

HAVELLS INDIA

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	1,527
12 month price target (INR)	1,940
52 Week High/Low	2,106/1,280
Market cap (INR bn/USD bn)	957/11.1
Free float (%)	73.8
Avg. daily value traded (INR mn)	1,595.9

SHAREHOLDING PATTERN

	Dec-24	Sep-24	Mar-24
Promoter	59.4%	59.4%	59.4%
FII	24.8%	25.3%	24.8%
DII	15.8%	15.3%	15.8%
Pledge	0.0%	0.0%	0.0%

FINANCIALS

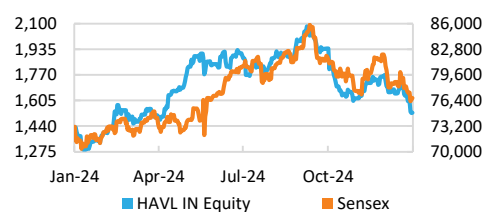
(INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Revenue	185,499	213,348	247,547	285,398
EBITDA	18,453	20,255	25,016	30,739
Adjusted profit	12,732	14,326	17,817	22,150
Diluted EPS (INR)	20.3	22.9	28.4	35.3
EPS growth (%)	20.9	12.5	24.4	24.3
RoAE (%)	18.1	18.1	20.3	22.6
P/E (x)	77.2	68.6	55.2	44.4
EV/EBITDA (x)	51.7	47.0	37.7	30.4
Dividend yield (%)	0	0	0	0

CHANGE IN ESTIMATES

Year to March	Revised estimates		% Revision	
	FY25E	FY26E	FY25E	FY26E
Revenue	213,348	247,547	1.0	1.0
EBITDA	20,255	25,016	7.0	6.0
Adjusted profit	14,326	17,817	9.3	7.9
Diluted EPS (INR)	22.9	28.4		

PRICE PERFORMANCE



Margin blues persist for now

Havells's 3QFY25 print is a mixed bag as healthy revenue (+11% YoY) and gross profit growth (+15% YoY) was offset by higher employee cost (+23% YoY) and other expenses (+12% YoY; relocated SG plant to another existing location). While the ECD segment sustained strong growth (+15% YoY; +16% CAGR), margins got impacted on account of deepening R&D and distribution aspects of the business.

Consumer sentiment remained positive aided by festivities while industrial and projects trend stayed robust in 3QFY25. We are cutting FY25–27E EPS by 5–9% due to a delayed margin recovery. We now reckon FY24–27E revenue/EBITDA/PAT CAGR of 15%/19%/20% with a revised Mar-26E TP of INR1,940 (earlier INR2,000) on 55x FY27E EPS; 'BUY'.

Mixed bag; C&W leads underperformance

Revenue grew 11% YoY (2% below our estimate) led by strong growth in ECD and Lloyd (+15% YoY) and Switchgears (+11% YoY; strong project-related demand), partially offset by weak Cables & Wires (+7% YoY; we reckon flat-to-single digit decline YoY in wires volume) and Lighting (double-digit volume growth, negated by price erosion). EBITDA increased 11% YoY as healthy growth in gross profit (+15% YoY; gross margin up 110bp YoY) was offset by higher employee cost (+23% YoY) and other expenses (including one-time relocation charges). Lloyd revenue rose 15% YoY with a contribution margin expansion of 540bp YoY to 12.8%. WC days stood at 43 days (mainly on account of inventory pile-up).

People and infra investments drag operating margins in near term

Havells continues to invest in human resources (employee cost up 25% YoY in 9MFY25; 9.1% of revenue versus 8% pre-covid) and A&P in order to expand its category depth/presence and distribution reach. We believe these investments are likely to see stability in coming quarters, thereby paving the way for margin normalisation as growth trajectory improves in medium term. Hence, we expect Havells EBIT margin to improve to 10.4% in FY25E (8.9% in 9MFY25; 13% in FY19).

Poised to benefit from ensuing consumption recovery; retain 'BUY'

We argue Havells has been gaining market share in most categories over past several quarters (exhibit 6). Moreover, we reckon it is well placed to sustain this trend on the back of recovery in consumption demand and real estate along with sustained industrial sector capex. We estimate revenue/EBITDA/PAT CAGR of 15%/19%/20% over FY24–27 with a Mar-26E TP of INR1,940 (earlier INR2,000) based on 55x FY27E EPS. Retain 'BUY'; Havells stays our preferred pick in Consumer Durables coverage.

