




Havells India Ltd.

BUY

Sector: Electrical Equipment

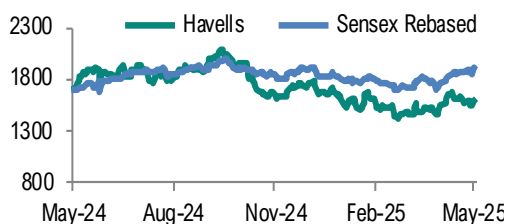
14th May 2025

Key Changes	Target		Rating		Earnings		Target	Rs.1,903
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs.1,592	
Large Cap	HAVL:IN	81,148	HAVELLS	517354	12 Months	Return	+20%	

Data as of: 13-05-2025

Company Data			
Market Cap (Rs. cr.)	99,566		
52 Week High — Low (Rs.)	2,105 - 1,360		
Enterprise Value (Rs. cr)	98,901		
Outstanding Shares (Rs cr)	62.7		
Free Float (%)	40.1		
Dividend Yield (%)	0.63%		
6m average volume (cr)	0.12		
Beta	0.94		
Face value (Rs)	1.0		
Shareholding (%)	Q2FY25	Q3FY25	Q4FY25
Promoters	59.4	59.4	59.4
FII's	24.8	23.5	22.3
MFs/Institutions	10.2	11.6	12.6
Public	5.6	5.5	5.7
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-0.9%	-4.0%	-5.5%
Absolute Sensex	3.7%	2.1%	11.7%
Relative Return	-4.5%	-6.1%	-17.2%

*over or under performance to benchmark index



Y.E March (cr)	FY25E	FY26E	FY27E
Sales	21,746	24,419	28,108
Growth (%)	17.2	12.3	15.1
EBITDA	2,149	2,515	3,078
EBITDA Margin (%)	9.9	10.3	11.0
PAT Adjusted	1,489	1,769	2,209
Growth (%)	17.0	18.8	25.0
Adjusted EPS	23.7	28.2	35.2
Growth (%)	17.0	18.8	25.0
P/E	67.0	56.4	45.4
P/B	14.3	12.0	10.0
EV/EBITDA	46.0	39.3	32.4
ROE (%)	19.0	19.7	21.0
D/E	0.0	0.0	0.0

Author: Anil R - Sr. Research Analyst

A strong Q4...discretionary spending to pick-up

Havells India Ltd. (HAVL) is a leading player in electrical consumer goods in India. Its key verticals include switchgears, cables & wires, lighting fixtures, and consumer appliances.

- Revenue grew by robust 20% YoY exceeding our expectation, led by cables & wires and Lloyd, which grew by 21% & 40% YoY respectively.
- The switchgear and appliance segments saw modest growth, while emerging businesses continued to deliver high double-digit growth.
- Volatility in copper prices and an inflationary environment impacted discretionary spending. Additionally, a milder summer in South India compared to the previous year affected sales of cooling products.
- EBITDA grew by 20% YoY, with margins at 11.6%. Consequently, Net profit increased by 16.4% YoY.
- Going ahead, demand from the real estate and construction sectors will drive volumes of cables & wires. Further, The recent changes in income tax slab rates are anticipated to boost discretionary spending. While re-stocking and seasonal factors will drive overall growth going ahead.

Outlook & Valuation

Given HAVL's strong brand equity, diversified product portfolio, extensive distribution network, growing market share, and superior margin profile, we maintain a positive outlook on the stock. The stock is currently trading at a 1-year forward P/E of 54x, reflecting a 22% moderation in valuation from a recent peak of 69x. We project a 22% CAGR in earnings over FY25-FY27E. **We value HAVL at a P/E of 54x on FY27E and reiterate our BUY rating with a target price of Rs.1,903.**

Quarterly Financials Consolidated

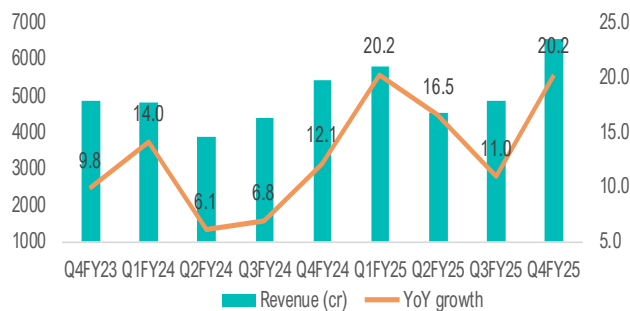
Rs. cr	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)
Sales	6,532	5,434	20.2	4883	33.8	21,746	18,550	17.2
EBITDA	761	637	19.5	432	76.2	2,149	1,843	16.6
Margin (%)	11.6	11.7	(0.1)	8.8	2.8	9.9	9.9	-0.1
EBIT	653	543	20.1	328	99.3	1,750	1,505	16.3
PBT	706	601	17.4	382	84.8	2,009	1,708	17.6
Rep. PAT	522	449	16.4	283	84.7	1,489	1,271	17.1
Adj PAT	522	449	16.4	283	84.7	1,489	1,271	17.1
EPS (Rs)	8.3	7.2	16.3	4.5	84.7	23.7	20.3	17.1



