



**NIRMAL BANG**  
a relationship beyond broking

# HAVELLS INDIA LIMITED

*...Switched on for growth*

**Be on the  
SAFE  
side with Havells**

MCB      RCCB      Changeover      DBs

MCCBs      ACB

Cables

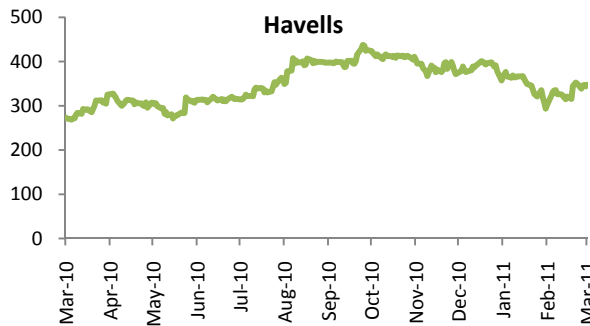
**Initiating Coverage**
**HAVELLS INDIA LTD.**

<b>Recommendation</b>	<b>BUY</b>
<b>CMP (16<sup>th</sup> March 2011)</b>	<b>Rs. 354</b>
<b>Sector</b>	<b>Electrical Equipment</b>

**Stock Details**

BSE Code	517354
NSE Code	HAVELLS
Bloomberg Code	HAVL IN
Market Cap (Rs. cr)	4411
Free Float (%)	38.23
52- wk HI/Lo (Rs.)	447/265
Avg. volume BSE (1 Mth)	55080
Face Value (Rs.)	Rs. 5
Dividend (FY 10)	75%
Shares o/s (Nos. in crore)	12.5

Relative Performance	1 Mth	3 Mth	1 Yr
<b>Havells</b>	3.3%	-10.3%	27.1%
<b>Sensex</b>	-0.6%	-7.5%	5.8%


**Shareholding Pattern as on 31<sup>st</sup> December 2010**

Promoters Holding	61.77%
FII, Banks & Institutions	19.34%
Corporate Bodies	12.11%
Public & others	6.78%

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**Snapshot**

Havells India Ltd. is one of the largest electrical and power distribution equipment manufacturer engaged in selling entire gamut of household, commercial and industrial electrical devices.

**Investment Rationale:**

✎ **Sustainable growth drivers infused by the growth in rising electrification, urbanization and shift to energy - efficient:** With the economy bouncing back, urbanization continuing, changing social structure - increasing number of nuclear families, rising electrification and shift to energy – efficient lighting will act as a catalyst for the increase in demand for the products that Havells deals in. Over the last five years, revenues have grown at a CAGR of 23.5% and we expect similar growth to continue going forward.

✎ **Enhancing products portfolio & extensive distribution network:** We believe that electrical market is highly fragmented with stiff competition from regional and national players. Thus, to beat the competition Havells has created a strong presence in the pan India network with 4300 dealers which it continues to enhance by adding 500 dealers every year going forward. As a result of this aggressive strategy, the company was able to garner market share across most of its product segments. Havells has rolled out exclusive brand outlets under the name “Havells Galaxy”. We expect a strong brand equity and extensive distribution network to help roll out its new consumer durables products going forward.

✎ **Sylvania turnaround to boost the consolidated revenues:** Sylvania worldwide (except North America, Australia and New Zealand), which was acquired by Havells in April 2007. Sylvania was reporting negative earnings till FY10. The company has broken-even level in Q2FY11 at the PBT level on back of restructuring and minimizing cost of operations. We expect Sylvania to report positive PAT by the end of FY11. We believe that sustained Sylvania earnings will boost the consolidated revenues and an improvement in margins is expected to drive stock re-rating going forward.

**Valuation & Recommendation**

At CMP of Rs. 354, the stock is trading at a PE of 19.8x in FY11E and 12.7x in FY12E whereas on EV/EBITDA it is trading at 10.5x and 7.5x in FY11E and FY12E respectively. We believe that Havells is well – placed amongst its peers on the given improvement in Sylvania, increased domestic consumption and rising contribution by emerging markets. **We recommend to “BUY” the stock with a target price of Rs. 450 per share (PE of 16.2x in FY12E), an upside of 27% for a long term view.** Our target price is based on 16.2x FY12E P/E.

Year	Net Sales Rs. in Cr	Growth %	EBITDA Rs. in Cr	EBITDA Margin %	PAT Rs. in Cr	PAT Margin %	EPS (Rs.)	P/E (x)	P/BV
FY10	5431.5	-1%	344.3	5.9%	69.5	1.3%	5.6	63.5	11.0
FY11E	5665.8	4%	503.5	8.2%	223.3	3.9%	17.9	19.8	7.0
FY12E	6385.4	13%	684.7	10.1%	346.4	5.4%	27.8	12.7	4.7
FY13E	7230.0	13%	810.1	10.7%	432.7	6.0%	34.7	10.2	3.4

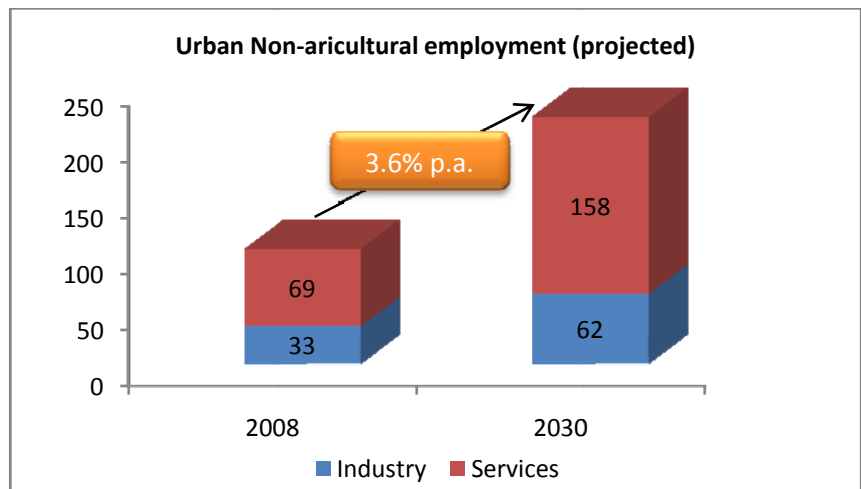
Investment Rationale

**Sustainable growth drivers infused by the growth in rising electrification, urbanization and shift to energy - efficient:**

Havells is a leading manufacturer of consumer electrical goods. The consumer electrical goods industry is leveraged to growth in housing in India. We expect spending on housing to remain strong due to economy bouncing back, continuing urbanization, job creation in industries, changing social structure - increasing number of nuclear families, rising electrification and shift to energy – efficient lighting. Over the last five years, Havells’ revenues have grown at a CAGR of 23.5% and we expect similar growth to continue going forward. Havells ranks number 1 - 4 brand in all product categories with further aggressive branding strategy makes it well-positioned to benefit from rising demand.