Financials

Year to March	Q3FY25	Q3FY24	% Change	Q2FY25	% Change
Net Revenue	48,825	44,006	11.0	45,330	7.7
EBITDA	4,344	3,931	10.5	4,081	6.4
Adjusted Profit	2,849	2,536	12.3	2,808	1.4
Diluted EPS (INR)	4.5	4.0	12.3	4.5	1.5

Financial Statements

Income Statement (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Total operating income	185,499	213,348	247,547	285,398
Gross profit	60,134	70,405	82,928	95,608
Employee costs	15,411	18,647	20,884	23,391
Other expenses	26,270	31,503	37,028	41,479
EBITDA	18,453	20,255	25,016	30,739
Depreciation	3,385	3,994	4,234	4,488
Less: Interest expense	457	350	368	386
Add: Other income	2,487	3,233	3,395	3,735
Profit before tax	17,098	19,144	23,810	29,600
Prov for tax	4,366	4,782	5,993	7,450
Less: Other adj	0	145	0	0
Reported profit	12,732	14,217	17,817	22,150
Less: Excp.item (net)	0	109	0	0
Adjusted profit	12,732	14,326	17,817	22,150
Diluted shares o/s	627	627	627	627
Adjusted diluted EPS	20.3	22.9	28.4	35.3
DPS (INR)	0	0	0	0
Tax rate (%)	25.5	25.0	25.2	25.2

Important Ratios (%)

Year to March	FY24A	FY25E	FY26E	FY27E
COGS as % of revenues	67.6	67.0	66.5	66.5
Employee cost (% of rev)	8.3	8.7	8.4	8.2
A&P as % of revenues	2.8	3.0	3.0	3.0
EBITDA margin (%)	9.9	9.5	10.1	10.8
Net profit margin (%)	6.9	6.7	7.2	7.8
Revenue growth (% YoY)	10.0	15.0	16.0	15.3
EBITDA growth (% YoY)	15.1	9.8	23.5	22.9
Adj. profit growth (%)	20.9	12.5	24.4	24.3

Assumptions (%)

Year to March	FY24A	FY25E	FY26E	FY27E
GDP (YoY %)	5.5	6.3	6.5	6.5
Repo rate (%)	6.0	5.3	5.3	5.3
USD/INR (average)	84.0	82.0	81.0	81.0

Valuation Metrics

Year to March	FY24A	FY25E	FY26E	FY27E
Diluted P/E (x)	77.2	68.6	55.2	44.4
Price/BV (x)	13.2	11.9	10.6	9.5
EV/EBITDA (x)	51.7	47.0	37.7	30.4
Dividend yield (%)	0	0	0	0

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Share capital	627	627	627	627
Reserves	73,758	82,245	92,044	103,119
Shareholders funds	74,385	82,871	92,671	103,746
Minority interest	0	0	0	0
Borrowings	607	0	0	0
Trade payables	26,907	32,148	37,302	43,005
Other liabs & prov	22,300	23,882	27,019	30,471
Total liabilities	124,198	138,902	156,991	177,222
Net block	39,878	43,884	45,650	47,163
Intangible assets	0	0	0	0
Capital WIP	2,987	3,000	3,000	1,000
Total fixed assets	42,865	46,884	48,650	48,163
Non current inv	200	200	200	200
Cash/cash equivalent	30,154	30,967	38,389	49,256
Sundry debtors	11,572	14,613	16,955	19,548
Loans & advances	0	0	0	0
Other assets	39,407	46,238	52,797	60,056
Total assets	124,198	138,902	156,991	177,222

Free Cash Flow (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Reported profit	17,098	18,999	23,810	29,600
Add: Depreciation	3,385	3,994	4,234	4,488
Interest (net of tax)	(1,393)	(2,883)	(3,028)	(3,349)
Others	113	(296)	(143)	(177)
Less: Changes in WC	4,308	(2,897)	(468)	(519)
Operating cash flow	19,592	12,135	18,412	22,593
Less: Capex	(7,828)	(8,013)	(6,000)	(4,000)
Free cash flow	11,763	4,122	12,412	18,593

Key Ratios

Year to March	FY24A	FY25E	FY26E	FY27E
RoE (%)	18.1	18.1	20.3	22.6
RoCE (%)	24.8	24.7	27.5	30.5
Inventory days	104	96	98	98
Receivable days	21	22	23	23
Payable days	78	75	77	77
Working cap (% sales)	2.9	3.9	3.5	3.2
Gross debt/equity (x)	0	0	0	0
Net debt/equity (x)	(0.4)	(0.4)	(0.4)	(0.5)
Interest coverage (x)	33.0	46.5	56.6	68.0

