

Havells India

Refer to important disclosures at the end of this report

Volume growth and margins key monitorables in H2FY22

- Havells reported a 6% revenue beat in Q2, driven by Lighting and Others segments. On a 2-yr CAGR basis, revenue growth across segments was in the range of 10-38%. Margin delivery in C&W and Lloyd segments was disappointing.
- Volume & price contributed equally to revenue growth across categories, ex-C&W, to which volumes contributed 20%, indicating strong consumer sentiment. A&P spends surprised again, with a 34% decline on a 2-yr CAGR basis, despite robust revenue growth.
- Management remains optimistic about demand in the ensuing quarters and is hopeful of a gradual improvement in margins. Demand is broad-based, unlike last year. Price increases will reflect with a lag and aid margins. Channel inventory is at normalized level.
- Given the solid revenue print in Q2, along with an encouraging demand outlook and copper price inflation, we are raising FY22-24E revenue/EBITDA/PAT by 5-12%. Maintain Hold with a revised Dec'22 TP of Rs.1,250 (PE of 45x implied using a 2-stage DCF model).

EBITDA miss despite revenue beat: On a 2-year CAGR basis, total revenue saw 20% growth, with the segments growing between 10% and 38%. The revenue beat was mainly contributed by the Lighting segment, with its revenues coming in 22% ahead of estimates. C&W benefited from commodity inflation; growth in the Lighting business was driven by increased penetration and product launches. The ECD segment recorded a 22% revenue CAGR (2-yr basis). EBITDA missed estimates by 6%, with margins falling 339bps yoy to 13.8%, primarily impacted by weak gross margins. Lag in commodity inflation pass-through impacted gross margins (-142bps qoq and -597bps yoy). Other opex was up mere 7% and ad spends declined 34% on 2-yr CAGR, showcasing strict control. Improved working capital led to healthy cash generation as compared to FY21.

Outlook: Havells has maintained its outperformance streak with strong revenue delivery across product categories. Demand recovery across product segments is encouraging despite price inflation. The B2B categories, which were impacted more by Covid-led disruptions, have started to see green-shoots, implying continued revenue growth in the coming quarters amid the high base of H2FY21, although at a lower rate. Volume growth in H2FY22 in B2C categories would be key to watch out for. EBITDA delivery in H2FY22 is expected to be moderate as costs are getting normalized and H2FY21 had benefit of high GM and lower opex. Although valuations remain an area of discomfort for us, we are of the view that if Havells continues to outperform peers, it would be rewarded by investors. **Upside risks:** sustained market share gains, better than expected revenue recovery. **Downside risks:** higher-than-expected cost inflation; slower economic growth; and sustained margin pressure.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Consumer Durables \(Page 11\)](#)

Financial Snapshot (Consolidated)

(Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Revenue	94,292	1,04,279	1,32,952	1,53,334	1,74,375
EBITDA	10,274	15,653	18,414	22,113	25,376
EBITDA Margin (%)	10.9	15.0	13.9	14.4	14.6
APAT	7,330	10,396	12,537	15,527	18,128
EPS (Rs)	11.7	16.6	20.0	24.8	29.0
EPS (% chg)	(6.9)	41.8	20.6	23.9	16.7
ROE (%)	17.3	22.0	22.5	23.9	23.9
P/E (x)	109.8	77.4	64.2	51.8	44.4
EV/EBITDA (x)	77.3	50.5	42.6	35.1	30.3
P/BV (x)	18.7	15.6	13.5	11.5	9.9

Source: Company, Emkay Research

CMP Rs 1,286 as of (October 21, 2021)	Target Price Rs 1,250 (▲) 12 months
Rating HOLD (■)	Upside (2.8) %

Change in Estimates

EPS Chg FY22E/FY23E (%)	4.6/8.8
Target Price change (%)	6.9
Target Period (Months)	12
Previous Reco	HOLD

Emkay vs Consensus

EPS Estimates		
	FY22E	FY23E
Emkay	20.0	24.8
Consensus	19.3	23.4
Mean Consensus TP (12M)	Rs 1,281	

Stock Details

Bloomberg Code	HAVL IN
Face Value (Rs)	1
Shares outstanding (mn)	626
52 Week H/L	1,504 / 700
M Cap (Rs bn/USD bn)	805 / 10.76
Daily Avg Volume (nos.)	20,25,841
Daily Avg Turnover (US\$ mn)	34.9

Shareholding Pattern Sep '21

Promoters	59.5%
FIIIs	26.8%
DIIIs	6.1%
Public and Others	7.7%

Price Performance

(%)	1M	3M	6M	12M
Absolute	(9)	17	28	81
Rel. to Nifty (12)	-	1	19	

Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

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Exhibit 1: Actual vs. Estimates (Q2FY22)

