

Havells India

B2C demand remains muted; higher ad-spends impact margins

Havells India's (HAVL) sales grew modestly at 7% YoY to Rs44bn, 5%/3% below our/consensus estimate, amid subdued consumer demand. Cables grew 11% YoY to Rs15.7bn aided by infra-led B2B demand while Lloyd grew 7% YoY to Rs6.5bn. Switchgears/ECD/Lighting segment sales grew in the range of only 1-3% YoY due to muted consumer demand. Gross margin rose 30bps YoY to 33.3%, but higher ad-spends (+90bps YoY forming 4% of sales vs. usual run-rate of 2-3%) led to 50bps YoY fall in EBITDA margin to 9.8%, below our/consensus estimate of 10.2%/10.6%. PAT was flat YoY at Rs2.9bn, 12% below our/consensus estimates of Rs3.3bn each due to both top-line and margin miss. B2B demand remains robust with uptrend in govt. capex. B2C demand is healthy for premium products in urban areas, while non-urban areas will pick up once inflationary impact moderates, which would benefit mass/economy range products. With focus on cost levers, FMEG margin can improve despite high competition. Factoring in Q3 results, we cut FY24E EPS estimate by 7% while FY25E/26E gets trimmed by 4%/2%. Retain REDUCE rating with revised target of Rs1,160 (Rs1,195 earlier) based on unchanged P/E of 42x H1FY26E EPS.

Electricals – B2C demand remains tepid; B2B growth aided by infra capex

Cables sales (Rs15.7bn, +11% YoY) was led by infra-led demand however unfavorable product mix caused EBIT margin to fall 110bps YoY to 10.4%, lowest in past 5 quarters. Cables-wires sales mix is 65-35 with wires having better margins. Rs3bn greenfield plant of underground cables will expand capacity by 25%. In switchgears (Rs5.2bn sales, +1% YoY), healthy growth from projects and retail was offset by lower sales from telecom OEMs and exports. EBIT margin fell 60bps YoY to 24.1%. Softer ECD sales (Rs9.6bn, +3% YoY) was due to subdued B2C demand and de-growth in fans on a high base (pre-BEE channel filling in Q3FY23). Fans growth is likely to be healthy in upcoming summer amidst lower channel inventory and normalcy in pricing with trade carrying only BEE rated fans. Small domestic appliances benefited from festive demand. EBIT margin fell 190bps YoY at 11.2%. In lighting (Rs4.3bn sales, +2% YoY), healthy growth in professional lighting was offset by LED price erosion in consumer lighting. EBIT margin rose 150bps YoY to 14.2% and has sustained 14-14.5% range in past 3 quarters.

Lloyd – Decent growth; EBIT loss continues as core priority is brand building

Lloyd sales grew 7% YoY to Rs6.5bn while EBIT losses continued at Rs652mn. RAC channel filling is lower YoY as trade is cautious. HAVL expects good summer season due to pent-up demand as last year's summer was truncated due to unseasonal rains. Lloyd's capacity utilization is at 50-60% across both plants. Lloyd believes that capacity addition by RAC brands wouldn't trigger price war in the industry as popular brands have vision for long term growth. In the Middle East market, Lloyd would position itself as a mass premium brand and will target NRI population. Lloyd's market share and margins are similar across offline and online channels. Channel finance accounted for 30-35% of total sales.

Other key takeaways: (1) OCF in 9MFY24 at Rs14.3bn vs. Rs5.7bn in FY23. (2) NWC at 37 days (TTM sales) as on Q3 vs. 42 days YoY. (3) Capex in 9M at Rs5bn vs. FY24E guidance of Rs6bn.

Maintain REDUCE with a revised target price of Rs1,160

We expect HAVL to post 14% revenue CAGR over FY23-26E while earnings CAGR will be 21% on a low base. We maintain REDUCE as (1) consumer demand remains soft and competitive intensity is elevated in FMEG, (2) losses in Lloyd will continue for foreseeable future while its share in total sales mix will rise with addition of new products and (3) stretched valuations.

Financial and valuation summary

YE Mar (Rs mn)	3QFY24A	3QFY23A	YoY (%)	2QFY24A	QoQ (%)	FY24E	FY25E	FY26E
Revenues	44,006	41,197	6.8	38,912	13.1	1,87,655	2,16,895	2,50,873
EBITDA	4,326	4,237	2.1	3,735	15.8	17,720	22,246	26,888
EBITDA margin (%)	9.8	10.3	(50bps)	9.6	20bps	9.4	10.3	10.7
Adj. Net profit	2,879	2,839	1.4	2,491	15.6	12,153	15,538	19,018
Adj. EPS (Rs)	4.6	4.5	1.7	4.0	15.6	19.4	24.8	30.3
EPS growth (%)						13.0	27.9	22.4
PE (x)						67.3	52.7	43.0
EV/EBITDA (x)						44.9	35.5	29.1
PBV (x)						11.2	9.9	8.8
RoE (%)						17.4	19.9	21.6
RoCE (%)						17.9	20.4	22.0

Source: Company, Centrum Broking

Please see Disclaimer for analyst certifications and all other important disclosures.

