

**Price:** 1,638

**Recommendation:** Buy

**Industry:** Consumer Electronics

**Sector:** Consumer Discretionary

**Report Date:** 18-Apr-2025

Havells India Limited is strategically enhancing its market presence by expanding consumer-facing businesses and investing in new channels. The company is scaling up its Tumkur cable plant and investing INR 480 crores in a new refrigerator facility in Rajasthan. Through its Lloyd brand, Havells is diversifying and focusing on premiumization. Despite challenges in the switchgear segment, Havells is optimistic about future growth and profitability.

Sales		Profit & Loss		Profitability Matrix	
Current Year	20648 Cr	Operating Profit(Year)	2025 Cr	Operating Profit Margin	9.81 %
Previous Year	16868 Cr	Operating Profit(Quarter)	432 Cr	EBITDA Margin	10.28 %
Current Quarter	4882 Cr	PAT (Year)	1266 Cr	Net Profit Margin	6.82 %
Previous Quarter	4533 Cr	PAT (Quarter)	283 Cr	EPS	22.6
Revenue (QYoY)	4401 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	72.6	Sales Growth	14.9 %	Sales Growth	7.7 %
PEG Ratio	7.35	PAT Growth	17.77 %	Sales Growth QYoY	10.93 %
EV/EBITDA	42.8	EPS Growth	11.33 %	PAT Growth	3.66 %
P/B	13.2	Dividend Yield	0.55	PAT Growth QYoY	-1.74 %
Capital Allocation		Holdings		Leverage	
RoE	18.0 %	Promoter	59.4 %	Debt/Equity	0.04
RoA	10.7 %	FII	23.5 %	Debt	332 Cr
RoCE	24.5 %	DII	11.4 %	Market Cap	102724 Cr
RoIC	17.4 %	Public	5.57 %	Enterprise value	99938 Cr
		No of Shares	62.7 Cr	Cash Equivalents	3118 Cr

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

Havells India Limited's recent concall highlighted several strategic initiatives and business strategies aimed at enhancing growth and market presence. The company is focusing on expanding its consumer-facing business by investing in new channels and increasing employee costs to drive growth in categories like ECD (Electrical Consumer Durables). This strategic investment is expected to yield better market share gains in product categories where Havells was previously not strong. The company is also scaling up its Tumkur cable plant to ease capacity constraints and support strong revenue growth in the power cable segment. Additionally, a significant capex of INR 480 crores has been announced for a new refrigerator manufacturing facility in Ghiloth, Rajasthan, marking a step towards becoming a full-stack consumer durable player.

Havells is actively pursuing diversification through its Lloyd brand, which continues to deliver steady growth and margin improvement. The company is investing in brand building and talent, with expectations that these expenditures will stabilize over time. The focus on premiumization and channel expansion is evident, as Havells aims to enhance its product market share. Despite some challenges in the switchgear segment due to plant relocation and a shift towards project business, the company anticipates normalization in margins in the coming quarters. The lighting business, although facing price erosion, has shown healthy volume growth, and the company is optimistic about the bottoming out of price declines.

Looking ahead, Havells is optimistic about future growth and scaling opportunities. The company is confident in its ability to achieve better growth and margin scenarios in the forthcoming quarters. The focus on expanding contribution margins in the ECD business and the strategic investments in new channels are expected to drive long-term growth. The company is also exploring opportunities in the quick commerce and modern format retail channels, which are seen as promising areas for future expansion. Havells' commitment to investing in differentiated products and backward integration in the Lloyd portfolio is expected to enhance profitability and market position.

While the company is positive about its growth prospects, there are areas for improvement. The consistent margin decline in the switchgear segment over the last three quarters highlights the need for strategic adjustments. Additionally, the company faces challenges in the non-AC category of the Lloyd business until the new manufacturing facility for refrigerators is operational. The focus on premiumization and channel expansion, while promising, requires careful management to ensure sustainable profitability. Overall, Havells' strategic initiatives and investments position it well for future growth, but continued focus on operational efficiency and market dynamics will be crucial for achieving its long-term objectives.

