200	2,510
Lighting and fixtures	30	20	130	220	1,090
Electrical Consumer durables	1,360	360	700	420	650
Others	40	40	70	70	290
Lloyd Consumer	320	910	780	4,040	1,620
Common capital expenditure	390	250	280	490	420

Source: Company, BOBCAPS Research

## Distribution and reach

- To strengthen its foothold in urban markets, HAVL introduced Urban Distribution, an innovative channel expansion strategy. With the strategic emphasis on improving product accessibility and availability in urban communities, this initiative aims to enhance the point-of-sale experience, promote customer satisfaction, boost employee productivity, and establish a dependable talent pipeline. Through Urban Distribution, HAVL aims to equip in-store sales professionals with innovative sales techniques and skills derived from detailed on-field analysis, incorporating both technological advancements and human interventions.
- HAVL is broadening its distribution network consistently, actively engaging with retailers through a network of ~0.25mn retailers, and ~18,000 dealers and servicing ~0.3mn lakh electricians. This extensive outreach further encompasses a total of 8,718 active vendors, reflecting HAVL's commitment to enhance the accessibility and availability of its products across diverse markets.

- **Omni channel presence:** With a keen eye on ensuring widespread accessibility to its diverse range of products, HAVL has embarked on a strategic expansion journey into emerging channels, notably modern retail format (MFR) and e-commerce, alongside a foray into quick commerce.

### Rural Vistaar programme

- HAVL has directed significant efforts towards rural markets through its Rural Vistaar programme. This programme places particular emphasis on establishing retail presence in towns with populations of below 10,000, a segment often overlooked by traditional retail strategies.
- As part of this endeavour, HAVL is vigorously expanding UTSAV stores, adding over 250 new outlets in the past year alone. This concerted effort has significantly improved the company's retail footprint, with the total number of UTSAV stores now exceeding 600.

### Raw material sourcing

- Heightened volatility in commodity and foreign currency markets, exacerbated by geopolitical tensions in diverse global regions, has disrupted both raw material availability and supply chains.
- In FY24, the company significantly slashed its import reliance to under 15%. It efficiently secured 44% of its needs from suppliers situated within a 100km radius, thus mitigating freight expenses and transport vulnerabilities.

**Fig 17 – Cost of raw material consumed**

(Rs mn)	FY24	FY23	YoY (%)
Copper	36,605	33,612	9
Aluminum	11,340	10,096	12
General plastic and Engineering plastic	4,635	4,380	6
Paints and chemicals	4,776	5,094	(6)
Steel	3,234	2,757	17
Packing materials	3,905	3,744	4
Other materials	34,241	33,495	2

Source: Company, BOBCAPS Research

### Segmental performance

#### Switchgears

- The product portfolio under switchgear consists of domestic switchgears, capacitors, switches and industrial switchgears.
- The switchgears segment grew ~6% in FY24.
- The segment contributes 12% of the total revenue.
- As the industry gradually moves towards smart and interconnected technologies, it propels the shift toward smart homes. In the premium segment, HAVL further enriched its Signia smart range by introducing the Grey finish, enabling a seamless blend with home décor and, in turn, elevating interior ambience.

- HAVL remains optimistic that the increase in new real estate launches will have a positive impact on the demand for switches and other electrical categories.

### Cables

- Cables segment achieved revenue growth of 14.2%, maintaining double-digit growth momentum driven by continued infrastructure-led demand for power cables and flexible cables.
- The segment contributes 34% of HAVL's total revenue.
- **Power cables:** As demand for power cables grows steadily, HAVL's expansion was constrained by capacity limitations through the year. To address this issue, the company is actively pursuing greenfield expansion of its power cables capacity in Tumkur, Karnataka, expecting to commission the plant in early FY25.
- **Flexible cables:** During the year, HAVL intensified its efforts in flexible cables, prioritising deeper penetration into semi-urban and rural markets while expanding existing distribution channels. Leveraging a multi-brand strategy with HAVL, Standard and REO, the company aimed to cater to diverse customer segments and establish a distinct product hierarchy.

