



Havells India

BSE SENSEX	S&P CNX	CMP: INR483	TP: INR501	Buy
17,301	5,236			
Bloomberg	HAVL IN			
Equity Shares (m)	124.8			
52-Week Range (INR)	506/290			
1,6,12 Rel. Perf. (%)	14/38/47			
M.Cap. (INR b)	60.3			
M.Cap. (USD b)	1.2			

* Consolidated nos, pre exceptionals

- Standalone revenue, PAT higher than estimated:** Havells India's (HAVL) standalone sales grew 30% YoY (v/s our estimate of 20% YoY) to INR8.9b, partially aided by amalgamation of Standard Electricals in the Switchgear segment. Adjusted for this, sales grew 26% YoY. Standalone PAT grew 29% YoY to INR789m, ahead of our estimate of INR727m, driven by higher EBITDA margin (12.5% v/s our estimate of 11.9%) and lower tax rate.
- Sylvania sustains growth in profitability, led by improvement in Europe:** In 3QFY12, adjusted PAT (adjusted for pension liability) was EUR5.2m v/s EUR0.5m in 3QFY11 and EUR1.7m in 2QFY12. EBITDA margin expanded by a sharp 470bp YoY to 9.7% (7.4% in 2QFY12 and 7.3% in 1QFY12). Sylvania reported revenue of EUR114m, down 4% YoY, impacted by adverse currency movement in the Latam market.
- Robust performance across segments; new products draw encouraging response:** All segments posted strong growth. Switchgear showed significant pick-up in sales, driven by improvement in France. New product launches in Consumer Durables drew encouraging response. Contribution margins improved significantly in the Lighting business and were stable in other segments, driven by decline in unauthorized warranty claims.
- Sylvania's net debt stable; re-financing due in April 2012:** Sylvania's net debt was stable at about EUR125m. Total loans for re-financing in Sylvania's book were EUR104m (v/s EUR107m as at the end of 2QFY12). Of its term loans of EUR71m as at the end of 2QFY12 (EUR78.4m as at the end of FY11), Sylvania paid its scheduled installment of EUR6m in 3QFY12.
- Valuation and view:** We believe HAVL is well on track to beat its FY12 guidance of 10-11% growth in consolidated revenue, given that it has already achieved 17% YoY growth in 9MFY12. We estimate revenue CAGR at 15% and EPS CAGR at 27% over FY11-13. The stock trades at 16.7x FY12E and 13.5x FY13E consolidated EPS. Maintain **Buy**.

Quarterly Performance (Standalone)

Y/E March	FY11				FY12				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY11	FY12E
Sales	7,170	6,613	6,907	8,408	8,000	8,504	8,962	10,307	28,817	35,772
Change (%)	21.6	10.6	16.8	24.8	11.6	28.6	29.7	22.6	21.5	24.1
EBITDA	795	776	900	947	857	1,146	1,118	1,206	3,373	4,328
Change (%)	9.8	-2.6	12.4	19.7	7.8	47.7	24.2	27.5	10.4	28.3
EBITDA margin (%)	11.1	11.7	13.0	11.3	10.7	13.5	12.5	11.7	11.7	12.1
Depreciation	68	72	75	78	83	91	104	117	293	395
Interest	38	31	52	55	84	71	69	89	158	313
Other Income	8	83	15	45	28	-116	21	26	177	-40
PBT	697	756	788	859	718	868	968	1,026	3,099	3,581
Tax	163.4	175.4	176.7	167.3	143.4	166.0	178.7	210.2	682.9	698.3
Effective Tax Rate (%)	23.5	23.2	22.4	19.5	20.0	19.1	18.5	20.5	22.0	19.5
Reported PAT	533	581	611	691	575	702	789	816	2,421	2,883
Change (%)	8.3	7.2	3.7	5.1	7.8	20.9	29.1	18.1	6.1	19.1
Adj PAT	533	581	611	691	575	702	789	816	2,416	2,883
Change (%)	8.3	7.2	3.7	5.1	7.8	20.9	29.1	18.1	5.9	19.3

