

Havells India Limited

Q2 FY23 {SEPTEMBER 30, 2022}
{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 19th October 2022.

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SECTION 1. HAVELLS INDIA (STANDALONE)

Table 1.1: P&L Summary – Quarterly

In crores of Rupees	Q2 FY 23	Q2 FY 22	Change %	Q1 FY 23
Net Revenue	3,669	3,221	14%	4,230
Contribution as a % to NR	631 17.2%	683 21.2%	(8)%	726 17.2%
Add: Depreciation / Amortization	72	62		72
Less: Advertisement and Sales Promotion as a % to NR	87 2.3%	33 1.0%	161%	113 2.7%
Less: Other SG&A as a % to NR	331 9.0%	268 8.3%		324 7.7%
EBIDTA as a % to NR	287 7.8%	444 13.7%	(35)%	361 8.5%
Depreciation / Amortization	72	62		72
Interest Expense	7	11		10
Foreign Exchange (gain)/loss	-	(5)		-
Other Income	43	28		47
Profit before tax as a % to NR	251 6.8%	403 12.5%	(38)%	327 7.7%
Tax	64	101		84
Net Profit as a % to NR	187 5.1%	302 9.3%	(38)%	243 5.7%
Other Comprehensive Income/(Expense)	(1)	(1)		(1)
Total Comprehensive Income	186	301		242

Results Summary

- Q2 revenue growth was 14% against 3-year average of 18%
- There has been a reasonable demand environment with real estate upcycle and infrastructure investment
- Consumer demand is slightly sluggish, though stable
- Margin in Q2 impacted owing to full absorption of high-cost inventory against falling RM /sales prices
- The impact was pronounced in Cables and Lloyd
- Despite lower margins we persisted with long term investment in brand and people
- We believe that margin have hit the trough. Sequential margins from Q1 are stable and will improve from this quarter.

Table 1.2: Segment wise Revenue analysis – Quarterly

In crores of Rupees	Q2 FY 23	Q2 FY 22	Change (%)	Q2 FY20	3 Year CAGR%
Switchgears	488	443	10.2%	364	10.3%
Cable	1359	1144	18.8%	821	18.3%
Lighting & Fixtures	397	354	12.1%	253	16.2%
Electrical Cons. Durables	774	728	6.2%	490	16.4%
Others	237	211	12.3%	122	24.9%
Sub Total	3,255	2,880	13.0%	2,050	16.7%
Lloyd	414	341	21.4%	180	32.0%
Total	3,669	3,221	13.9%	2,230	18.0%

- Steady growth in quarterly and 3-year CAGR revenues across segments
- ECD revenues impacted due to short term destocking in fans led by changes in the energy efficiency norms
- Expect to normalize from Q3
- Lloyd seasonally low quarter for ACs. WM has evoked a good response with dealers and consumers

Table 1.3: Segment wise margin analysis – Quarterly

(I) Contribution margins (%) ^	Q2 FY23	Q2 FY22	Q1 FY23	
Switchgears	38.0%	38.4%	37.8%	• Cable margins will improve, in line with long term trends
Cable	9.5%	12.7%	10.4%	
Lighting & Fixtures	28.5%	32.9%	29.4%	• Fans destocking and consequent lower volumes adversely impacted margins
Electrical Cons. Durables	21.8%	24.4%	24.2%	
Others	17.6%	21.7%	18.2%	
Sub total	19.6%	22.8%	21.4%	
Lloyd	(1.7%)	8.0%	4.9%	
Total	17.2%	21.2%	17.2%	

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

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

Segments	Q2 FY23			Q2 FY22			Q1 FY23		
	Net Sales	Segment result	% to NS	Net Sales	Segment result	% to NS	Net Sales	Segment result	% to NS
Switchgears	488	122	25.0%	443	120	27.2%	517	135	26.2%
Cable	1359	86	6.3%	1144	115	10.1%	1,193	87	7.3%
Lighting	397	56	14.4%	354	77	21.9%	371	61	16.5%
ECD	774	90	11.6%	728	126	17.3%	838	110	13.1%
Others	237	4	1.7%	211	20	9.6%	228	12	5.4%
Sub total	3,255	359	11.0%	2,880	459	16.0%	3,146	406	12.9%
Lloyd	414	(84)	(20.1%)	341	(18)	(5.4%)	1,084	(56)	(5.2%)
Total	3,669	276	7.5%	3,221	441	13.6%	4,230	350	8.3%
-Finance cost		7	0.2%		11	0.3%		10	0.2%
-Unallocable exp.		61	1.7%		60	1.9%		61	1.4%
-Unallocable Inc.		(43)	(1.2%)		(33)	(1.0%)		(47)	(1.1%)
PBT		251	6.8%		403	12.5%		327	7.7%

