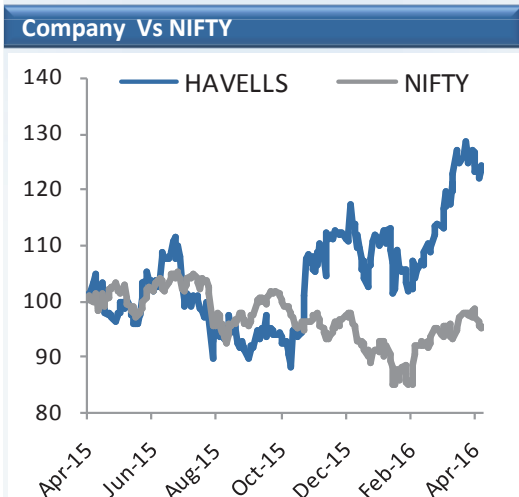


Result Update	
CMP	340
Target Price	405
Previous Target Price	-
Upside	19%
Change from Previous	-

Market Data	
BSE Code	517354
NSE Symbol	HAVELLS
52wk Range H/L	355/235
Mkt Capital (Rs Cr)	21,255
Av. Volume	63101
Nifty	7898

Stock Performance			
	1Month	3 Month	1Year
Absolute	6.5	15.3	21.1
Rel.to Nifty	1.7	-7.2	-5.8

Share Holding Pattern-%			
	4QFY16	3QFY16	2QFY16
Promoter	61.6	61.6	61.6
Public	38.4	38.4	38.4
Others	0.0	--	--
Total	100.0	100.0	100.0



Management is confident of double-digit growth for the company going forward and expressed positive outlook on Switchgears and Electrical Consumer durables divisions.

Key points:

→Cables and wires segment, the company has gained market share and has witnessed higher volumes.

→The lighting business is also expected to grow at double-digits. The business has now stabilised post its transition from conventional lighting to LED.

→International businesses are on path on profitability and the company plans to retain its 20 percent stake in Sylvania for at least 3-5 years.

→Debt repayment is not an issue for the company because it has cash profit of Rs 300 Cr that takes care of the debt for the next two years. And company will be debt free in FY19.

Result Summary:

Revenue grew by 8.6% as against de-growth of 1% in first half due to drop in commodity prices offsetting higher volume growth. Improvement in contribution margins due to focused cost efficiency measures, price discipline and low commodity prices. Sustained investment in brand and manpower to prepare for next growth phase. Other income has been increased due to interest earned on funds received from Sylvania stake sale. There is exceptional item of Rs 202 Cr is because of profit on 80% stake sale in Sylvania. Increase in Return on Net Worth ratio is on account of exceptional profit due to stake sale in Sylvania.

Outlook and Valuation

Company maintained its positive outlook. Management is confident of double-digit growth in FY17E. All segment of the company are doing well in cables and wires segment, the company has gained market share and has witnessed higher volumes and going forward in FY17E major growth is coming from Cable and lighting segment. International businesses are on path on profitability. Going forward we expect good growth in FY17E and due to above mentioned reason we recommended "BUY" for this stock at a target price of Rs 405.

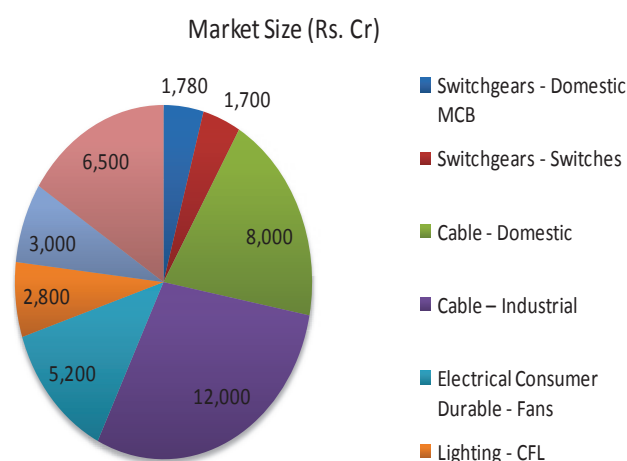
	Rs in Cr				
Financials	FY12	FY13	FY14	FY15	FY16
Sales	6518	7248	8181	8569	7714
EBITDA	657	669	738	721	839
Net Profit	370	581	442	385	1209
EBIDTA%	10.1%	9.2%	9.0%	8.4%	10.9%
P/E	0.1	0.1	0.1	0.0	0.2

(Source: Company/Eastwind)