E: MOSL Estimates

Dhirendra Tiwari (Dhirendra.Tiwari@MotilalOswal.com); Tel: +91 22 3029 5127

Deepak Narnolia (Deepak.Narnolia@MotilalOswal.com); Tel: +91 22 3029 5126

Standalone adjusted PAT above estimates; Impressive growth in consolidated profit

Standalone PAT stood at INR789m up 29% YoY, ahead of our estimate of INR727m driven by slightly higher EBITDA margin (12.5% v/s our estimate of 11.9%) and lower tax rate. Profitability was impacted by forex loss of INR135m in current quarter vs. forex gain of INR44m in 3QFY11 while amalgamation of Standard Electricals business boosted PAT by ~INR40-50mm. Adjusted for these, PAT was up ~45% YoY. Tax rate declined from 22.4% during 3QFY11 to 18.5% during 3QFY12 resulting into a positive impact on net profit.

Standalone revenues stood at INR8.9b up 30% YoY (v/s our estimate of 20% YoY), partially helped by amalgamation of Standard Electricals in the Switchgear segment, adjusted for which sales grew by 26% YoY..

All segments posted strong growth. Cables revenue grew 29% YoY largely driven by cost led price increases, Lighting 26% and Consumer durables 24%. Switchgears showed significant improvement in sales, up 15% YoY during 3QFY12 v/s 10% YoY during 9MFY12 YoY adjusted for Standard Electricals, despite being impacted by declining exports of MCP to UK. Havells launched some new products in Consumer appliances including water heaters during 1QFY12 which boosted sales of the segment (INR360m sales of appliances in 3QFY12 v/s INR150m 3QFY11). Fan sales showed healthy growth of 16% YoY

Contribution margin improved across business segments helped by low cost inventory and cost-led price increases. However, EBITDA margins declined by 50bp to 12.5% v/s 13% during 3QFY11 due to sharp increase in un-allocable corporate expenses. Savings in raw material cost (RM/Sales 60% in 3QFY12 v/s 63% in 3QFY11) had a 300bp positive impact while rise in other expenditure had a 360bp negative impact on EBITDA margin

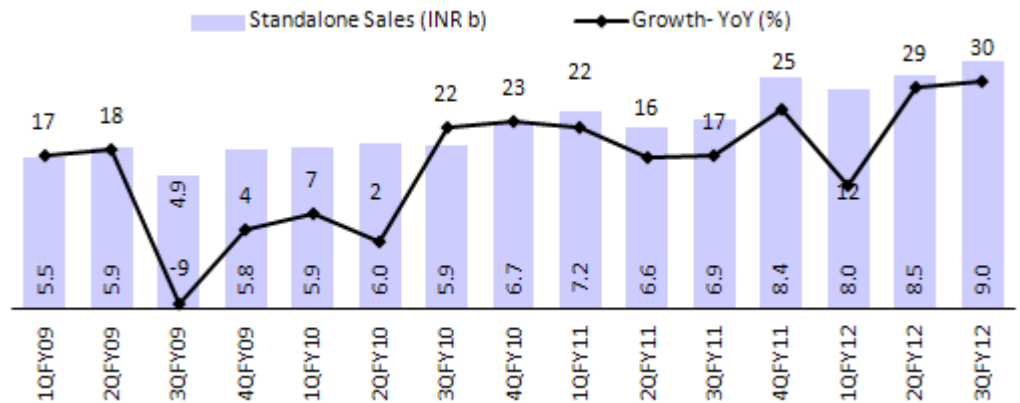
Sylvania posted impressive growth in adjusted profit. In 3QFY12, Adjusted PAT (adjusted for pension liability) stood at Euro5.2m v/s Euro 0.5m during 3QFY11 and Euro 1.7m during 2QFY12. EBITDA margins at 9.7% showed sharp increase of 470bp YoY from 5.1% during 3QFY11 (v/s 7.4% in 2QFY12 and 7.3% in 1QFY12). EBITDA margins were positively impacted by benefit of low material cost in European region and a negative impact of non-recurring inventory provision in American region. Excluding these, EBITDA margin would have been 9%.

