

Havells India Limited

Q4 FY20 {MARCH 31, 2020}
{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 – <https://www.havells.com>. The results are approved by the Board of Directors in their meeting held on 12th May 2020.

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SECTION 1. HAVELLS INDIA LIMITED (STANDALONE)

Table 1.1: P&L Summary: Quarterly

In crores of Rupees	Q4 FY 20	Q4* FY 19	Change %
Net Revenue	2,216	2,753	(20%)
Contribution as a % to NR	438 19.8%	633 23.0%	(31%)
Add: Depreciation / Amortization	63	39	
Less: Advertisement and Sales Promotion as a % to NR	32 1.4%	103 3.7%	(68%)
Less: Other SG&A as a % to NR	223 10.1%	254 9.2%	(12%)
EBIDTA as a % to NR	246 11.1%	315 11.4%	(22%)
Depreciation / Amortization	63	39	
Interest Expense	5	6	
Foreign Exchange (gain)/loss	2	(16)	
Add: Interest and Other Income	22	15	
Profit before tax as a % to NR	198 8.9%	301 10.9%	(34%)
Tax	21	100	
Net Profit as a % to NR	177 8.0%	201 7.3%	(12%)
Other Comprehensive Income/ (Expense)	0	(3)	
Total Comprehensive Income	178	198	

* The Company has received approval from the NCLT on January 31, 2020 in respect of a Scheme of Amalgamation, among the Company and its wholly owned subsidiaries namely; Promptec Renewable Energy Solutions Private Limited, Havells Global Limited, Standard electrical Limited, LLOYD Consumer Private Limited. Appointed date as per scheme is April 01, 2018 and accordingly the previous year comparatives have been restated.

Results Summary

- A challenging year with unfavorable macros, slowdown in infrastructure activities, weak market liquidity and then final knock with Covid -19
- Q4 commenced on a healthy note with Jan-Feb witnessing revival in consumer products
- Covid-19 disrupted supply chain from China in Jan-Feb' 20 and its contagion impacted the demand side with signs of fear and uncertainty among the trade channel since 15th March
- Havells closed its Offices, Factories and Warehouses as per Government directive from 23rd March 2020 and moved to Work from Home (WFH)
- Consequently, there was a complete lockdown which crippled the revenue streams
- We anticipate that ex-Covid the Q4 could have grown @ 9% against Dec' YTD growth of (-) 1%.

Havells' priorities during pandemic:

- Safety of Employees
- Assist in Covid-19 Relief Efforts
- Regular engagement with customers, employees and vendors
- Extensive usage of technology
- Customer service and Supply chain addressed urgent requirements
- Timely dealer settlements
- Cash preservation and augmentation
- Cost rationalization and fresh way of working
- Understanding shifting consumer behavior and our response

Current status:

- Operations are gradually being restored since 4 May
- Few plants have resumed operations though with limited manpower, few warehouses and offices have also opened
- Sales markets have resumed on limited basis
- Situation continues to evolve

Table 1.2: Business wise net revenue analysis: Quarterly

In crores of rupees	Q4 FY20	Q4 FY19	Change (%)
Switchgears*	351	408	(14%)
Cables	682	898	(24%)
Lighting & Fixtures	255	332	(23%)
Electrical Cons. Durables*	460	533	(14%)
Others	10	50	--
Sub Total	1,758	2,221	(21%)
Lloyd	458	532	(14%)
Total	2,216	2,753	(20%)

- A decent start in Jan-Feb was decimated by Covid lockdown
- Switchgear and ECD segment had a momentum but could not sustain upon lockdown
- Lloyd had a buoyant growth till operations ceased in mid-March
- Slowdown in infrastructure and real estate impacted Cable and Professional lighting categories which further deteriorated post Covid
- Others refers to B2G lighting project business

*The Company has re-organised its internal reporting effective April 01, 2019 and accordingly, Pump business which was earlier clubbed under Switchgear segment is being shown under "Electrical consumer durables" Segment. The comparative figures for earlier periods have been accordingly re-stated

Table 1.3: Business wise contribution margin (as a % of net revenue) analysis: Quarterly update

	Q4 FY20			Q4 FY19			Q3 FY20
	Revenue Mix %	Contribution	Contribution Margins %	Revenue Mix %	Contribution	Contribution Margins %	Contribution Margins %
Switchgears	20%	121	34.4%	18%	161	39.3%	39.8%
Cables	39%	84	12.3%	41%	157	17.5%	17.5%
Lighting & Fixtures	14%	69	27.1%	15%	86	25.9%	28.0%
Electrical Cons. Durables	26%	113	24.6%	24%	137	25.7%	25.7%
Others	1%	7	66.4%	2%	12	24.7%	67.8%
Sub Total	100%	394	22.4%	100%	553	24.9%	26.0%
Lloyd	-	44	9.7%	-	80	15.0%	7.8%
Total	100%	438	19.8%	100%	633	23.0%	23.6%