(Rs mn)	Actual	Estimate		% variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Revenue	32,210	30,528	29,281	6%	10%	Lighting and Others segment led to outperformance
EBITDA	4,436	4,732	4,285	-6%	4%	Higher-than-estimated commodity headwinds
EBITDA, margin	13.8%	15.5%	14.6%	-173 bps	-86 bps	
PAT	3,016	3,228	2,912	-7%	4%	Impacted by a one-off investment sale gain in the base quarter

Source: Company, Bloomberg, Emkay Research

Exhibit 2: Summary of quarterly financials

Rs mn	Q2FY20	Q2FY21	Q1FY22	Q2FY22	YoY (%)	QoQ (%)	2Y CAGR
Switchgears	3,638	3,703	3,734	4,426	19.5	18.5	10%
Cable and Wires	8,213	7,847	8,072	11,440	45.8	41.7	18%
Lighting and Fixtures	2,536	2,646	2,099	3,536	33.6	68.4	18%
Electrical Consumer Durables	4,902	5,799	5,760	7,284	25.6	26.5	22%
Lloyds	1,800	2,804	4,944	3,413	21.7	(31.0)	38%
Others	1,217	1,719	1,373	2,112	22.8	53.8	32%
Total Sales	22,306	24,518	25,982	32,210	31.4	24.0	20%
Raw Material	13532	14,655	16,713	21,175	44.5	26.7	25%
as % of sales	60.7	59.8	64.3	65.7			
Employee Cost	2396	2,145	2,325	2,494	16.3	7.3	2%
as % of sales	10.7	8.7	8.9	7.7			
Other operating expenses	4026	3,511	3,413	4,105	16.9	20.2	1%
as % of sales	18.1	14.3	13.1	12.7			
Total Expenditure	19955	20,311	22,451	27,774	36.7	23.7	18%
EBITDA	2351	4,207	3,531	4,436	5.5	25.6	37%
Depreciation	532	591	616	623	5.5	1.2	8%
EBIT	1819	3,616	2,915	3,813	5.4	30.8	45%
Other Income	290	792	342	333	(58.0)	(2.7)	7%
Interest	51.4	172	110	111	(35.5)	1.5	47%
PBT	2058	4,236	3,148	4,035	(4.8)	28.2	40%
Tax	255	987	805	1,019	3.3	26.6	100%
PAT	1804	3,250	2,343	3,016	(7.2)	28.7	29%
Margins (%)					(bps)	(bps)	
Gross Margin	39.3	40.2	35.7	34.3	(597)	(142)	
EBIDTA	10.5	17.2	13.6	13.8	(339)	18	
EBIT	8.2	14.7	11.2	11.8	(291)	62	
EBT	9.2	17.3	12.1	12.5	(475)	41	
PAT	8.1	13.3	9.0	9.4	(389)	34	
Effective Tax rate	12.4	23.3	25.6	25.3	197	(31)	

Source: Company, Emkay Research

Exhibit 3: Segment-wise revenue and EBIT performance

Rs mn	Q2FY20	Q2FY21	Q1FY22	Q2FY22	YoY (%)	QoQ (%)	2Y CAGR
Switchgears	3,638	3,703	3,734	4,426	19.5	18.5	10%
Cable and Wires	8,213	7,847	8,072	11,440	45.8	41.7	18%
Lighting and Fixtures	2,536	2,646	2,099	3,536	33.6	68.4	18%
Electrical Consumer Durables	4,902	5,799	5,760	7,284	25.6	26.5	22%
Lloyds	1,800	2,804	4,944	3,413	21.7	(31.0)	38%
Others	1,217	1,719	1,373	2,112	22.8	53.8	32%
Total Sales	22,306	24,518	25,982	32,210	31.4	24.0	20%
PBIT							
Switchgears	875	1150	1020	1203	4.7	17.9	17%
Cable and Wires	1043	1118	1262	1153	3.1	(8.7)	5%
Lighting and Fixtures	308	521	317	773	48.5	143.9	59%
Electrical Consumer Durables	717	1172	673	1264	7.9	87.7	33%
Lloyds	-440	51	103	-183	(461.8)	(278.1)	-36%
Others	-109	141	54	202	43.4	276.2	
Total PBIT	2,394	4,152	3,429	4,412	6.3	28.7	36%
Un-allocable expenses	285	-257	172	267	(203.9)	55.2	-3%
as % of sales	1	-1	1	1			
PBT	2109	4408	3257	4146	(6.0)	27.3	40%
PBIT Margins (%)					(bps)	(bps)	
Switchgears	24.0	31.0	27.3	27.2	(386)	(14)	
Cable and Wires	12.7	14.3	15.6	10.1	(418)	(556)	
Lighting and Fixtures	12.1	19.7	15.1	21.9	219	677	
Electrical Consumer Durables	14.6	20.2	11.7	17.3	(286)	566	
Lloyds	(24.5)	1.8	2.1	(5.4)	(715)	(743)	
Others	NA	8.2	3.9	9.6	138	567	
Total PBIT	10.7	16.9	13.2	13.7	(323)	50	