Result Update

India I Consumer Electricals

24 January, 2024

REDUCE

Price: Rs1,306

Target Price: Rs1,160

Forecast return: -11%

Institutional Research

Market Data

Bloomberg:	HAVL IN
52 week H/L:	1,472/1,128
Market cap:	Rs818.2bn
Shares Outstanding:	626.7mn
Free float:	36.3%
Avg. daily vol. 3mth:	7,35,148

Source: Bloomberg

Changes in the report

Rating:	REDUCE; Unchanged
Target price:	Rs1,160; down 2.9%
	FY24E: Rs19.4; down 7.1%
EPS:	FY25E: Rs24.8; down 4.4%
	FY26E: Rs30.3; down 2.1%

Source: Centrum Broking

Shareholding pattern

	Dec-23	Sep-23	Jun-23	Mar-23
Promoter	59.4	59.4	59.4	59.5
FIIs	24.0	24.2	23.8	23.1
DIIIs	10.1	9.5	9.8	10.4
Public/other	6.5	6.9	7.0	7.1

Source: BSE

Centrum estimates vs Actual results

YE Mar (Rs mn)	Centrum Q3FY24	Actual Q3FY24	Variance (%)
Revenue	46,496	44,006	(5.4)
EBITDA	4,752	4,326	(9.0)
EBITDA margin (%)	10.2	9.8	(40bps)
Net Profit	3,268	2,879	(11.9)
EPS	5.2	4.6	(11.9)

Source: Company, Centrum Broking



Chirag Muchhala

Research Analyst, Consumer Electricals
+91-22-4215 9203

chirag.muchhala@centrum.co.in



Rahul Kumar Mishra

Research Associate, Consumer Electricals
+91-22-4215 9265

rahulkumar.mishra@centrum.co.in

Consumer Electricals

Thesis Snapshot

Estimate revision

YE Mar (Rs mn)	FY25E New	FY25E Old	% chg	FY26E New	FY26E Old	% chg
Revenue	2,16,895	2,20,260	(1.5)	2,50,873	2,54,382	(1.4)
EBITDA	22,246	23,073	(3.6)	26,888	27,284	(1.5)
EBITDA margin (%)	10.3	10.5	(20bps)	10.7	10.7	-
Adj. PAT	15,538	16,254	(4.4)	19,018	19,419	(2.1)
Diluted EPS (Rs)	24.8	25.9	(4.4)	30.3	31.0	(2.1)

Source: Centrum Broking

Havells India versus NIFTY 50

	1m	6m	1 year
HAVL IN	(3.4)	0.7	9.4
NIFTY 50	0.5	9.1	18.4

Source: Bloomberg, NSE

Key assumptions

Y/E Mar	FY24E	FY25E	FY26E
Switchgears revenue growth (%)	6.0	17.0	14.0
Cables revenue growth (%)	12.0	15.0	17.0
Lighting revenue growth (%)	3.0	9.0	11.0
ECD revenue growth (%)	12.0	15.0	16.0
Lloyd revenue growth (%)	16.0	20.0	17.0
Switchgears EBIT margin (%)	26.5	27.0	27.5
Cables EBIT margin (%)	11.4	12.0	12.5
Lighting EBIT margin (%)	14.5	14.8	15.3
ECD EBIT margin (%)	11.7	13.0	13.5
Lloyd EBIT margin (%)	(6.0)	(4.0)	(3.0)

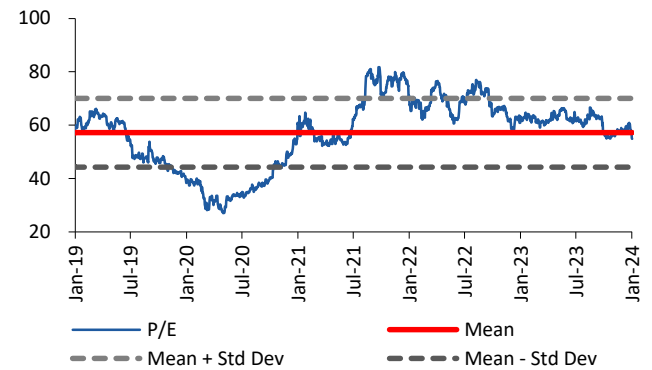
Source: Centrum Broking

Valuations

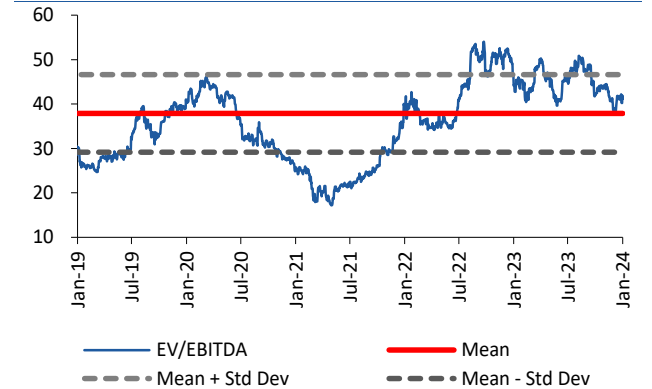
We value HAVL at 42x H1FY26E EPS and arrive at the target price of Rs1,160