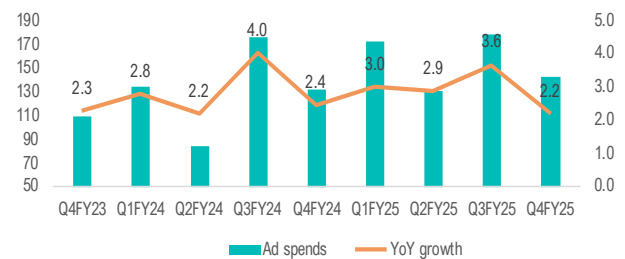
Key Concall Highlights

- Consumer sentiment and demand remain modest, impacting the Consumer Appliances segment.
- Cooling product sales were subdued due to a mild summer in South India, while the North is yet to see peak summer. The company remains optimistic about demand recovery in the remainder of the quarter.
- The Cables & Wires segment delivered strong growth. However, copper price volatility impacted pricing efficiency and margins. Additionally, competition in the segment is gradually intensifying.
- The company expects to return to normalized EBITDA margins of 13%–14.5%.
- A strategic stake has been acquired in an existing solar panel manufacturer to ensure supply security and strengthen presence in the renewable energy space.
- A total CapEx of ~Rs.2,000 cr is planned over the next two years, including investment in a new R&D center. No significant CapEx is anticipated for Lloyd, following recent investments in the refrigerator business.

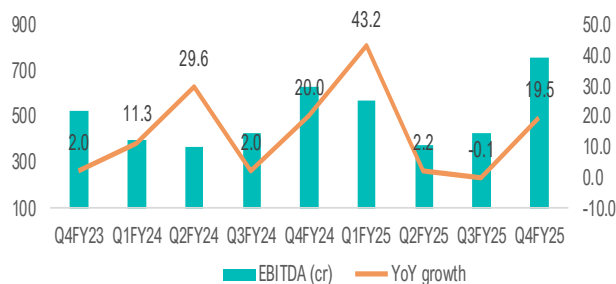
Revenue



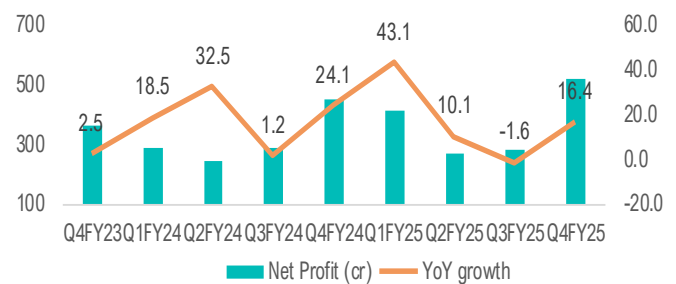
Ad spends



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	24,488	28,343	24,419	28,108	(03)	(0.8)
EBITDA	2,449	3,115	2,515	3,078	2.7	(1.2)
Margins (%)	10.0	11.0	10.3	11.0	(30bps)	10bps
Adj. PAT	1,719	2,253	1,769	2,209	2.9	(2.0)
EPS	27.4	35.9	28.2	35.2	3.0	(2.0)



Standalone Financials

PROFIT & LOSS

Y.E March (Rs Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	16,868	18,550	21,746	24,419	28,108
% change	21.5	10.0	17.2	12.3	15.1
EBITDA	1,603	1,845	2,149	2,515	3,078
% change	(8.8)	15.1	16.4	17.1	22.4
Depreciation	296	338	399	471	541
EBIT	1,307	1,507	1,750	2,045	2,537
Interest	34	46	43	35	19
Other Income	177	249	302	358	439
PBT	1,450	1,704	2,009	2,368	2,957
% change	(9.6)	17.5	17.9	17.8	24.9
Tax	375	437	520	599	748
Tax Rate (%)	0.3	0.3	0.3	0.3	0.3
Reported PAT	1,075	1,273	1,489	1,769	2,209
Adj.*	-	-	-	-	-
Adj. PAT	1,075	1,273	1,489	1,769	2,209
% change	(10.1)	18.4	16.9	18.8	24.9
No. of shares (cr)	63	63	63	63	63
Adj EPS (Rs)	17.2	20.3	23.7	28.2	35.2
% change	(10.1)	18.4	16.9	18.8	24.9
DPS (Rs)	7.5	7.5	7.5	7.5	7.5