Source: Company, Emkay Research

Other highlights

- Revenue grew 31% yoy and 24% qoq to Rs32.2bn. **Revenues of Lighting & Others segments beat estimates by 22% and 12%, respectively. Revenues of other segments came in largely in line with expectations. Ex-Lloyd, revenues increased 33% yoy to Rs29bn.**
- EBITDA stood at Rs4.4bn vs. Rs4.2bn in Q2FY21. EBITDA margin stood at 13.8%, down 339bps yoy but flat qoq.**
 - Gross margin contracted by 597bps yoy due to the staggered manner in which price hikes were implemented, but it benefited from inventory gains.
 - Other expenses increased 17% yoy but were 4% below estimates. **A&P spends stood at 1.0% of sales vs. 3.3% in Q2FY20 and 1.7% in Q1FY22.**
- PAT stood at Rs3.0bn, down 7.2% yoy and 7% below our estimates. PAT margin was 9.4% vs. 8.1% in Q2FY20 and 9% in Q1FY22.**

Segment-wise performance

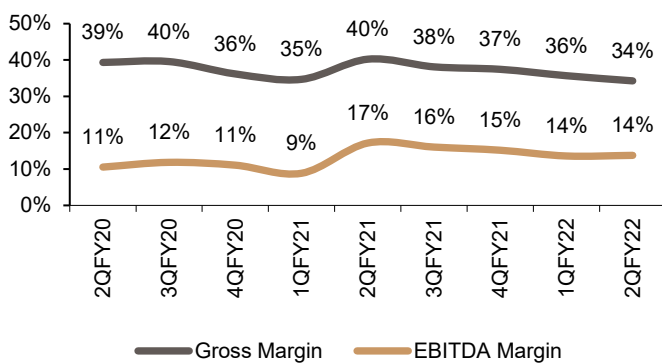
- Electrical Consumer Durables:** Revenue grew 26% yoy (22% on a 2-yr CAGR basis) to Rs7.3bn, with EBIT of Rs1.3bn vs. Rs1.2bn in Q2FY21. EBIT margin stood at 17.3% vs. 20.2% in Q2FY21 and 14.6% in Q2FY20.
- Wires and Cables:** Revenue was up 46% yoy (2-yr CAGR: 18%) to Rs11.4bn, with EBIT of Rs1.1bn. EBIT margin was 10.1% vs. 14.3% in Q2FY21 and 12.7% in Q2FY20.
- Lighting and Fixtures:** Revenue rose by 34% yoy to Rs3.5bn, **supported by new launches and increased penetration.** EBIT margins were 21.9%, up 219bps yoy and 677bps qoq.

- **Lloyd:** Revenue registered 22% growth yoy and 38% 2-year CAGR and stood at Rs3.4bn. The segment saw a net operating loss of Rs183mn, impacted by high competition (restricted adequate price hikes) and lower production.
- **Switchgear:** Revenue grew 19% yoy to Rs4.4bn, **boosted by the real-estate upcycle**. EBIT margin stood at 27.2% vs. 31.0% in Q2FY21 and 24.0% in Q2FY20.
- **Others:** Revenues increased to Rs2.1bn vs. Rs1.7bn in Q2FY21, with margins at 9.6% - up by 567bps qoq.

Balance Sheet

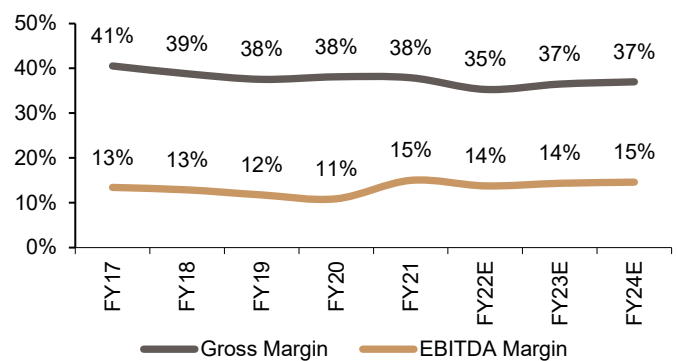
- Net working capital stood at 39 days vs. 62 in Q1FY22, with improvement seen in payable days.
- **Net cash stood at Rs20.9bn vs. Rs14.1bn in Q2FY21. H1FY22 capex was Rs1.42bn, related to the Washing Machine green-field project and expansion of the Water Heater facility.**

Exhibit 4: Gross margin contracted further due to staggered price actions



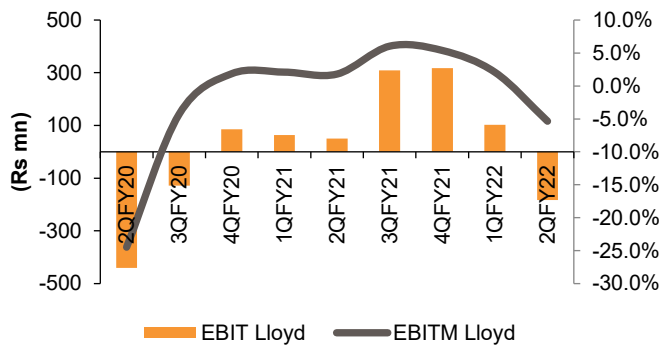
Source: Company, Emkay Research

Exhibit 5: Estimates for annual gross and EBITDA margins remain relatively stable



