Company 1: ‘HAVELLS’

Sector and Company (Rating: 4/5)

- Fast Moving Electrical Goods (FMEG) Company, a major power distribution equipment manufacturer.

- Company profile: Havells pioneered the concept of brand shops in the electrical industry. This channel serves to increase direct consumer engagement, brand visibility, and premiumization. Currently, we have nearly 700 Brand Shops contributing significantly to the business volumes of the relevant product categories.

- ## RATIO ANALYSIS: (Rating: 3.5 /5)

1. **Net Profit Margin**(%): Mar’23 Mar’22
   6.37 8.60

   For the electric utilities industry, the avg net profit margin in the sector was nearly 10% in the first quarter of 2022 and for the trailing 12 months, it was nearly 11%. Havells has a net profit margin of 8.60% for FY22 which suggests that it lags the industry average by around 2.4%, indicating that other companies in this industry are earning more revenue and efficiently converting a higher portion of this revenue into net profit.

2. **Return on Equity**(%): Mar’23 Mar’22
   16.25 19.94

   For the electric utilities industry, the average ROE is 18.62. We know, that the higher the ROE, the more efficient the company is in generating profit for its Shareholders. As compared to the industry average, Havells performs quite well with its ROE of FY22 at 19.94%. For FY23, it has dropped a little to 16.25%, but is still close to the industry average. So, the company performs well in its Industry as far as return on equity is concerned.

3. **Return on Assets**(%): Mar’23 Mar’22
   9.64 11.37

   For the electric utilities industry, the average ROA is 4.58%. Comparing Havells’s ROA to the industry average, we see that Havells holds a good position in the Sector and generates more profit than most of the companies for the same amount of assets.

4. **Debt to Equity**: Mar’23 Mar’22
   0.00 0.07

The average debt-to-equity ratio for the electric utilities sector in the second quarter of 2022 was 0.12. Here, again Havells stands at a good position in the industry with a considerably low debt-to-equity ratio.

5. **Inventory Turnover Ratio**: Mar’23 Mar’22
2.79 2.78
The industry average for inventory turnover ratio is 2.29. A higher ratio indicates that the company’s product is in high demand and sells quickly, resulting in lower inventory management costs and more earnings. Thus, Havells has a good position here too, as compared to the average industry inventory turnover ratio.

6. **Price to Earnings Ratio**: July’23 FY’22
77.11 60.2
The industry average is 31.92, suggesting that the company is overvalued. Also, Havells requires investors to invest more as compared to other companies, in order to earn 1$.

● OTHER FACTORS: (Rating: 4/5)

1. **Targeting**

The segments which Havells has been primarily targeting are residential consumers with its low-cost and energy-efficient products like Delite and Lumeno LEDs which reduce the electricity bill by 50%.

2. **Positioning**

Havells’ positioning strategy has always taken its competitors by surprise. Havells has created a brand recall, unlike any other thanks to aggressive branding, particularly on television. Catchphrases like “Shock Laga Kya” and advertisements like “Rimpoche” and “Happy LED Diwali” have become iconic. Apart from that, it has sponsored popular TV shows such as “BIG BOSS,” which has only increased the value of its brand.