Sylvania reported 3QFY12 revenue of Euro114m, down 4% YoY. Revenues continue to show slowdown in European and North American market, compounded by adverse currency movement in Brazil. European as well as American sales declined by 4% YoY. The slight positive growth of 4% YoY seen in 2QFY12 in Europe has again turned negative.

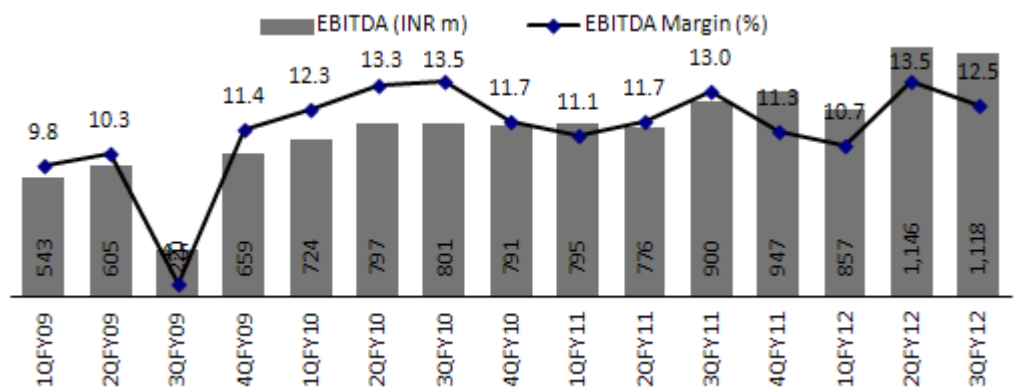
Sylvania's net debt remained stable at about Euro125m. Total loans for re-financing in Sylvania's book were Euro 104m (vs Euro107m as at the end of 2QFY12 Out of Sylvania's term loan of Euro71m as at the end of 2QFY12 (Euro78.4m as at end of FY11), Sylvania paid its scheduled installment of Euro6m due in 3QFY12 while another installment of

Euro6m each is due for payment in June-12 and Dec-12, and the balance Euro 52m is due for bullet payment in Apr-13. The working capital loan of around Euro 40m is due for payment in Apr-12. The negotiations for refinancing of loans are going on with the European banks and the management is confident of getting the same.

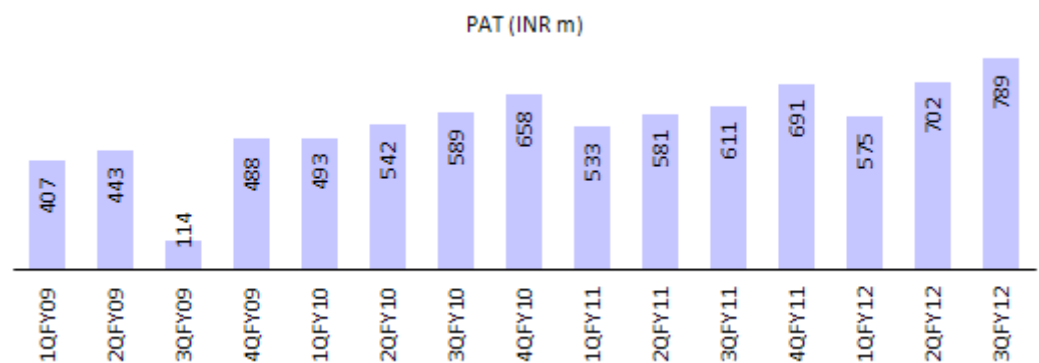
Standalone revenue (INR m, %, YoY)



Standalone EBITDA margins remains stable at 12-13%



Standalone PAT grew by 29% YoY, partially helped by SE's amalgamation



Source: Company/MOSL

Robust performance across most segments despite stiff competition; Switchgear business shows significant pick up in sales

