


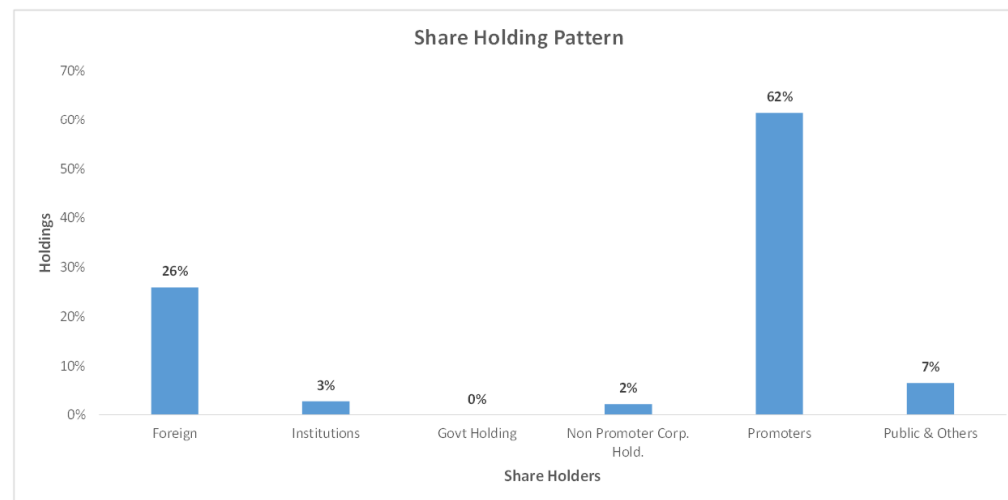
<h2>Research Report</h2>	 <p>Spearhead FinServe PRIVATE LIMITED A subsidiary of Spearhead Services Pvt Ltd</p>																		
<h3>Havells India</h3>	<table> <tr> <td>Recommendation</td><td>Accumulate</td></tr> <tr> <td>Current Market Price</td><td>245</td></tr> <tr> <td>Target</td><td>282</td></tr> <tr> <td>Accumulation Price Band</td><td>240-250</td></tr> <tr> <td>Time Frame</td><td>6 months</td></tr> <tr> <td>Derivative Segment</td><td>Yes</td></tr> </table>	Recommendation	Accumulate	Current Market Price	245	Target	282	Accumulation Price Band	240-250	Time Frame	6 months	Derivative Segment	Yes						
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<h3>Industry : Capital Goods /Electrical Equipments</h3>	<table> <tr> <td colspan="2">Quick Glance</td></tr> <tr> <td>Share Capital (Rs Cr)</td><td>62.39</td></tr> <tr> <td>Market Cap (Rs Cr)</td><td>15,387.39</td></tr> <tr> <td>Enterprise Value (Rs Cr)</td><td>16,038.72</td></tr> <tr> <td>Face Value (in Rs)</td><td>1.00</td></tr> <tr> <td>52 Week High/ Low (in Rs)</td><td>346.15/150.20</td></tr> </table>	Quick Glance		Share Capital (Rs Cr)	62.39	Market Cap (Rs Cr)	15,387.39	Enterprise Value (Rs Cr)	16,038.72	Face Value (in Rs)	1.00	52 Week High/ Low (in Rs)	346.15/150.20						
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<h3>Company Overview</h3> <p>»Incorporated in the year 1958, Havells India is a company focusing mainly on the consumer electric goods.</p> <p>»With an extensive portfolio of quality and premium products, the company's businesses can be divided in to four broad categories namely switchgears, cables, lighting & fixtures and electrical consumer durables</p> <p>»Having over 20 state-of-the-art manufacturing facilities are situated across the globe and with 14 plants spread across India, the Company has emerged as one of the top four Indian brands in Indian Electrical Industry .</p> <p>» Havells made one of its most remarkable acquisitions was acquiring a Germany based lighting and fixtures maker Sylvania which is among the top four lighting companies in the European market and Latin America</p>	<table> <tr> <td colspan="2">Financials</td></tr> <tr> <td>EPS (Rs)</td><td>7.15</td></tr> <tr> <td>Book Value (Rs)</td><td>34.11</td></tr> <tr> <td>P/E</td><td>34.26</td></tr> <tr> <td>P/BV</td><td>7.18</td></tr> <tr> <td>ROE</td><td>26.79</td></tr> <tr> <td>ROCE (%)</td><td>26.83</td></tr> <tr> <td>Dividend Yield (%)</td><td>1.23</td></tr> <tr> <td>Debt - Equity</td><td>0.49</td></tr> </table>	Financials		EPS (Rs)	7.15	Book Value (Rs)	34.11	P/E	34.26	P/BV	7.18	ROE	26.79	ROCE (%)	26.83	Dividend Yield (%)	1.23	Debt - Equity	0.49