**Reason for the robust growth outlook for consumer durables in India.**

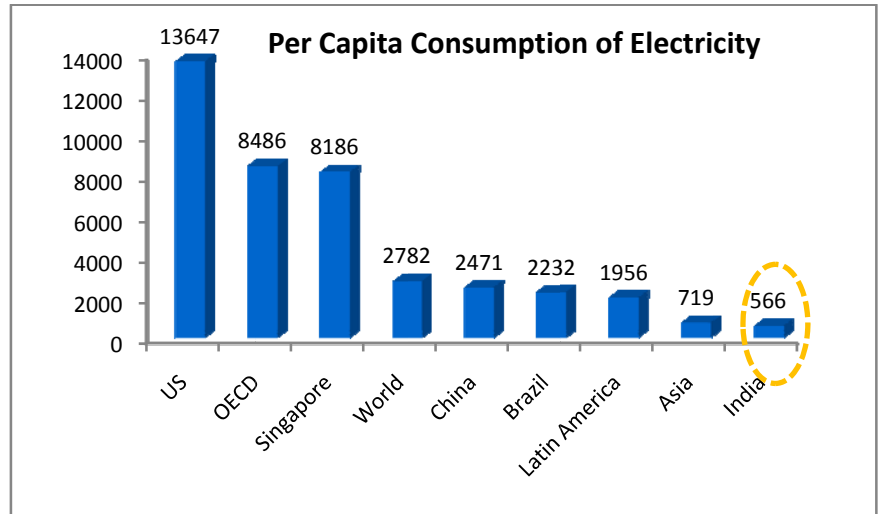
- ❖ According to the report of the Technical Group on Estimation of Housing Shortage, an estimated shortage of 26.53 million houses during the Eleventh Five Year Plan (2007-12) provides a big investment opportunity.
- ❖ The Indian economy is likely to produce about ~120mn jobs till 2030E in urban areas whereas the service sector will produce ~90mn jobs till 2030E, constituting ~75% of the overall job creation in the urban cities.



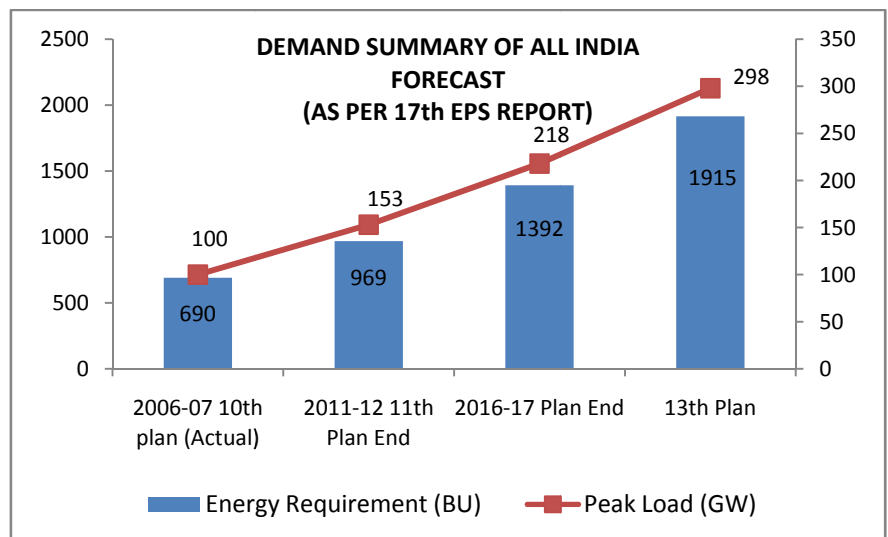
Source: Mckinsey Global Institute & Nirmal Bang Research

- ❖ Rising Electrification and a shift to energy efficient lighting will increase the demand for cables & wires and switchgears.

India is a power deficient country with a per capita consumption of electricity of 566KW as compared to global average of 2782KW.



Source: International Energy Agency & Nirmal Bang Research

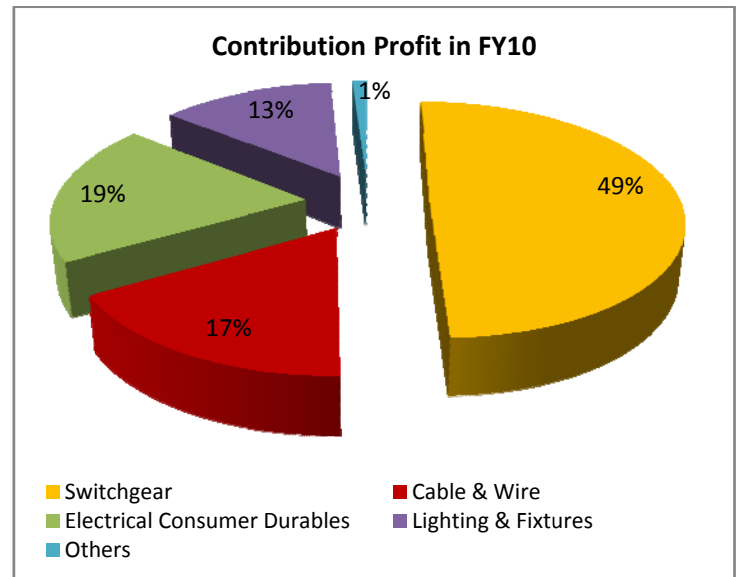
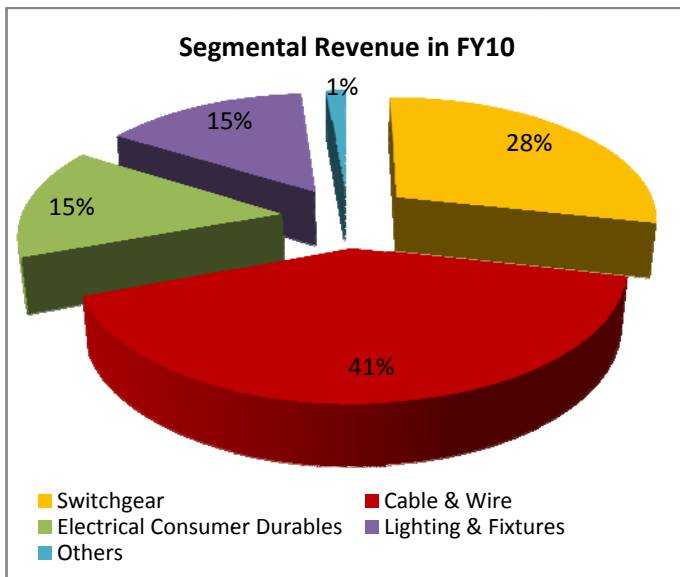