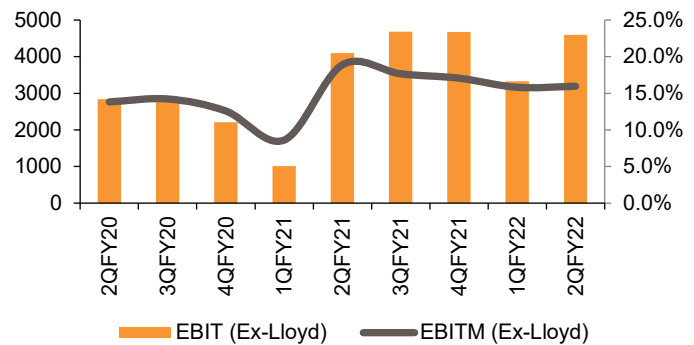
Source: Company, Emkay Research

Exhibit 6: Lloyd's had an EBIT loss, impacted by intense competition



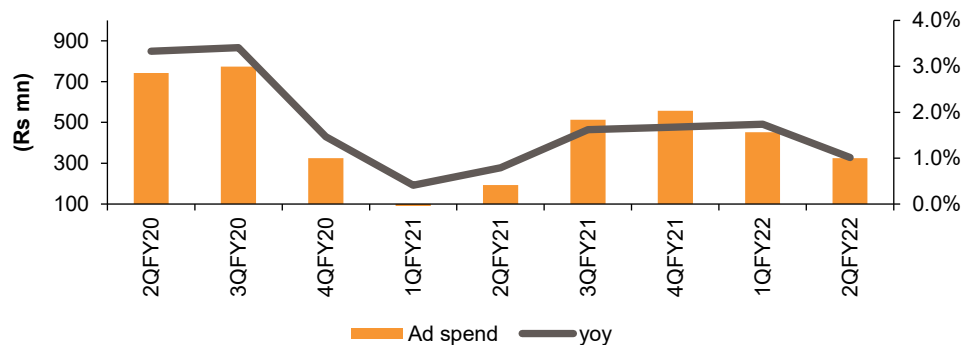
Source: Company, Emkay Research

Exhibit 7: Quarterly EBIT and EBIT margin trend (ex-Lloyd)



Source: Company, Emkay Research

Exhibit 8: Ad spends fell qoq despite low base



Source: Company, Emkay Research

Exhibit 9: Changes in estimates

Particulars (Rs mn)	FY22E			FY23E			FY24E		
	Old	New	% Change	Old	New	% Change	Old	New	% Change
Revenue	1,24,655	1,32,952	6.7%	1,40,935	1,53,334	8.8%	1,57,809	1,74,375	10.5%
EBITDA	17,501	18,414	5.2%	20,229	22,113	9.3%	22,605	25,376	12.3%
EBITDA Margin (%)	14.0	13.9	-15 bps	14.4	14.4	2 bps	14.3	14.6	25 bps
PAT	11981	12537	4.6%	14276	15527	8.8%	16191	18128	12.0%
EPS (Rs)	19.2	20.0	4.6%	22.8	24.8	8.8%	25.9	29.0	12.0%

Source: Company, Emkay Research

Exhibit 10: Revenue and margin assumptions

Rs mn	FY19	FY20	FY21	FY22E	FY23E	FY24E
Switchgear	15,777	13,394	14,609	17,969	20,125	22,540
% yoy growth	11%	-15%	9%	23%	12%	12%
Cables and wires	32,346	29,942	31,802	42,932	48,084	52,893
% yoy growth	21%	-7%	6%	35%	12%	10%
Lighting and Fixtures	13,035	10,143	10,846	13,124	15,486	17,809
% yoy growth	12%	-22%	7%	21%	18%	15%
Electrical consumer durables	20,964	20,054	23,770	29,712	33,533	38,303
% yoy growth	34%	-4%	19%	25%	13%	14%
Lloyd	18,556	15,903	16,888	20,941	26,176	31,411
% yoy growth	31%	-14%	6%	24%	25%	20%
Others		4,857	6,365	8,275	9,930	11,419
% yoy growth			31%	30%	20%	15%
Total Revenue	1,00,677	94,292	1,04,279	1,32,952	1,53,334	1,74,375
% yoy growth	24%	-6%	11%	27%	15%	14%