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<h3>Industry Overview</h3> <p>»The switchgear and control gear industry in India is estimated at ` 135 bn growing at a CAGR of 15% for the last three years, and is expected to cross 200 bn mark, by 2017</p> <p>»The total market for conventional switches is estimated to be around ` 20 bn in India, growing at about 15% year-on-year</p> <p>»The lighting and fixtures industry in India is estimated at ` 230 bn and is expected by grow by about 20% in the next five years as the government is also encouraging the use of CFL and LED lamps due to its energy efficiency.</p> <p>»Domestic appliance market is pegged at around ` 50 bn with premium segment contributing around ` 10 bn. The rising population demography is a boon and is likely to keep the country's domestic appliances market to report a healthy growth</p>	<table> <tr> <td colspan="2">Highlights</td></tr> <tr> <td>Debt (Rs Cr)</td><td>823.96</td></tr> <tr> <td>Reserves (Rs Crs)</td><td>1,603.62</td></tr> <tr> <td>FII Holdings (%)</td><td>29.28</td></tr> <tr> <td>MF Holdings (%)</td><td>0.28</td></tr> <tr> <td>Free Float Market Capitalization (Rs Cr)</td><td>5,844.72</td></tr> <tr> <td>Beta</td><td>1.01</td></tr> <tr> <td>Avg Volume Per day (no. of shares)</td><td>1,372,265</td></tr> <tr> <td>Avg Volume Per Month (no. of shares)</td><td>35,215,860</td></tr> </table>	Highlights		Debt (Rs Cr)	823.96	Reserves (Rs Crs)	1,603.62	FII Holdings (%)	29.28	MF Holdings (%)	0.28	Free Float Market Capitalization (Rs Cr)	5,844.72	Beta	1.01	Avg Volume Per day (no. of shares)	1,372,265	Avg Volume Per Month (no. of shares)	35,215,860
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<h3>Key Highlights</h3> <p>»Q3 standalone profits fall by 4.5% to Rs.116 cr on increase in tax rate and depreciation, accompanied by a slow growth rate in revenue.</p> <p>»The company is increasing ad expenses from 2.4% of its revenues to 3.5% of its revenues to increase its brand visibility apart from entering into lower end of their product segments</p>																			
<h3>Key Risks</h3> <p>»All the segments of Havells are highly competitive putting pressure on the topline and margins of the company</p> <p>»High Volatility in the prices of Major Raw Materials such as metals</p> <p>»About 60% of the revenues are from the European Region, any economic downturn in Europe is likely to have a high impact on the company's profitability</p>																			