Valuations	Rs/share
H1FY26E EPS	27.6
PE (x)	42
Target price per share	1,160

P/E mean and standard deviation



EV/EBITDA mean and standard deviation



Source: Bloomberg, Centrum Broking

Peer comparison

Company	Mkt Cap (Rs mn)	CAGR (FY23-26E)			P/E (x)			ROE (%)			ROCE (%)		
		Sales	EBITDA	EPS	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
BJE	1,18,265	11.9	17.9	23.5	52.1	35.9	29.2	11.1	14.5	15.8	13.1	16.6	17.9
CROMPTON	1,94,647	14.2	16.1	21.4	40.4	29.0	23.5	17.2	21.3	22.9	14.2	18.5	20.9
HAVL	8,18,220	14.1	18.8	20.9	67.3	52.7	43.0	17.4	19.9	21.6	17.9	20.4	22.0
ORIENTEL	45,497	15.8	29.7	35.5	44.8	30.4	24.1	16.4	21.2	23.0	16.7	23.5	25.0
POLYCAB	6,54,786	19.3	19.5	20.3	37.0	33.0	28.8	23.8	22.5	21.8	24.6	23.4	22.7
VGRD	1,26,605	16.6	29.2	34.1	46.6	34.9	27.8	15.9	18.7	20.3	14.5	17.5	19.8

Source: Company, Centrum Broking

Key concall takeaways

Financial and business outlook

- Seeing good traction in residential segment in urban areas for premium products. With expectation of inflation impact moderating, rural areas should also grow and will benefit mass/economy categories.
- Passed on cost increase due to energy label change in fans & AC, have seen margin rise over the past one year.
- Have seen stronger brands gaining more market share vs. regional/unorganized brands in electrical and durable categories.
- Consumers are upgrading their purchase in many FMEG categories from basic functionality to better convenience.
- Havells is putting lot of thrust on premiumization and cost initiatives. Key cost levers are raw material cost and operational efficiency.
- Not seen any issue due to Red Sea conflict, neither on exports nor on supply chain of imports.
- FMEG margin can improve from this level despite higher competition.
- Higher advertising spends impacted EBIT.

Lloyd

- For AC, expect good summer season due to pent-up demand from last year's truncated summer.
- Shelf filling in AC sales for upcoming summer is lower so far than last year.
- For international market, product modification investment will not be very high. It will be a long term journey towards brands and distribution. Primary focus is on Lloyd brand, but not averse to white label manufacturing.
- In Middle East also, Lloyd will be positioned as mass premium brand. NRI population will be main target audience (Lloyd is a market leader in Kerala). There are Chinese brands also operating in Middle East.
- Lloyd capacity utilization is 50-60%. Balancing production at both plants – Gehlot and Sri City.
- Industry-wide new capacity coming up in AC is unlikely to lead to any significant price war as all main brands are seasoned players and are looking at long term opportunities.
- Lloyd's margin and market share are similar on e-commerce and offline.
- Lloyd 30-35% sales will be through channel financing.
- Compressor is a consolidated industry in terms of suppliers. With Lloyd's volume rising, they will be able to get better price from suppliers of compressor and motors.
- Refrigerator plant is still under evaluation

Lighting and ECD

- Lighting volume growth was healthy in both B2C and B2B. Lighting margin have normalized.
- Lighting capex is done post the fire incident last year. Higher quantum of production is moved in-house.
- Fans posted de-growth in Q3 on higher base of last year.
- Compared to last year, channel inventory is lower in Fans. Expect growth to be better in summer on low base and normalcy in pricing post non-BEE fans liquidation by trade.
- Small domestic appliances sales benefited from festive demand.

Cables and Switchgears

- Cables margin was lower due to product mix. Wires margin are higher, but in Q3 its share in total sales was lower.
- Capacity of under-ground cables will rise by 25% post commissioning of new Rs3bn plant.
- Sales mix is 60-65% house wires and 35-40% cables. Don't see a structural shift in this mix.
- Havells has not lost market share in switchgears. Growth in project and retail sectors is healthy but lower sales in telecom OEM sector and exports has curtailed overall growth. Don't have capacity constraints in switchgears.

