

Havells India Limited

Q2 FY21 {SEPTEMBER 30, 2020}
{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 29th October 2020.

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SECTION 1. HAVELLS INDIA (STANDALONE)

Table 1.1: P&L Summary – Quarterly

In crores of Rupees	Q2 FY 21	Q2 FY 20	Change %
Net Revenue	2,452	2,231	10%
Contribution as a % to NR	607 24.8%	531 23.8%	14%
Less: Under-absorption- AC plant	-	10	
Add: Depreciation / Amortization	59	53	
Less: Advertisement and Sales Promotion as a % to NR	19 0.8%	74 3.3%	(74%)
Less: Other SG&A as a % to NR	226 9.2%	266 11.9%	(15%)
EBIDTA as a % to NR	421 17.2%	235 10.5%	79%
Depreciation / Amortization	59	53	
Interest Expense	17	5	
Foreign Exchange (gain)/loss	(4)	(5)	
Interest Income (A)	27	19	
Others* (B)	49	5	
Add: Other Income (A+B)	75	24	
Profit before tax as a % to NR	424 17.3%	206 9.2%	106%
Tax	99	25	
Net Profit as a % to NR	325 13.3%	181 8.1%	80%
Other Comprehensive (Income)/Expense	(1)	(2)	
Total Comprehensive Income	324	179	

* Others include one-time gain of Rs. 43 crores on account of sale of unutilized land and building at Greater Noida

Current Status

- Covid led disruptions declining, though regionally impacted with local lockdowns
- Factories operating at full capacity, branches and HO operating on rotational WFH
- Trade sales stabilizing, encouraging signals of initial growth
- Impetus to 'Atmanirbhar Bharat' with prohibition on AC import, positive for integrated manufacturers like Lloyd

Results Summary

- Demand recovery healthy and seemingly sustainable
- Consumer and residential portfolio growing in mid-teens
- Infrastructure and industrial segment still soft
- Advertisement spends are progressively reverting to normal levels
- Lloyd has well recovered led by AC sales growth

Table 1.2: Segment wise Revenue analysis – Quarterly

In crores of Rupees	Q2	Q2	Change (%)
	FY 21	FY 20	
Switchgears*	370	364	2%
Cable	785	821	-4%
Lighting & Fixtures*	265	254	4%
Electrical Cons. Durables*	580	490	18%
Others*	172	122	41%
Sub Total	2,172	2,051	6%
Lloyd	280	180	56%
Total	2,452	2,231	10%

- Consumer and Residential portfolio registered mid-teens growth across segments, ECD being the bellwether
- Consumer lighting was beneficiary of Rural Vistaar and deeper distribution
- ACs led the growth in Lloyd, supported by washing machines and recently launched Refrigerators

*The Company has reviewed its segments classification effective 1st April 2020. The product categories which are not strictly subscribing to the specific category has been independently classified under 'Others'. 'Others' include Motor, Pump, Solar, Personal Grooming and Water Purifier businesses. The comparative figures for earlier periods have been accordingly reclassified.

Table 1.3: Segment wise margin analysis – Quarterly

(I) Contribution margins (%) ^	Q2 FY21	Q2 FY20	Q1 FY21
Switchgears	42.1%	42.2%	33.4%
Cable	17.4%	18.4%	12.2%
Lighting & Fixtures	31.0%	29.5%	19.9%
Electrical Cons. Durables	27.2%	25.1%	22.0%
Others	21.9%	19.4%	13.7%
Sub total	26.2%	25.6%	19.2%
Lloyd	13.7%	3.0%*	9.8%
Total	24.8%	23.8%*	17.2%

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

* Contribution margins in Lloyd in Q2 FY20 are before unabsorbed expenses of Rs. 10 crores related to AC plant

(II) Segment results (%)**(In crores of Rupees)**

Segments	Q2 FY21			Q2 FY20			Q1 FY21		
	Net Sales	Segment result	% to NS	Net Sales	Segment result	% to NS	Net Sales	Segment result	% to NS
Switchgears	370	115	31.0%	364	87	24.0%	190	29	15.3%
Cable	785	112	14.3%	821	104	12.7%	461	37	7.9%
Lighting	265	52	19.7%	254	31	12.1%	138	3	2.1%
ECD	580	117	20.2%	490	72	14.6%	302	37	12.3%
Others	172	14	8.2%	122	(11)	(8.9%)	82	(5)	(5.6%)
Sub total	2,172	410	18.9%	2,051	283	13.8%	1,173	101	8.6%
Lloyd	280	5	1.8%	180	(44)	(24.5%)	306	6	2.1%
Total	2,452	415	16.9%	2,231	239	10.7%	1,479	107	7.3%
-Finance cost		17	0.7%		5	0.2%		17	1.1%
-Unallocable exp.		(26)	(1.0%)		28	1.3%		5	0.3%
PBT		424	17.3%		206	9.2%		86	5.8%

Contribution by Segment

- Effective price and cost management enabled contribution margin improvements, especially in ECD and Lighting
- Lower Advertisement and SG&A costs have further supported EBIT margins
- Lloyd contribution margins improved. EBIT margins were low, being off-season for AC business