Financial Highlights

Income Statement (Annual)					
Particulars (Rs. Cr)	2014	2013	2012	2011	2010
Net Sales	8,185.80	7,247.89	6,868.96	5,610.35	5,429.21
Operating Profit	742.49	668.89	700.56	557.07	338.3
Operating Profit Margin	9.07	9.23	10.20	9.93	6.23
Depreciation	115.54	109.66	94.85	80.44	83.69
Interest	74.11	123.22	118.64	90.16	97.9
Other Income	41.25	227.78	-26.26	20.6	6.1
PBT	594.09	663.79	460.81	407.07	162.78
APAT	446.33	581.43	369.41	303.93	69.6
PAT Margin (%)	5.45	8.02	5.38	5.42	NA
Earnings Per Share	7.15	46.6	29.61	24.36	11.57

Balance Sheet					
Particulars (Rs. Cr)	2014	2013	2012	2011	2010
Equity Share Capital	62.39	62.39	62.39	62.39	31.19
Reserves and Surplus	1,603.62	1,379.65	893.22	591.35	369.02
Net Worth	1,666.01	1,442.04	955.61	653.74	400.21
Defered Tax Liability :	-	-	-	-	-
Long Term Debt	651.33	742.36	734.32	993.33	996.33
ShortTerm Debt	172.63	91.84	134.19	123.98	70.03
Total Debt	823.96	834.20	868.51	1,117.31	1,066.36
Current Liabilities	2,114.77	1,716.21	1,894.33	1,728.03	1,624.22
Total Provisions	732.64	479.25	509.6	63.88	32.11
Total Liabilities	2,490.08	2,276.33	1,824.21	1,771.63	1,466.77
Gross Block	3,540.67	3,269.33	3,120.11	3,180.79	3,017.49
Net Fixed Assets	1,600.38	1,500.08	1,390.83	1,330.91	1,208.56
Investments	-	-	-	-	-
Current Assets	3,375.91	2,654.21	2,489.08	2,036.26	1,642.05
Defered Tax Asset :	-	-	-	-	-
Receivables	1,000.53	862.28	890.87	772.4	698.22
Inventories	1,493.44	1,318.36	1,367.75	1,086.00	824.59
Cash	881.94	473.57	230.46	177.86	119.24
Total Assets	2,490.08	2,276.33	1,824.21	1,771.63	1,466.77

Income Statement (Quarterly)								
Particulars (Rs. Cr)	2014				2013			2012
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net Sales	1,236.22	1,353.12	1,267.05	1,300.09	1,174.03	1,166.05	1,044.06	1,161.57
Operating Profit	157.35	160.84	141.32	161.19	153.78	153.59	117.83	133.24
Operating Profit Margin	12.73	11.89	11.15	12.40	13.10	13.17	11.29	11.47
Depreciation	22.95	22.48	20.79	16	16.13	15.92	15.58	15.6
Interest	7.15	5.91	3.31	6.73	8.51	6.05	5.64	2.66
Other Income	8.85	11.45	11.54	14.05	10.66	7.81	3.2	3.39
PBT	159.05	166.38	149.55	168.51	155.93	155.35	115.39	133.97
APAT	116.21	119.61	107.27	136.92	121.47	125.72	94.66	109.68
PAT Margin (%)	9.40	8.84	8.47	10.53	10.35	10.78	9.07	9.44
Earnings Per Share	1.86	1.92	1.72	10.97	9.73	2.01	7.58	8.79

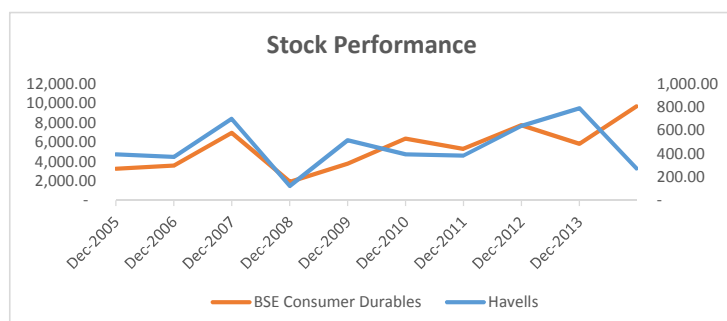


Key Financial Indicators						
Particulars	Units	2014	2013	2012	2011	2010
Revenue	Crs	8,185.80	7,247.89	6,868.96	5,610.35	5,429.21
EBITDA Margins	%	9.07	9.23	10.20	9.93	6.23
PAT	Crs	446.33	581.43	369.41	303.93	69.60
PAT Margins	%	5.45	8.02	5.38	5.42	NA
Revenue Growth	%	12.94	5.52	22.43	3.34	(3.27)
EBITDA Growth	%	11.00	(4.52)	25.76	64.67	16.39
PAT Growth	%	(23.24)	57.39	21.54	336.68	NA
Gearing	times	0.49	0.58	0.91	1.71	2.66
ROCE	%	26.83	26.03	33.91	28.25	17.64
ROE	%	26.79	40.32	38.66	46.49	17.39