Quarterly performance trend

Exhibit 1: Quarterly Financial Snapshot

Y/E March (Rs mn)	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)
Revenue	44,171	42,301	36,689	41,197	48,496	48,237	38,912	44,006	6.8	13.1
Direct Costs	31,223	30,039	25,356	27,598	33,721	33,579	25,953	29,339	6.3	13.0
Gross Profit	12,948	12,263	11,333	13,600	14,775	14,658	12,960	14,667	7.8	13.2
Staff Cost	2,753	3,021	3,068	3,266	3,262	3,552	3,766	3,762	15.2	(0.1)
Advertisement expenses	688	1,134	867	1,278	1,095	1,343	846	1,763	38.0	108.4
Other Expenses	4,301	4,494	4,528	4,818	5,111	5,739	4,613	4,816	(0.1)	4.4
Total Expenditure	38,965	38,688	33,819	36,960	43,188	44,213	35,178	39,680	7.4	12.8
EBITDA	5,205	3,614	2,871	4,237	5,308	4,024	3,735	4,326	2.1	15.8
Depreciation	707	721	721	746	774	763	812	877	17.6	8.0
EBIT	4,498	2,893	2,150	3,492	4,534	3,261	2,923	3,449	(1.2)	18.0
Interest	191	98	68	73	98	85	93	102	40.1	9.3
Other Income	442	470	433	399	468	647	524	559	40.2	6.8
PBT	4,749	3,266	2,515	3,818	4,904	3,823	3,354	3,907	2.3	16.5
Tax	1,220	841	646	978	1,287	950	863	1,028	5.1	19.2
PAT	3,530	2,424	1,869	2,839	3,617	2,874	2,491	2,879	1.4	15.6
EPS (Rs/share)	5.8	3.9	3.0	4.5	5.7	4.6	4.0	4.6	1.7	15.6
As a % of revenue										
Direct Costs	70.7	71.0	69.1	67.0	69.5	69.6	66.7	66.7		
Gross Margin	29.3	29.0	30.9	33.0	30.5	30.4	33.3	33.3		
Staff Cost	6.2	7.1	8.4	7.9	6.7	7.4	9.7	8.5		
Advertisement expenses	1.6	2.7	2.4	3.1	2.3	2.8	2.2	4.0		
Other expenses	9.7	10.6	12.3	11.7	10.5	11.9	11.9	10.9		
EBITDA Margin	11.8	8.5	7.8	10.3	10.9	8.3	9.6	9.8		
PAT Margin	8.0	5.7	5.1	6.9	7.5	6.0	6.4	6.5		
Tax rate	25.7	25.8	25.7	25.6	26.2	24.8	25.7	26.3		

Source: Company Data, Centrum Broking

Exhibit 2: Quarterly Segmental Snapshot

Y/E March	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)
Revenue (Rs mn)										
Switchgears	4,744	5,167	4,878	5,141	6,010	5,407	5,324	5,206	1.3	(2.2)
Cables	14,881	11,929	13,594	14,121	15,682	14,852	14,702	15,727	11.4	7.0
Lighting & Fixtures	3,994	3,711	3,970	4,201	4,134	3,670	3,965	4,299	2.3	8.4
Electrical Consumer Durables	8,698	8,381	7,735	9,348	7,495	8,770	7,331	9,613	2.8	31.1
Lloyd Consumer	9,592	10,837	4,141	6,068	12,640	13,055	4,930	6,467	6.6	31.2
Others	2,261	2,276	2,372	2,319	2,536	2,483	2,662	2,695	16.2	1.2
Total	44,171	42,301	36,689	41,197	48,496	48,237	38,912	44,006	6.8	13.1
Revenue mix (%)										
Switchgears	10.7	12.2	13.3	12.5	12.4	11.2	13.7	11.8		
Cables	33.7	28.2	37.1	34.3	32.3	30.8	37.8	35.7		
Lighting & Fixtures	9.0	8.8	10.8	10.2	8.5	7.6	10.2	9.8		
Electrical Consumer Durables	19.7	19.8	21.1	22.7	15.5	18.2	18.8	21.8		
Lloyd Consumer	21.7	25.6	11.3	14.7	26.1	27.1	12.7	14.7		
Others	5.1	5.4	6.5	5.6	5.2	5.1	6.8	6.1		
EBIT (Rs mn)										
Switchgears	1,231	1,353	1,220	1,270	1,721	1,499	1,407	1,256	(1.1)	(10.7)
Cables	1,732	875	859	1,628	1,885	1,691	1,707	1,633	0.3	(4.3)
Lighting & Fixtures	617	611	570	534	754	529	569	612	14.7	7.5
Electrical Consumer Durables	1,501	1,098	901	1,228	962	957	848	1,073	(12.6)	26.5
Lloyd Consumer	(213)	(559)	(833)	(596)	(221)	(608)	(733)	(652)	9.3	(11.1)
Others	265	122	41	72	115	88	40	44	(39.5)	8.7
Total	5,133	3,500	2,758	4,135	5,216	4,155	3,838	3,965	(4.1)	3.3
EBIT margin (%)										
Switchgears	25.9	26.2	25.0	24.7	28.6	27.7	26.4	24.1		
Cables	11.6	7.3	6.3	11.5	12.0	11.4	11.6	10.4		
Lighting & Fixtures	15.4	16.5	14.4	12.7	18.2	14.4	14.4	14.2		
Electrical Consumer Durables	17.3	13.1	11.6	13.1	12.8	10.9	11.6	11.2		
Lloyd Consumer	(2.2)	(5.2)	(20.1)	(9.8)	(1.7)	(4.7)	(14.9)	(10.1)		
Others	11.7	5.4	1.7	3.1	4.5	3.5	1.5	1.6		
Total	11.6	8.3	7.5	10.0	10.8	8.6	9.9	9.0		