Source: Central Electricity Authority & Nirmal Bang Research



Below is an outlook on growth for Havells's key product segments:

Havells has a wide array of products—switchgear, electrical durables, cable & wire and lighting & fixtures. Havells is a market leader in the domestic switchgear market. While cable and wire dominated the revenue mix of around 41% in FY10, switchgear dominated the contribution profit (gross profit) mix of 49% in FY10.

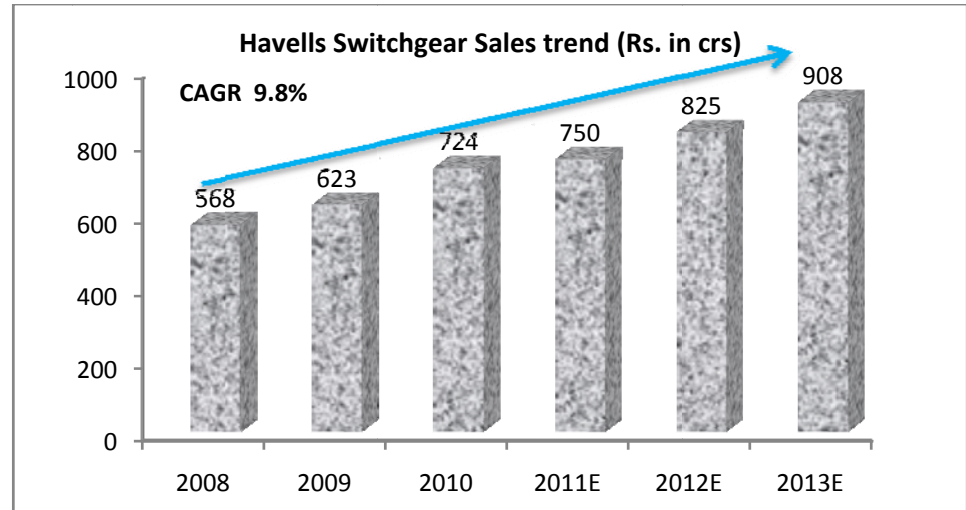


Source: Company & Nirmal Bang Research

### Switchgear

Havells is the leader in the domestic switchgear market of Rs. 12bn catering to the low voltage switchgear market for domestic and industrial consumption. Its market share has increased from 15% in 2006 to 20% in September 2010 in the domestic switchgear. Havells is a number 4 player in industrial switchgear market with a share of modest 8% in the total market size of Rs. 20bn. L&T, Seimens & Schneider are the other strong players in this segment. Industrial switchgear requires direct sales pitch but Havells relies on its distribution network for selling resulting into the low market share. We expect robust demand in the domestic switchgear on the back of increase in construction activity, increase in urbanization, demand shift from local to branded products and rise in electrification.

We expect revenue from switchgear to grow at a CAGR of 7.8% over a period of FY10 – FY13E.

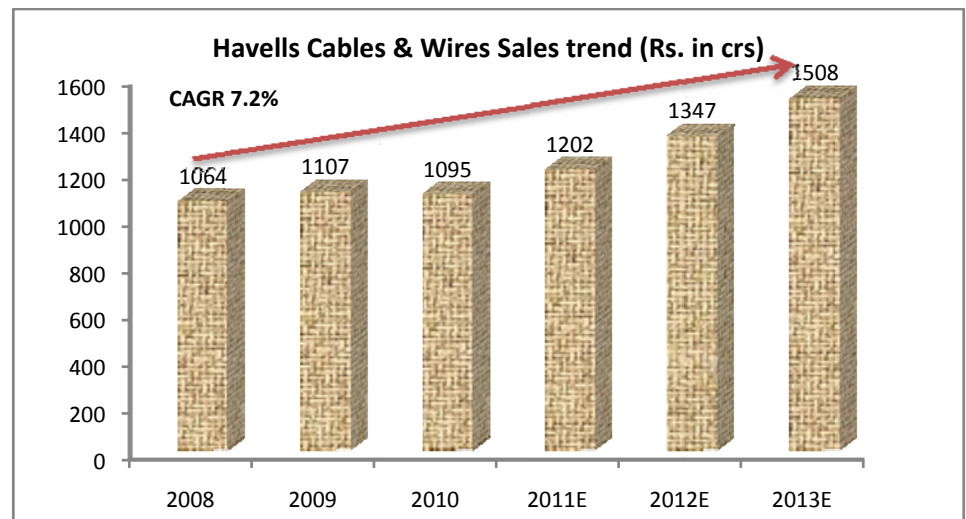


Source: Company & Nirmal Bang Research

#### Cables & Wires

The wire and cable business in India is highly fragmented, with unorganized player accounting for almost 40% of the market. The market size is Rs. 120bn and Havells share has grown from 6% in 2006 to 9% in 2010 and is a number two player. Amongst the organized players, Finolex, Polycab and KEI are strong players. The major customers for the wire and cable industry are the automotive, telecommunication and construction industries. In the past few years, these industries have witnessed a rapid expansion and have led to an annual growth of about 25% in India.