HAVELLS Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Wonder Electric.	2320.08	166.79	15.93%	70.96%	68.90%	898.04%	70.23%
Crompton Gr. Con	21387.34	41.14	15.55%	-6.69%	4.52%	-12.06%	28.54%
Havells India	102724.40	72.57	18.01%	7.71%	10.95%	3.75%	-1.76%

Aspect	Commentary
Revenue	The company shows a robust revenue increase, with current year sales at 20648 Cr, up from 16868 Cr last year. Quarterly sales also rose to 4882 Cr from 4533 Cr, indicating strong market demand and effective sales strategies. This growth reflects the company's successful expansion and product diversification efforts.
Profit & Loss	Operating profit for the year stands at 2025 Cr, with a quarterly figure of 432 Cr. The PAT for the year is 1266 Cr, and 283 Cr for the quarter. These figures suggest efficient cost management and strong operational performance, contributing to the company's profitability despite market challenges.
Profitability Matrix	The company maintains healthy margins with an operating profit margin of 9.81%, EBITDA margin of 10.28%, and net profit margin of 6.82%. An EPS of 22.6 indicates solid earnings performance, reflecting effective cost control and revenue generation strategies.
Valuation Matrix	The trailing P/E ratio is 72.6, indicating high investor expectations. A PEG ratio of 7.35 suggests growth potential, while an EV/EBITDA of 42.8 and P/B of 13.2 reflect the company's market valuation and asset efficiency. These metrics highlight investor confidence and growth prospects.
Growth (YoY)	Year-over-year growth is strong, with sales increasing by 14.9%, PAT by 17.77%, and EPS by 11.33%. A dividend yield of 0.55% indicates shareholder returns. This growth trajectory underscores the company's strategic initiatives and market expansion efforts.
Growth (QoQ)	Quarter-over-quarter growth shows a 7.7% increase in sales, with a slight PAT growth of 3.66%. However, PAT growth QYoQ is negative at -1.74%, indicating potential short-term challenges. The company must address these to sustain its growth momentum.
Capital Allocation	The company demonstrates efficient capital allocation with RoE at 18.0%, RoA at 10.7%, RoCE at 24.5%, and RoIC at 17.4%. These metrics reflect strong returns on investment and effective use of capital resources, supporting long-term growth and profitability.
Holdings	Promoter holding is strong at 59.4%, with FII at 23.5%, DII at 11.4%, and public holding at 5.57%. The number of shares stands at 62.7 Cr. This ownership structure indicates significant promoter confidence and institutional investor interest, supporting market stability.
Leverage	The company maintains a low debt/equity ratio of 0.04, with total debt at 332 Cr. A market cap of 102724 Cr and enterprise value of 99938 Cr, along with cash equivalents of 3118 Cr, reflect strong financial health and low leverage, providing flexibility for future investments.

**Analyst viewpoint:** Havells India Limited showcases a strong growth trajectory with recent quarters indicating robust revenue increases supported by strategic investments in consumer-facing businesses and new channels. Quarter-over-quarter sales growth stands at 7.7%, reflecting effective market demand strategies and product diversification. The decision to expand its Tumkur cable plant and invest significantly in a new refrigerator facility underscores Havells' commitment to becoming a full-stack consumer durable player. Valuation metrics such as a trailing P/E of 72.6 and a ROE of 18.0% alongside low leverage ratios indicate investor confidence and financial health. Despite a slight challenge in the PAT growth QYoY indicator, the operational performance remains strong, backed by a healthy EBITDA margin of 10.28%.

In the industry landscape, Havells stands competitively with strategic diversification, particularly through the Lloyd brand delivering steady growth and margin improvement. The company is leveraging premiumization and channel expansion to gain market share, and its leadership in the consumer electronics sector is underpinned by effective capital allocation resulting in a RoCE of 24.5%. With strategic initiatives in place, Havells is poised to capitalize on future scaling opportunities in modern retail channels. Nonetheless, the persistent margin decline in the switchgear segment highlights areas needing tactical refinements to sustain its growth momentum. These aspects, along with strategic portfolio choices, position Havells well for strong performance in the coming quarters.

Please read detailed disclosure on next page.

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BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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