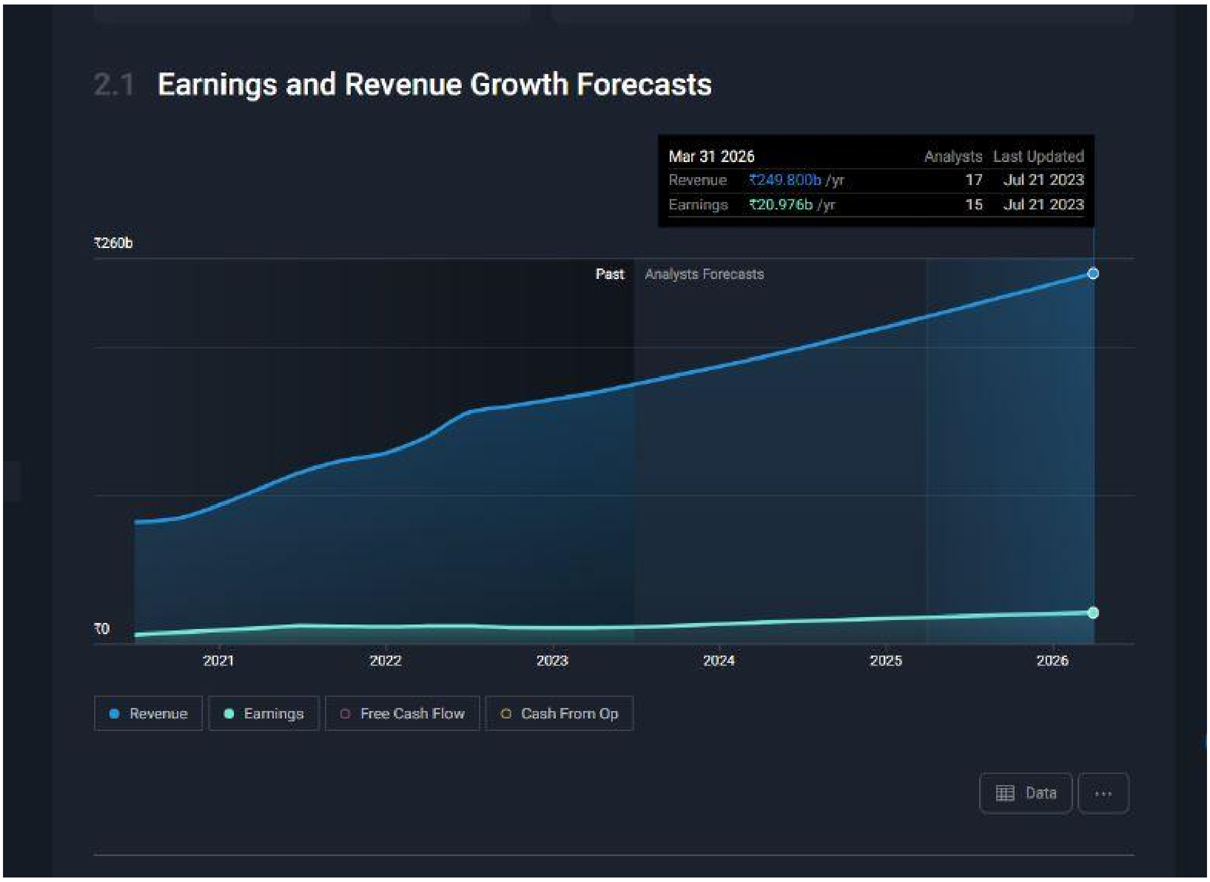
3. **Social media marketing**

Facebook: 564k followers
Instagram: 100k followers
LinkedIn: 289k followers
Twitter: 50.6k followers
Havells has the most followers on Facebook crossing almost 564k. It is the most active on Facebook posting almost every day about the

various ongoing contests, product launch events, sales, giveaways, live videos with its board of members, etc.

4. Future Prospects:

Havells India is forecasted to grow earnings and revenue by 20.2% and 12.2% per annum respectively. EPS is expected to grow by 20.5%. Return on equity is forecast to be 22.8% in 3 years.



<u>Final Rating for Havells: 11.5 /15=3.8/5</u>

Company 2: ‘Abbott India’

Sector and Company: **(Rating: 4 /5)**

- It is a Large Cap company (having a market cap of Rs 49,301.78 Crore) operating in the Pharmaceuticals sector.

- The statistics configured by IBEF (Indian Brand Equity Foundation) state that the domestic pharmaceutical market stood at USD 42 billion in 2021 and is likely to reach USD 65 billion by 2024 and further expand to reach USD 120-130 billion by 2030.

- Furthermore, the Pharmaceuticals industry is likely to grow at a very good pace due to the medical conditions nowadays with hundreds of medical problems popping up every now and then.

- ## RATIO ANALYSIS: (Rating: 3/5)

1. **Net Profit Margin**(%): Mar’23 Mar’22
   17.75 16.23

   The latest NPM Ratio with a value of 17.75 is Greater than the average NPM of 15.35 in the last five years. The NPM Ratio of ABBOTINDIA has grown by 9.33 % compared to the previous Financial Year.

2. **Return on Assets**(%): Mar’23 Mar’22
   20.84 18.90

   The ROA Ratio of ABBOTINDIA has grown by 10.22 % Compared to the previous Financial Year. The latest ROA Ratio with a value of 20.84 is Greater than the average ROA of 17.95 in the last five years.