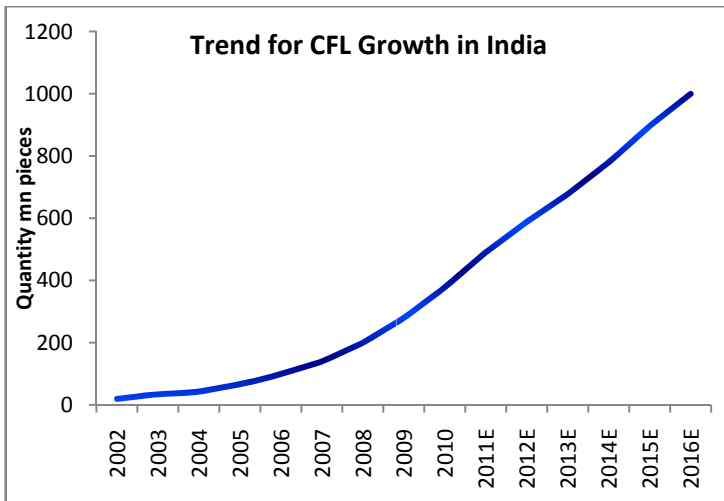
Wire and cables accounts for 40% of Havells domestic revenues. We expect revenue from cables and wires to grow at a CAGR of 11.3% over a period of FY10 – FY13E.



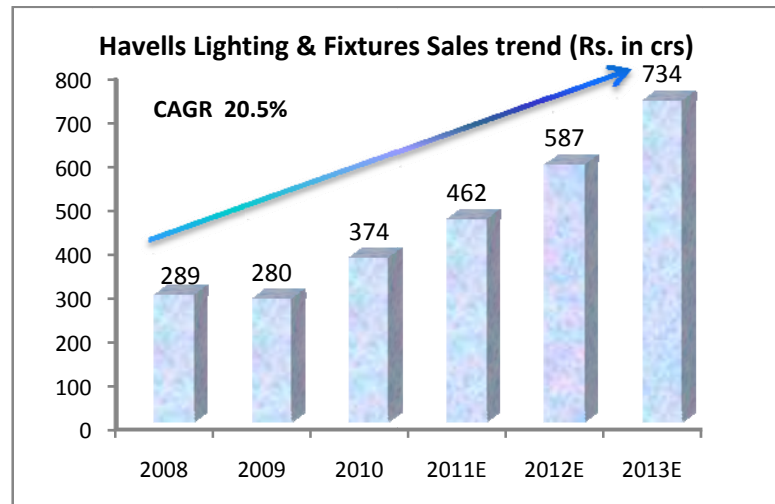
Source: Company & Nirmal Bang Research

**Lighting & Fixtures**

Havells is a number two brand in compact fluorescent lamps (CFL) and number four brand in luminaries. CFL market size is currently Rs. 12bn and Havells market share is 10%. The market for CFL is growing due to the increasing acceptance and preference towards power – saving lighting products. We expect Havells to maintain a strong growth in CFL going forward. Historically, Havells has not been a strong player in luminaries segment. Now, Havells is planning to sell Sylvania products in India and will have a competitive advantage amongst its peers as Sylvania is a number four brand globally. We believe that with the introduction of Sylvania products, the company will be able to bridge the product gap going forward. We expect revenue from lighting and fixtures to grow at a CAGR of 25.2% over a period of FY10 – FY13E.



Source: Elcoma India & Nirmal Bang Research



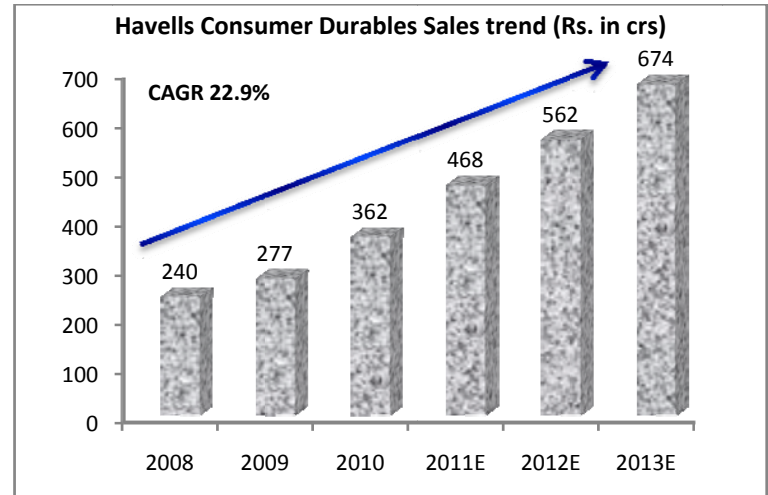
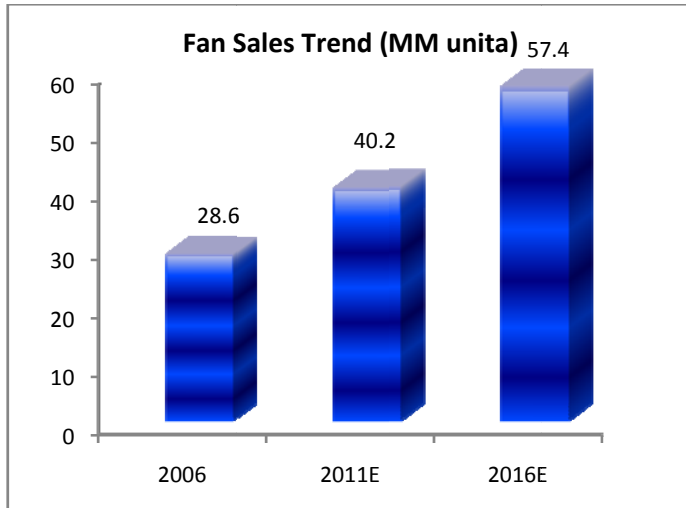
Source: Company & Nirmal Bang Research

**Electrical Consumer & Durables**

Havells has entered into the electrical durables with electric fans in mid 2003. Havells is a number three player in the fan segment and has 13% market share in the Rs. 30bn market size. Havells is the first to launch energy efficient fan, consuming only 50W of electricity and is the largest selling energy saving fans in the country. The company is planning to expand its product portfolio by the launch of water heaters, iron, kitchen appliances, etc. Havells has recently launched water heater and was able to do the sale of Rs. 20 crores in the first four months. Bajaj is the number one player with Rs. 250 crores of revenues and Racold is the second player with Rs. 100 crores of revenues in water heater segment. The company is targeting to overtake Racold in terms of revenue by FY12E. We expect revenue from electrical consumer durables to grow at a CAGR of 23% over a period of FY10 – FY13E.