Rs mn	FY19	FY20	FY21	FY22E	FY23E	FY24E
Switchgear	6,287	3,249	4,047	4,888	5,534	6,311
% margin	40%	24%	28%	27%	28%	28%
Cables and wires	5,217	3,321	4,038	4,937	5,890	6,479
% margin	16%	11%	13%	12%	12%	12%
Lighting and Fixtures	3,668	1,457	2,041	2,625	3,097	3,651
% margin	28%	14%	19%	20%	20%	21%
Electrical consumer durables	5,526	2,870	4,037	4,828	6,371	7,278
% margin	26%	14%	17%	16%	19%	19%
Lloyd	3,176	-401	741	314	785	1,571
% margin	17%	-3%	4%	2%	3%	5%
Others		-250	310	662	794	971
% margin		-5%	5%	8%	8%	9%
Total PBIT	23,874	10,246	15,213	18,254	22,473	26,260
% margin	24%	11%	15%	14%	15%	15%

Source: Company, Emkay Research

Con-call highlights

- **Excluding C&W, all categories witnessed healthy volume growth (50% of the growth was volume-led). In C&W, only 20% of the growth was led by volumes. Consumer optimism should support revenue growth in the coming quarters. Margin delivery should also improve along with revenue growth.**
 - There has been a delay in passing price increases to customers (like in RAC due to high system inventory and lean season). Commodity-led price increases happen with a lag and given the current scenario of commodity prices inching up again, there is a possibility of another round of price hike.
 - As per management, Q2FY22 revenue growth was not led by channel filling, and system inventories are at normal levels.
 - The revenue base in H2FY21 was high due to pent-up demand from B&C towns. However, currently demand is broad-based across the regions now. There is strong demand from the real estate sector, which was not visible last year. Early indications of festive-led demand are encouraging.
 - According to management, down-trading in the electrical segment due to price hikes wasn't much. It believes that market share gains from unorganized players will continue, especially in the current inflationary conditions. Although some supply-chain disruptions are there, organized players have been able to manage them well. The issue of container availability has eased out as compared to the previous months
 - Standard and REO brands are relevant for C&W and switchgear categories. Standard is focused on distribution expansion in the construction segment, while REO is aimed at affordable housing.
- **Lloyd:** The competitive intensity is high due to the loss of peak season sales of RACs. The industry is waiting for a strong season for passing over the price increases. The focus remains on gaining market share across product categories. **Under the PLI scheme, Havells has applied only for the RAC category.**
 - Margin improvement should be driven by volume built-up as the company will remain competitive and will continue to invest in brand.
 - Trade acceptance is positive for refrigerators.
- **C&W:** The management stated that it's difficult to pass-on price hikes in cables business for existing orders. However, company's C&W mix is skewed more towards wires, and hence margins should recover going forward. Management is hopeful of healthy revenue growth with strong momentum from the real-estate sector, while the only issue is copper price inflation.
- **Fans:** The focus on market share gains continues, and there has been a normalization of channel inventory. H1FY22 volume growth was not high due to the weak peak season sales. In H2, trade will now look for channel filling.
- **Lighting:** Deeper market penetration and new product launches led to strong volume growth.
- **Switchgear:** Demand is expected to be strong, driven by both construction and real-estate revival. Management said that the real-estate revival seems to be broad-based this time.
- **Others:** Strong growth was recorded across categories, with motors being the outlier. Margin improvement should also continue with revenue delivery.
- **Costs:** A&P spends- It should revert to 2% of sales with new product launches and sustained investments. Ad spends have moved more toward digital platforms.
 - Other opex control was driven by sustained cost-saving initiatives started during last year's Covid time.
- **Capex:** FY22 spends would be Rs3-3.5bn vs. earlier guidance of Rs5bn. The lower guidance is due to the Covid-led disruption in Q1.

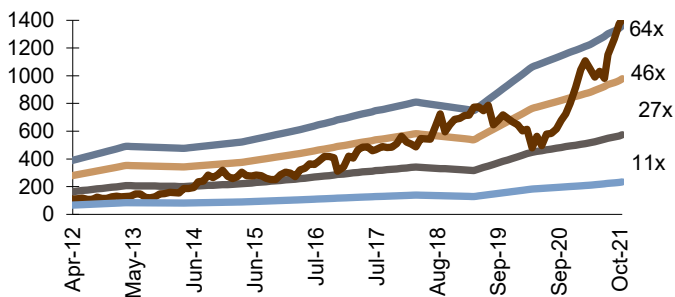
Exhibit 11: Target multiple derived from a two-stage growth model

Revenue CAGR [FY22E-25E] (%)	13.9
EPS CAGR [FY22E-25E] (%)	18.1
Stage-1: FY25E-35E	
EPS in Yr-0 [FY25E] (Rs)	33.0
EPS in Yr-1 (Rs)	37.9
EPS CAGR (%)	15.0
Years of growth [n]	10.0
Incremental RoE (%)	40.0
CoE (%)	10.75
Implied DPR (%)	63