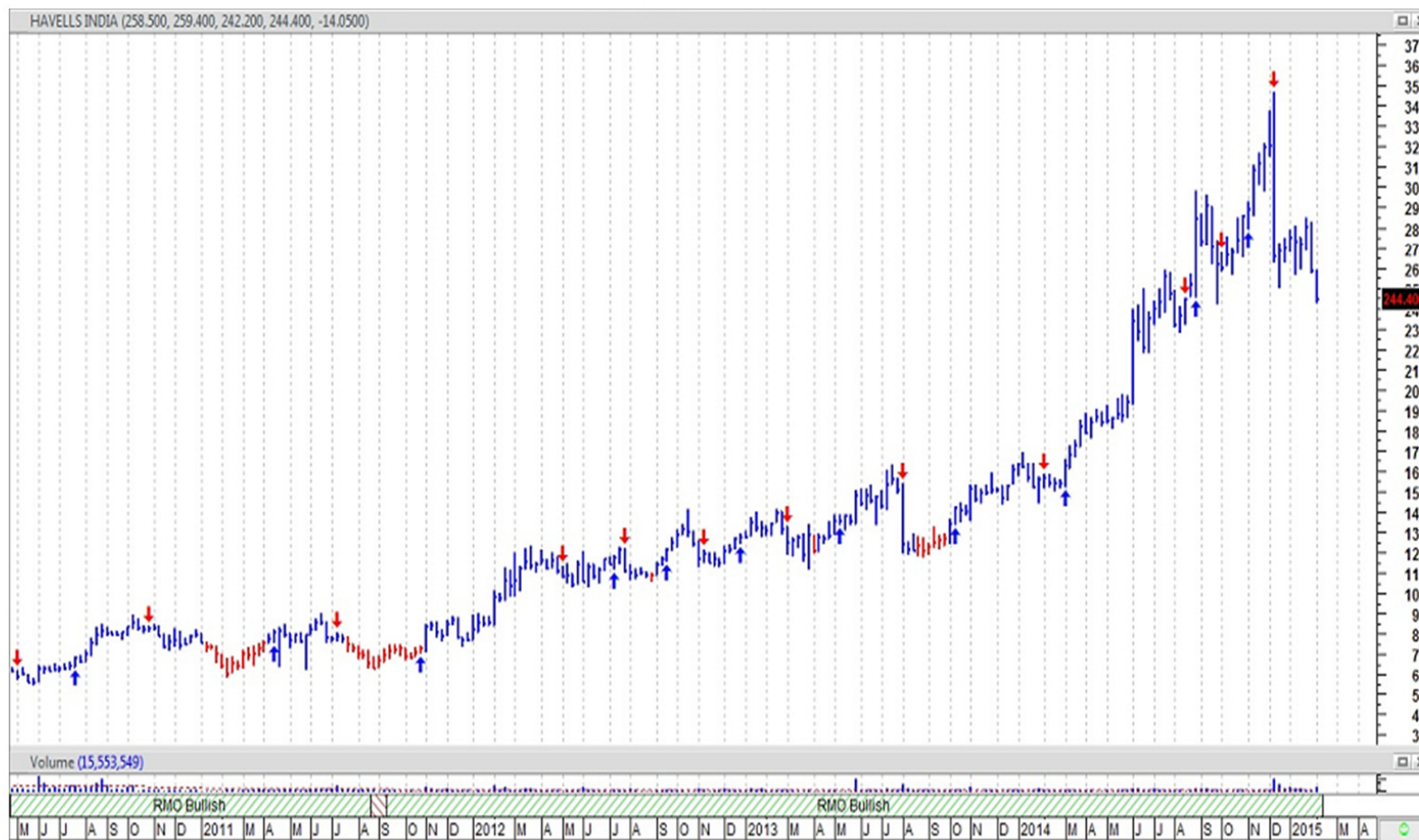
Peer Comparison				
Particulars	Units	Havells	Bajaj Electricals	Crompton Greaves
Revenue	Rs Cr	8,185.80	4,029.83	13,480.58
EBITDA Margins	%	9.07	2.03	5.06
PAT	Rs Cr	446.33	(5.31)	258.67
PAT Margins	%	5.45	NA	1.92
Gearing	%	0.49	0.58	0.60
EPS	Rs / Share	40.84	NA	4.13
PE	times	34.26	NA	38.58
P/BV	times	7.18	3.13	2.97
ROCE	%	26.83	6.86	10.81
ROE	%	26.79	-	7.10
EV/EBITDA	times	21.60	30.52	17.59

Stock Performance vis-a-vis Index

Particulars	Return(%)	
	YTD	QTD
Havells	-11%	-11%
BSE Consumer Durables	8%	8%



Technical Outlook



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