Contribution by Segment

- Margins were mainly impacted due under absorption of manufacturing expenses amidst lower volumes
- Margin in cables impacted due to sharp fall in prices of commodities and resultant pricing pressure on account of weak demand

Table 1.4: P&L Summary: Yearly

In crores of Rupees	FY 20	FY 19*	Change %
Net Revenue	9,429	10,068	(6%)
Contribution as a % to NR	2,131 22.6%	2,387 23.7%	(11%)
Add: Depreciation / Amortization	218	149	
Less: Advertisement and Sales Promotion	321	384	(16%)
as a % to NR	3.4%	3.8%	
Less: Other SG&A	1,001	969	3%
as a % to NR	10.6%	9.6%	
EBIDTA as a % to NR	1,027 10.9%	1,183 11.8%	(13%)
Depreciation / Amortization	218	149	
Interest Expense	19	16	
Foreign Exchange (gain)/loss	(20)	(23)	
Add: Interest and Other Income	92	105	
Profit before tax as a % to NR	902 9.6%	1,146 11.4%	(21%)
Tax	169	359	
Net Profit as a % to NR	733 7.8%	787 7.8%	(7%)
Other Comprehensive Income/(Expense)	(4)	(4)	
Total Comprehensive Income	729	783	

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Results Summary

- COVID-19 led disruption impacted growth across product categories
- Ex-Covid, annual growth could have been 2%

Table 1.5: Business wise net revenue analysis: Yearly

In crores of rupees	FY20	FY19	Change (%)
Switchgears*	1,498	1,578	(5%)
Cables	2,994	3,235	(7%)
Lighting & Fixtures	1,090	1,200	(9%)
Electrical Cons. Durables*	2,216	2,096	6%
Others	41	103	--
Sub Total	7,839	8,212	(5%)
Lloyd	1,590	1,856	(14%)
Total	9,429	10,068	(6%)

- Industrial cables, professional lighting and industrial switchgear have de-grown owing to sectoral liquidity challenges and resultant lack / deferment of demand

*The Company has re-organised its internal reporting effective April 01, 2019 and accordingly, Pump business which was earlier clubbed under Switchgear segment is being shown under "Electrical consumer durables" Segment. The comparative figures for earlier periods have been accordingly re-stated

Table 1.6: Business wise contribution margin analysis: Yearly

	FY20			FY19		
	Revenue Mix %	Contribution	Contribution Margins %	Revenue Mix %	Contribution	Contribution Margins %
Switchgears	19%	576	38.5%	19%	629	39.8%
Cables	38%	489	16.3%	39%	522	16.1%
Lighting & Fixtures	14%	297	27.3%	15%	342	28.5%
Electrical Cons. Durables	28%	574	25.9%	26%	552	26.4%
Others	1%	26	63.2%	1%	25	24.4%
Sub Total	100%	1,962	25.0%	100%	2,070	25.2%
Lloyd	-	169	10.6%	-	317	17.1%
Total	100%	2,131	22.6%	100%	2,387	23.7%

Contribution by Segment

- Annual contribution margins maintained
- Overall Lloyd revenue and margins impacted the most by sharp decline in LED TV

Table 1.7: Balance Sheet highlights: Standalone

In crores of Rs.	As at March 20 Audited	As at March 19 Audited
ASSETS		
Fixed Assets (incl. Intangibles)	3,436	3,136
Other long-term assets	158	170
<u>Current assets</u>		
Inventories	1,872	1,919
Trade receivables	241	407
Other current assets	<u>214</u>	<u>188</u>
	2,327	2,514
Cash and cash equivalents	1,107	1,288
Assets held for sale	20	18
Total Assets	<u>7,048</u>	<u>7,126</u>
EQUITY AND LIABILITIES		
Equity share capital	63	63
Reserves and Surplus	<u>4,242</u>	<u>4,129</u>
Equity	<u>4,305</u>	<u>4,192</u>
<u>Non-current liabilities</u>		
Borrowings	-	41
Other non-current liabilities	148	54
Deferred tax liabilities	287	317
<u>Current liabilities</u>		
Other current liabilities	331	352
Trade payables	1,414	1,560
Other financial liabilities	<u>563</u>	<u>610</u>
	2,308	2,522
Total Equity and Liabilities	<u>7,048</u>	<u>7,126</u>

- Adequate cash reserves at hand and being bolstered to tide over any liquidity demands
- Increase in fixed assets is on account of capacity enhancement at various manufacturing units