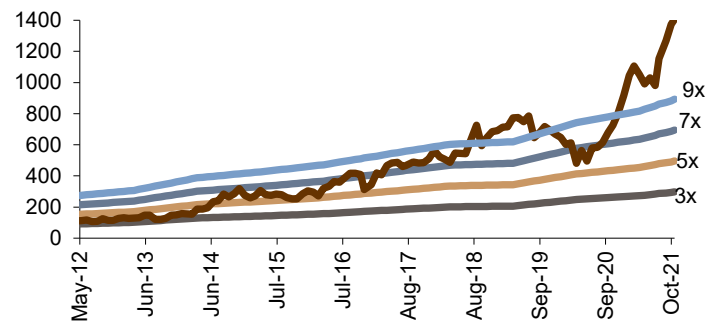
Terminal stage: >FY35E

EPS growth (%)	7.0
Incremental RoE (%)	40.0
Implied DPR (%)	83
Fair value P/E in Mar'25E (x)	36.6
Fair value in Mar'25E (Rs/share)	1,386
Fair value in Dec'22E (Rs/share)	1,102
NPV of dividends in FY22E-25E (Rs/share)	34
Overall fair value in Dec'22E (Rs/share)	1,136
Dec'23E EPS (Rs)	28
Implied fair value P/E in Dec'22E (x)	40.7
Premium applied to FV (%) [a]	10.0
Target P/E in Dec'22E (x)	44.7
Target price in Dec'22E (Rs/share)	1,250
CMP	1,283
Upside	-3

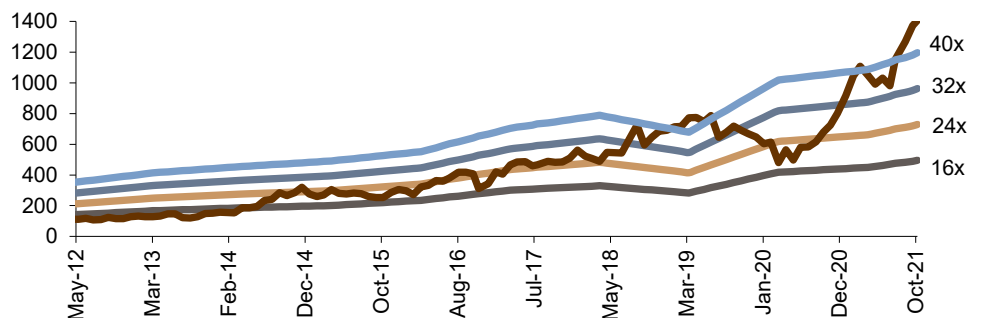
Source: Company, Emkay Research, [a] Premium for potential new product categories

Valuation charts**Exhibit 12: 1-year forward P/E valuation band**

Source: Bloomberg, Emkay Research

Exhibit 13: 1-year forward P/B valuation band

Source: Bloomberg, Emkay Research

Exhibit 14: 1-year forward EV/EBITDA valuation band

Source: Bloomberg, Emkay Research

Key Financials (Consolidated)**Income Statement**

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Revenue	94,292	1,04,279	1,32,952	1,53,334	1,74,375
Expenditure	84,018	88,627	1,14,538	1,31,221	1,48,999
EBITDA	10,274	15,653	18,414	22,113	25,376
Depreciation	2,179	2,489	2,602	3,065	3,466
EBIT	8,095	13,164	15,812	19,048	21,910
Other Income	1,120	1,878	1,382	1,842	2,456
Interest expenses	197	726	440	140	140
PBT	9,017	14,316	16,754	20,750	24,225
Tax	1,687	3,919	4,217	5,223	6,097
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
Reported Net Income	7,330	10,396	12,537	15,527	18,128
Adjusted PAT	7,330	10,396	12,537	15,527	18,128

Balance Sheet

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Equity share capital	626	626	626	626	626
Reserves & surplus	42,422	51,019	59,167	69,260	81,043
Net worth	43,048	51,645	59,793	69,886	81,669
Minority Interest	0	0	0	0	0
Loan Funds	405	4,922	2,937	937	937
Net deferred tax liability	2,865	3,391	3,391	3,391	3,391
Total Liabilities	46,318	59,958	66,121	74,214	85,997
Net block	33,528	32,903	33,910	35,917	37,523
Investment	214	22	22	22	22
Current Assets	35,909	54,378	66,078	77,378	92,937
Cash & bank balance	11,069	19,310	23,796	28,650	37,555
Other Current Assets	1,811	1,328	1,565	1,769	1,979
Current liabilities & Provision	24,160	28,245	34,752	39,966	45,348
Net current assets	11,749	26,133	31,327	37,412	47,589
Misc. exp	0	0	0	0	0
Total Assets	46,318	59,958	66,121	74,214	85,997