Valuation Drivers

Year to March	FY24A	FY25E	FY26E	FY27E
EPS growth (%)	20.9	12.5	24.4	24.3
RoE (%)	18.1	18.1	20.3	22.6
EBITDA growth (%)	15.1	9.8	23.5	22.9
Payout ratio (%)	0	0	0	0

Other highlights

- Working capital days deteriorated to 43, thereby resulting in an operational cash outflow of INR2.74bn versus inflow of INR6.4bn in 3QFY24.
- Advertisement spends have been on an upward trajectory over the last few years. Cumulative capex spends stood at INR20.5bn over FY19–24. (exhibit 3).
- The company has been investing aggressively in research & development. Cumulative capex spends stood at INR10.9bn over FY19–24 (exhibit 5) with a huge team of 700+ across its four centres.
- The board has declared an interim dividend of INR4 per share.

Segmental performance

- Lloyd revenue at INR7.4bn, +15% YoY (4% below our estimate). Contribution margin inched up 540bp YoY to 12.8%, implying the company's focus on profitability. EBIT losses stood at INR310mn versus a loss of INR652mn YoY (our estimate: loss of INR230mn). We estimate a revenue CAGR of 20% over FY24–27E with EBIT margins reaching 3% by FY27E. On the contrary, revenue grew at a CAGR of 15% over FY19–24.
- SG revenues at INR5.77bn, +11% YoY (3% above our estimates). Contribution margin contracted 370bp YoY and 220bp QoQ to 36%. EBIT margin contracted 590bp YoY to 18.2% (versus our estimate of 24%) on account of project business mix and under absorption on account of plant relocation. We estimate a revenue and EBIT CAGR of 9% and 6%, respectively, over FY24–27E. On the contrary, revenue/EBIT expanded at a CAGR of 7%/11% over FY19–24.
- C&W revenue at INR16.88bn, + 7% YoY (8% below our estimate). Contribution margin expanded by 50bp YoY and 270bp QoQ to 15%. EBIT margin up 70bp YoY/ 250bp QoQ to 11.1% (versus our estimate of 10%). We estimate revenue and EBIT CAGR of 17% each, respectively, over FY24–27E. On the contrary, revenue and EBIT logged a CAGR of 14% and 16%, respectively, over FY19–24.
- ECD revenues at INR 11bn, +15% YoY (3% above estimates). Contribution margins contracted 200bp YoY and 120bp QoQ to 22.1%. EBIT margin contracted 250bp to 8.6% (versus our estimate of 10.5%) due to a higher mix of small domestic appliances. We estimate revenue and EBIT CAGRs of 15% and 14%, respectively, over FY24–27E. On the contrary, revenue and EBIT expanded at a CAGR of 11% and 6% over FY19–24.
- Lighting revenues at INR4.41bn, +3% YoY (5% above estimates). Contribution margin expanded 350bp YoY and 270bp QoQ to 34%. EBIT margin expanded by 60bp YoY to 14.8% (versus our estimates of 14%). We estimate revenue and EBIT CAGR of 7% and 6%, respectively, over FY24–27E. On the contrary, revenue and EBIT increased at a CAGR of 5% each over FY19–24.