### Electrical Consumer Durables

- The Electrical Consumer Durables (ECD) segment, consisting of fans, small domestic appliances, and water heaters, encountered challenges at the onset of FY24, as unseasonal rains disrupted summer consumer demand, resulting in increased channel inventories accumulated during the BEE (Bureau of Energy Efficiency) transition. Despite reduced consumer interest, heightened competition characterised the fan industry. However, the latter half of the year saw signs of growth as summer regained momentum.
- During the year HAVL concentrated on advancing its Brushless Direct Current (BLDC) and Super premium BLDC+ range as part of its premiumisation strategy across all fan segments. With nearly 40 models now in the BLDC range, HAVL boasts the largest assortment of BLDC fans among its peers in our coverage universe with distinct offerings, steadily increasing its BLDC share to over 20%.

### Lighting

- In FY24, amid significant price erosion in LEDs within the lighting industry, HAVL maintained its commitment to customer-centricity and product innovation across its two business units, Consumer Lighting and Professional Lighting, consolidating its market position and resilience.
- **Professional Lighting:** HAVL's Professional Lighting business experienced robust growth, solidifying the brand's reputation among diverse clientele, including leading industries, modern workspaces, and various government sectors such as Railways, NHAI, and Smart Cities. Notably, HAVL provided lighting solutions for prestigious projects like the Shri Ram Mandir in Ayodhya and the Central Vista projects, establishing itself as the preferred choice for national highway projects requiring superior products and optical performance.



- **Consumer lighting:** HAVL has solidified its position as a frontrunner in innovative lighting within the consumer market by consistently introducing distinctive products. Through a strategic series of differentiated product launches, HAVL has not only demonstrated its commitment to innovation but also reinforced its reputation as a pioneering brand in the consumer lighting industry. These innovative offerings have allowed HAVL to stand out among competitors, capturing the attention of consumers seeking cutting-edge lighting solutions that enhance their living spaces.

### Lloyd

- Lloyd maintains its trajectory as a prominent player in the consumer durables market, providing an extensive range of products including air conditioners, washing machines, refrigerators, and televisions. Alongside achieving robust revenue growth, Lloyd widened its profit margin throughout the year.
- Since the acquisition, Lloyd has focused on premiumisation through internal manufacturing, innovative product development, increased brand investments, and expansion into modern retail. With manufacturing facilities for air conditioners and washing machines, Lloyd introduced unique feature-led products like Indoor Air Quality (IAQ) and Intelli-Logic Air Conditioners in FY24.
- Lloyd boosted its presence in general trade and ventured into emerging channels like organised retail and e-commerce. In organised retail, the focus was on expanding counter share by investing in in-store demonstrators (ISDs). Also, Lloyd introduced the Sales & Service Dealership (SSD) channel by establishing exclusive Lloyd Gallery stores nationwide.

## Valuation methodology

HAVL has solidified its position as a formidable player within the consumer durables sector, showcasing a diversified portfolio across multiple categories. This diversified presence is underpinned by a robust balance sheet, allowing the company to concentrate on specific business segments, as evidenced by its approach to Lloyd.

Management's positive outlook on the forthcoming quarters underscores its confidence in a substantial resurgence within HAVL's core product line-up. This optimism stems from anticipated market dynamics and internal strategic initiatives geared towards fortifying the company's market standing and enhancing its competitive edge.

While we recognise the strengths of HAVL's core offerings, including its strong brand recognition, expansive distribution network and inherent growth drivers, we remain cautious due to the stock's expensive valuations. Therefore, we maintain our HOLD rating on the stock.

Our TP for HAVL stands at Rs 1,780, with an unchanged target multiple of 53x FY26E P/E. This valuation aligns with the stock's three-year average, reflecting a balanced assessment of its growth prospects and market positioning.

**Fig 18 – Key assumptions**

Parameters	FY23	FY24	FY25E	FY26E
Revenue	169,107	185,900	211,581	240,871
EBITDA	15,991	18,426	23,647	28,854
EBITDA margin	9.5	9.9	11.2	12.0
EPS (Rs)	17.1	20.3	27.5	33.7

Source: Company, BOBCAPS Research

## Key risks

Key upside risks to our estimates are:

- higher-than-anticipated demand, and
- faster margin improvement in Lloyd and ECD segments.

Key downside risks to our estimates are:

- inadequate pickup in consumer demand, and
- steep rise in raw material prices.