Cash Flow

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
PBT (Ex-Other income) (NI+Dep)	7,897	12,438	15,372	18,908	21,769
Other Non-Cash items	0	0	0	0	0
Chg in working cap	616	(5,618)	(707)	(1,232)	(1,272)
Operating Cashflow	8,248	6,579	13,627	15,755	18,107
Capital expenditure	(5,170)	(1,935)	(3,572)	(5,072)	(5,072)
Free Cash Flow	3,078	4,644	10,055	10,684	13,035
Investments	(19)	192	0	0	0
Other Investing Cash Flow	(1,408)	(7,764)	(137)	(97)	(100)
Investing Cashflow	(5,477)	(7,629)	(2,327)	(3,327)	(2,717)
Equity Capital Raised	0	0	0	0	0
Loans Taken / (Repaid)	(540)	4,517	(1,986)	(2,000)	0
Dividend paid (incl tax)	(6,413)	(1,878)	(4,388)	(5,435)	(6,345)
Other Financing Cash Flow	15,448	18,447	19,310	23,796	28,650
Financing Cashflow	8,298	20,360	12,497	16,221	22,165
Net chg in cash	11,069	19,310	23,796	28,650	37,555
Opening cash position	12,877	11,069	19,310	23,796	28,650
Closing cash position	11,069	19,310	23,796	28,650	37,555

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY20	FY21	FY22E	FY23E	FY24E
EBITDA Margin	10.9	15.0	13.9	14.4	14.6
EBIT Margin	8.6	12.6	11.9	12.4	12.6
Effective Tax Rate	18.7	27.4	25.2	25.2	25.2
Net Margin	7.8	10.0	9.4	10.1	10.4
ROCE	20.0	28.3	27.3	29.8	30.4
ROE	17.3	22.0	22.5	23.9	23.9
RoIC	25.0	35.6	39.0	44.2	47.5

Per Share Data (Rs)	FY20	FY21	FY22E	FY23E	FY24E
EPS	11.7	16.6	20.0	24.8	29.0
CEPS	15.2	20.6	24.2	29.7	34.5
BVPS	68.8	82.5	95.5	111.6	130.5
DPS	8.5	3.0	7.0	8.7	10.1

Valuations (x)	FY20	FY21	FY22E	FY23E	FY24E
PER	109.8	77.4	64.2	51.8	44.4
P/CEPS	84.6	62.5	53.2	43.3	37.3
P/BV	18.7	15.6	13.5	11.5	9.9
EV / Sales	8.4	7.6	5.9	5.1	4.4
EV / EBITDA	77.3	50.5	42.6	35.1	30.3
Dividend Yield (%)	0.7	0.2	0.5	0.7	0.8

Gearing Ratio (x)	FY20	FY21	FY22E	FY23E	FY24E
Net Debt/ Equity	(0.3)	(0.3)	(0.3)	(0.4)	(0.4)
Net Debt/EBIDTA	(1.1)	(0.9)	(1.1)	(1.3)	(1.4)
Working Cap Cycle (days)	2.6	23.9	20.7	20.9	21.0

Growth (%)	FY20	FY21	FY22E	FY23E	FY24E
Revenue	(6.3)	10.6	27.5	15.3	13.7
EBITDA	(13.2)	52.4	17.6	20.1	14.8
EBIT	(21.8)	62.6	20.1	20.5	15.0
PAT	(6.9)	41.8	20.6	23.9	16.7

Quarterly (Rs mn)	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22
Revenue	24,518	31,659	33,312	25,982	32,210
EBITDA	4,207	5,081	5,057	3,531	4,436
EBITDA Margin (%)	17.2	16.0	15.2	13.6	13.8
PAT	3,250	3,491	3,023	2,343	3,016
EPS (Rs)	5.2	5.6	4.8	3.7	4.8

Source: Company, Emkay Research

Shareholding Pattern (%)	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21
Promoters	59.5	59.5	59.5	59.5	59.5
FIs	22.2	24.4	24.9	24.0	26.8
DIs	9.9	8.4	7.9	8.2	6.1
Public and Others	8.4	7.8	7.7	8.3	7.6

