

# Havells India Limited

**Q1 FY18** {JUNE 30, 2017}  
{Un-Audited Financial Results}

We recommend that readers refer to the Havells India financials to get a better appreciation of the business performance. A copy of the latest quarterly/ yearly Financial Results of Havells India Limited are available on Havells website – <http://www.havells.com>. The results are limited reviewed by the Auditors of the Company and approved by the Board of Directors in their meeting held on 19<sup>th</sup> July 2017.

CIN: L31900DL1983PLC016304

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## SECTION 1. HAVELLS INDIA (STANDALONE)

**Table 1.1: P&L Summary – Quarterly**

in crores of rupees	Q1 FY17 (Havells)	Q1 FY18 (Havells)	Change % (Havells)	Q1 FY18 (Lloyd)	Q1 FY18 (Total)	Change % (Total)
<b>Net Revenue</b>	<b>1,466.8</b>	<b>1,593.3</b>	<b>9%</b>	<b>267.2</b>	<b>1,860.5</b>	<b>27%</b>
<b>Contribution as a % of NR</b>	<b>365.9 24.9%</b>	<b>374.7 23.5%</b>	<b>2%</b>	<b>39.4 14.7%</b>	<b>414.1 22.3%</b>	<b>13%</b>
Add: Depreciation/ Amortization	28.0	29.6		3.9	33.5	
Less: Advertisement and Sales Promotion	48.6	55.4	14%	18.1	73.5	51%
as a % of NR	3.3%	3.5%		6.8%	4.0%	
Less: Other SG&A	144.9	189.3	31%	12.4	201.7	39%
as a % of NR	9.9%	11.9%		4.6%	10.8%	
<b>EBIDTA as a % of NR</b>	<b>200.4 13.7%</b>	<b>159.6 10.0%</b>	<b>(20%)</b>	<b>12.8 4.8%</b>	<b>172.4 9.3%</b>	<b>(14%)</b>
Depreciation/ Amortization	28.0	29.6		3.9	33.5	
Interest Expense (A)	1.0	3.4		-	3.4	
Foreign Exchange (gain)/loss (B)	0.6	-		-	-	
Finance Cost (A) + (B)	1.6	3.4		-	3.4	
Foreign Exchange (gain)/loss	(0.8)	(8.3)		(1.2)	(9.5)	
Interest Income (C)	26.0	13.9		-	13.9	
Others (D)	4.7	11.4		-	11.4	
Add: Other Income (C) + (D)	30.7	25.3		-	25.3	
<b>Profit before tax as % of NR</b>	<b>202.30 13.8%</b>	<b>160.2 10.1%</b>	<b>(21%)</b>	<b>10.1 3.8%</b>	<b>170.3 9.2%</b>	<b>(16%)</b>
Tax	56.7	46.0		2.9	48.9	
<b>Net Profit as % of NR</b>	<b>145.6 9.9%</b>	<b>114.2 7.2%</b>	<b>(22%)</b>	<b>7.2 2.7%</b>	<b>121.4 6.5%</b>	<b>(17%)</b>
Other Comprehensive (Income)/Expense	0.9	1.0		-	1.0	
<b>Total Comprehensive Income</b>	<b>144.7</b>	<b>113.2</b>		<b>7.2</b>	<b>120.4</b>	

## Results Summary

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### GST- Short term pain, long term gain

A momentous tax reform, causing initial disruption. Uncertainty, lack of clarity and a general regulatory fear led to significant decline in primary off-take by channel partners. The secondary sales was above usual level in June, leading to substantial inventory de-stocking at primary level. The de-stocking process commencing in late May gained notable momentum by end of June. The impact was across product categories barring cables and wires. As we expect the impact to be transitional, we have refrained from short term adjustment in advertisement or manpower.

Margins were impacted due to disproportionate decline in high margin non-cables business. The deceleration in sales growth resulted in adverse operating leverage reflecting in lower profitability.