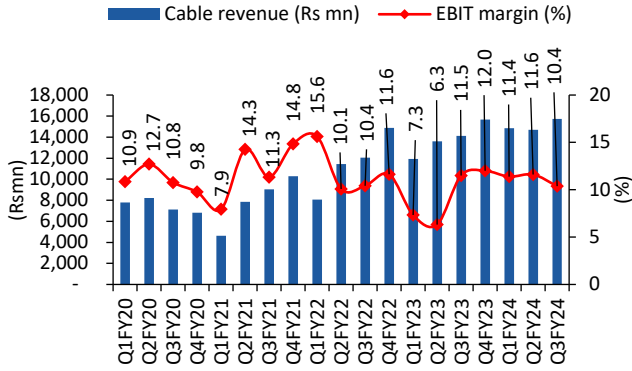
Source: Company Data, Centrum Broking

Exhibit 3: FMEG performance ex-Lloyd

Y/E March	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)
Revenue ex-Lloyd (Rsmn)	34,579	31,464	32,549	35,130	35,856	35,182	33,983	37,540	6.9	10.5
YoY growth (%)	26.2	49.6	13.0	10.2	3.7	11.8	4.4	6.9		
EBIT ex-Lloyd (Rsmn)	5,345	4,059	3,591	4,731	5,437	4,762	4,571	4,617	(2.4)	1.0
EBIT margin ex-Lloyd (%)	15.5	12.9	11.0	13.5	15.2	13.5	13.5	12.3		