3. **Debt to Equity Ratio**: Mar’23 Mar’22
   0.0143 0.0152

   The debt to Equity Ratio of 0.0143 of Abbott India Ltd. indicates to run a business company uses a lower amount of long-term debt. Debt to Equity Ratio of ABBOTINDIA has fallen by -5.94 % Compared to the previous Financial Year, which is a good indication for investors as they prefer companies with lesser risk of bankruptcy and debt.

4. **Inventory Turnover Ratio**: Mar’23 Mar’22
0.84 0.71

The median inventory turnover (green line) for the industry was 2.24 (or 224%), but some firms turned over much higher rates than that. The company has a very low inventory turnover ratio which is a bad sign since If a company’s inventory turnover is very low, its products are not often sold in the market. As a result, the company’s inventory becomes a slow-moving inventory, which leads to higher inventory costs and fewer profits.

5. **Return on Equity**(%): Mar’23 Mar’22
29.77 28.32

The ROE Ratio of ABBOTINDIA has grown by 5.12 % Compared to the previous Financial Year. The latest ROE Ratio with a value of 29.78 is Greater than the average ROE of 26.29 in the last five years. We know, that the higher the ROE, the more efficient the company is in generating profit for its Shareholders. This shows that Abbott India stands in a good position as far as ROE is considered. The industry average is 24.34% which again confirms the fact that Abbott India has good returns on equity.

6. **Price to Earnings Ratio**: Mar’23 Mar’22
49.38 47.10
(terrible P/E) (terrible P/E)

Trailing 12 months P/E=51.45

P/E Ratio of Abbott India Ltd. with a value of 51.45 shows that the stock price is high compared to company earnings and may be overvalued. The PE Ratio of ABBOTINDIA has grown by 4.85 % Compared to the previous Financial Year. The latest PE Ratio with a value of 49.38 is Greater than the average PE of 46.48 in the last five years.

- ## Other Factors: (Rating: 3.5/5)

1. Marketing Strategy:

Social Media Marketing

- Facebook: 324K
- Instagram: 130K
- LinkedIn: 3M
- Twitter: 34.9K

Abbott has the most followers on LinkedIn i.e. 3M.
They post about the events they are part of or they held. The events mostly are marathons or games organized to promote a healthier and good life the motto of the brand.

Segmentation, Targeting, and Positioning

Segmentation – Abbott segments its products and market into 4 segments –

- Established Pharmaceutical Products
- Diagnostic Products
- Nutritional Products
- Medical Devices

Targeting – They do not have any specific target market.

Positioning – Abbott is positioned as a world leader in the in-vitro diagnostic Market.