Other SG&A includes one-time non-recurring cost related to Lloyd transaction. Depreciation for Lloyd segment is amortization on part intangibles created on acquisition.

We expect to revert to normal growth level in next few quarters albeit with a gradual ramp up

**Table 1.2: Segment wise Revenue analysis – Quarterly**

in crores of rupees	Q1 FY17	Q1 FY18	Change (%)
Switchgears	352.9	338.9	(4%)
Cable	532.9	636.3	19%
Lighting & Fixtures	196.2	205.3	5%
Electrical Cons. Durables	351.4	358.3	2%
Others	33.4	54.5	63%
<b>Sub Total</b>	<b>1,466.8</b>	<b>1,593.3</b>	<b>9%</b>
Lloyd		267.2	
<b>Total</b>	<b>1,466.8</b>	<b>1,860.5</b>	<b>27%</b>

- Barring cables, GST influenced decline was across categories
- EESL business getting traction owing to quality assurance and timely execution
- Lloyd revenue only for 50 days, being leaner period specially for AC business

**Table 1.3: Segment wise contribution margin analysis – Quarterly**

	Q1 FY17			Q1 FY18		
	Revenue Mix %	Contribution*	Contribution Margins %	Revenue Mix %	Contribution*	Contribution Margins %
Switchgears	24%	143.5	40.7%	21%	130.7	38.6%
Cable	36%	71.9	13.5%	40%	85.9	13.5%
Lighting & Fixtures	14%	51.3	26.1%	13%	62.1	30.2%
Electrical Cons. Durables	24%	91.3	26.0%	23%	81.6	22.8%
Others	2%	7.9	23.7%	3%	14.4	26.4%
<b>Sub Total</b>	<b>100%</b>	<b>365.9</b>	<b>24.9%</b>	<b>100%</b>	<b>374.7</b>	<b>23.5%</b>
Lloyd	-	-	-	-	39.4	14.7%
<b>Total</b>	<b>100%</b>	<b>365.9</b>	<b>24.9%</b>	<b>100%</b>	<b>414.1</b>	<b>22.3%</b>

**Contribution by Segment**

- Post demonetization and pending GST transition, there was general delay in transmission of higher material costs, ECD was impacted the most
- Lloyd's margins, considering leaner sales months, are in line with initial plans

\* Contribution margins are derived after deducting material cost, manufacturing variables, direct selling variables and depreciation from the net revenue

**Table 1.4: Balance Sheet highlights**

In crores of rupees	As at March 17 Audited	As at June 17 Unaudited
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,192	1,189
Capital work in progress	12	14
Investment property	56	55
Intangible assets	18	1,497
Investment in subsidiaries, associates and joint venture	227	228
Financial assets		
(i) Investments	162	153
(ii) Other financial assets	14	14
Other non-current assets	89	91
	<b>1,769</b>	<b>3,241</b>
<b>Current assets</b>		
Inventories	928	1,266
Financial assets		
(i) Trade receivables	229	317
(ii) Cash and cash equivalents	555	301
(iii) Other bank balances	1,383	387
(iv) Other financial assets	6	9
Other current assets	74	84
	<b>3,175</b>	<b>2,364</b>
Assets classified as held for sale	16	16
	<b>3,191</b>	<b>2,380</b>
<b>Total Assets</b>	<b>4,960</b>	<b>5,621</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	62	63
Other equity	3,211	3,346
	<b>3,274</b>	<b>3,409</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
(i) Borrowings	-	-
(ii) Other financial liabilities	3	5
Provisions	9	11
Deferred tax liabilities (Net)	114	127
Other non-current liabilities	2	-
	<b>127</b>	<b>144</b>
<b>Current liabilities</b>		
Financial liabilities		
(i) Borrowings	198	148
(ii) Trade payables	630	1,186
(iii) Other financial liabilities	444	460
Other current liabilities	111	140
Provisions	110	104
Current tax liabilities (Net)	66	30
	<b>1,559</b>	<b>2,069</b>
<b>Total Equity and Liabilities</b>	<b>4,960</b>	<b>5,621</b>