Exhibit 1: Quarterly performance

INR mn	3Q24A	3Q25A	YoY	5yr CAGR	2Q25A	QoQ	9MFY24	9MFY25	YoY
Net Sales	44,006	48,825	11%	17%	45,330	8%	131,156	152,136	16%
Havells (Ex-Lloyd)	37,540	41,407	10%	16%	39,456	5%	106,705	119,603	12%
Lloyd	6,467	7,418	15%	20%	5,874	26%	24,451	32,533	33%
Raw Material Cost	29,339	32,020	9%	18%	30,027	7%	88,870	101,546	14%
% of sales	66.7%	65.6%	-110	510	66.2%	-70	67.8%	66.7%	-100
Gross Profit	14,667	16,805	15%	13%	15,303	10%	42,285	50,590	20%
Gross Margin	33.3%	34.4%	110	-510	33.8%	70	32.2%	33.3%	100
Employee cost	3,762	4,641	23%	16%	4,602	1%	11,080	13,825	25%
% of sales	8.5%	9.5%	100	-20	10.2%	-60	8.4%	9.1%	60
Other expenses	6,974	7,819	12%	14%	6,620	18%	19,515	22,543	16%
% of sales	15.8%	16.0%	20	-200	14.6%	140	14.9%	14.8%	-10
Advertisement Exp	1,763	1,777	1%	18%	1,301	37%	3,953	4,801	21%
% of sales	4.0%	3.6%	-40	20	2.9%	80	3.0%	3.2%	10
Other Exp	5,211	6,043	16%	13%	5,319	14%	15,562	17,742	14%
% of sales	11.8%	12.4%	50	-230	11.7%	60	11.9%	11.7%	-20
Total Expenditure	40,075	44,481	11%	17%	41,249	8%	119,466	137,914	15%
% of sales	91.1%	91.1%	0	300	91.0%	10	91.1%	90.7%	-40
EBITDA	3,931	4,344	11%	10%	4,081	6%	11,690	14,222	22%
EBITDA margin	8.9%	8.9%	0	-300	9.0%	-10	8.9%	9.3%	40
Havells EBITDA	4,501	4,618	3%	11%	4,283	8%	13,591	14,000	3%
Havells EBITDA margin	12.0%	11.2%	-80	-300	10.9%	30	12.7%	11.7%	-100
Lloyd EBITDA	-569	-274	-52%	21%	-201	36%	-1,901	222	-112%
Lloyd EBITDA margin	-8.8%	-3.7%	510	-20	-3.4%	-30	-7.8%	0.7%	850
Depreciation	877	1,041	19%	14%	946	10%	2,451	2,907	19%
EBIT	3,054	3,303	8%	9%	3,135	5%	9,239	11,315	22%
Other Income	489	640	31%	26%	758	-15%	1,400	2,168	55%
PBIT	3,544	3,944	11%	11%	3,893	1%	10,639	13,483	27%
Interest	102	94	-8%	12%	101	-7%	280	280	0%
Forex Loss/-Income	-70	0			0		-230	0	
XO Expense/-Income	-395	28			111		-495	173	
PBT	3,907	3,822	-2%	10%	3,681	4%	11,084	13,030	18%
Tax Expense	1,028	994	-3%	25%	955	4%	2,840	3,364	18%
Tax Rate	29.3%	25.8%	-350	1170	25.9%	-10	25.6%	25.8%	20
Reported Net Profit	2,879	2,828	-2%	7%	2,726	4%	8,243	9,666	17%
Adjusted Net Profit	2,536	2,849	12%	8%	2,808	1%	7,706	9,794	27%
Adj EPS	4.0	4.5	12%	8%	4.5	1%	12.3	15.6	27%

Source: Company, Nuvama Research

Exhibit 2: Segmental performance

INR mn	3Q24A	3Q25A	YoY	5yr CAGR	2Q25A	QoQ	9MFY24	9MFY25	YoY
Total Revenue	44,006	48,825	11%	17%	45,330	8%	131,156	152,136	19%
Havells	37,540	41,407	10%	16%	39,456	5%	106,705	119,603	70%
Switchgears	5,206	5,769	11%	12%	5,513	5%	15,937	17,040	5%
Cables & Wires	15,727	16,879	7%	19%	18,052	-6%	45,280	50,143	13%
Lighting & Fixtures	4,299	4,409	3%	10%	3,909	13%	11,934	12,174	2%
Electrical Consumer Durables	9,613	11,043	15%	16%	8,564	29%	25,714	30,155	19%
Others	2,695	3,308	23%	24%	3,418	-3%	7,840	10,091	32%
Lloyd	6,467	7,418	15%	20%	5,874	26%	24,451	32,533	40%
Havells (Ex Lloyd and C&W)	21,813	24,529	12%	14%	21,404	15%	61,424	69,460	57%
Contribution margin (%)	20.3%	20.5%	20	-250	19.9%	60	19.3%	19.9%	60
Havells (ex-Lloyds)	22.5%	21.8%	-70	-310	20.7%	110	22.5%	21.7%	-80
Switchgears	39.7%	36.0%	-370	-660	38.2%	-220	39.9%	37.6%	-230
Cables and Margins	14.5%	15.0%	50	-250	12.3%	270	14.9%	13.9%	-100
Lighting and Fixtures	30.5%	34.0%	350	370	31.3%	270	29.5%	32.5%	300
Electrical Consumer Durables	24.1%	22.1%	-200	-420	23.3%	-120	23.5%	23.1%	-30
Others	17.7%	14.8%	-290	-340	18.5%	-370	17.6%	16.8%	-80
Lloyds	7.4%	12.8%	540	500	14.0%	-120	5.5%	13.3%	780
Havells (Ex Lloyd and C&W)	28.3%	26.5%	-180	-460	27.8%	-130	28.1%	27.4%	-80
Total EBIT	3,965	4,151	5%	9%	3,688	13%	11,958	13,530	17%
Havells	4,617	4,461	-3%	10%	3,911	14%	13,950	13,389	24%
Switchgears	1,256	1,048	-16%	4%	1,150	-9%	4,161	3,617	-12%
Cables and Wires	1,633	1,870	15%	20%	1,548	21%	5,030	5,129	-4%
Lighting and Fixtures	612	655	7%	6%	505	30%	1,710	1,790	3%
Electrical Cons Durables	1,073	955	-11%	4%	643	48%	2,879	2,745	-1%
Others	44	-67	-253%	NM	66	-202%	171	109	38%
Lloyd	-652	-310	NM	NM	-224	38%	-1,993	141	NM
Havells (Ex Lloyd and C&W)	2,984	2,591	-13%	5%	2,363	10%	8,920	8,261	29%
Total EBIT margin	9.0%	8.5%	-50	-330	8.1%	40	9.1%	8.9%	-20
Havells	12.3%	10.8%	-150	-350	9.9%	90	13.1%	11.2%	-190
Switchgears	24.1%	18.2%	-590	-830	20.9%	-270	26.1%	21.2%	-490
Cables and Wires	10.4%	11.1%	70	30	8.6%	250	11.1%	10.2%	-90
Lighting and Fixtures	14.2%	14.8%	60	-260	12.9%	190	14.3%	14.7%	40
Electrical Cons Durables	11.2%	8.6%	-250	-570	7.5%	110	11.2%	9.1%	-210
Others	1.6%	-2.0%	-360	590	1.9%	-390	2.2%	1.1%	-110
Lloyd	-10.1%	-4.2%	590	10	-3.8%	-40	-8.1%	0.4%	860