Table 1.8: Cash flow highlights: Standalone

	FY 20	FY 19
PBT	902	1,146
Depreciation	218	149
Others	(34)	(72)
Working Capital Changes	(21)	(463)
Taxes Paid	(240)	(247)
Operating Net Cash Flow (A)	825	513
Net capex	(359)	(500)
Fixed deposits (made)/ matured during the period	(251)	617
Interest received	62	80
Others	-	(9)
Net Cash Flow from Investing Activities (B)	(548)	188
Payment of final dividend	(339)	(302)
Payment of interim dividend	(302)	-
Others	(75)	(16)
Net Cash Flow from Financing Activities (C)	(716)	(318)
Net Cash Flow (A+B+C)	(439)	383
Cash & cash equ. In the beginning	681	301
Effects of exchange difference	0	(3)
Cash & cash equ. at the end	242	681
Bank balance other than cash & cash equ. above	865	607
Cash and Bank balances	1,107	1,288

- Increase in operating cash flow on account of improved working capital
- Capex for the period majorly pertains to investment in various plants

Table 1.9: Cash (net of debt)

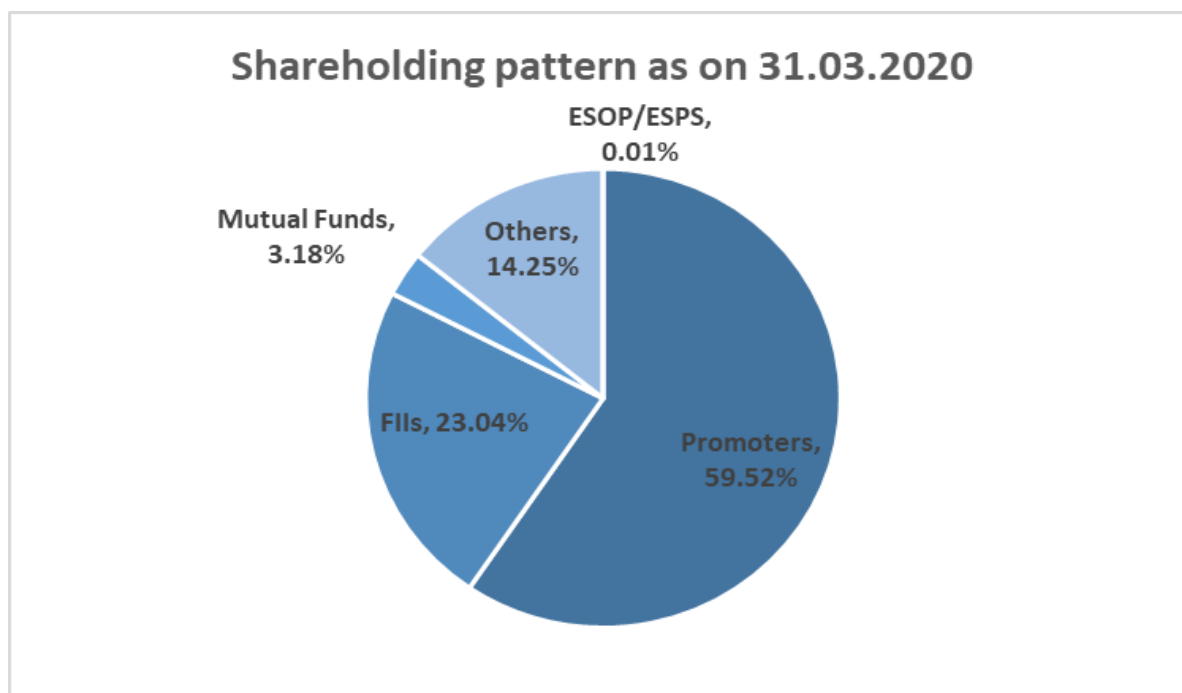
In crores of rupees	FY20	FY19
1. Short Term	41	54
2. Term loan	-	41
Total debt	41	95
Less: Cash	1,107	1,288
Net cash	1,066	1,193

Table 1.10: Financial Ratios (Standalone)

Financial Ratios	FY20	FY19
Profitability		
OPM (%) {EBIDTA/NR}	10.9%	11.8%
ROCE % {EBITDA/ Avg. CE}	23.8%	29.7%
RONW % {PAT/ Avg. NW}	17.3%	20.3%
Liquidity Ratios		
Current Ratio {CA/CL}	1.5	1.5
Debtors days {Debtors /NR}	9	15
Inventory days {Inventories /NR}	72	70
Creditors days {TC /NR}	55	57
Net working capital days	26	28

SECTION 2. SHAREHOLDING RELATED INFORMATION

Table 2.1: Shareholding Pattern



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

Havells issues 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015. For further information / clarification, you may contact Mr. Manish Kaushik, Senior GM (Finance) at Havells India Limited, QRG Towers, 2D Sector 126, Expressway, Noida UP (India), Tel: +91-120-3331000 Fax no.: +91-120-3332000; **E-mail: ir@havells.com**.