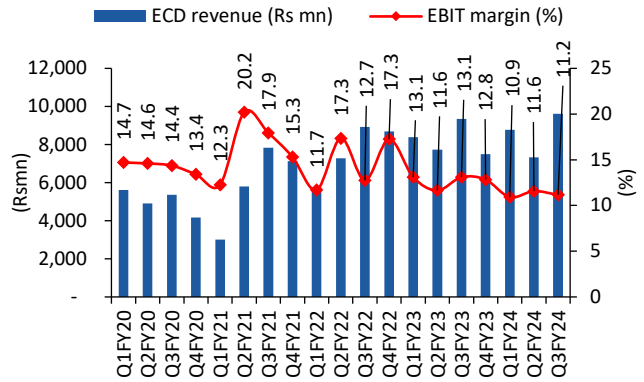
Source: Company Data, Centrum Broking

Exhibit 4: Cables revenue and EBIT margin trend



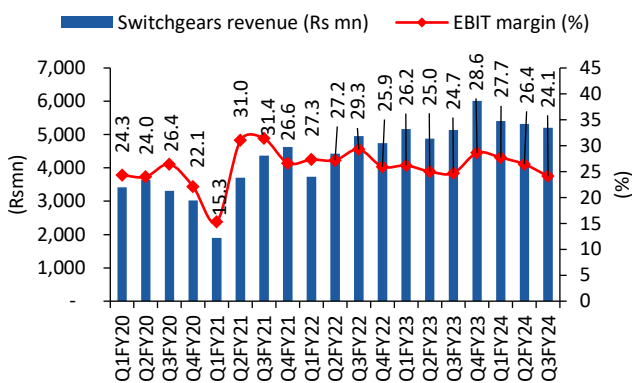
Source: Company Data, Centrum Broking

Exhibit 5: ECD revenue and margin trend



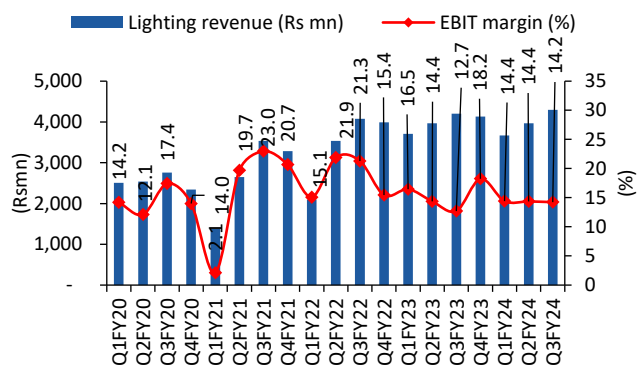
Source: Company Data, Centrum Broking

Exhibit 6: Switchgears revenue and EBIT margin trend



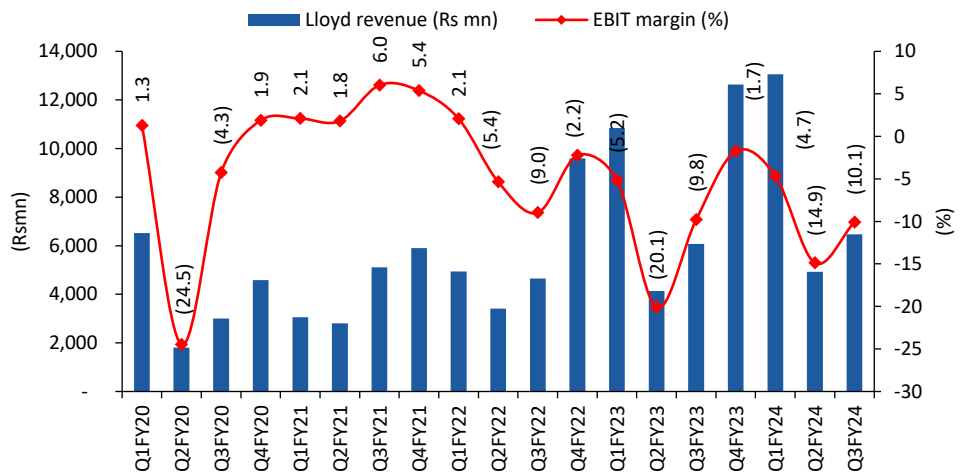
Source: Company Data, Centrum Broking

Exhibit 7: Lighting revenue and EBIT margin trend



Source: Company Data, Centrum Broking

Exhibit 8: Lloyd revenue and EBIT margin trend



Source: Company Data, Centrum Broking

P&L					
YE Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenues	1,38,885	1,68,684	1,87,655	2,16,895	2,50,873
Operating Expense	93,841	1,16,713	1,27,606	1,46,838	1,69,089
Employee cost	10,147	12,617	15,200	16,701	18,816
Others	17,322	23,325	27,129	31,110	36,081
EBITDA	17,576	16,030	17,720	22,246	26,888
Depreciation & Amortisation	2,608	2,961	3,356	3,541	3,748
EBIT	14,968	13,069	14,364	18,705	23,140
Interest expenses	534	336	403	436	471
Other income	1,604	1,770	2,280	2,495	2,745
PBT	16,038	14,503	16,241	20,764	25,415
Taxes	4,091	3,753	4,088	5,226	6,397
Effective tax rate (%)	25.5	25.9	25.2	25.2	25.2
PAT	11,947	10,750	12,153	15,538	19,018
Minority/Associates	0	0	0	0	0
Recurring PAT	11,947	10,750	12,153	15,538	19,018
Extraordinary items	0	0	0	0	0
Reported PAT	11,947	10,750	12,153	15,538	19,018
Ratios					
YE Mar	FY22A	FY23A	FY24E	FY25E	FY26E
Growth (%)					
Revenue	33.2	21.5	11.2	15.6	15.7
EBITDA	12.3	(8.8)	10.5	25.5	20.9
Adj. EPS	14.9	(10.1)	13.0	27.9	22.4
Margins (%)					
Gross	32.4	30.8	32.0	32.3	32.6
EBITDA	12.7	9.5	9.4	10.3	10.7
EBIT	10.8	7.7	7.7	8.6	9.2
Adjusted PAT	8.6	6.4	6.5	7.2	7.6
Returns (%)					
ROE	21.4	17.1	17.4	19.9	21.6
ROCE	20.5	16.9	17.9	20.4	22.0
ROIC	31.2	24.3	22.9	28.0	32.5
Turnover (days)					
Gross block turnover ratio (x)	4.6	4.9	4.4	4.5	4.7
Debtors	17	19	20	20	20
Inventory	109	104	111	108	108
Creditors	77	79	80	80	82
Net working capital	74	65	65	68	73
Solvency (x)					
Net debt-equity	(0.4)	(0.3)	(0.3)	(0.4)	(0.4)
Interest coverage ratio	32.9	47.7	43.9	51.1	57.1
Net debt/EBITDA	(1.2)	(1.2)	(1.3)	(1.3)	(1.4)
Per share (Rs)					
Adjusted EPS	19.1	17.2	19.4	24.8	30.3
BVPS	95.6	105.6	116.9	131.7	149.1
CEPS	23.2	21.9	24.7	30.4	36.3
DPS	7.5	7.5	8.0	10.0	13.0
Dividend payout (%)	39.3	43.7	41.3	40.3	42.8
Valuation (x)					
P/E	68.4	76.1	67.3	52.7	43.0
P/BV	13.7	12.4	11.2	9.9	8.8
EV/EBITDA	45.3	49.9	44.9	35.5	29.1
Dividend yield (%)	0.6	0.6	0.6	0.8	1.0

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Equity share capital	626	627	627	627	627
Reserves & surplus	59,260	65,518	72,658	81,928	92,799
Shareholders fund	59,886	66,145	73,284	82,555	93,426
Minority Interest	0	0	0	0	0
Total debt	3,955	0	0	0	0
Non Current Liabilities	0	0	0	0	0
Def tax liab. (net)	3,506	3,615	3,615	3,615	3,615
Total liabilities	67,348	69,760	76,899	86,170	97,041
Gross block	30,190	34,510	42,644	48,144	53,144
Less: acc. Depreciation	(9,976)	(12,232)	(15,588)	(19,129)	(22,876)
Net block	20,213	22,278	27,056	29,015	30,267
Capital WIP	568	1,634	500	500	500
Net fixed assets	34,907	37,870	41,514	43,473	44,725
Non Current Assets	0	0	0	0	0
Investments	4,277	2,013	2,013	2,013	2,013
Inventories	29,681	37,085	40,204	46,666	53,738
Sundry debtors	7,675	9,729	10,797	12,776	15,121
Cash & Cash Equivalents	25,358	18,619	23,078	28,925	36,615
Loans & advances	2,492	5,489	6,005	6,724	7,777
Other current assets	661	628	668	756	858
Trade payables	23,794	26,425	29,716	35,000	40,767
Other current liab.	10,615	11,130	13,136	15,183	17,561
Provisions	3,295	4,116	4,528	4,981	5,479
Net current assets	28,164	29,877	33,372	40,684	50,302
Total assets	67,348	69,760	76,899	86,170	97,041