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24A	FY25E	FY26E
<b>Total revenue</b>	<b>139,385</b>	<b>169,107</b>	<b>185,900</b>	<b>211,581</b>	<b>240,871</b>
EBITDA	17,604	15,991	18,426	23,647	28,854
Depreciation	2,609	2,962	3,385	3,128	3,352
EBIT	14,995	13,030	15,041	20,519	25,502
Net interest inc./(exp.)	(534)	(336)	(457)	(479)	(493)
Other inc./(exp.)	1,604	1,777	2,490	2,614	2,745
Exceptional items	0	0	0	0	0
EBT	16,066	14,471	17,074	22,655	27,754
Income taxes	4,101	3,753	4,366	5,437	6,661
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
<b>Reported net profit</b>	<b>11,965</b>	<b>10,717</b>	<b>12,708</b>	<b>17,217</b>	<b>21,093</b>
Adjustments	0	0	0	0	0
<b>Adjusted net profit</b>	<b>11,965</b>	<b>10,717</b>	<b>12,708</b>	<b>17,217</b>	<b>21,093</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24A	FY25E	FY26E
Accounts payables	23,800	26,432	26,919	34,780	39,595
Other current liabilities	10,881	11,562	15,305	14,465	16,468
Provisions	0	0	0	0	0
Debt funds	3,955	2,231	3,032	3,191	3,287
Other liabilities	6,567	5,095	4,604	5,240	5,966
Equity capital	626	627	627	627	627
Reserves & surplus	59,403	65,628	73,841	85,733	101,501
Shareholders' fund	60,029	66,255	74,468	86,360	102,127
<b>Total liab. and equities</b>	<b>105,232</b>	<b>111,574</b>	<b>124,327</b>	<b>144,037</b>	<b>167,443</b>
Cash and cash eq.	27,014	18,702	30,382	37,433	50,160
Accounts receivables	7,663	9,739	11,650	12,722	14,789
Inventories	29,681	37,086	34,086	42,598	46,330
Other current assets	1,708	5,135	2,879	1,419	1,615
Investments	0	0	0	0	0
Net fixed assets	34,336	36,236	26,063	27,935	29,583
CWIP	572	1,634	2,969	3,379	3,847
Intangible assets	0	0	0	0	0
Deferred tax assets, net	0	0	0	0	0
Other assets	4,258	3,042	16,299	18,551	21,119
<b>Total assets</b>	<b>105,232</b>	<b>111,574</b>	<b>124,327</b>	<b>144,037</b>	<b>167,443</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24A	FY25E	FY26E
<b>Cash flow from operations</b>	<b>17,278</b>	<b>5,649</b>	<b>19,529</b>	<b>19,243</b>	<b>25,267</b>
Capital expenditures	(2,528)	(5,855)	(7,591)	(5,000)	(5,000)
Change in investments	0	5,004	(10,371)	0	0
Other investing cash flows	(5,067)	1,201	1,823	(2,026)	(2,310)
<b>Cash flow from investing</b>	<b>(7,595)</b>	<b>350</b>	<b>(16,139)</b>	<b>(7,026)</b>	<b>(7,310)</b>
Equities issued/Others	312	267	0	0	0
Debt raised/repaid	0	(4,563)	(848)	159	96
Interest expenses	0	0	0	0	0
Dividends paid	(5,783)	(4,773)	(4,488)	(5,325)	(5,325)
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>(5,472)</b>	<b>(9,069)</b>	<b>(5,335)</b>	<b>(5,166)</b>	<b>(5,230)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>4,212</b>	<b>(3,070)</b>	<b>(1,945)</b>	<b>7,052</b>	<b>12,727</b>
<b>Closing cash &amp; cash eq.</b>	<b>27,014</b>	<b>18,702</b>	<b>30,382</b>	<b>37,433</b>	<b>50,160</b>

### Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24A	FY25E	FY26E
Reported EPS	19.1	17.1	20.3	27.5	33.7
Adjusted EPS	19.1	17.1	20.3	27.5	33.7
Dividend per share	7.5	7.5	8.5	8.5	8.5
Book value per share	95.8	105.8	118.9	137.8	163.0

### Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24A	FY25E	FY26E
EV/Sales	8.1	6.6	6.0	5.3	4.7
EV/EBITDA	63.8	70.2	61.0	47.5	38.9
Adjusted P/E	93.9	104.8	88.4	65.2	53.2
P/BV	18.7	17.0	15.1	13.0	11.0

### DuPont Analysis

Y/E 31 Mar (%)	FY22A	FY23A	FY24A	FY25E	FY26E
Tax burden (Net profit/PBT)	74.5	74.1	74.4	76.0	76.0
Interest burden (PBT/EBIT)	107.1	111.1	113.5	110.4	108.8
EBIT margin (EBIT/Revenue)	10.8	7.7	8.1	9.7	10.6
Asset turnover (Rev./Avg TA)	4.1	4.7	7.1	7.6	8.1
Leverage (Avg TA/Avg Equity)	0.6	0.6	0.4	0.3	0.3
Adjusted ROAE	21.4	17.0	18.1	21.4	22.4

### Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24A	FY25E	FY26E
<b>YoY growth (%)</b>					
Revenue	33.3	21.3	9.9	13.8	13.8
EBITDA	12.0	(9.2)	15.2	28.3	22.0
Adjusted EPS	14.6	(10.4)	18.6	35.5	22.5
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	12.6	9.5	9.9	11.2	12.0
EBIT margin	10.8	7.7	8.1	9.7	10.6
Adjusted profit margin	8.6	6.3	6.8	8.1	8.8
Adjusted ROAE	21.4	17.0	18.1	21.4	22.4
ROCE	18.5	17.0	20.5	21.0	22.0
<b>Working capital days (days)</b>					
Receivables	20	21	23	22	22
Inventory	78	80	67	73	70
Payables	62	57	53	60	60
<b>Ratios (x)</b>					
Gross asset turnover	3.2	3.5	3.9	4.6	4.7
Current ratio	1.8	1.8	1.8	1.9	2.0
Net interest coverage ratio	28.1	38.8	32.9	42.9	51.7
Adjusted debt/equity	0.1	0.0	0.0	0.0	0.0

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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**BUY** – Expected return >+15%

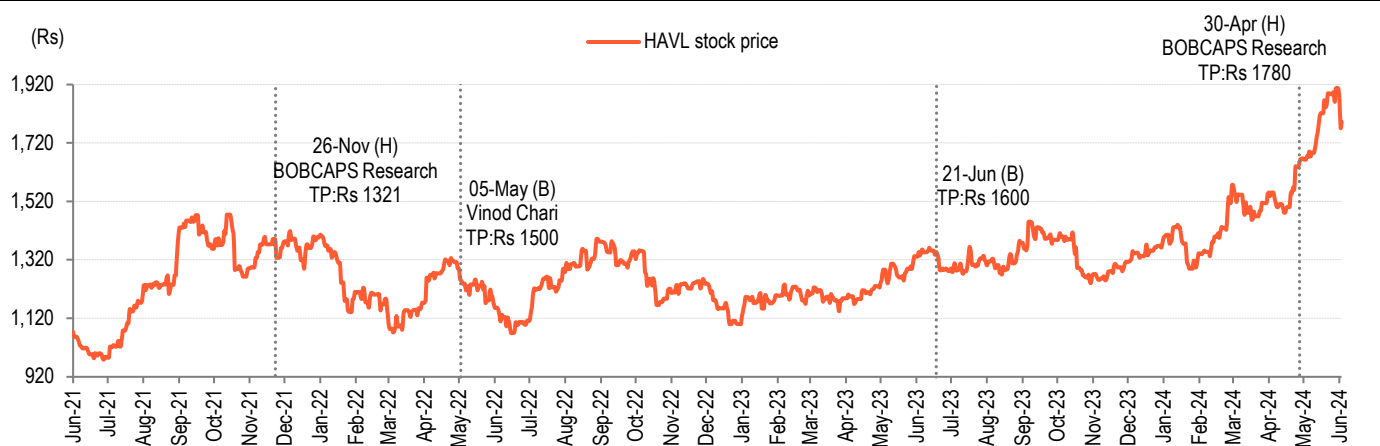
**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

### Ratings and Target Price (3-year history): HAVELLS INDIA (HAVL IN)



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