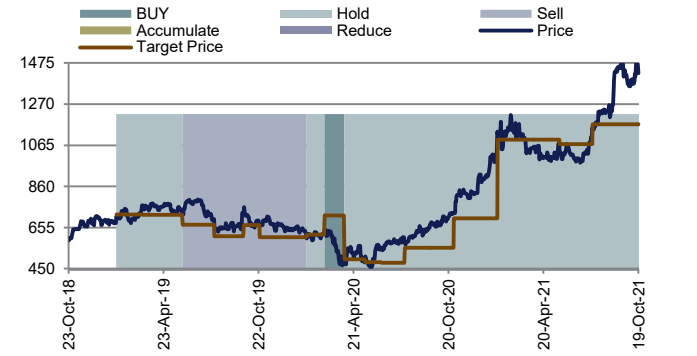
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
23-Aug-21	1,259	1,170	12m	Hold	Naval Seth
29-Jul-21	1,179	1,170	12m	Hold	Naval Seth
23-Jul-21	1,144	1,170	12m	Hold	Naval Seth
21-May-21	1,028	1,070	12m	Hold	Naval Seth
22-Jan-21	1,123	1,093	12m	Hold	Naval Seth
30-Oct-20	728	701	12m	Hold	Naval Seth
28-Jul-20	576	554	12m	Hold	Naval Seth
13-Jun-20	552	480	12m	Hold	Naval Seth
13-May-20	511	482	12m	Hold	Naval Seth
07-Apr-20	500	497	12m	Hold	Naval Seth
03-Apr-20	472	497	12m	Hold	Naval Seth
16-Mar-20	566	715	12m	Buy	Naval Seth
25-Feb-20	644	715	12m	Buy	Naval Seth
13-Feb-20	618	619	12m	Hold	Naval Seth
22-Jan-20	601	619	12m	Hold	Naval Seth
16-Dec-19	649	607	12m	Sell	Naval Seth
28-Nov-19	674	607	12m	Sell	Naval Seth
19-Nov-19	666	607	12m	Sell	Naval Seth
24-Oct-19	670	607	12m	Sell	Naval Seth
23-Sep-19	732	668	12m	Sell	Naval Seth
11-Sep-19	665	611	12m	Sell	Naval Seth
29-Jul-19	665	611	12m	Sell	Naval Seth
13-Jun-19	784	669	12m	Sell	Naval Seth
29-May-19	731	669	12m	Sell	Naval Seth
20-May-19	756	719	12m	Hold	Naval Seth
23-Apr-19	762	719	12m	Hold	Naval Seth
08-Apr-19	764	719	12m	Hold	Naval Seth
14-Mar-19	747	719	12m	Hold	Naval Seth
22-Jan-19	712	720	12m	Hold	Naval Seth

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – Consumer Durables



Analyst: Naval Seth

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Sector

Consumer Durables, Media & Entertainment, SMID and Telecom

Analyst bio

Naval holds an MBA in Finance and has more than 13 years of experience in equity research. His team currently covers 19 stocks spread across three different sectors.

EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
Consumer Durables	1.02	1.02	0%	0	100.00
Amber Enterprises	0.00	0.00	NA	0	0.00
Blue Star	0.00	0.00	NA	0	0.00
Crompton Greaves CE	0.25	0.26	2%	1	25.47
Dixon Technologies	0.00	0.00	NA	0	0.00
Havells India	0.33	0.35	3%	1	33.85
KEI Industries	0.00	0.00	NA	0	0.00
Polycab India	0.09	0.09	-3%	0	8.66
V-Guard Industries	0.00	0.00	NA	0	0.00
Voltas	0.27	0.27	1%	0	26.71
Whirlpool Of India	0.07	0.05	-22%	-2	5.31
Cash	0.00	0.00	NA	0	0.00

Source: Emkay Research

* Not under coverage: Equal Weight

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

Sector portfolio NAV

	Base					Latest
	1-Apr-19	21-Oct-20	20-Apr-21	20-Jul-21	20-Sep-21	20-Oct-21
EAP - Consumer Durables	100.0	114.7	153.5	172.4	202.4	199.2
BSE200 Neutral Weighted Portfolio (ETF)	100.0	105.8	140.3	159.1	187.1	184.1

*Performance measurement base date 1st April 2019

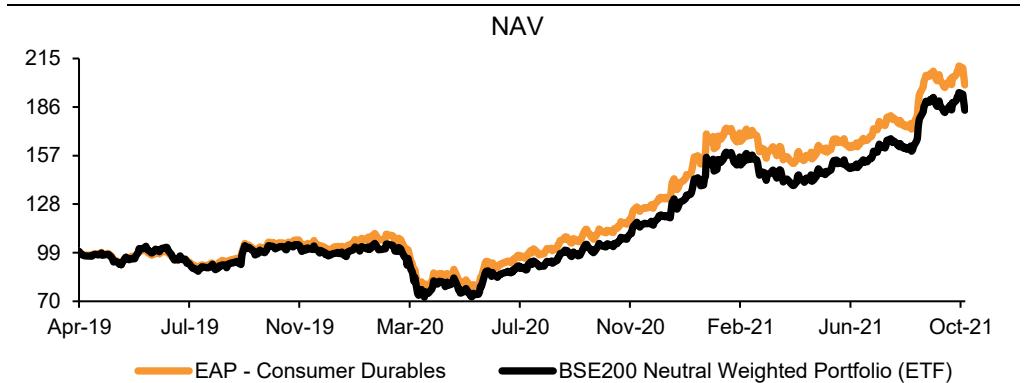
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - Consumer Durables	-1.6%	15.5%	29.7%	73.7%
BSE200 Neutral Weighted Portfolio (ETF)	-1.6%	15.7%	31.2%	74.0%

Source: Emkay Research

NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 21 Oct 2021 22:46:24 (SGT)

Dissemination Date: 21 Oct 2021 22:47:24 (SGT)

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