Table 1.4: P&L Summary – Half Yearly

In crores of Rupees	H1 FY 21	H1 FY 20	Change %
Net Revenue	3,931	4,943	(20%)
Contribution as a % to NR	862 21.9%	1,175 23.8%	(27%)
Less: Under-absorption- AC plant	-	15	
Add: Depreciation / Amortization	119	100	
Less: Advertisement and Sales Promotion as a % to NR	25 0.6%	211 4.3%	(88%)
Less: Other SG&A as a % to NR	405 10.3%	537 10.9%	(25%)
EBIDTA as a % to NR	551 14.0%	513 10.4%	7%
Depreciation / Amortization	119	100	
Interest Expense	34	10	
Foreign Exchange (gain)/loss	(11)	(16)	
Interest Income (A)	46	43	
Others* (B)	54	10	
Add: Other Income (A+B)	100	53	
Profit before tax as a % to NR	509 13.0%	472 9.5%	8%
Tax	121	115	
Net Profit as a % to NR	388 9.9%	357 7.2%	9%
Other Comprehensive (Income)/Expense	(2)	(3)	
Total Comprehensive Income	386	354	

* Others include one-time gain of Rs. 43 crores on account of sale of unutilized land and building at Greater Noida

Table 1.5: Segment wise Revenue analysis – Half Yearly

In crores of Rupees	H1 FY 21	H1 FY 20	Change (%)
Switchgears*	560	705	-21%
Cable	1,246	1,600	-22%
Lighting & Fixtures*	403	504	-20%
Electrical Cons. Durables*	881	1,052	-16%
Others*	254	250	2%
Sub Total	3,344	4,111	-19%
Lloyd	587	832	-29%
Total	3,931	4,943	-20%

*The Company has reviewed its segments classification effective 1st April 2020. The product categories which are not strictly subscribing to the specific category has been independently classified under Others. Others include Motor, Pump, Solar, Personal Grooming and Water Purifier businesses. The comparative figures for earlier periods have been accordingly reclassified.

Table 1.6: Segment wise margin analysis – Half Yearly

(I) Contribution margins (%) ^	H1 FY21	H1 FY20
Switchgears	39.2%	41.8%
Cable	15.4%	17.5%
Lighting & Fixtures	27.2%	30.2%
Electrical Cons. Durables	25.4%	26.7%
Others	19.3%	19.8%
Sub total	23.7%	25.7%
Lloyd	11.7%	13.9%*
Total	21.9%	23.7%*

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

* Contribution margins in Lloyd in H1 FY20 are before unabsorbed expenses of Rs. 15 crores related to AC plant

(II) Segment results (%)

(In crores of Rupees)

Segments	H1 FY21			H1 FY20		
	Net Sales	Segment result	% to NS	Net Sales	Segment result	% to NS
Switchgears	560	144	25.7%	705	171	24.1%
Cable	1,246	148	11.9%	1,600	189	11.8%
Lighting	403	55	13.7%	504	66	13.2%
ECD	881	154	17.5%	1,052	154	14.6%
Others	254	10	3.7%	250	(16)	(6.5%)
Sub total	3,344	511	15.3%	4,111	564	13.7%
Lloyd	587	11	2.0%	832	(36)	(4.3%)
Total	3,931	522	13.3%	4,943	528	10.7%
-Finance cost		34	0.9%		10	0.2%
-Unallocable exp.		(21)	(0.5%)		46	0.9%
PBT		509	13.0%		472	9.5%

Table 1.7: Balance Sheet highlights

In crores of Rupees	30-Sep-20 (Unaudited)	31-Mar-20 (Audited)
ASSETS		
Property, plant and equipment	1,796	1,899
Capital work in progress	88	83
Goodwill	310	310
Other intangible assets	1,127	1,140
Intangible assets under development	3	3
Investment in subsidiaries	2	2
Contract assets	55	61
Financial assets		
(i) Trade receivables	6	8
(ii) Other Bank Balance	75	-
(iii) Other financial assets	20	21
Other non-current assets	50	51
Non-current tax asset (net)	20	17
Non-current assets total	3,553	3,594
Current assets		
Inventories	1,768	1,872
Contract assets	22	20
Financial assets		
(i) Trade receivables	331	241
(ii) Cash and cash equivalents	238	242
(iii) Bank balances other than (ii) above	2,177	865
(iv) Other financial assets	28	29
Other current assets	123	165
Assets held for sale	19	20
Sub-total	4,706	3,454
Total Assets	8,259	7,048
EQUITY AND LIABILITIES		
Equity share capital	63	63
Other equity	4,638	4,242
Total Equity	4,701	4,305
Non-current liabilities		
Contract liability	4	4
Financial liabilities		
(i) Borrowings	336	-
(ii) Other financial liabilities	71	91
Provisions	42	36
Deferred tax liabilities (Net)	301	287
Other non-current liabilities	18	18
Sub-total	772	435
Current liabilities		
Contract liability	12	16
Financial liabilities		
(i) Borrowings	692	-
(ii) Trade payables		
a) Total outstanding dues of Micro Ent. and Small Ent.	115	106
b) Total outstanding dues of other than above	999	1,308
(iii) Other financial liabilities	574	563
Other current liabilities	84	105
Provisions	233	210
Current tax liabilities (Net)	77	-
Sub-total	2,786	2,308
Total Equity and Liabilities	8,259	7,048