**Initiating Coverage**

**HAVELLS INDIA LTD.**



Source: Background paper on India: strategies for low carbon growth & Nirmal Bang Research

Source: Company & Nirmal Bang Research

**Havells market position in different product segments**

Segment	Sub-segment	Competitor	Havells Position	Market Share in 2006	Market Share in 2010
Switchgear	Domestic Switchgear	➤ Legrand – MDS ➤ Schneider	1	15%	~20%
	Modular Swiches	➤ Masuhita / Anchor ➤ Crabtree	2	5%	~15%
	Industrial Switchgears	➤ L&T ➤ Seimens ➤ Schneider	4	7%	~8%
Cable & Wire	Cable	➤ Polycab ➤ KEI	2	6%	~9%
	Wire	➤ Finolex ➤ Polycab	2	6%	~9%
Lighting & Fixtures	CFL	➤ Philips ➤ Osram	2	10%	~10%
	Luminaires	Philips Crompton Bajaj Wipro	4	3%	~10%
Electrical Consumer Durables	Fans	➤ Crompton ➤ Orient ➤ Bajaj	3	6%	~13%
	Electrical Water Heater	➤ Bajaj ➤ Racold	New	New	New

Source: Company & Nirmal Bang Research



**Enhancing products portfolio & extensive distribution network**

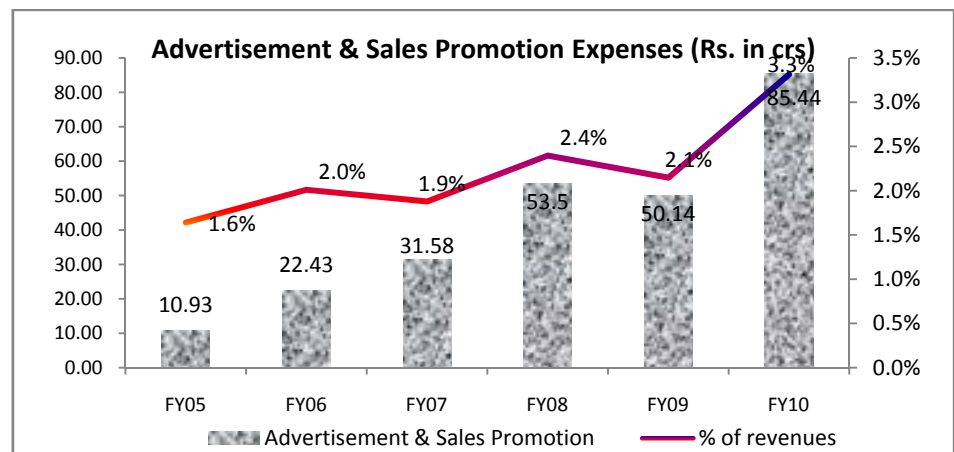
We believe that electrical market is highly fragmented with stiff competition from regional and national players. Havells has created a widest distribution network with 91 branches / representative offices and over 8000 professionals in over 50 countries across the globe. The company also has a strong pan India presence through its 4300 dealers which it's planning to enhance by adding 500 dealers every year going forward. As a result of this aggressive strategy, the company was able to garner market share across most of its product segments.

In India, the dealer plays a vital role in the sales pitch of consumer products which is highly fragmented by nature. To cash in on the strong dealer and customer relationship (most of the buys are influenced by dealers' advice and suggestions), Havells have developed an extensive distribution network of 4300 dealers across India.

Havells has partially compensated distributors in H2 FY09 for inventory loss due to fall in copper prices. This one off incident shows the company's trader friendly practices and has further strengthened its relationship with its distributors.

Havells has also rolled out exclusive brand outlets under the name "Havells Galaxy". The outlet will improve visibility of Havells brand and widening distribution reach. Currently the company has 76 outlets which will be increased to 100 by March 2011. These outlets are owned by the dealers and the cost of setting-up one outlet is Rs. 4 - 5 lakhs excluding real estate prices. Havells provide a brand building exercise to these stores. These outlets are for display purpose and mostly attract institutional buyers.

Over the last five years, Havells has spent aggressively on advertisement and sales promotion and was able to build a strong equity and brand recall in the minds of consumers. Havells is planning to roll out new products like rice cooker, iron, toaster, kitchen and bathroom electrical appliances, etc. We expect a strong brand equity and extensive distribution network to help roll out its new consumer durables products going forward.



Source: Company & Nirmal Bang Research

**Sylvania turnaround to boost the consolidated profit**

Havells acquired Sylvania worldwide except North America, Australia and New Zealand, in April 2007 for the enterprise value of Euro 227mn plus transaction costs of Euro 7.5mn.

Sylvania is a 100 year old company and number four player in the artificial light sources (lighting and fixtures segment) with a strong presence in Europe and Latin America while expanding rapidly in fast growth markets in Asia. The rationale behind the acquisition of Sylvania was to get foothold in the international markets with strong brand, wide distribution channel and to enter other emerging markets. The implied valuation paid for Sylvania was about 7.5x EV/EBIDTA.

Post acquisition, Sylvania’s financial performance was badly hurt due to the economic slowdown. In response to global slowdown, Havells initiated a restructuring program to turn Sylvania around. The restructuring took place in two phases:

Restructuring Plan	Phoenix	Prakram
Start Date	January 2009	September 2009
End Date	September 2009	June 2010
Focus Geography	Europe & Latin America	Europe
Total Cost	Euro 12-13mn	Euro 22mn
Major Area of Restructuring	Reduced around 1300 workforce in Latin America & Europe	Around 400 workforce was laid off in Europe
	Shifting of UK plant in India	To rationalize high fixed cost by increasing outsourcing from low cost countries such as China & India
	Manufacturing units was closed in Brazil and Costa Rica	
Annual Savings	Euro 16 – 17mn	Euro 18 – 19mn

Source: Company & Nirmal Bang Research

Havells has completed its restructuring efforts at Sylvania. Additionally, Havells has been aggressively expanding its presence in Latin America, Asia and other emerging markets, to reduce the dependence on European markets. Europe accounts for around 70% of Sylvania’s total revenue. Sylvania’s financial performance deteriorated due to the global economic slowdown.

