

HAVELLS INDIA LTD "Numbers were in-line with expectations"

About The Company; Havells India is one of the largest electrical and power distribution equipment manufacturer, with products ranging from industrial and domestic Circuit Protection Switchgear, Cables & Wires, Motors, Fans, Power Capacitors, CFL Lamps, Luminaires for domestic, commercial and industrial applications, Modular Switches, Water Heaters and Domestic Appliances covering the entire gamut of household, commercial and industrial electrical needs. Havells owns some of the prestigious global brands like Crabtree, Sylvania, Concord and Luminance.

Electrical goods maker Havells India today reported 32.58% increase in consolidated profit after tax at Rs 118 crore for the third quarter ended December 2012 on robust performance by all segments. The company had posted a PAT of Rs 89 crore during the corresponding quarter previous year. On standalone basis profit grew by 19.8% and stands at 94.5 crore against 78.88 crore on (YoY) basis

The consolidated net income during the third quarter also grew 9.34% to Rs 1,814 crore from Rs 1,659 crore, and on stand alone basis net income grew by 17.01% (YoY) to Rs 1,052 crore from Rs 898.17 crore in the year-ago period.

Segment Analysis "October-December period last year"

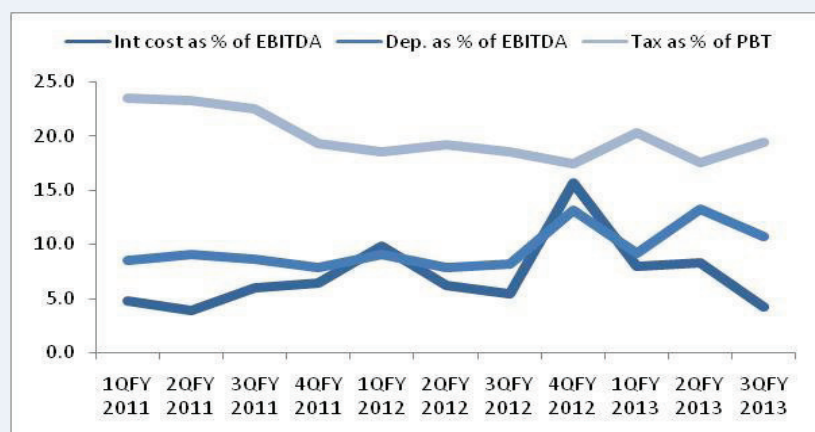
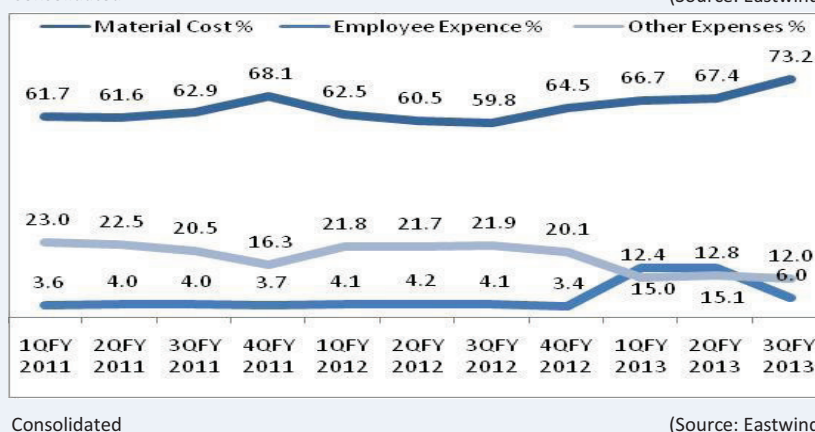
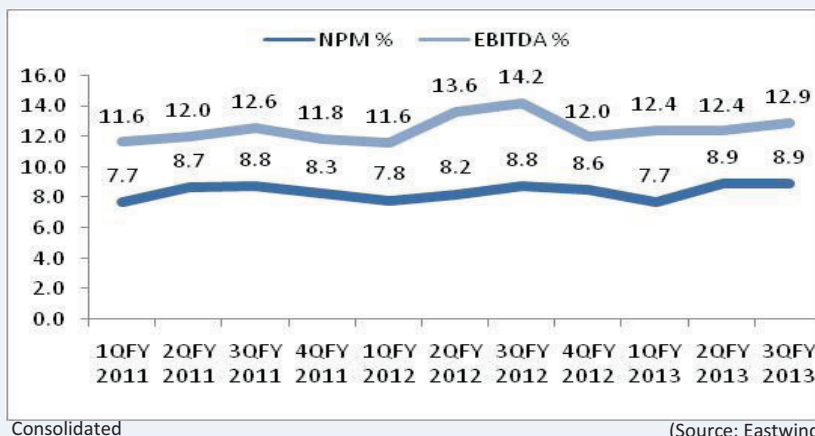
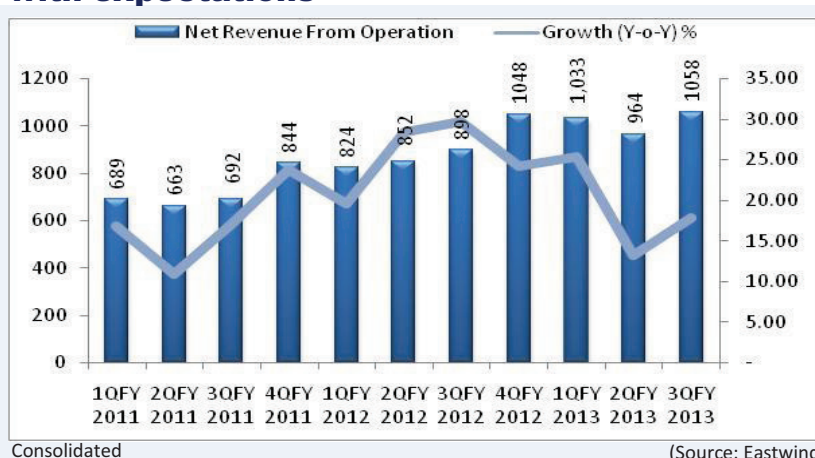
- **Cables:** Company Cables segment sales grew 5% to Rs 409 crore from Rs 391 crore achieved in the same quarter of the previous year, whereas EBIT (INR) grew 8% to Rs 41 crore from Rs 39 crore achieved in the same quarter of the previous year. Segment EBIT margin expanded by 28bps and stood 10.1% against 9.9% in the same quarter of the previous year.