- Increase in intangibles is on account of acquisition of Lloyd consumer durable business

**Table 1.5: Cash flow highlights**

	<b>FY17</b>	<b>Q1 FY18</b>
PBT	769	170
Exceptional items	58	-
Depreciation	120	34
Others	(96)	(17)
Inc./ Dec. in working capital	132	162
Taxes Paid	(205)	(71)
<b>Operating Net Cash Flow (A)</b>	<b>778</b>	<b>278</b>
Capital Expenditure	(239)	(35)
Investments in intangibles	-	(1,483)
Proceeds from Exim stake sale	19	-
Interest Income	90	26
Others	(2)	2
<b>Net Cash Flow from Investing Activities (B)</b>	<b>(132)</b>	<b>(1,490)</b>
Dividends paid	(226)	-
Interest Paid	(9)	(3)
Repayment of borrowings (net)	(45)	-
Proceeds from short term borrowings	198	(50)
Others	9	15
<b>Net Cash Flow from Financing Activities (C)</b>	<b>(73)</b>	<b>(38)</b>
<b>Net Cash Flow (A+B+C)</b>	<b>573</b>	<b>(1,250)</b>
Opening Cash and cash equivalents	1,365	1,938
<b>Closing Cash and cash equivalents</b>	<b>1,938</b>	<b>688</b>

- Cash was utilized to fund acquisition of Lloyd consumer durable business
- Capex during the quarter was mainly for dies & tools and maintenance.

**Table 1.6: Net Debt (Havells India Standalone)**

(in crores of rupees)	31 <sup>st</sup> March 2017	30 <sup>th</sup> June 2017
Borrowings	198.1	148.0
Less: Cash	1,937.5	687.5
<b>Total Net Debt</b>	<b>(1,739.4)</b>	<b>(539.5)</b>

**Table 1.7: Financial Ratios (Havells India Standalone)**

Financial Ratios	Q1 FY17	Q1 FY18
<b>Profitability</b>		
OPM % {EBIDTA/NR}	13.7%	9.4%
RONW % {PAT TTM / Avg. NW}	20.3%	17.6%
ROCE % {EBIDTA TTM / Avg. CE}	28.5%	24.0%
<b>Liquidity Ratio</b>		
Current Ratio {CA/CL}	2.3	1.1
Debtor Days {Debtors/NR TTM}	13	18
Inventory Days {Inventories/NR TTM}	61	70
Creditor Days {TC/COGS TTM}	55	107

- Return on Net Worth and Return on Capital Employed are on TTM basis and does not include exceptional item



## SECTION 2. LLOYD

**Table 2.1: Overview**

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- The acquisition successfully consummated on 8 May 2017. Swiftly integrated business with co-location of teams and leveraging Havells' infrastructure inter alia for billing, banking and logistics. The business has registered ~ 20% revenue growth in the current quarter over last year. Havells accounted ~40% of quarterly sales owing to seasonality impact of higher sales in April. The business is performing in line with initial plans on growth and margins. The EBITDA margins were lower due to leaner months of May and June. The working capital is well managed within Havells' norms
- Maintain a superior growth outlook with gradual margin improvement

**Table 2.2: Provisional PPA for Lloyd transaction**

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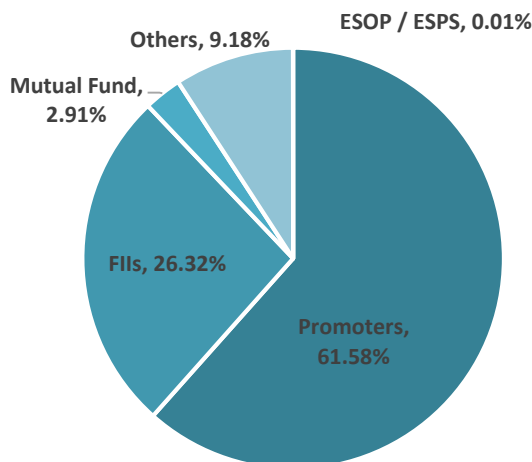
PPA Details	Category of asset	Rs. in Cr.
Net Working Capital	Current	69
Fixed Assets	Tangible	5
Intangible Assets	Intangible	1,483
<b>Total Purchase Price</b>		<b>1,557</b>