All segments posted strong growth. Cables revenue grew 29% YoY largely driven by cost led price increases, Lighting 26% and Consumer durables 24%. Switchgears showed significant improvement in sales, up 15% YoY during 3QFY12 v/s 10% YoY during 9MFY12

YoY adjusted for Standard Electricals, despite being impacted by declining exports of MCP to UK. The business has started to show significant traction during the second half of the year in France. Havells launched some new products in Consumer appliances including water heaters during 1QFY12 which boosted sales of the segment (INR360m sales of appliances in 3QFY12 v/s INR150m 3QFY11). Fan sales showed healthy growth of 16% YoY

Contribution margins improved across business segments

Contribution margin improved across business segments helped by low cost inventory and cost-led price increases and benefit from operating leverage driven by higher sales. Also significant improvement in warranty claims has led to margin improvement in CFL business (part of lighting business). However, EBITDA margins declined by 50bp to 12.5% v/s 13% during 3QFY11 due to sharp increase in un-allocable corporate expenses. Savings in raw material cost (RM/Sales 60% in 3QFY12 v/s 63% in 3QFY11) had a 300bp positive impact while rise in other expenditure had a 360bp negative impact on EBITDA margin.

Standalone segmental performance (INR m)

	1QFY11	2QFY11	3QFY11	4QFY11	FY11	1QFY12	2QFY12	3QFY12	YoY (%) 3QFY12
Revenues									
Switchgear	1,858	1,747	1,739	2,000	7,344	1,883	2,218	2,261	30
Cables & wires	2,835	2,839	3,036	3,608	12,318	3,564	3,692	3,907	29
Electrical consumer durables	1,179	972	999	1,542	4,692	1,342	1,220	1,346	35
Lighting	1,003	1,053	1,133	1,258	4,447	1,210	1,374	1,448	28
Others	13	3	0	0	15		0		
Total	6,889	6,613	6,907	8,408	28,816	7,999	8,504	8,962	30
PBIT									
Switchgear	723	646	651	698	2,719	724	839	894	37.3
Cables & wires	198	272	267	163	900	310	342	385	44.2
Electrical consumer durables	334	271	277	413	1,295	418	338	390	40.5
Lighting	166	189	239	226	820	310	336	379	58.6
Others	5	1	-	-	6	-	-	-	nm
Sub-total	1,426	1,380	1,435	1,500	5,741	1,762	1,855	2,048	42.8
Less: Interest	38	31	52	55	158	84	71	69	32
Less Unallocable (Income)/Exp.	691	593	595	587	2,484	951	915	1,012	70
PBT	697	756	788	858	3,099	727	868	968	23
PBIT margin (%)									
Switchgear	38.9	37.0	37.4	34.9	37.0	38.4	37.8	39.5	211bp
Cables & wires	7.0	9.6	8.8	4.5	7.3	8.7	9.3	9.9	106bp
Electrical consumer durables	28.3	27.9	27.8	26.8	27.6	31.1	27.7	28.9	118bp
Lighting	16.6	18.0	21.1	18.0	18.4	25.6	24.5	26.2	509bp
Others	36.6	37.5	nm	nm	40.7	nm	nm	nm	nm

Source: Company/MOSL

Sylvania shows further improvement in profitability led by improvement in Europe

Sylvania posted impressive growth in adjusted profit. In 3QFY12, Adjusted PAT (adjusted for pension liability) stood at Euro5.2m v/s Euro 0.5m during 3QFY11 and Euro 1.7m during 2QFY12. EBITDA margins at 9.7% showed sharp increase of 470bp YoY from 5.1% during 3QFY11 (v/s 7.4% in 2QFY12 and 7.3% in 1QFY12). EBITDA margins

were positively impacted by benefit of low material cost in European region and a negative impact of non-recurring inventory provision in American region. Excluding these, EBITDA margin would have been 9%. In the conference call management highlighted that the companies' strategy of moving out from unprofitable businesses in European markets is paying well.