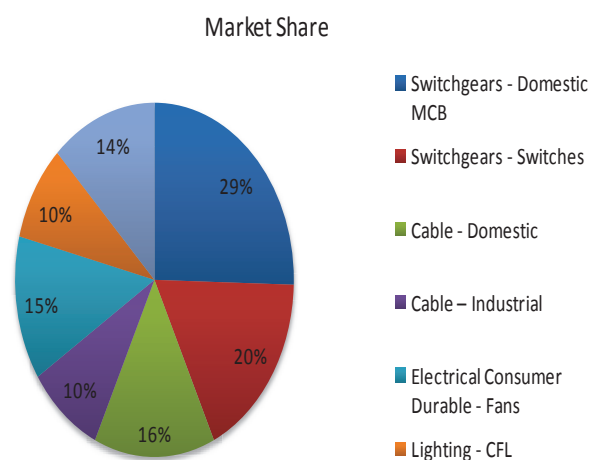
Product wise segmental performance:

Segment Revenue(Cr)	1QFY13	2QFY13	3QFY13	4QFY13	1QFY14	2QFY14	3QFY14	4QFY14	1QFY15	2QFY15	3QFY15	4QFY15	1QFY16	2QFY16	3QFY16	4QFY16
a) Switchgears	241	255	270	312	276	314	309	320	307	339	327	306	297	334	328	327
b) Cable	431	391	409	462	405	487	475	559	535	591	495	569	513	563	523	609
c) Lighting & Fixtures	150	156	177	182	148	180	193	199	165	194	194	188	163	197	211	232
d) Electrical Consumer Durables	210	162	203	214	222	193	207	231	269	241	231	287	295	256	283	307
Total	1,033	964	1,058	1,170	1,051	1,174	1,184	1,310	1,277	1,365	1,247	1,349	1,267	1,350	1,344	1,475

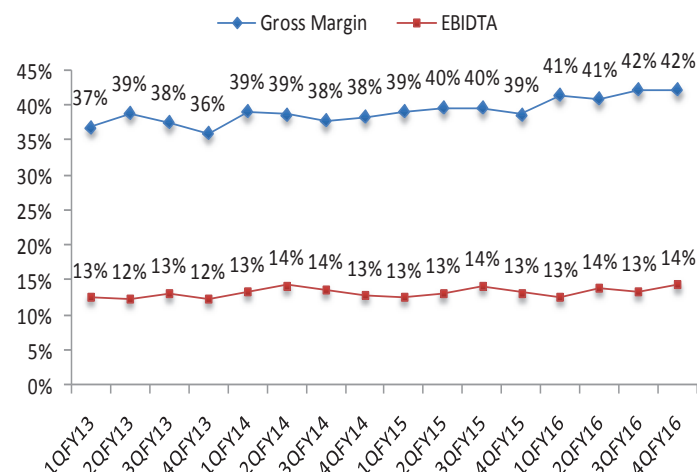
Market Size of the products:



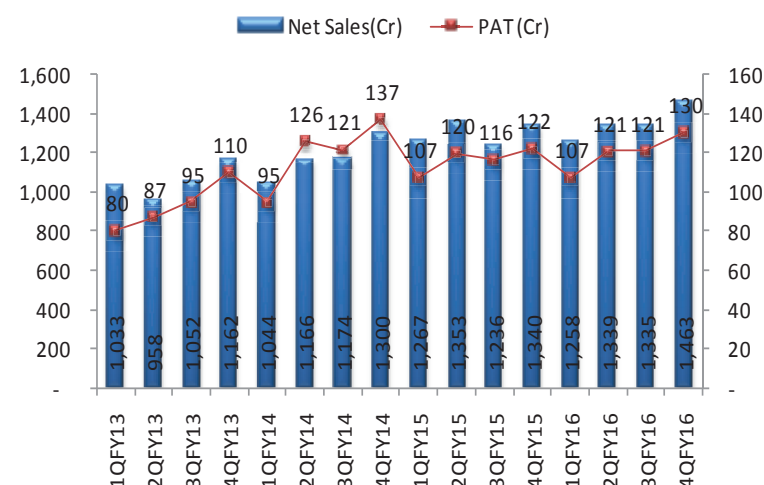
Market Share of the products(%):



Trend of Gross margin & EBITDA margin:



Trend of Net Sales & PAT:



Investment Arguments:

- Company sold its subsidiaries which was effecting margin. So going forward company's margin will improve.
- The company is expecting an overall growth rate of 10 per cent from the switch segment and targetting an revenue of Rs 100 crore from entry-level modular switches category in the next two-three years.
- Company expressed positive outlook on Switchgears and Electrical Consumer durables divisions.
- South market was little bit slow now it is picking up and as per the management that weakness is becoming strength.
- Havells is the largest FMCG player in India one of the key reasons is Havells see competition as a challenge
- Havells has forayed into the automation and smart solution business segment and plans to provide customized automation solution for home and commercial space. This segment represents a very attractive proposition as the current market size is small – about Rs 500 crore – and expects Rs 100 crore revenue from it by 2020.
- Havells India forays into entry level modular switches with the launch of “Reo Bliss” Launches the new range and expects an overall growth rate of 10% from switches segment.