Source: Company, Nuvama Research

Exhibit 3: Advertisement spends' trends

INR mn	FY19	FY20	FY21	FY22	FY23	FY24
A&P Spends	3,842	3,209	1,326	2,468	4,374	5,274
as a % of sales	3.8%	3.4%	1.3%	1.8%	2.6%	2.8%

Source: Company, Nuvama Research

Exhibit 4: Performance trends

INR mn	1Q23A	2Q23A	3Q23A	4Q23A	1Q24A	2Q24A	3Q24A	4Q24A	1Q25A	2Q25A	3Q25A
Revenue											
Switchgears	5,167	4,878	5,141	6,010	5,407	5,324	5,206	6,513	5,759	5,513	5,769
Cables and Wires	11,929	13,594	14,121	15,682	14,852	14,702	15,727	17,896	15,212	18,052	16,879
Lighting and Fixtures	3,711	3,970	4,201	4,134	3,670	3,965	4,299	4,334	3,856	3,909	4,409
Electrical Consumer Durables	8,381	7,735	9,348	7,495	8,770	7,331	9,613	9,104	10,549	8,564	11,043
Lloyd Consumer	10,837	4,141	6,068	12,640	13,055	4,930	6,467	13,401	19,241	5,874	7,418
Others	2,276	2,372	2,319	2,536	2,483	2,662	2,695	3,096	3,365	3,418	3,308
Total	42,301	36,689	41,197	48,496	48,237	38,912	44,006	54,343	57,981	45,330	48,825
Revenue (YoY)											
Switchgears	38%	10%	4%	27%	5%	9%	1%	8%	6%	4%	11%
Cables and Wires	48%	19%	17%	5%	24%	8%	11%	14%	2%	23%	7%
Lighting and Fixtures	77%	12%	3%	3%	-1%	0%	2%	5%	5%	-1%	3%
Electrical Consumer Durables	46%	6%	5%	-14%	5%	-5%	3%	21%	20%	17%	15%
Lloyd Consumer	119%	21%	30%	32%	20%	19%	7%	6%	47%	19%	15%
Others	66%	12%	26%	12%	9%	12%	16%	22%	36%	28%	23%
Total	63%	14%	13%	10%	14%	6%	7%	12%	20%	16%	11%
Contribution margin (%)											
Switchgears	38%	38%	38%	40%	40%	40%	40%	41%	39%	38%	36%
Cables and Margins	10%	10%	16%	15%	15%	16%	15%	15%	15%	12%	15%
Lighting and Fixtures	29%	29%	29%	32%	29%	29%	31%	32%	32%	31%	34%
Electrical Consumer Durables	24%	22%	23%	24%	23%	24%	24%	24%	24%	23%	22%
Lloyds	5%	-2%	4%	6%	5%	4%	7%	13%	13%	14%	13%
Others	18%	18%	18%	18%	18%	17%	18%	19%	17%	19%	15%
Total Contribution margin	17%	17%	20%	19%	18%	20%	20%	21%	20%	20%	21%
EBIT margin (%)											
Switchgears	26%	25%	25%	29%	28%	26%	24%	28%	25%	21%	18%
Cables and Wires	7%	6%	12%	12%	11%	12%	10%	12%	11%	9%	11%
Lighting and Fixtures	16%	14%	13%	18%	14%	14%	14%	18%	16%	13%	15%
Electrical Consumer Durables	13%	12%	13%	13%	11%	12%	11%	11%	11%	8%	9%
Lloyd Consumer	-5%	-20%	-10%	-2%	-5%	-15%	-10%	3%	4%	-4%	-4%
Others	5%	2%	3%	5%	4%	2%	2%	3%	3%	2%	-2%
Total EBIT margin	8%	8%	10%	11%	9%	10%	9%	12%	10%	8%	9%