Sylvania (Euro m)

	3QFY12	3QFY11	Gr %
Revenues	113.9	118.8	(4.1)
EBITDA	11.1	6	85.0
Margin (%)	9.7	5.1	na
Depreciation	1.8	2.1	(14.3)
Interest	2.7	2.7	-
Other Income/ (loss)	0.6	-0.1	nm
Forex gain/(loss)	-0.9	0.1	nm
PBT	6.3	1.2	425.0
Tax	1.1	0.7	57.1
Adj PAT	5.2	0.5	940.0
Less Excep. gain/(loss)	(3.3)	3.4	na
Net Profit	1.9	3.9	(51.3)

Consolidated results (INR m)

	3QFY12	3QFY11	Gr %
Revenues	16,596	14,260	16.4
EBITDA	1,755	1,266	38.6
Margin (%)	10.6	8.9	na
Depreciation	231	203	13.8
Interest	251	215	16.7
Other Income/(loss)	62	(48)	nm
Forex gain/(loss)	(194)	46	nm
PBT	1,141	846	34.9
Tax	255	219	16.4
Net Profit	886	627	41.3

Source: Company/MOSL

Sylvania reported 3QFY12 revenue of Euro114m, down 4% YoY

Revenues continue to show slowdown in European market and North American market, compounded by adverse currency movement in Brazil. Adjusted for currency movements sales grew by 13% YOY in Latin American market over 9MFY12. European as well as American sales declined by 4% YoY. However, management highlighted that the European sales could not be strictly construed as like for like as the company has moved out from many an un-profitable businesses over FY12. The company expect 0-2% growth in European sales going forward.

Latin American sales impacted by adverse currency movement (EURO m)

	1QFY10	2QFY10	3QFY10	4QFY10	1QFY11	2QFY11	3QFY11	4QFY11	1QFY12	2QFY12	3QFY12
Europe	70.6	65.5	74.5	75.0	65.7	66.5	75.2	73.2	64.0	69.0	71.8
Growth (%)	(20.2)	(21.0)	(12.8)	(3.5)	(7.0)	1.6	0.9	(2.4)	(2.6)	3.8	(4.5)
America	24.9	26.0	27.5	29.7	33.4	38.7	37.4	35.5	36.1	39.7	35.8
Growth (%)	(21.8)	(23.8)	(13.0)	3.3	34.2	49.1	35.9	19.5	8.1	2.6	(4.3)
Others	2.0	1.2	4.4	5.4	6.3	6.5	6.2	4.8	6.6	6.8	6.3
Total	97.5	92.6	106.5	110.1	105.4	111.7	118.8	113.5	106.7	115.5	113.9

Source: Company/MOSL

Sylvania's net debt stable, loans due for refinancing in Apr-12

Sylvania's net debt remained stable at about Euro125m. Total loans for re-financing in Sylvania's book were Euro 104m (vs Euro107m as at the end of 2QFY12 Out of Sylvania's term loan of Euro71m as at the end of 2QFY12 (Euro78.4m as at end of FY11), Sylvania paid its scheduled installment of Euro6m due in 3QFY12 while another installment of Euro6m each is due for payment in June-12 and Dec-12, and the balance Euro 52m is due for bullet payment in Apr-13. The working capital loan of around Euro 40m is due for payment in Apr-12. The negotiations for refinancing of loans are going on with the European banks and the management is confident of getting the same.

Sylvania debt repayment schedule (euro m)

	31-Mar-11	30-Sep-11	31-Dec-11	Re-payment schedule
Term loan	78.4	71.0	64.7	3 tranches of euro 6m each due for payment on Dec-11, June-12 and Dec-12. Balance Euro52m due for bullet payment in Apr-13
Working capittal loan	37.2	36.0	39.2	Due for bullet payment in Apr-12
Other Short term loan	30.0	28.8	30.9	NA
Gross debt	145.6	135.8	134.8	
Less: Cash	18.6	10.5	9.4	
Net Debt	127.0	125.3	125.4	

Does not include recourse loans from Havells India

Source: Company/MOSL

Valuation and view

Our EPS estimate for FY12 stands at INR29.0 (up 32%) and for FY13 at INR36 (up 24%). We believe Havells is well on track to beat its FY12 guidance of 10-11% growth in consolidated revenue given that it has already achieved 17% YoY growth during the 9 month ended 31-Dec-2011.