E-commerce Strategies

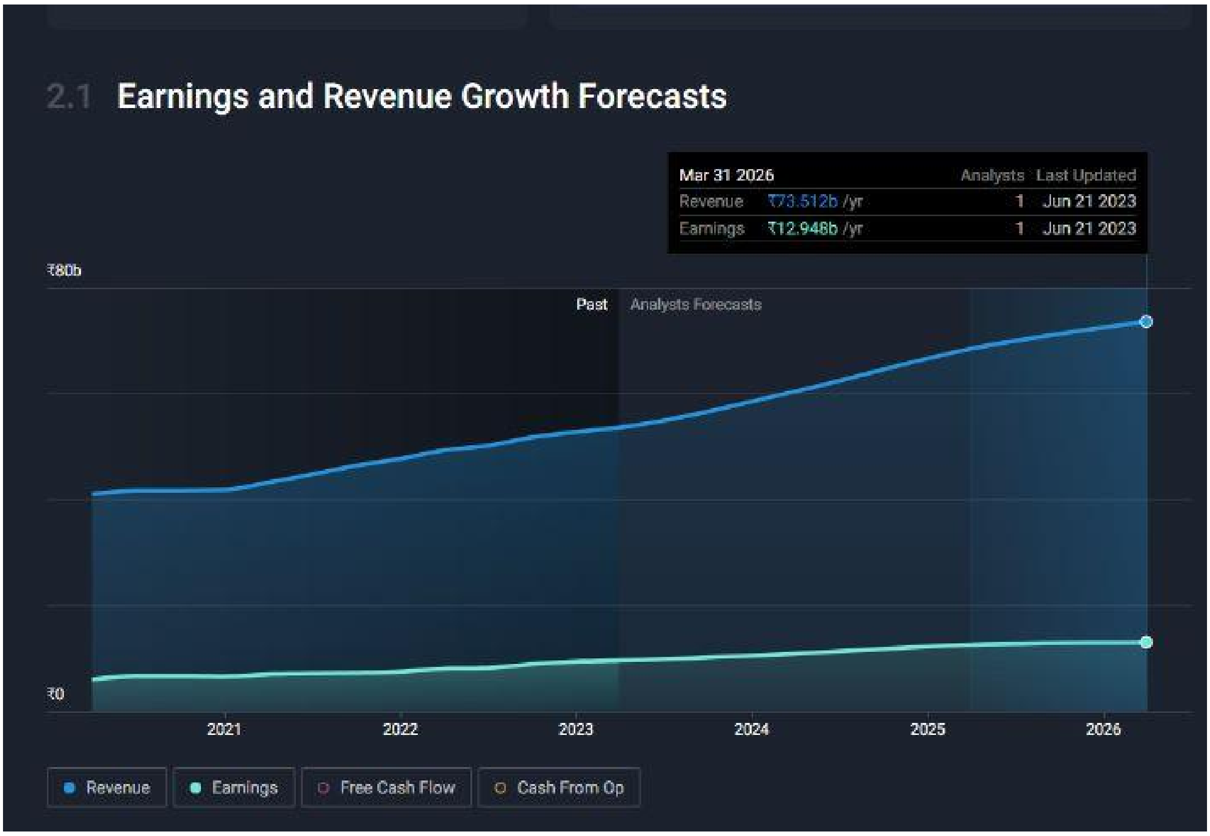
Abbott has 2 websites. One is the official website where you can learn about the company what they do and how they do and detailed information about the products they offer. And they have a separate website AbbottStore, from which you can buy the products offered by the company.

Content Marketing Strategies

As for content marketing, Abbott publishes some press releases on its website in which they discuss various health problems and solutions for them with the help of new technologies. They even discuss such campaigns on their social media platforms.

2. FUTURE PROSPECTS:

Abbott India is forecasted to grow earnings and revenue by 12.1% and 11.2% per annum respectively. EPS is expected to grow by 12.1%. Return on equity is forecast to be 31.8% in 3 years.



<u>Final Rating for Abbott India: 10.5/15=3.5/5</u>

COMPANY 3: Astral Ltd.

Sector and Company **(Rating: 3.5/5)**

- Astral Ltd., incorporated in 1996, is a Mid-Cap company (with a market cap of Rs 49,314.40 Crore) operating in the Plastics sector. Astral Ltd.'s key Products/Revenue Segments include Plastic Products.

- The plastics industry is currently home to about 50,000 industries, most of which are micro, small, and medium-sized enterprises (MSMEs). These enterprises contribute Rs. 3.5 lakh crore (US$ 42.89 billion) to India's economy and employ more than 50,000 people.

- Between 1990 and 2021, plastic consumption in India increased 23-fold to roughly 21 million tons. This rapid increase saw per capita plastic consumption rise from just one kilogram per inhabitant to 15 kilograms.

- These points suggest quite a significant growth in the industry due to the heavy consumption of plastic and PVC pipes.

- ## RATIO ANALYSIS: (Rating: 2.5/5)

1. **Net Profit Margin**(%): Mar'23 Mar'22
   9.71 11.75

   The NPM Ratio of ASTRAL has fallen by -16.55 % compared to the previous Financial Year. The latest NPM Ratio with the value of 9.19 is lower than the Average NPM of 10.08 in the last five years. For the plastics industry, the NPM is 3.87% in Mar'23.

2. **Return on Equity**(%): Mar'23 Mar'22
   16.72 20.18

   The ROE Ratio of ASTRAL has fallen by -15.56 % Compared to the previous Financial Year.Latest ROE Ratio with a value of 17.48 is lower than the Average ROE of 18.27 in the last five years.The industry average is 11.96%.