As a result of restructuring, Sylvania broke even at PAT level in Q2FY11. We have forecasted EBIDTA margins to improve from -0.2% in FY10 to 7.5% in FY13E. We expect Europe to post a negative CAGR growth of -0.1%, Latin America to grow at CAGR growth of 25.9% and Asia to grow at CAGR of 33.9% for the period of FY10 to FY13E. We estimate Europe’s share to total revenue to decline from 70.8% in FY09 to 53.3% in FY13E, whereas share of Latin America to increase from 26.6% in FY09 to 40.8% in FY13E.

Initiating Coverage

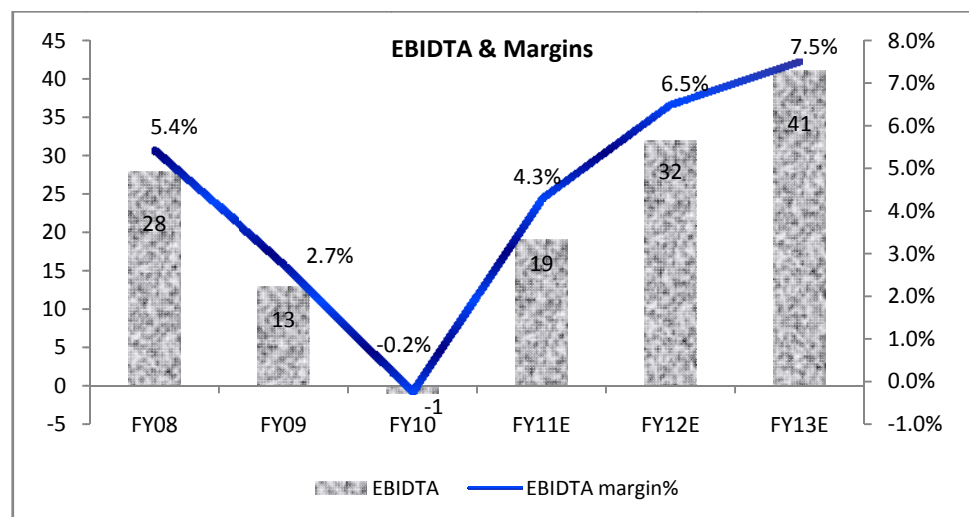
HAVELLS INDIA LTD.

**Sylvania Financials**

(Euro mn)

Particulars	FY08	FY09	FY10	FY11E*	FY12E*	FY13E*
Revenue (ex commission)						
Europe		335	293	281	286	292
Y-o-y growth%			-13%	-4%	2%	2%
Latin America		126	112	143	179	224
Y-o-y growth%			-11%	28%	25%	25%
Asia		22	13	21	26	31
Y-o-y growth%			-41%	60%	25%	20%
Others / elimination		-10	-5	1.4	1	1
<b>Total Revenues</b>	<b>515</b>	<b>473</b>	<b>413</b>	<b>446</b>	<b>492</b>	<b>548</b>
Expenses						
Material Costs	259	239	208	223	236	258
% of Revenue	50%	51%	50%	50%	48%	47%
Employee Cost	118	110	95	87	98	107
% of Revenue	23%	23%	23%	20%	20%	20%
Office Expenses	30	30	30	31	34	38
% of Revenue	6%	6%	7%	7%	7%	7%
Other Expenses	80	81	80	86	94	104
% of Revenue	16%	17%	19%	19%	19%	19%
<b>Total Expenses</b>	<b>487</b>	<b>460</b>	<b>414</b>	<b>427</b>	<b>463</b>	<b>507</b>
<b>EBIDTA</b>	<b>28</b>	<b>13</b>	<b>-1</b>	<b>19</b>	<b>30</b>	<b>41</b>