BALANCE SHEET

Y.E March (Rs Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	457	243	782	866	917
Accounts Receivable	973	1,157	1,254	1,405	1,617
Inventories	3,708	3,409	4,007	4,462	5,098
Other Cur. Assets	2,198	3,283	2,913	3,813	5,159
Investments	20	41	74	94	104
Gross Fixed Assets	3,451	4,117	5,161	5,911	6,661
Net Fixed Assets	2,228	2,606	3,251	3,531	3,740
CWIP	163	297	116	110	140
Intangible Assets	1,396	1,383	1,377	1,377	1,377
Def. Tax (Net)	(362)	(358)	(375)	(382)	(391)
Other Assets	0	-	-	-	-
Total Assets	10,782	12,062	13,400	15,276	17,762
Current Liabilities	3,439	3,841	4,244	4,730	5,404
Provisions	412	365	390	482	554
Debt Funds	11	15	12	12	12
Other Liabilities	83	99	104	104	104
Equity Capital	63	63	63	63	63
Reserves & Surplus	6,552	7,376	8,268	9,567	11,306
Shareholder's Fund	6,614	7,438	8,331	9,629	11,368
Total Liabilities	10,782	12,062	13,400	15,276	17,762
BVPS	106	119	133	154	182

CASH FLOW

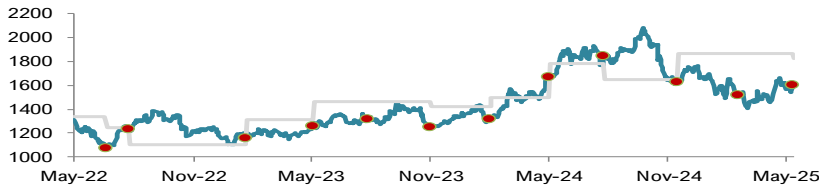
Y.E March (Rs Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Deprn.	1,075	1,273	1,489	1,769	2,209
Non-cash adj.	187	255	286	155	129
Changes in W.C	(697)	431	(215)	(928)	(1,447)
C.F. Operation	565	1,959	1,561	995	891
Capital exp.	(586)	(762)	(740)	(744)	(780)
Change in inv.	504	(1,058)	138	(20)	(10)
Other invest.CF	120	182	272	358	433
C.F - Investment	39	(1,635)	(330)	(406)	(357)
Issue of equity	27	21	43	-	-
Issue/repay debt	(456)	(77)	(96)	-	-
Dividends paid	(470)	(470)	(627)	(470)	(470)
Other finance.CF	(7)	(8)	(7)	(35)	(19)
C.F - Finance	(907)	(534)	(688)	(505)	(489)
Chg. in cash	(303)	(209)	543	84	45
Closing cash	457	243	782	866	911

RATIOS

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab & Return					
EBITDA margin (%)	9.5	9.9	9.9	10.3	11.0
EBIT margin (%)	7.7	8.1	8.0	8.4	9.0
Net profit mgn.(%)	6.4	6.9	6.8	7.2	7.9
ROE (%)	17.1	18.1	18.9	19.7	21.0
ROCE (%)	12.8	13.7	14.4	14.9	15.7
W.C & Liquidity					
Receivables (days)	18.8	21.0	20.2	19.9	19.6
Inventory (days)	104.4	103.6	92.8	94.9	93.8
Payables (days)	105.6	106.0	101.1	100.6	99.4
Current ratio (x)	1.9	1.9	1.9	2.0	2.1
Quick ratio (x)	0.4	0.3	0.5	0.5	0.5
Turnover & Leverage					
Gross asset T.O (x)	5.2	4.9	4.7	4.4	4.5
Total asset T.O (x)	7.9	7.7	7.4	7.2	7.7
Int. covge. ratio (x)	38.9	33.0	40.5	58.5	136.3
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	5.9	5.4	4.5	4.0	3.5
EV/EBITDA (x)	61.9	53.9	46.0	39.3	32.1
P/E (x)	92.8	78.4	67.0	56.4	45.2
P/BV (x)	19.0	16.4	14.3	12.0	9.9



Recommendation Summary (last 3 years)



Dates	Rating	Target
20-June-22	BUY	1,245
25-July-22	SELL	1,104
23-Jan-23	BUY	1,311
05-May-23	BUY	1,462
28-July-23	BUY	1,470
01-Nov-23	BUY	1,424
05-Feb-24	BUY	1,496
02-May-24	HOLD	1,779
29-July-24	SELL	1,644
19-Nov-24	BUY	1,865
19-Feb-25	BUY	1,869
14-May-25	BUY	1,903

Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated/Neutral			

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:



Upgrade



No Change



Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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