3. **Return on Assets**(%): Mar’23 Mar’22
   12.48 14.67

   The ROA Ratio of ASTRAL drastically fell by -24.11 % this year. The average for the national plastics industry is 4.6%, indicating that Astral ltd performs better than its competitors, but has seen a decline in its performance in recent years.

4. **Asset Turnover Ratio**(%) Mar’23 Mar’22
   1.45 1.38

   The average for National Plastics Industry is 1.19 suggesting that the company stands at a good position considering this ratio.

5. **Inventory Turnover Ratio**: Mar’23 Mar’22
   4.55 5.15

   The Inventory Turnover Ratio of ASTRAL has fallen by -12.06 % Compared to the previous Financial Year. The average for National Plastics Industry is 2.36 suggesting that the company’s product is in high demand as compared to its competitors.

6. **Price to Earnings Ratio**:
   The company is trading at a high PE of 114.50, suggesting that the company is overvalued.

- **OTHER FACTORS:** **(Rating: 3/5)**

1. Segmentation, Targeting, Positioning:

The customers are mainly from the Agricultural sector and sanitary ware. These are the sectors where most of the customers are targeted, and these customers need products like pipes and fittings. The company serves and promises the customers safety and excellent quality.

The company offers products to the customers such as Plumbing pipes and fittings, Sewerage and Drainage pipes and fittings, Agricultural pipes, Fire sprinkler pipes and fittings, industrial pipes, and fittings, also entered the faucets and sanitary ware segment.

The positioning of the company in the market by being the first company which manufactures CPVC pipes in India. It is the leading manufacturer of

CPVC pipes in India. The company builds trust, quality, and excellence among its customers.

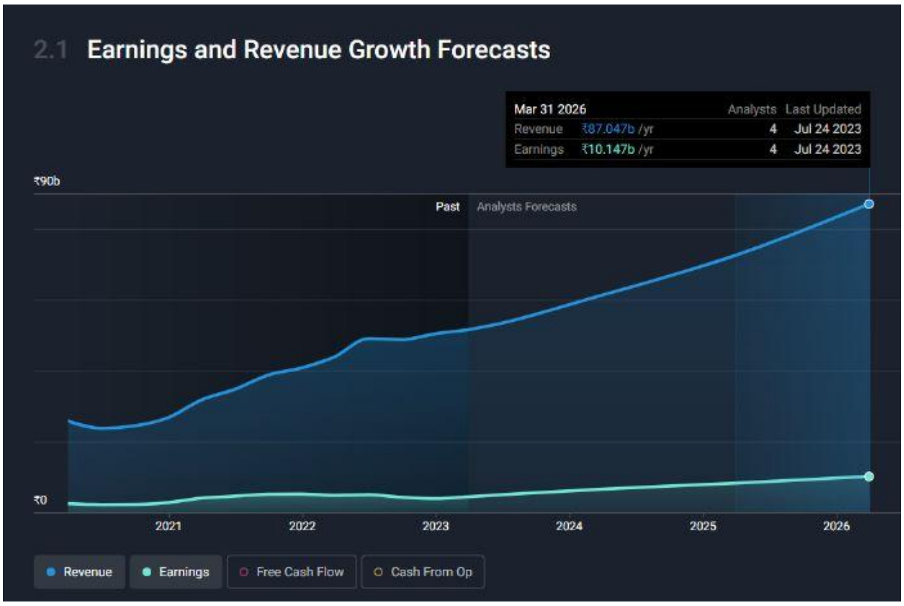
2. Social Media Marketing

Social media marketing is really important when it comes to gathering the the audience at large and no wonder a brand like Astral Poly Technik uses it to its full advantage.
Astral Poly Technik Company is active on social media platforms like LinkedIn, Facebook, Twitter, and Instagram. It has an official page on Facebook as Astral home, Astral poly Technik PVT LTD and Astral pipes.

The company has more followers on Instagram and LinkedIn. The number of followers on Instagram is 34.8k. There are 24043 followers on LinkedIn. The posts of the company which are posted on these platforms are related to their campaigns, new product info, and advertisements.

3. Future Prospects

Astral is forecasted to grow earnings and revenue by 25.7% and 16.2% per annum respectively. EPS is expected to grow by 22.6%. Return on equity is forecast to be 24.1% in 3 years.



<u>**Final Rating for Astral ltd.: 9/15=3/5**</u>