We estimate FY11-13 revenue CAGR of 15% and EPS CAGR of 27%. The stock trades at 16.7x FY12E and 13.5x FY13E consolidated EPS. We maintain **Buy**, with a target price of INR501 (14x FY13E EPS).

Havells India: an investment profile

Company description

Havells India (HAVL) is a billion dollar-plus organization. It is one of the largest electrical and power distribution equipment manufacturers, with products ranging from industrial & domestic circuit protection switchgear, cables & wires, motors, fans, power capacitors, CFL lamps and luminaires for domestic, commercial and industrial applications. The company offers products for household, commercial and industrial electrical needs. HAVL owns global brands like Crabtree, Sylvania, Concord, Luminance, Linolite and SLI Lighting.

Key investment arguments

- **Domestic business:** Strong macro fundamentals, rising income levels and demographic changes will keep demand for consumer electrical robust.
- **European and LatAm markets:** Sylvania is riding high on booming demand in Latin America. Cost competitiveness and improvement in profitability will drive HAVL's growth in Europe.
- **New products:** HAVL new products in consumer durables are showing encouraging response. The company expects INR500-600m and INR2b sales from new products in FY12 and FY13 respectively.

Key investment risks

- **Rising domestic competition:** Most of HAVL's markets are prone to price wars, especially cables and CFL, where there is considerable competition.

- **Prolonged slowdown in European region:** The company has significant operations in Europe through its subsidiary Sylvania. Any prolonged slowdown in the region will have adverse impact on earnings.
- **Forex risk:** Appreciation of other currencies against the EUR will impact earnings estimates for Sylvania due to its increased outsourcing to India and China.

Recent developments

- **Osram Sylvania Inc (Osram)** filed a complaint in a US district court against HAVL and its associated nine entities for infringement of the Sylvania brand and unfair competition in North America. The court dismissed the complaint against all the entities except Havells USA, citing lack of jurisdiction. Havells USA is resisting the complaint and the matter is sub-judicial.

Valuation and view

- Our EPS estimate for FY12 stands at INR29 (up 32%) and for FY13 at INR36 (up 24%). We estimate FY11-13 revenue CAGR of 15% and EPS CAGR of 27%. The stock trades at 16.7x FY12E and 13.5x FY13E cons. EPS. **Buy**, with a target price of INR501 (14x FY13E EPS).

Sector view

- We remain Neutral on the sector.

Comparative valuations

		Havells India	Crompton	L&T
P/E (x)	FY12E	16.7	20.4	17.3
	FY13E	13.5	13.6	15.6
P/BV (x)	FY12E	6.4	2.5	3.2
	FY13E	4.9	2.2	2.9
EV/Sales (x)	FY12E	1.1	0.8	1.6
	FY13E	0.9	0.7	1.5
EV/EBITDA (x)	FY12E	10.3	10.1	13.8
	FY13E	8.6	7.6	13.2

Shareholding pattern (%)

	Dec-11	Sep-11	Dec-10
Promoter	61.6	61.6	61.6
Domestic Inst	1.2	1.9	2.4
Foreign	30.0	27.7	27.2
Others	7.3	8.8	8.8

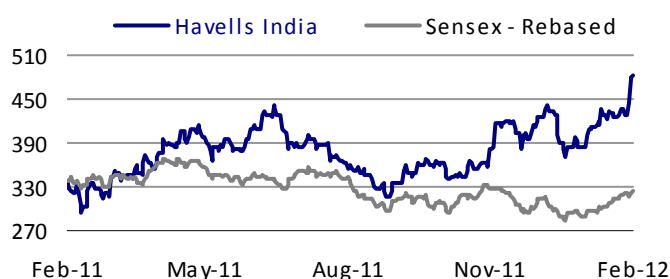
EPS: MOSL forecast v/s consensus (INR)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY12	28.9	24.3	19.0
FY13	35.8	28.3	26.6