4QFY16_Concall Highlights:

- Expects revenue to grow in double digits in FY17.
- Margins for the company would remain at current levels of 14-14.5 percent.
- Capex: Rs 260-280. also looking at enhanced capex with plants in South and East of India.
- Tax rate: around 28%
- In the cables and wires segment, the company has gained market share and has witnessed higher volumes. And expects major growth is coming from Cable and lighting segment.
- International businesses are on path on profitability and the company plans to retain its 20 percent stake in Sylvania for at least 3-5 years.
- Current debt is Rs 220 Cr and as per the management company will be debt free in FY19.

Key Risks:

- The business has foreign currency risk as the outsourcing is done in Sylvania. Significant fluctuation in the currencies could impact Company's financial performance.
- Slowdown in global markets will effect more adversely after a series of acquisitions.

About the Company:

Havells India Limited is a \$1.4 Billion leading Fast Moving Electrical Goods (FMEG) Company with a strong global footprint. Havells enjoys enviable market dominance across a wide spectrum of products, including Industrial & Domestic Circuit Protection Devices, Cables & Wires, Motors, Pumps, Fans, Modular Switches, Home Appliances, Electric Water Heaters, Power Capacitors, CFL Lamps, Luminaires for Domestic, Commercial and industrial Applications. The Company along with its subsidiary companies owns some of the brands, such as Crabtree, Sylvania, Concord, Luminance, Linotile and Standard. The Company's subsidiaries include Havells Holdings Limited, Havells Exim Limited, Havells Malta Limited, Havell's Netherlands Holding B.V. and SLI Europe B.V., among others.

Financials Snap Shot

INCOME STATEMENT					RATIOS				
	FY13	FY14	FY15	FY16		FY13	FY14	FY15	FY16
Revenue (Net of Excise D	7248	8181	8569	7714	EPS	46.6	35.4	6.2	19.4
Other Income	33	41	50	86	Book Value	115.6	133.5	29.1	41.0
Total Revenue	7281	8222	8620	7800	DPS	7.6	14.6	11.7	3.5
COGS	4159	4640	4829	4383	Payout (incl. Div. Tax.)	16%	41%	190%	18%
GPM	1	1	1	1	Valuation(x)				
Other Expenses	1569	1717	1832	1632	P/E	2.8	5.3	49.5	14.2
EBITDA	669	738	721	839	Price / Book Value	1.1	1.4	10.5	6.7
EBITDA Margin (%)	9%	9%	8%	11%	Dividend Yield (%)	5.91%	7.83%	3.83%	1.28%
Depreciation	110	116	139	127	Profitability Ratios				
EBIT	559	622	582	712	RoE	40%	27%	21%	47%
Interest	123	74	64	45	RoCE	26%	26%	28%	28%
PBT	664	589	569	1439	Turnover Ratios				
Tax	82	148	184	230	Asset Turnover (x)	1.6	1.5	1.8	1.9
Tax Rate (%)	12%	25%	32%	16%	Debtors (No. of Days)	43.4	44.6	26.5	12.3
Reported PAT	581	442	385	1209	Inventory (No. of Days)	115.7	117.5	103.3	69.7
Dividend Paid	95	183	731	219	Creditors (No. of Days)	47.0	53.4	44.8	24.6
No. of Shares	12	12	62	62	Net Debt/Equity (x)	0.51	0.42	0.12	0.00

Source: Eastwind/Company

Source: Eastwind/Company

BALANCE SHEET					CASH FLOW STATEMENT				
	FY13	FY14	FY15	FY16		FY13	FY14	FY15	FY16
Share Capital	62	62	62	62	OP/(Loss) before Tax	664	594	569	1439
Reserves	1380	1604	1756	2495	Depreciation	110	116	139	127
Net Worth	1442	1666	1818	2558	Direct Taxes Paid	(123)	(134)	(192)	(230)
Long term Debt	742	706	226	2	Operating profit before w	899	830	739	1657
Short term Debt	92	118	70	84	CF from Op. Activity	635	868	963	1714
Deferred Tax	62	52	43	75	Capital expenditure on fix	(175)	(176)	(174)	(5)
Total Capital Employed	2184	2372	2045	2560	CF from Inv. Activity	(140)	(376)	(486)	(263)
Net Fixed Assets	1156	1207	1221	1100	Repayment of Long Term	(474)	(148)	(524)	0
Capital WIP	25	44	38	0	Interest Paid	(116)	(52)	(61)	(45)
Debtors	862	1001	623	259	Divd Paid (incl Tax)	(81)	(156)	(146)	(187)
Cash & Bank Balances	474	882	777	1465	CF from Fin. Activity	(252)	(310)	(754)	(475)
Trade payables	933	1197	1051	520	Inc/(Dec) in Cash	243	182	(278)	976
Total Provisions	479	733	805	423	Add: Opening Balance	230	472	655	777
Net Current Assets	1086	1241	741	1291	Closing Balance	473	655	379	1465
Total Assets	4472	5337	4831	4142					

Source: Eastwind/Company

Source: Eastwind/Company