- Gross Purchase Price for acquisition is Rs. 1557 crores (subject to closing adjustments)
- As per the provisional assessment of PPA and Ind-AS norms, intangible of Rs. 1,483 crores recognised in the financials.

### SECTION 3. SHAREHOLDING RELATED INFORMATION

**Table 3.1: Shareholding pattern**

#### Shareholding Pattern as on 30.06.2017



#### DISCLOSURE OF INFORMATION, COMMUNICATION WITH INVESTORS / ANALYSTS / FINANCIAL COMMUNITY

Havells will be issuing fresh Information Update, like the one you are reading now; on the day it declares its Quarterly/ Half Yearly Financial Results. Some forward looking statements on projections, estimates, expectations, outlook etc. are included in such updates to help investors / analysts get a better comprehension of the Company's prospects and make informed investment decisions. Actual results may, however, differ materially from those stated on account of factors such as changes in government regulations, tax regimes, economic developments within India and the countries within which the Company conducts its business, exchange rate and interest rate movements, impact of competing products and their pricing, product demand and supply constraints. The information contained in such updates is made public and does not therefore constitute unpublished price sensitive information under the SEBI (Prohibition of Insider Trading) Regulations, 1992. For further information / clarification, you may contact Mr. Manish Kaushik, GM (Investor Relations) at Havells India Limited, QRG Towers, 2D Sector 126, Expressway, Noida UP (India), Tel: +91-120-4771000 Fax no.: +91-120-4772000; **E-mail : [ir@havells.com](mailto:ir@havells.com)**.

**HAVELLS INDIA LIMITED**

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**UNAUDITED STANDALONE FINANCIAL RESULTS**

**FOR THE QUARTER ENDED JUNE 30, 2017**

(Rs.in Crores)

