Havells India Limited

July 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	100.00 (Reduced from 500.00)	CARE AAA; Stable	Reaffirmed
Short-term bank facilities	1,197.50 (Enhanced from 797.50)	CARE A1+	Reaffirmed
Commercial paper	500.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings for Havells India Limited (HIL) reflects its strong business fundamentals, marked by a well-established brand, diversified product portfolio, and extensive distribution network across the consumer electrical segment. CARE Ratings Limited (CareEdge Ratings) expects HIL to maintain its leadership in key segments such as cables, switchgears, electrical consumer durables (ECD), and lighting, while also scaling up its position in white goods through the Lloyd brand. Ratings continue to factor in the company's healthy scale of operations with consistent growth in revenue and profitability, a robust capital structure, comfortable debt protection metrics, and a strong liquidity profile.

HIL's financial profile remains sound, supported by its debt-free status (excluding lease liabilities), minimal reliance on external borrowings, and sizeable cash and liquid investments. The company's healthy operating margins and significant gross cash accruals (GCA) further strengthen its credit position. Despite a challenging operating environment marked by raw material price volatility and increasing competitive intensity, HIL's integrated manufacturing, strong brand equity, and focus on premiumisation and innovation are expected to support its sustainable growth in the medium term.

However, ratings remain sensitive to material adverse movements in raw material prices and aggressive expansion plans that may affect leverage or profitability metrics. HIL's strong cash flows, low gearing, and sizeable liquidity provide adequate cushion to manage these risks.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

Not applicable

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Significant loss in market share in its key product segments and drop in its return on capital employed (ROCE) below 20% on sustained basis.
- Weakening of liquidity position with cash and cash equivalents falling below ₹500 crore on a sustained basis, and significantly deteriorating debt coverage indicators.
- Sizeable capex or acquisition funded with debt resulting in overall gearing beyond 0.5x on a sustained basis.

Analytical approach: Consolidated; factoring in operational and management linkages between the parent and subsidiaries being in the same line of business. Entities consolidated are listed under **Annexure-6.**

Outlook: Stable

The stable outlook factors in the consistent growth in turnover and sizable scale of operations, with HIL being a market leader in multiple segments. Financial risk profile is expected to remain strong amidst healthy cash flow generation from operations, low gearing, and absence of debt-laden expansion plans.

Detailed description of key rating drivers

Key strengths

Diversified business profile backed by strong brand equity and extensive distribution

HIL maintains a strong presence in the cables, domestic electrical appliances, and equipment market, supported by a diversified product portfolio that includes switchgears, cables, electrical consumer durables, and lighting and fixtures. In FY25, cables contributed 33% to the company's total income, followed by the Lloyd brand at 24%, electric consumer durables such as fans

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

and appliances at 18%, switchgears at 11%, and lighting and fixtures at 8%. The company holds a well-established market position with premium product positioning, significant market share across key categories, and strong brand recall. In addition to the flagship Havells brand, HIL's other major brands include Havells Crabtree, Standard, Reo, and Lloyd, the latter acquired to expand its footprint in the consumer durables segment. Its manufacturing base is well-diversified, with facilities across 16 locations, and ~90% of its sales are supported by in-house manufacturing.
In FY25, HIL had a presence in ~3,000 towns across India. Its extensive distribution network, comprising ~19,400 direct dealers and a retail reach of ~2.68 lakh outlets, further strengthens its market position. The company's consistent focus on innovation, premiumisation, and introduction of new product variants and categories continues to support its growth.

Healthy scale of operations and sustained profitability
In FY25, the company reported a 17% year-on-year increase in total operating income (TOI), rising from ₹18,624 crore in FY24 to ₹21,805 crore. This growth was mainly supported by strong performance in the Cables and Lloyd segments, which registered growth of 14% and 35%, respectively. Despite challenges such as subdued consumer demand and ongoing inflationary pressures, the Electrical Consumer Durables (ECD) segment achieved 15% growth over FY24, aided by a strengthened core appliance portfolio and expansion into new product categories.
Operating margins remained stable at 10.34% in FY25, compared to 10.38% in FY24. The Lloyd segment saw a notable improvement in contribution margin, rising from 7.90% in FY24 to 13.50% in FY25, on the back of scale benefits, strong volume growth, and cost efficiency measures. However, this was partially offset by a decline in contribution margins in the Cables and Switchgear segments. The company remains debt-free, with no significant interest burden, resulting in a healthy Profit After Tax (PAT) of ₹1,470 crore and gross cash accrual (GCA) of ₹1,888 crore in FY25. Lloyd is expected to continue playing a significant role in driving both revenue and profitability going forward. The company is also focused on brand building, as reflected in its advertising and sales promotion expenditure, which increased to ₹622 crore in FY25 from ₹527 crore in FY24, accounting for ~2.86% of revenue.

Strong financial risk profile
HIL's capital structure has been comfortable with low reliance on external debt and a strong tangible net worth (TNW) base of ₹6,941 crore as on March 31, 2025. HIL's total debt stands at ₹319 crore as on March 31, 2025, comprising only lease liability. The company's overall gearing ratio strong at 0.05x as on March 31, 2025 (PY: 0.05x). The company has free cash and liquidity available of ₹3,376 crore as on March 31, 2025, which depicts strong liquidity position of the company. CareEdge Ratings observes, the capital structure will continue to be strong in the absence of debt-funded capex on the back of strong liquidity position. Any higher-than-expected increase in the debt levels due to expansion plans leading to deterioration in its leverage and coverage indicators shall remain a key monitorable.