Cashflow					
YE Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Profit Before Tax	16,038	14,503	16,241	20,764	25,415
Depreciation & Amortisation	2,608	2,961	3,356	3,541	3,748
Net Interest	534	336	403	436	471
Net Change – WC	4,025	(8,355)	964	(1,465)	(1,928)
Direct taxes	(3,976)	(3,644)	(4,088)	(5,226)	(6,397)
Net cash from operations	19,230	5,801	16,876	18,050	21,308
Capital expenditure	(3,920)	(6,092)	(7,000)	(5,500)	(5,000)
Acquisitions, net	0	0	0	0	0
Investments	(1,198)	2,264	0	0	0
Others	0	0	0	0	0
Net cash from investing	(5,118)	(3,828)	(7,000)	(5,500)	(5,000)
FCF	14,112	1,973	9,876	12,550	16,308
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	(967)	(3,955)	0	0	0
Dividend paid	(4,697)	(4,699)	(5,014)	(6,267)	(8,147)
Interest paid	(534)	(336)	(403)	(436)	(471)
Others	1,196	278	0	0	0
Net cash from financing	(5,001)	(8,712)	(5,417)	(6,703)	(8,618)
Net change in Cash	9,111	(6,740)	4,460	5,847	7,690

Source: Company, Centrum Broking

Disclaimer

Centrum Broking Limited ("Centrum") is a full-service, Stock Broking Company and a member of The Stock Exchange, Mumbai (BSE) and National Stock Exchange of India Ltd. (NSE). Our holding company, Centrum Capital Ltd, is an investment banker and an underwriter of securities. As a group Centrum has Investment Banking, Advisory and other business relationships with a significant percentage of the companies covered by our Research Group. Our research professionals provide important inputs into the Group's Investment Banking and other business selection processes.

Recipients of this report should assume that our Group is seeking or may seek or will seek Investment Banking, advisory, project finance or other businesses and may receive commission, brokerage, fees or other compensation from the company or companies that are the subject of this material/report. Our Company and Group companies and their officers, directors and employees, including the analysts and others involved in the preparation or issuance of this material and their dependants, may on the date of this report or from, time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. Centrum or its affiliates do not own 1% or more in the equity of this company. Our sales people, dealers, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. We may have earlier issued or may issue in future reports on the companies covered herein with recommendations/information inconsistent or different those made in this report. In reviewing this document, you should be aware that any or all of the foregoing, among other things, may give rise to or potential conflicts of interest. We and our Group may rely on information barriers, such as "Chinese Walls" to control the flow of information contained in one or more areas within us, or other areas, units, groups or affiliates of Centrum. Centrum or its affiliates do not make a market in the security of the company for which this report or any report was written. Further, Centrum or its affiliates did not make a market in the subject company's securities at the time that the research report was published.

This report is for information purposes only and this document/material should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities, and neither this document nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This document does not solicit any action based on the material contained herein. It is for the general information of the clients of Centrum. Though disseminated to clients simultaneously, not all clients may receive this report at the same time. Centrum will not treat recipients as clients by virtue of their receiving this report. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Similarly, this document does not have regard to the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive this document. The securities discussed in this report may not be suitable for all investors. The securities described herein may not be eligible for sale in all jurisdictions or to all categories of investors. The countries in which the companies mentioned in this report are organized may have restrictions on investments, voting rights or dealings in securities by nationals of other countries. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Persons who may receive this document should consider and independently evaluate whether it is suitable for his/ her/their particular circumstances and, if necessary, seek professional/financial advice. Any such person shall be responsible for conducting his/her/their own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this document.

The projections and forecasts described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. Projections and forecasts are necessarily speculative in nature, and it can be expected that one or more of the estimates on which the projections and forecasts were based will not materialize or will vary significantly from actual results, and such variances will likely increase over time. All projections and forecasts described in this report have been prepared solely by the authors of this report independently of the Company. These projections and forecasts were not prepared with a view toward compliance with published guidelines or generally accepted accounting principles. No independent accountants have expressed an opinion or any other form of assurance on these projections or forecasts. You should not regard the inclusion of the projections and forecasts described herein as a representation or warranty by or on behalf of the Company, Centrum, the authors of this report or any other person that these projections or forecasts or their underlying assumptions will be achieved. For these reasons, you should only consider the projections and forecasts described in this report after carefully evaluating all of the information in this report, including the assumptions underlying such projections and forecasts.

The price and value of the investments referred to in this document/material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. Future returns are not guaranteed and a loss of original capital may occur. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Centrum does not provide tax advice to its clients, and all investors are strongly advised to consult regarding any potential investment. Centrum and its affiliates accept no liabilities for any loss or damage of any kind arising out of the use of this report. Foreign currencies denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies effectively assume currency risk. Certain transactions including those involving futures, options, and other derivatives as well as non-investment-grade securities give rise to substantial risk and are not suitable for all investors. Please ensure that you have read and understood the current risk disclosure documents before entering into any derivative transactions.

This report/document has been prepared by Centrum, based upon information available to the public and sources, believed to be reliable. No representation or warranty, express or implied is made that it is accurate or complete. Centrum has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed. The opinions expressed in this document/material are subject to change without notice and have no obligation to tell you when opinions or information in this report change.

This report or recommendations or information contained herein do/does not constitute or purport to constitute investment advice in publicly accessible media and should not be reproduced, transmitted or published by the recipient. The report is for the use and consumption of the recipient only. This publication may not be distributed to the public used by the public media without the express written consent of Centrum. This report or any portion hereof may not be printed, sold or distributed without the written consent of Centrum.

The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Neither Centrum nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.