Target price and recommendation

Current Price (INR)	Target Price (INR)	Upside (%)	Reco.
483	501	3.7	Buy

Stock performance (1 year)



Financials and Valuation

Income Statement (Consolidated)		(INR Million)			
Y/E March	2010	2011	2012E	2013E	
Net Sales	51,626	56,126	65,586	74,541	
Change (%)	-5.7	8.7	16.9	13.7	
Raw Materials	29,154	32,556	36,430	41,990	
Staff Cost	7,602	6,643	7,096	7,856	
Mfg. Expenses	3,250	3,197	3,959	4,526	
Other Expenses	8,398	8,484	11,359	12,305	
EBITDA	3,221	5,247	6,743	7,863	
% of Net Sales	6.2	9.3	10.3	10.5	
Depreciation	837	804	913	966	
Amortization					
Interest	979	902	1,093	1,102	
Other Income	222	237	-9	113	
PBT	1,627	3,778	4,727	5,907	
Tax	932	1,031	1,122	1,436	
Rate (%)	57.3	27.3	23.7	24.3	
Adjusted PAT	695	2,747	3,605	4,471	
Change (%)	80.7	294.9	31.2	24.0	
Extra-ordinary Inc.(net)	(2,935)	293	0	0	
Reported PAT	-2,240	3,039	3,605	4,471	
Change (%)	nm	nm	18.6	24.0	

Balance Sheet (Consolidated)		(INR Million)			
Y/E March	2010	2011	2012E	2013E	
Share Capital	312	624	624	624	
Reserves	3,690	5,914	8,859	12,598	
Net Worth	4,002	6,537	9,483	13,222	
Loans	10,664	11,173	11,123	11,223	
Deffered Tax Liability	266	559	559	559	
Minority Interest	2	6	6	6	
Capital Employed	14,934	18,275	21,171	25,010	
Gross Fixed Assets	26,963	28,454	30,315	31,425	
Less: Depreciation	18,089	18,499	19,936	20,902	
Net Fixed Assets	8,874	9,955	10,379	10,523	
Capital WIP	336	249	508	576	
Goodwill	3,212	3,354	3,397	3,543	
Curr. Assets	18,389	22,077	26,308	31,423	
Inventory	8,246	10,860	13,215	14,940	
Debtors	6,982	7,724	8,821	9,856	
Cash & Bank Balance	1,481	1,779	2,005	4,128	
Loans & Advances	1,578	1,615	2,122	2,334	
Other Current Assets	102	100	145	165	
Current Liab. & Prov.	15,876	17,361	19,422	21,056	
Creditors	6,147	6,739	9,474	10,111	
Other Liabilities	9,408	9,982	8,817	9,601	
Provisions	321	639	1,131	1,344	
Net Current Assets	2,512	4,717	6,887	10,367	
Misc. Expenses	0	0	0	0	
Application of Funds	14,934	18,275	21,171	25,010	

E: MOSL Estimates

Ratios		(INR Million)			
Y/E March	2010	2011	2012E	2013E	
Basic (INR)	-17.9	24.3	28.9	35.8	
Adjusted EPS	5.6	22.0	28.9	35.8	
Growth (%)	80.7	294.4	31.3	24.0	
Cash EPS	12.3	28.4	36.2	43.6	
Book Value	32.1	52.4	76.0	99.2	
DPS	1.9	2.5	4.5	5.0	
Payout (incl. Div. Tax.)	38.9	13.2	18.2	16.3	
Valuation (x)					
P/E (consolidated)	86.7	22.0	16.7	13.5	
Cash P/E	39.3	17.0	13.3	11.1	
EV/EBITDA	21.6	13.3	10.3	8.6	
EV/Sales	1.3	1.2	1.1	0.9	
Price/Book Value	15.1	9.2	6.4	4.9	
Dividend Yield (%)	0.4	0.5	0.9	1.0	
Profitability Ratios (%)					
RoE	17.4	42.0	38.0	33.8	
RoCE	7.5	18.6	21.0	21.2	
Turnover Ratios					
Debtors (Days)	49	50	49	48	
Inventory (Days)	58	71	74	73	
Creditors. (Days)	43	44	53	50	
Asset Turnover (x)	3.5	3.1	3.1	3.0	
Leverage Ratio					
Debt/Equity (x)	2.7	1.7	1.2	0.8	