S.N.	Particulars	Quarter Ended			Year Ended
		30-Jun-17 (Unaudited)	31-Mar-17 (Audited)	30-Jun-16 (Unaudited)	31-Mar-17 (Audited)
<b>1</b>	<b>Income</b>				
	a) Revenue from operations	1982.24	1831.51	1573.05	6585.96
	b) Other Income	34.80	41.93	31.44	134.28
	<b>Total income</b>	<b>2017.04</b>	<b>1873.44</b>	<b>1604.49</b>	<b>6720.24</b>
<b>2</b>	<b>Expenses</b>				
	a) Cost of materials consumed	865.38	913.56	850.08	3268.69
	b) Purchases of traded goods	270.15	109.53	116.79	493.30
	c) Change in inventories of finished goods, traded goods and work in progress	61.00	18.39	(120.14)	(113.52)
	<b>(A) Total material cost (a+b+c)</b>	<b>1196.53</b>	<b>1041.48</b>	<b>846.73</b>	<b>3648.47</b>
	d) Excise duty on sale of goods	121.70	121.31	106.24	450.70
	e) Employee benefits expense	161.86	131.15	123.89	500.40
	f) Depreciation and amortisation expense	33.58	30.77	27.98	119.63
	g) Finance costs	3.40	7.10	1.62	12.15
	h) Advertisement and sales promotion	73.47	40.40	48.63	190.60
	i) Other expenses	256.24	267.56	247.16	971.65
	<b>(B) Total other cost (d to i)</b>	<b>650.25</b>	<b>598.29</b>	<b>555.52</b>	<b>2245.13</b>
	<b>Total expenses (A+B)</b>	<b>1846.78</b>	<b>1639.77</b>	<b>1402.25</b>	<b>5893.60</b>
<b>3</b>	<b>Profit before exceptional items and tax (1-2)</b>	<b>170.26</b>	<b>233.67</b>	<b>202.24</b>	<b>826.64</b>
<b>4</b>	Exceptional items	-	(76.76)	-	(57.81)
<b>5</b>	<b>Profit before tax (3+4)</b>	<b>170.26</b>	<b>156.91</b>	<b>202.24</b>	<b>768.83</b>
<b>6</b>	<b>Income tax expenses</b>				
	a) Current tax	36.12	57.16	62.62	234.48
	b) MAT credit entitlement	(20.26)	-	-	-
	c) Deferred tax	33.02	5.05	(5.96)	(4.69)
	<b>Total tax expense</b>	<b>48.88</b>	<b>62.21</b>	<b>56.66</b>	<b>229.79</b>
<b>7</b>	<b>Net Profit for the year (5-6)</b>	<b>121.38</b>	<b>94.70</b>	<b>145.58</b>	<b>539.04</b>
<b>8</b>	<b>Other Comprehensive Income/(Loss)</b>				
	Items that will not be reclassified to profit and loss in subsequent period, net of tax	(1.02)	2.68	(0.94)	(2.75)
	<b>Other Comprehensive Income/(Loss) for the year net of tax</b>	<b>(1.02)</b>	<b>2.68</b>	<b>(0.94)</b>	<b>(2.75)</b>
<b>9</b>	<b>Total comprehensive income for the year, net of tax (7+8)</b>	<b>120.36</b>	<b>97.38</b>	<b>144.64</b>	<b>536.29</b>
<b>10</b>	<b>Paid up equity share capital (Face value of Re.1/- each)</b>	<b>62.51</b>	<b>62.49</b>	<b>62.49</b>	<b>62.49</b>
<b>11</b>	<b>Earnings per equity share (EPS)</b> <b>( nominal value of Re. 1/-each) (not annualised) :</b>				
	a) Basic (Rs.)	1.94	1.52	2.33	8.63
	b) Diluted (Rs.)	1.94	1.52	2.33	8.63

**Note:**

- The above financial results of Havells India Limited ('the Company') have been prepared in accordance with Indian Accounting Standards (Ind-AS) - 34 "Interim Financial Reporting" as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Rules, 2016.
- During the quarter, the company has made following grants and allotments of stock options:
  - Granted 10,377 equity shares of Re.1/- each to eligible employees of the Company under Havells India Employee Stock Purchase Plan 2016 out of these, 3,458 equity shares have been vested and allotted during the quarter.
  - Allotted 1,50,000 equity shares of Re.1/- each to eligible employees of the Company under Havells India Employee Stock Purchase Plan 2015.
  - Allotted 1,39,673 equity shares of Re.1/- each to eligible employees of the Company under Havells India Employee Stock Purchase Plan 2014.
- During the quarter, the Company has invested Rs. 0.45 crores in wholly owned subsidiary company, namely; Havells Guangzhou International Limited.
- On May 08, 2017, the Company has completed acquisition of Consumer durable business of Lloyd Electric and Engineering Limited and trade mark "Lloyd" from Fedders Lloyd Corporation Limited. The acquisition will enable the Company to enter into Electronic Consumer durable market in India. Details of purchase price allocation done by the Company on provisional basis subject to adjustments to be made in accordance with agreement upto closing date is as given below:

Particulars	Rs. in Crores
Tangible Assets	4.35
Intangible assets (Including goodwill)	1,483.39
Current Assets	332.30
Current financial assets	142.32
<b>Total assets acquired</b>	<b>1,962.36</b>
Less: Financial liabilities assumed	(405.36)
<b>Consideration Paid</b>	<b>1,557.00</b>

- The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on July 19, 2017. The statutory auditors of the Company have conducted limited review of these financial results.
- The figures for March'17 quarter are the balancing figures between audited figures in respect of full financial year upto March 31, 2017 and the unaudited published year to date figures upto December 31, 2016, being the date of the end of the third quarter of the financial year which were subjected to limited review.
- Figures for Quarter ending June 30, 2017 includes business of Lloyd Consumer Division starting from 8th May'17, hence not comparable with previous periods to that extent.