- **Lighting and Fixtures:** Company Lighting and Fixtures segment sales grew 86% to Rs 270 crore from Rs 145 crore achieved in the same quarter of the previous year, whereas EBIT (INR) grew 151% to Rs 95 crore from Rs 38 crore achieved in the same quarter of the previous year. Segment EBIT margin expanded by 904bps and stood 35.2% against 26.2% in the same quarter of the previous year.

- **Electricals Consumable and Durables:** Company Electricals Consumable and Durables segment sales grew 51% to Rs 203 crore from Rs 135 crore achieved in the same quarter of the previous year, whereas EBIT (INR) grew 30% to Rs 51 crore from Rs 39 crore achieved in the same quarter of the previous year. Segment EBIT margin contracted by 395bps and stood 25% against 29% in the same quarter of the previous year. The company's fan business registered a strong growth of 30%," the statement said by Management.

- **Switchgears:** Company Switchgears segment sales degrew (22)% to Rs177 crore from Rs 226 crore achieved in the same quarter of the previous year, whereas EBIT (INR)degrew (53)% to Rs 42 crore from Rs 89 crore achieved in the same quarter of the previous year. Segment EBIT margin contracted by 1566bps and stood 23.9% against 39.5% in the same quarter of the previous year.

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Commenting on the results, Havells India Joint Managing Director Anil Rai Gupta said: "The growth momentum has continued in the current quarter and this has been in line with our targets.

"It is also reflective of several initiatives undertaken in the last nine months that include enhancing our footprint in the domestic market and expanding our product portfolio".

During the quarter, the company inaugurated the country's first large scale lighting fixture plant at Neemrana, Rajasthan, he added.

"With new product launches in consumer goods receiving good response, we are confident of maintaining growth momentum in the year ahead," Gupta said.

Recent Updates:

- Havells India to introduce revised ESOS.
- During the third quarter, the company expanded Havells Galaxy chain by opening 12 more stores across India, taking the total such outlets to 189.
- Havells launches premium switches in the East; to double capacity in Baddi plant.
- Havells India eyes over Rs 1,000 crore revenue from East.
- Havells to double Baddi plant's capacity to 10 lakh SKUs.
- Havells inks fresh trademark licence agreement.

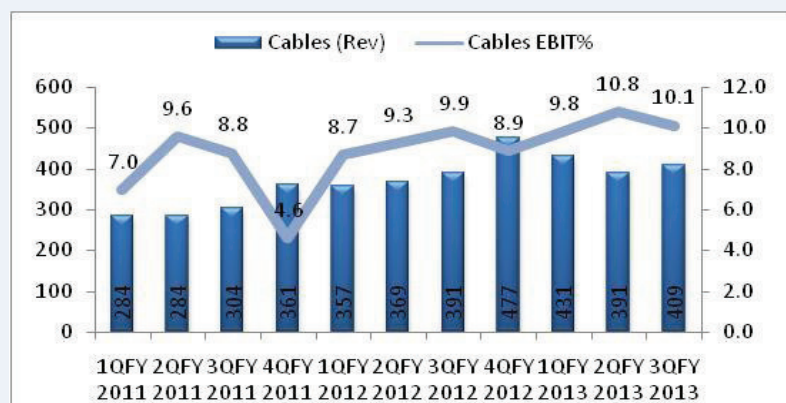
Management Guidance:

The mgmt expect domestic business to grow by 18-20% in FY13, while Sylvania is expected to report strong growth with margin improvement in H2 FY13

The latest product offering 'REO' marks the company's entry into mass switches market which was being missed for a long time. REO will address the Rs 2000 crore entry level switch market, which is not being addressed by existing range of Havells & Crabtree switches. During the quarter it also launched various products like coffee maker, mixer Grinder, Induction cooker, rice cooker, fans, energy saving water heaters and host of other appliances to offer customers a wide array of products to choose from. The company has also introduced domestic cables under STANDARD brand that caters to value conscious customer.

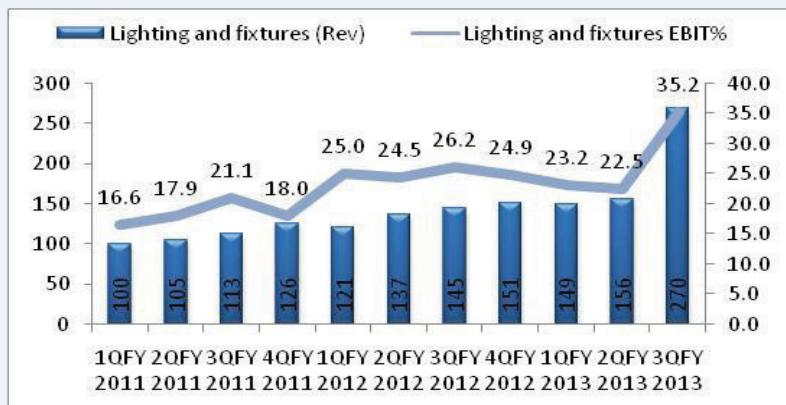
Outlook:

We believe Havell's remains one of the best plays on branded consumer electrical products and appliances demand in India. Nearterm pick up in Sylvania margins bodes well for valuations. As Improvement is seen in company overall performance and company domestic businesses is also showing good traction we believe that there should increase in company margins in next couple of qtrs. We advised to our readers to hold the stock at current CMP of 658, with expected EPS for FY13E Rs 30. Seeing The Current Scenerio stock may hit the price level of Rs 725 in 4-6 months.



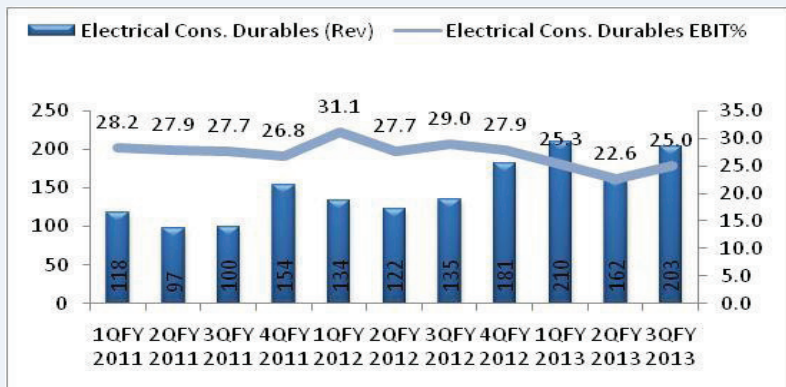
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(Source: Eastwind)



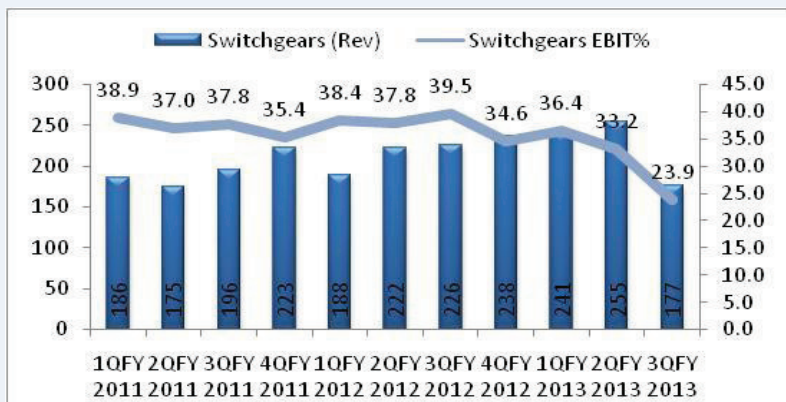
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