Table 1.4: Balance Sheet highlights

In crores of Rupees	30-Sep-22 (Un-Audited)	31-Mar-22 (Audited)
ASSETS		
Property, plant and equipment	1,986	2021
Capital work in progress	62	57
Goodwill	310	310
Other intangible assets	1,093	1,102
Intangible assets under development	0	0
Investment in subsidiaries	0	2
Contract assets	32	39
Financial assets		
(i) Investments	20	273
(ii) Trade receivables	3	3
(iv) Other financial assets	131	42
Other non-current assets	92	43
Non-current tax asset (net)	27	27
Total Non-current assets	3,756	3,918
Current assets		
Inventories	3,551	2,968
Contract assets	25	27
Financial assets		
(i) Investments	281	153
(ii) Trade receivables	563	765
(iii) Cash and cash equivalents	269	764
(iv) Bank balances other than (iii) above	1,415	1,772
(v) Other financial assets	128	30
Other current assets	182	108
Total Current Assets	6,414	6,586
Assets held for sale	0	1
Sub-total	6,414	6,587
Total Assets	10,170	10,505
EQUITY AND LIABILITIES		
Equity share capital	63	63
Other equity	6,098	5,926
Total Equity	6,161	5,989
Non-current liabilities		
Contract liability	5	5
Financial liabilities		
(i) Borrowings	-	273
(ii) Lease Liabilities	168	179
(iii) Other financial liabilities	4	4
Provisions	111	76
Deferred tax liabilities (Net)	353	351
Total Non-Current Liabilities	640	887
Current liabilities		
Contract liabilities	28	17
Financial liabilities		
(i) Borrowings	-	123
(ii) Lease liabilities	35	42
(iii) Trade payables		
a) Total outstanding dues of Micro Ent. and Small Ent.	172	114
b) Total outstanding dues of other than above	2,254	2,265
(iv) Other financial liabilities	531	525
Other current liabilities	88	227
Provisions	227	253
Current tax liabilities (Net)	35	63
Total Current Liabilities	3,369	3,629
Total Equity and Liabilities	10,170	10,505

- Inventory increase mainly attributed to build up for festive demand and seasonality of Fans and ACs
- Borrowings fully repaid during the quarter
- Net cash reduced by payment of annual dividend

Table 1.5: Cash flow

In crores of rupees	YTD FY23	FY22
PBT	578	1,604
Depreciation	144	261
Others	(46)	(48)
Working Capital Changes	(613)	342
Taxes Paid	(173)	(414)
Operating Net Cash Flow (A)	(110)	1,744
Capex	(166)	(255)
Proceeds from sale of fixed assets	2	6
Fixed deposits and investments made during the period	435	(605)
Investment in Shares	(20)	-
Others	53	95
Net Cash Flow from Investing Activities (B)	303	(759)
Dividends paid	(282)	(407)
Net borrowings availed / (repaid)	(394)	(97)
Others	(10)	(43)
Net Cash Flow from Financing Activities (C)	(686)	(547)
Net Cash Flow (A+B+C)	(493)	438
Cash and cash equivalents at the beginning	764	327
Effect of exchange diff. on cash and cash equ. held in foreign currency	(2)	(1)
Cash and Cash Equivalents at the end of the period	269	764
Bank balances other than cash and cash equivalents above	1,800	2218
Cash & bank balances and investments	2,069	2982

- Working capital outgo mainly on account of increase in inventory
- Capex includes Rs. 73 crores towards Capital WIP of new Air conditioner project in Sricity, Andhra Pradesh

Table 1.6: Net Cash

(in crores of rupees)	30 th Sep 2022	31 st Mar 2022
1. Short Term*	-	123
2. Long Term	-	273
Total Debt	-	396
Less: Cash and investments	2,069	2,982
Net cash	2,069	2,586

*Including Current maturity of Long-Term loan

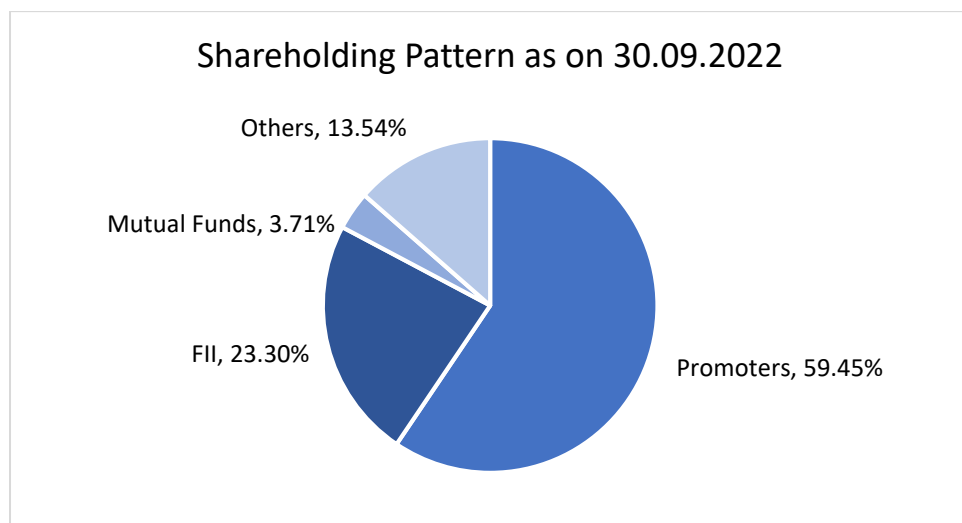
Table 1.7 Financial Ratios (Havells India Standalone)

Financial Ratios	Q2 FY23	Q2 FY22	Q1 FY23
Profitability			
OPM % {EBIDTA/NR}	7.8%	13.7%	8.5%
RONW % {PAT TTM / Avg. NW}	18.1%	23.1%	21.1%
ROCE % {EBIDTA TTM / Avg. CE}	25.7%	31.7%	29.2%
Liquidity Ratio			
Current Ratio {CA/CL}	1.8	1.9	1.9
Debtor Days {Debtors/NR}	14	15	13
Inventory Days {Inventories/NR}	89	77	67
Creditor Days {Creditors/NR}	61	55	57
Net working capital days*	42	36	23

*based on quarterly sales

SECTION 2. SHAREHOLDING RELATED INFORMATION

Shareholding pattern



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, Joint Vice President 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**.