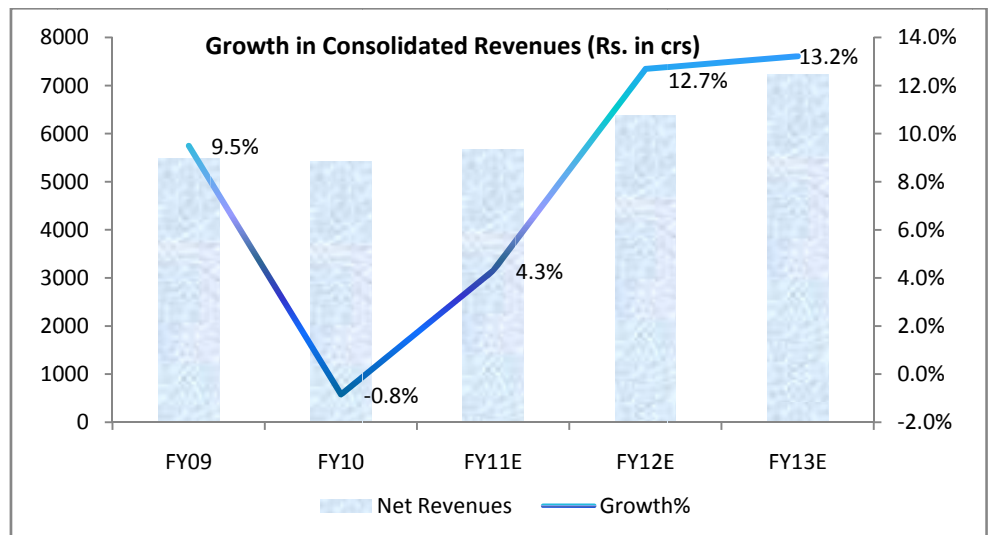
\*PS: Assumption of Euro Rate 65



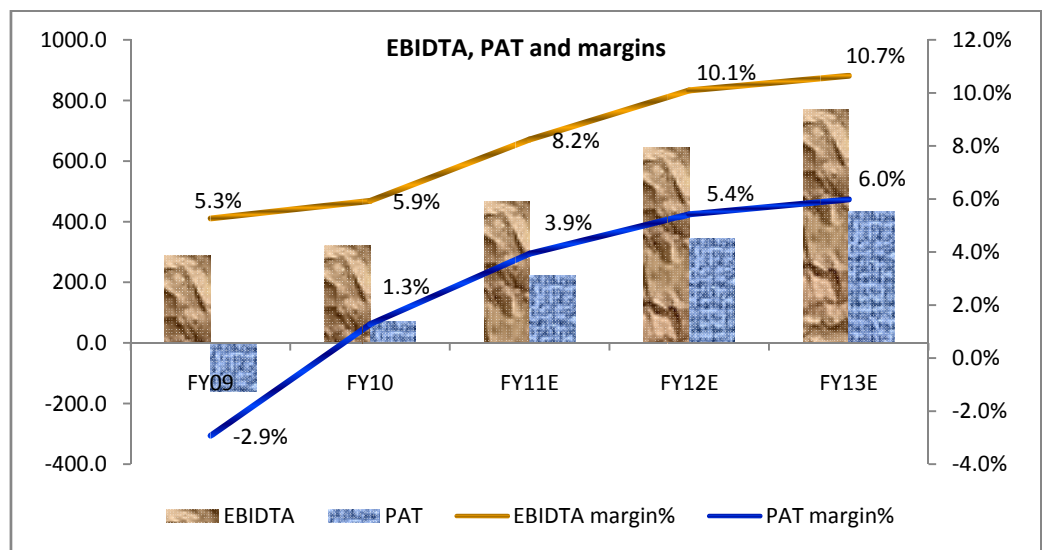
Source: Company & Nirmal Bang Research

**Financial Analysis**

Havells acquired Sylvania in 2007 which was later marred by the economic meltdown. To bring Sylvania back to growth track, Havells put a restructuring plan in place which has started showing fruits in Q2FY11 where the company has broken even on the net profit level. Additionally, Havells is trying to expand in Latin America and Asia with a view to reduce its dependency on European markets which accounts for 70% of the total revenue of Sylvania. Thus, we believe that the overall net revenue and margins will improve on the account of increase in demand from the construction and power sector domestically plus the satisfactory performance from Sylvania going forward.



Source: Company & Nirmal Bang Research



Source: Company & Nirmal Bang Research



### Peer Comparison

Havells is present into the wide array of products. We have compared Havells to its domestic peers and global peers. Havells is trading in - line with its domestic & global peers. We believe that if Havells continues to demonstrate rapid growth in domestic market plus improved performance from Sylvania and is able to increase market share in the consumer electric durable business, is fairly justified that Havells could trade at premium.

Companies	Currency	Sales		EBIDTA		EBIDTA %		PAT%		PE		ROE		EV/EBDITA	
Domestic Peers		FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E
Havells	INR	5666	6385	467	645	8.2%	10.1%	3.9%	5.4%	19.8	12.7	31.9	37.7	10.5	7.5
V Guard	INR	708	929	73	97	10.4%	10.4%	5.5%	5.9%	14.3	10.0	25.0	28.6	4.9	3.7
Finolex Cables	INR	1861	2144	182	216	9.8%	10.1%	5.0%	5.7%	7.9	5.8	17.8	19.0	5.2	4.4
Bajaj Electricals	INR	2731	3353	263	334	9.6%	10.0%	5.4%	5.7%	15.7	12.1	25.6	26.9	9.4	7.4
Crompton Greaves	INR	9942	11448	1404	1621	14.1%	14.2%	9.1%	9.2%	18.7	16.1	28.1	31.5	11.7	10.1
<b>Average</b>										<b>15.3</b>	<b>11.3</b>	<b>25.7</b>	<b>28.7</b>	<b>8.3</b>	<b>6.6</b>
<b>Global Peers</b>															
Littelfuse Inc	USD	684	725	160	173	23.4%	23.9%	12.9%	13.0%	13.3	12.6	27.7	21.9	7.0	6.5
Legrand SA	Euro	415	438	103	110	24.9%	25.2%	12.5%	13.1%	14.6	13.4	18.3	18.1	8.8	8.2
Leoni AG	Euro	291	318	24	29	8.3%	9.2%	2.3%	3.1%	14.5	10.3	16.4	21.2	6.3	5.2
Schneider	Euro	2156	2304	391	435	18.1%	18.9%	9.6%	10.3%	13.8	12.2	15.3	15.9	6.1	5.5
Everlight Electronics	TWD	1736	2056	392	431	22.6%	21.0%	15.4%	13.5%	13.2	12.5	18.1	18.4	9.2	8.0
Philips	Euro	2639	2751	371	386	14.1%	14.0%	6.0%	6.5%	14.0	12.5	11.2	12.0	6.0	5.7
<b>Average</b>										<b>13.9</b>	<b>12.2</b>	<b>17.8</b>	<b>17.9</b>	<b>7.2</b>	<b>6.5</b>

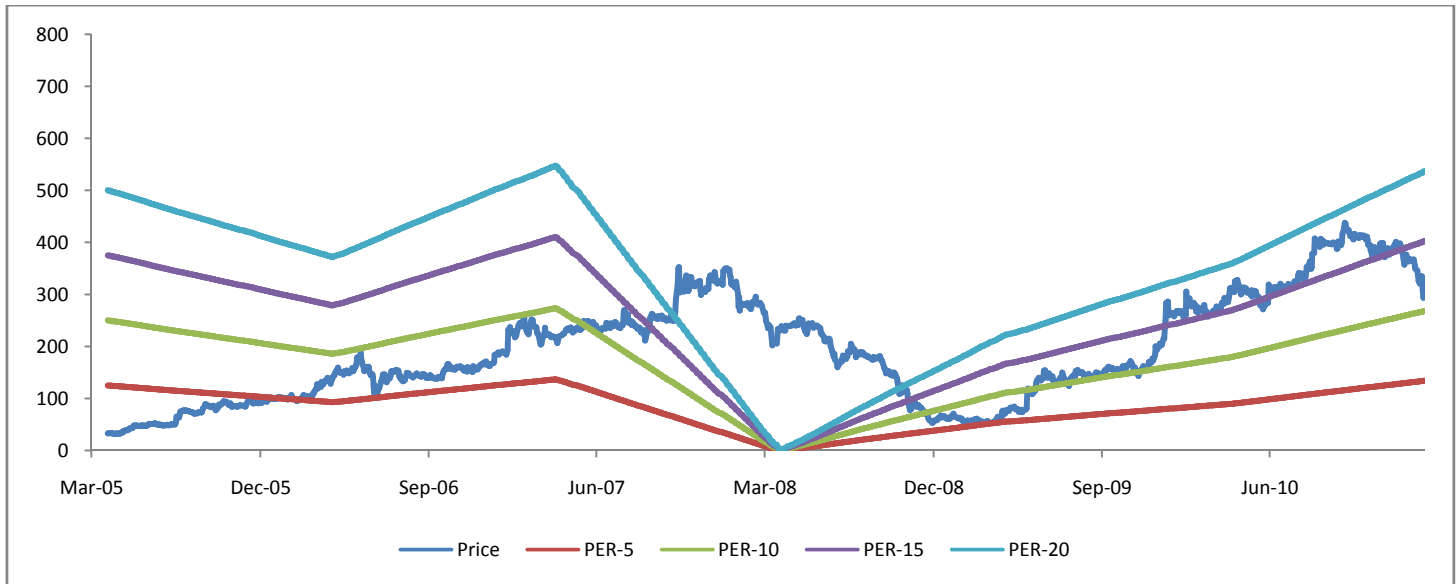
Source: Company, Bloomberg Consensus & Nirmal Bang Research