Key weaknesses

Raw material price volatility and competitive nature of industry
The company's operations are highly raw material intensive, with raw materials accounting for ~68–70% of its total revenue. Key raw materials include copper, stainless-steel strips and rods, G.I. wires, PVC & DOP, and aluminium. Most orders are executed under variable-price contracts. The company typically maintains an inventory of2-2.5 months, for which pricing is already locked in. As majority orders are fulfilled within a three-month timeframe, the company is partially protected against adverse raw material price movements. However, sharp fluctuations, there may be a temporary impact on margins until the increased costs are passed on to customers.
The consumer durables sector in India has seen increasing competition in recent years. HIL faces strong competition in the cables segment from players including KEI Industries Limited (rated 'CARE AA+; Stable/ CARE A1+') and Polycab India Limited, and in the electrical consumer durables segment from Crompton Greaves Consumer Electricals Limited, all of whom have established strong brand recall and consumer connect. New players have announced plans to enter and set up capacities in the wires and cables space, which is expected to further intensify competition. HIL also faces competition from the unorganised sector; however, price advantage of unorganised players has narrowed following implementation of the Goods and Services Tax.

Liquidity: Strong

Strong liquidity is reflected by a healthy cash and liquid investments of ₹3,376 crore as on March 31, 2025. HIL is expected to generate ~₹2100-2300 crore of GCA annually in next two fiscals ending FY27, against which the company does not have major repayment obligations. With a gearing of 0.05x as of March 31, 2025, the issuer has sufficient gearing headroom, to raise additional debt for its capex. Utilisation of fund-based limits stood Nil for 12 months ended on April 25. Thus, its unutilised bank lines are over adequate to meet its incremental working capital needs.

Environmental, social and governance (ESG) risks

CareEdge Ratings believes that HIL's ESG profile supports its strong credit risk profile. The sector has a moderate environmental and social impact, primarily driven by its raw material sourcing strategies, waste-intensive processes, and direct impact on the well-being of its customers. Key highlights are mentioned below:

Environment: HIL aspires to achieve zero waste to landfill by responsible end-of-life disposal of the products. The 5Rs approach (reduce, reuse, recycle, recover, and residual management) is adopted to enable this goal. The company ensures that manufacturing and usage of the products yield low carbon footprints and carbon intensity. HIL continues to increase its investments towards meeting regulatory standards and reduce environmental risk.

Social: The company empowers employees through effective learning & development, leadership and succession planning, employee engagement, fair treatment and diversity and inclusion, among other favourable initiatives, and policies. Thus, social risk of the company remains low and does not materially affect its credit profile.

Governance: The company is managed by professional board of directors, who have extensive experience in industry. The Board comprises 14 Directors including one women director. Independent Directors are over 50% of the total number of Directors. There is audit committee, nomination and remuneration committee, stakeholders' relationship committee; risk management committee, which reduces governance risk.

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer durables	Consumer durables	Consumer electronics

Incorporated in August 1983, HIL is one of the leading players in consumer electrical products sector in India. HIL operates in five broad business segments, switchgears, cables, electrical consumer durables, Lloyd and lighting & fixtures. Apart from the flagship brand Havells, HIL owns brands including Havells Crabtree, Standard, Reo, and Lloyd. The company's manufacturing plants are at Haridwar, Baddi, Ghiloth, Sahibabad, Alwar, Neemrana, Sri City, and Tumkur.

Particular	FY24 (A)	FY25 (A)
Total operating income	18624.02	21805.04
PBILDT	1932.79	2254.42
PAT	1270.76	1470.24
Overall gearing (times)	0.05	0.05
Interest coverage (times)	24.77	34.77

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper-Commercial Paper (Standalone)		Proposed	-	7-364 days	500.00	CARE A1+
Fund-based - LT-Cash Credit		-	-	-	100.00	CARE AAA; Stable
Non-fund-based - ST-BG/LC		-	-	-	1197.50	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	100.00	CARE AAA; Stable	-	1)CARE AAA; Stable (08-Oct-24)	1)CARE AAA; Stable (09-Oct-23)	1)CARE AAA; Stable (20-Sep-22)
2	Non-fund-based - ST-BG/LC	ST	1197.50	CARE A1+	-	1)CARE A1+ (08-Oct-24)	1)CARE A1+ (09-Oct-23)	1)CARE A1+ (20-Sep-22)
3	Commercial Paper-Commercial Paper (Standalone)	ST	500.00	CARE A1+	-	1)CARE A1+ (08-Oct-24)	1)CARE A1+ (09-Oct-23)	1)CARE A1+ (20-Sep-22)
4	Fund-based - LT-Term Loan	LT	-	-	-	-	1)Withdrawn (09-Oct-23)	1)CARE AAA; Stable (20-Sep-22)

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial Paper-Commercial Paper (Standalone)	Simple
2	Fund-based - LT-Cash Credit	Simple
3	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Havells Guangzhou International Limited	Full	Wholly owned subsidiary
2	Havells International Inc.	Full	Wholly owned subsidiary
3	Havells HVAC LLC	Full	Subsidiary
4	Havells Lighting LLC	Full	Subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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