Source: Company, Nuvama Research

Exhibit 5: R&D spends

R&D	FY19	FY20	FY21	FY22	FY23	FY24
R&D Spends (INR mn)	790	1,020	960	4,450	1,632	2,060
as a % of sales	0.8%	1.1%	0.9%	3.2%	0.9%	1.1%
Team size	400	338	382	450	567	713
R&D Centres	9	10	10	3	4	4

Source: Company, Nuvama Research

Exhibit 6: Havells outshines industry peers in several quarters

TTM basis (INR mn)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25*
ECD							
Revenue							
Havells	43,057	42,943	43,584	45,754	48,414	50,403	52,447
Industry	218,035	218,544	221,486	226,718	233,685	237,972	243,348
YoY							
Havells	3%	1%	0%	8%	12%	17%	20%
Industry	7%	5%	4%	5%	7%	9%	10%
Lighting							
Revenue							
Havells	15,974	15,969	16,068	16,268	16,454	16,398	16,508
Industry	44,909	44,367	44,639	44,368	44,821	45,268	45,472
YoY							
Havells	4%	1%	1%	2%	3%	3%	3%
Industry	0%	-2%	-1%	-2%	0%	2%	2%
C&W							
Revenue							
Havells	58,249	59,356	60,962	63,176	63,536	66,886	68,038
Industry	297,671	312,788	322,623	337,059	345,481	361,058	375,001
YoY							
Havells	16%	13%	12%	14%	9%	13%	12%
Industry	27%	24%	18%	21%	16%	15%	16%
White Goods							
Revenue							
Havells	35,903	36,692	37,091	37,852	44,039	44,983	45,934
Industry	204,633	207,144	216,066	230,543	254,922	261,830	271,157
YoY							
Havells	26%	26%	21%	12%	23%	23%	24%
Industry	6%	6%	10%	15%	25%	26%	25%
Total							
Revenue							
Havells	212,213	213,872	217,356	225,071	237,310	245,472	251,881
Industry	1,018,466	1,041,606	1,071,830	1,116,394	1,166,912	1,199,644	1,234,248
YoY							
Havells	10%	8%	7%	9%	12%	15%	16%
Industry	11%	10%	10%	13%	15%	15%	15%

Source: Company, Nuvama Research

* 3Q25 for industry is based on Bloomberg estimates (for non-rated stocks)

Note: Companies considered:

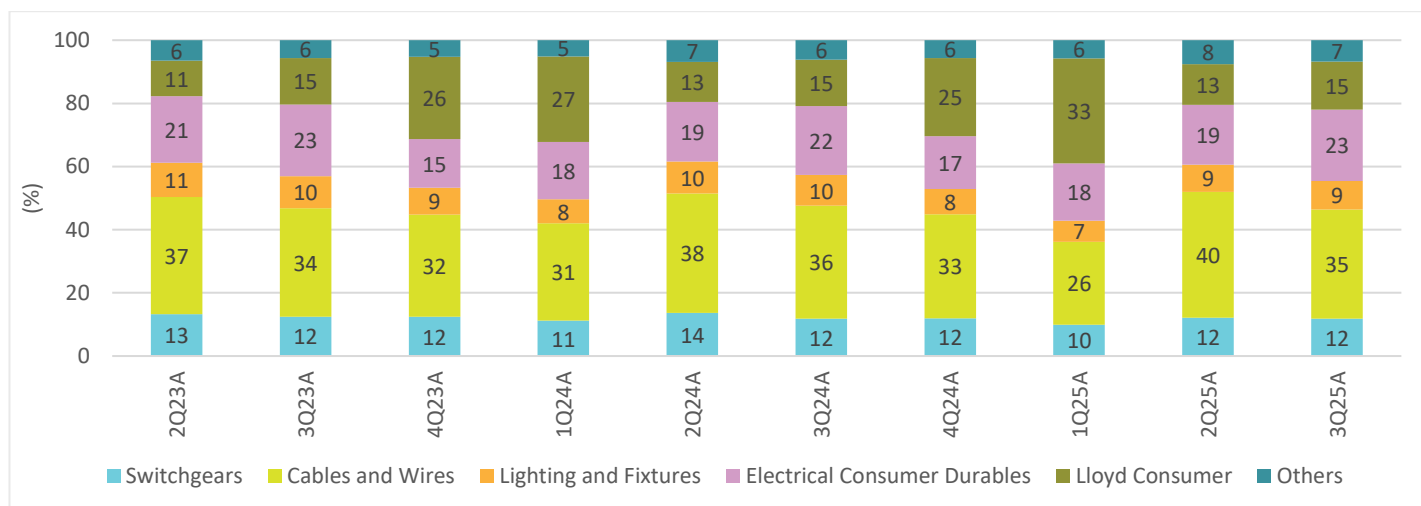
ECD: Crompton, Orient, V-Guard, Bajaj Electricals, Polycab, RR kabel, Butterfly, Hawkins, Stove Kraft, TTK Prestige

Lighting: Crompton, Orient, Bajaj Electricals, Surya Roahni

C&W: Polycab, KEI, RR Kabel, Finolex Cables

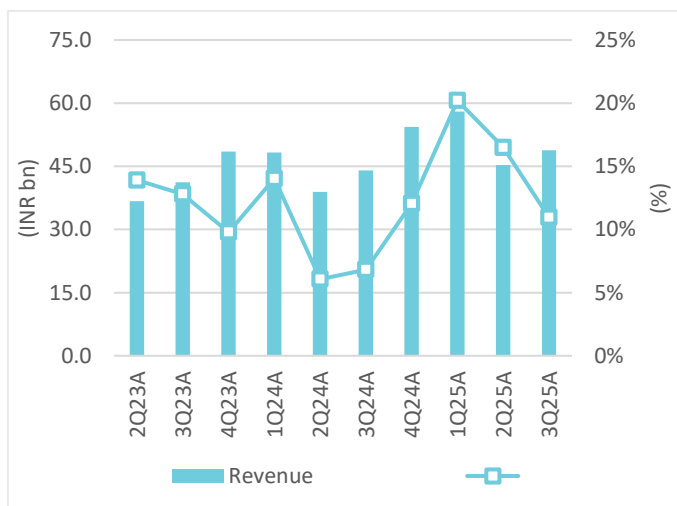
White Goods: Voltas, Blue Star, Whirlpool, IFB