This document does not constitute an offer or invitation to subscribe for or purchase or deal in any securities and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. This document is strictly confidential and is being furnished to you solely for your information, may not be distributed to the press or other media and may not be reproduced or redistributed to any other person. The distribution of this report in other jurisdictions may be restricted by law and persons into whose possession this report comes should inform themselves about, and observe any such restrictions. By accepting this report, you agree to be bound by the foregoing limitations. No representation is made that this report is accurate or complete.

The opinions and projections expressed herein are entirely those of the author and are given as part of the normal research activity of Centrum Broking and are given as of this date and are subject to change without notice. Any opinion estimate or projection herein constitutes a view as of the date of this report and there can be no assurance that future results or events will be consistent with any such opinions, estimate or projection.

This document has not been prepared by or in conjunction with or on behalf of or at the instigation of, or by arrangement with the company or any of its directors or any other person. Information in this document must not be relied upon as having been authorized or approved by the company or its directors or any other person. Any opinions and projections contained herein are entirely those of the authors. None of the company or its directors or any other person accepts any liability whatsoever for any loss arising from any use of this document or its contents or otherwise arising in connection therewith.

Centrum and its affiliates have not managed or co-managed a public offering for the subject company in the preceding twelve months. Centrum and affiliates have not received compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for service in respect of public offerings, corporate finance, debt restructuring, investment banking or other advisory services in a merger/acquisition or some other sort of specific transaction.

As per the declarations given by them, Mr. Chirag Muchhala & Mr. Rahul Kumar Mishra, research analyst and and/or any of their family members do not serve as an officer, director or any way connected to the company/companies mentioned in this report. Further, as declared by them, they are not received any compensation from the above companies in the preceding twelve months. They do not hold any shares by them or through their relatives or in case if holds the shares then will not to do any transactions in the said scrip for 30 days from the date of release such report. Our entire research professionals are our employees and are paid a salary. They do not have any other material conflict of interest of the research analyst or member of which the research analyst knows of has reason to know at the time of publication of the research report or at the time of the public appearance.

While we would endeavour to update the information herein on a reasonable basis, Centrum, its associated companies, their directors and employees are under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Centrum from doing so.

Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Centrum policies, in circumstances where Centrum is acting in an advisory capacity to this company, or any certain other circumstances.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Centrum Broking Limited or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market.

Ratings definitions

Our ratings denote the following 12-month forecast returns:

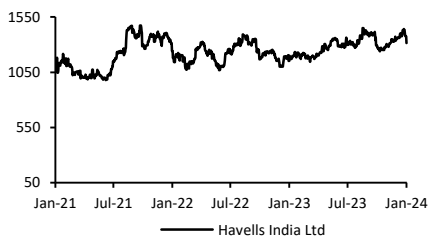
Buy – The stock is expected to return above 15%.

Add – The stock is expected to return 5-15%.

Reduce – The stock is expected to deliver -5--5% returns.

Sell – The stock is expected to deliver <-5% returns.

Havells India Ltd



Source: Bloomberg

Disclosure of Interest Statement

1	Business activities of Centrum Broking Limited (CBL)	Centrum Broking Limited (hereinafter referred to as "CBL") is a registered member of NSE (Cash, F&O and Currency Derivatives Segments), MCX-SX (Currency Derivatives Segment) and BSE (Cash segment), Depository Participant of CDSL and a SEBI registered Portfolio Manager.	
2	Details of Disciplinary History of CBL	CBL has not been debarred/ suspended by SEBI or any other regulatory authority from accessing /dealing in securities market.	
3	Registration status of CBL:	CBL is registered with SEBI as a Research Analyst (SEBI Registration No. INH000001469)	
			Havells India
4	Whether Research analyst's or relatives' have any financial interest in the subject company and nature of such financial interest		No
5	Whether Research analyst or relatives have actual / beneficial ownership of 1% or more in securities of the subject company at the end of the month immediately preceding the date of publication of the document.		No
6	Whether the research analyst or his relatives has any other material conflict of interest		No
7	Whether research analyst has received any compensation from the subject company in the past 12 months and nature of products / services for which such compensation is received		No
8	Whether the Research Analyst has received any compensation or any other benefits from the subject company or third party in connection with the research report		No
9	Whether Research Analysts has served as an officer, director or employee of the subject company		No
10	Whether the Research Analyst has been engaged in market making activity of the subject company.		No
11	Whether it or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months;		No
12	Whether it or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months;		No
13	Whether it or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months;		No

Member (NSE and BSE). Member MSEI (Inactive)

Single SEBI Regn. No.: INZ000205331

Depository Participant (DP)

CDSL DP ID: 120 – 12200

Single SEBI Regn. No.: IN-DP-537-2020

PORTFOLIO MANAGER

SEBI REGN NO.: INP000004383

Research Analyst

SEBI Registration No. INH000001469

Mutual Fund Distributor

AMFI REGN No. ARN- 147569

Website: www.centrumbroking.com

Investor Grievance Email ID: investor.grievances@centrum.co.in

Compliance Officer Details:

Ajay S Bendkhale

(022) 4215 9000/9023; Email ID: compliance@centrum.co.in

Centrum Broking Ltd. (CIN :U67120MH1994PLC078125)**Registered and Corporate Office:**

Level -9, Centrum House, C.S.T. Road,

Vidyanagari Marg, Kalina,

Santacruz (East) Mumbai – 400098

Tel.: - +91 22 4215 9000