For and on behalf of the Board  
Havells India Limited

(Anil Rai Gupta)  
Chairman and Managing Director

Noida, July 19, 2017

**HAVELLS INDIA LIMITED**

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**CIN:** L31900DL1983PLC016304

**SEGMENTWISE REVENUE, RESULTS, ASSETS AND LIABILITIES**

**FOR THE QUARTER ENDED JUNE 30, 2017**

(Rs.in Crores)

S.N.	Particulars	Year Ended			
		30-Jun-17 (Unaudited)	31-Mar-17 (Audited)	30-Jun-16 (Unaudited)	31-Mar-17 (Audited)
<b>1</b>	<b>Segment Revenue</b>				
	a) Switchgears	355.70	391.28	368.10	1467.68
	b) Cable	719.57	760.14	602.26	2675.61
	c) Lighting & Fixtures	217.63	239.89	206.53	894.47
	d) Electrical Consumer Durables	367.63	397.01	361.76	1419.87
	e) Lloyd Consumer Division	267.24	-	-	-
	f) Others	54.47	43.19	34.40	128.33
	Total	1982.24	1831.51	1573.05	6585.96
	Less : Inter Segment Revenue	-	-	-	-
	Revenue from Operations	1982.24	1831.51	1573.05	6585.96
<b>2</b>	<b>Segment Results</b>				
	(Profit+)/ Loss(-) before Tax and finance cost from each Segment				
	a) Switchgears	130.68	144.06	143.47	561.03
	b) Cable	85.90	87.50	71.94	325.63
	c) Lighting & Fixtures	62.19	63.53	51.33	235.70
	d) Electrical Consumer Durables	81.62	95.12	91.27	349.37
	e) Lloyd Consumer Division	39.36	-	-	-
	f) Others	14.38	9.55	7.91	29.36
	Total	414.13	399.76	365.92	1501.09
	Less: (i) Finance cost	3.40	7.10	1.62	12.15
	(ii) Other un-allocable expenses net of un-allocable income	240.47	158.99	162.06	662.30
	(iii) Exceptional items	-	76.76	-	57.81
	<b>Total Profit before tax</b>	<b>170.26</b>	<b>156.91</b>	<b>202.24</b>	<b>768.83</b>
<b>3</b>	<b>Segment Assets</b>				
	a) Switchgears	664.54	624.06	619.51	624.06
	b) Cable	729.99	748.64	739.58	748.64
	c) Lighting & Fixtures	377.58	371.13	394.94	371.13
	d) Electrical Consumer Durables	492.76	488.15	440.55	488.15
	e) Lloyd Consumer Division	1815.15	-	-	-
	f) Others	153.33	75.47	33.46	75.47
		4233.35	2307.45	2228.04	2307.45
	g) Unallocated	1387.72	2652.54	2106.03	2652.54
	Total	5621.07	4959.99	4334.07	4959.99
<b>4</b>	<b>Segment Liabilities</b>				
	a) Switchgears	257.66	252.68	196.36	252.68
	b) Cable	374.50	254.05	201.45	254.05
	c) Lighting & Fixtures	189.18	201.63	145.74	201.63
	d) Electrical Consumer Durables	267.53	275.09	205.37	275.09
	e) Lloyd Consumer Division	504.15	-	-	-
	f) Others	3.58	11.31	7.46	11.31
		1596.60	994.76	756.38	994.76
	g) Unallocated	615.81	691.65	470.69	691.65
	Total	2212.41	1686.41	1227.07	1686.41