Exhibit 7: Revenue split by segment



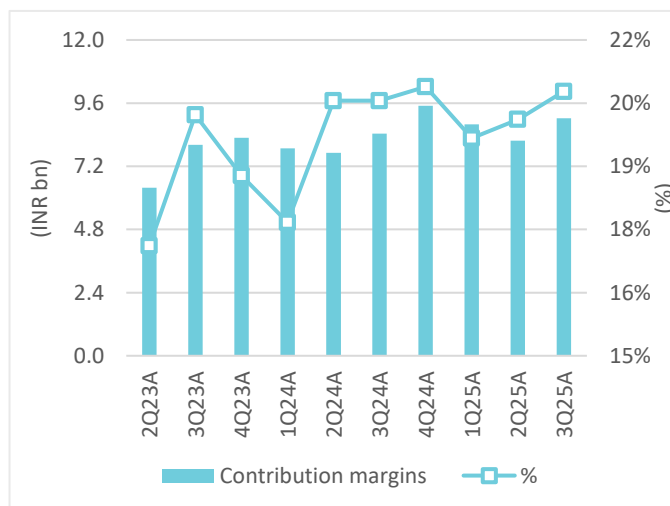
Source: Company, Nuvama Research

Exhibit 8: Revenue trend



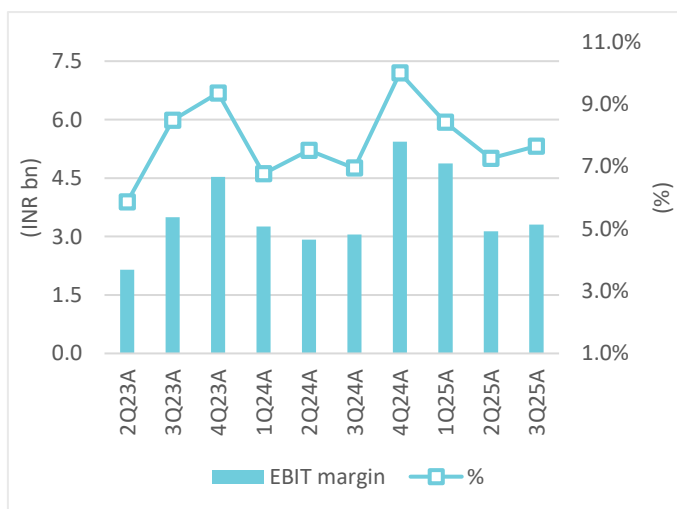
Source: Company, Nuvama Research

Exhibit 9: Contribution margin trends



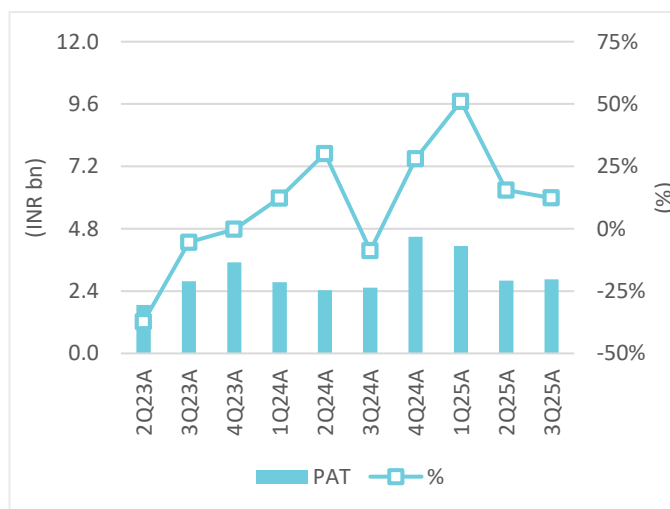
Source: Company, Nuvama Research

Exhibit 10: EBIT trends



Source: Company, Nuvama Research

Exhibit 11: PAT trends



Source: Company, Nuvama Research

Company Description

Incorporated in 1983, Havells India (HAVL) is one of the largest manufacturers of consumer durables and electrical components and systems in India. It is the market leader in light-duty power distribution products. Its offerings include electrical products like circuit protection equipment (domestic and industrial switchgears), cables and wires, and consumer durables like fans, CFLs, and lighting fixtures. Havells acquired (February 2017) the Consumer segment of Lloyd Electricals, which gave Havells access to Lloyd's strong distribution network with 10k plus touch points along with strong positioning in the room AC segment.

Investment Theme

Havells continued to deliver high growth in cables, and the new facility commissioned in H1FY25 shall help sustain growth. RACs' in-house capacity (2mn units) and capacity build-up in fully automatic washing machines imply further growth runway for Lloyd. Management indicated green shoots in B2C demand, though consistency in results shall be key. Overall, we derive comfort from Lloyd's profitability trajectory, B2B-driven capex and uptick in B2C demand. With consistent management focus on profitability and future demand visibility, we believe Havells is positioned for long-term growth.

Key risks

Key downside risks include lack of growth and Lloyd remaining a low profitability business for longer than expected.

Additional Data

Management

CMD	Anil Rai Gupta
WTD & CFO	Rajesh Kumar Gupta
WTD	Siddarta Pandit
Independent Director	Ashish Bharat Ram
Auditor	Price Waterhouse & Co

Recent Company Research

Date	Title	Price	Reco
17-Oct-24	Margin blues; <i>Result Update</i>	1805	Hold
18-Jul-24	Steady quarter on favourable base ; <i>Result Update</i>	1862	Hold
30-Apr-24	Q4 earnings beat; Lloyd impresses; <i>Result Update</i>	1664	Hold

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	227
Hold	<15% and >-5%	62
Reduce	<-5%	27

Holdings – Top 10*

	% Holding	% Holding
Nalanda India E	4.12	
Life Insurance	3.50	
SBI Pension	1.57	
Government Pens	1.47	
Govt of Singapo	1.29	

*Latest public data

Recent Sector Research

Date	Name of Co./Sector	Title
09-Jan-25	Consumer Durables, Electricals & EMS	EMS continues to outshine appliances; <i>Sector Update</i>
25-Nov-24	Consumer Durables, Electricals & EMS	Consumer Durables, Electricals & EMS - E; <i>Sector Update</i>
16-Nov-24	Crompton Consumer	Healthy performance; <i>Result Update</i>

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