Cash Flow Statement		(INR Million)			
Y/E March	2010	2011	2012E	2013E	
PBT before EO Items	1,627	3,778	4,727	5,907	
Add : Depreciation	837	804	913	966	
Interest	871	820	1,093	1,102	
Less : Direct Taxes Paid	932	1,031	1,122	1,436	
(Inc)/Dec in WC	2,403	-1,907	-1,944	-1,357	
CF from Operations	4,806	2,463	3,668	5,182	
EO Income	-2,935	293	0	0	
CF from Oper. incl. EO It	1,871	2,756	3,668	5,182	
(Inc)/Dec in FA	-1,205	-1,799	-1,597	-1,179	
(Pur)/Sale of Investme	0	0	0	0	
CF from Investments	-838	-1,941	-1,639	-1,325	
(Inc)/Dec in Net Worth	839	236	-1	-2	
(Inc)/Dec in Debt	-1,615	510	-50	100	
Less : Interest Paid	979	902	1,093	1,102	
Dividend Paid	271	363	657	730	
CF from Fin. Activity	-2,026	-518	-1,802	-1,734	
Inc/Dec of Cash	-992	297	227	2,124	
Add: Beginning Balan	2,473	1,481	1,779	2,005	
Closing Balance	1,481	1,779	2,005	4,128	

N O T E S

Disclosures

This report is for personal information of the authorized recipient and does not constitute to be any investment, legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and Motilal Oswal Securities Limited (hereinafter referred as MOST) is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your information and should not be reproduced or redistributed to any other person in any form.

Unauthorized disclosure, use, dissemination or copying (either whole or partial) of this information, is prohibited. The person accessing this information specifically agrees to exempt MOST or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOST or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOST or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

The information contained herein is based on publicly available data or other sources believed to be reliable. While we would endeavour to update the information herein on reasonable basis, MOST and/or its affiliates are under no obligation to update the information. Also there may be regulatory, compliance, or other reasons that may prevent MOST and/or its affiliates from doing so. MOST or any of its affiliates or employees shall not be in any way responsible and liable for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. MOST or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This report is intended for distribution to institutional investors. Recipients who are not institutional investors should seek advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents.

MOST and/or its affiliates and/or employees may have interests/positions, financial or otherwise in the securities mentioned in this report. To enhance transparency, MOST has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

Disclosure of Interest Statement

Havells India

- | | |
|---|----|
| 1. Analyst ownership of the stock | No |
| 2. Group/Directors ownership of the stock | No |
| 3. Broking relationship with company covered | No |
| 4. Investment Banking relationship with company covered | No |

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The research analysts, strategists, or research associates principally responsible for preparation of MOST research receive compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOST & its group companies to registration or licensing requirements within such jurisdictions.

For U.K.

This report is intended for distribution only to persons having professional experience in matters relating to investments as described in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (referred to as "investment professionals"). This document must not be acted on or relied on by persons who are not investment professionals. Any investment or investment activity to which this document relates is only available to investment professionals and will be engaged in only with such persons.

For U.S.

MOST is not a registered broker-dealer in the United States (U.S.) and, therefore, is not subject to U.S. rules. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., Motilal Oswal has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, Marco Polo and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.



Motilal Oswal Securities Ltd

3rd Floor, Hoechst House, Nariman Point, Mumbai 400 021
Phone: (91-22) 39825500 Fax: (91-22) 22885038. E-mail: reports@motilaloswal.com