- Cash and Cash Equivalents higher on account of:
 - Return of normalcy in working capital levels
 - Short term debt maintained for exigencies
 - Improved profitability

Table 1.8: Cash flow

In crores of rupees	Sep 20 YTD	Sep 19 YTD
PBT	510	472
Depreciation	119	100
Others	(52)	(38)
Working Capital Changes	(223)	(341)
Taxes Paid	(32)	(106)
Operating Net Cash Flow (A)	322	87
Capex	(80)	(261)
Proceeds from sale of fixed assets	94	0
Fixed deposits and investments made during the period	(1,368)	12
Interest received	28	30
Net Cash Flow from Investing Activities (B)	(1,326)	(219)
Dividends paid	-	(340)
Net borrowings availed / (repaid)	1,028	(27)
Others	(28)	5
Net Cash Flow from Financing Activities (C)	1,000	(362)
Net Cash Flow (A+B+C)	(4)	(494)
Cash and cash equivalents at the beginning	242	681
Effect of exchange diff. on cash and cash equ. held in foreign currency	(1)	(1)
Cash and Cash Equivalents at the end of the period	237	186
Bank balances other than cash and cash equivalents above	2,252	607
Cash & bank balances and investments	2,489	793

- Non-essential Capex has been deferred, though gradual increase expected going forward
- Land and building at Kasna (UP), being unutilized, was divested during September quarter for a consideration of Rs. 94 crores

Table 1.9: Cash (net of debt)

(in crores of rupees)	30 th Sep 2020	30 th Sep 2019
1. Short Term	336	54
2. Long Term	737	14
Total Debt	1,073	68
Less: Cash and investments	2,489	793
Net cash	1,416	725

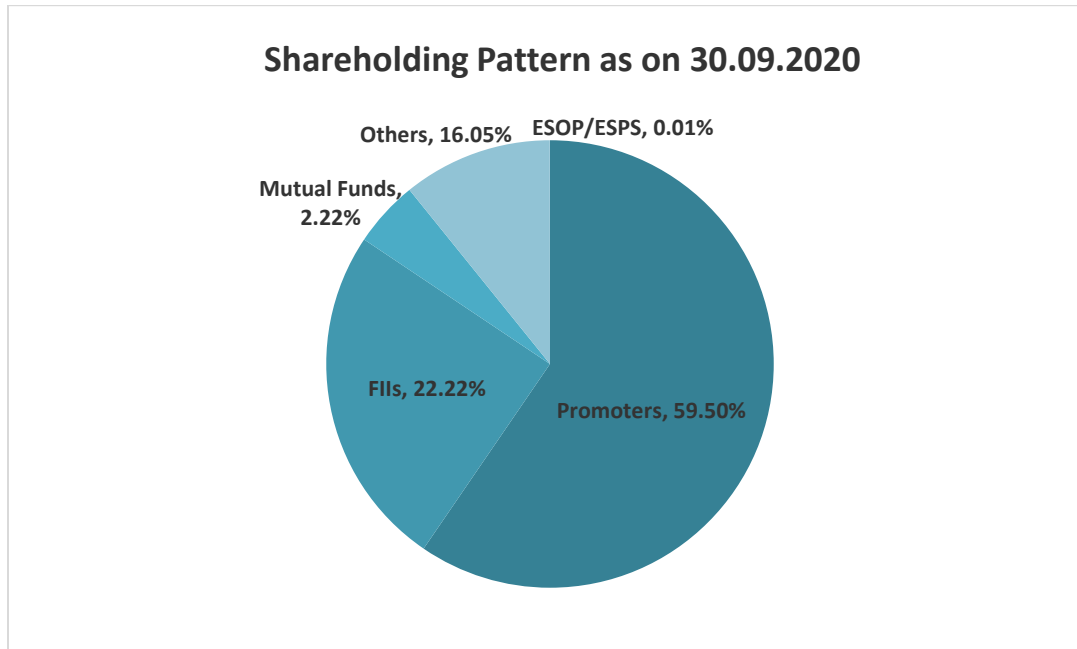
Table 1.10 Financial Ratios (Havells India Standalone)

Financial Ratios	Q2 FY21	Q2 FY20
Profitability		
OPM % {EBIDTA/NR}	17.2%	10.5%
RONW % {PAT TTM / Avg. NW}	17.8%	18.5%
ROCE % {EBIDTA TTM / Avg. CE}	21.3%	26.9%
Liquidity Ratio		
Current Ratio {CA/CL}	1.7	1.5
Debtor Days {Debtors/NR}	13	15
Inventory Days {Inventories/NR}	66	75
Creditor Days {Creditors/NR}	42	46
Net working capital days*	37	44

*based on quarterly sales

SECTION 2. SHAREHOLDING RELATED INFORMATION

Table 2.1: Shareholding pattern



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

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