### Valuation & Recommendation

At CMP of Rs. 347, the stock is trading at a PE of 19.8x in FY11E and 12.7x in FY12E whereas on EV/EBITDA it is trading at 10.5x and 7.5x in FY11E and FY12E respectively. We believe that Havells is well – placed amongst its peers on the given improvement in Sylvania, increased domestic consumption and rising contribution from emerging markets.

**We recommend to “BUY” the stock with a target price of Rs. 450 per share (PE of 16.2x in FY12E), an upside of 27% for a long term view.** Our target price is based on 16.2x FY12E P/E.

**Forward PE Band**



Source: Company & Nirmal Bang Research

**Risks & Concern**

- ✍ Our assumption on Sylvania is based on flat growth in Europe and significant growth in Latin America and Asia. Any slowdown or negative growth in these regions will impact our estimates.
- ✍ Any adverse increase in costs of key raw materials like copper and aluminum or price cuts due to stiff competition may also affect earnings.
- ✍ Entry of new global players like Schneider, etc will increase a competitive intensity. Any sharp decline in market share due to rise in competition or increase in advertisement expenses could adversely affect earnings.
- ✍ Any slowdown in economy may cause de-growth in real estate sector. That may impact business growth of Havells and our earnings estimates.
- ✍ Adverse movements of foreign exchange will impact our margins estimates as Havells has increased the outsourcing of Sylvania from low cost manufacturing units from India and China. The depreciation of euro against these currencies will impact our earnings estimates.

### Company Background

Havells India Ltd. is a billion-dollar-plus organization, and is one of the largest & India's fastest growing electrical and power distribution equipment manufacturer with products ranging from Industrial & Domestic Circuit Protection Switchgear, Cables & Wires, Motors, Fans, Power Capacitors, CFL Lamps, Luminaires for Domestic, Commercial & Industrial applications.

Havells owns some of the prestigious global brands like Crabtree, Sylvania, Concord, Luminance, Linolite, & SLI Lighting.

With 91 branches / representative offices and over 8000 professionals in over 50 countries across the globe, the group has achieved rapid success in the past few years. Its 11 state-of-the-art manufacturing plants in India located at Haridwar, Baddi, Noida, Sahibabad, Faridabad, Alwar, Neemrana, and 8 state-of-the-art manufacturing plants located across Europe, Latin America & Africa churn out globally acclaimed products.

### Key Management

**Qimat Rai Gupta:** He is the Chairman of the group. Before he founded the company, he was a trader and distributor of electrical goods. Mr. Gupta has also served as a President of Federation of All India Electrical and Trade association.

**Anil Gupta:** He is the Joint Managing Director of the company. He is the son of Mr. Qimat Rai Gupta. He is an MBA from Wake Forest University in the United States. He looks after the marketing and brand building of Sylvania.

**Initiating Coverage**
**HAVELLS INDIA LTD.**
**Consolidated Financials**

Consolidated Profitability (Rs. In Cr)	FY09	FY10	FY11E	FY12E	FY13E
<b>Y/E - March</b>					
<b>Revenues - Net</b>	<b>5477.5</b>	<b>5431.5</b>	<b>5665.8</b>	<b>6385.4</b>	<b>7230.0</b>
% change	9.5%	-0.8%	4.3%	12.7%	13.2%
<b>Operating Profit</b>	<b>288.6</b>	<b>322.2</b>	<b>467.2</b>	<b>644.7</b>	<b>770.1</b>
% change in OP	-16.7%	11.7%	45.0%	38.0%	19.4%
<b>EBITDA</b>	<b>288.6</b>	<b>322.2</b>	<b>467.2</b>	<b>644.7</b>	<b>770.1</b>
Interest	125.3	97.9	78.6	77.1	67.0
Other Income	8.61	22.17	36.27	40	40
<b>EBDT</b>	<b>171.9</b>	<b>246.4</b>	<b>424.9</b>	<b>607.6</b>	<b>743.1</b>
Depreciation	90.5	83.7	79.8	88.4	94.4
Extraordinary/Exceptional	-198.6	0.0	10.3	0.0	0.0
<b>PBT</b>	<b>-117.2</b>	<b>162.8</b>	<b>334.7</b>	<b>519.2</b>	<b>648.7</b>
Tax	42.9	93.2	111.4	172.9	216.0
<b>PAT</b>	<b>-160.1</b>	<b>69.6</b>	<b>223.3</b>	<b>346.4</b>	<b>432.7</b>
Share of Profit & loss					
Transferred to minority	0.0	0.0	0.0	0.0	0.0
<b>Adj PAT</b>	<b>38.5</b>	<b>69.6</b>	<b>223.3</b>	<b>346.4</b>	<b>432.7</b>
Shares o/s (No. in Cr.)*	12.5	12.5	12.5	12.5	12.5
<b>EPS</b>	<b>-12.8</b>	<b>5.6</b>	<b>17.9</b>	<b>27.8</b>	<b>34.7</b>
<b>Adj EPS*</b>	<b>3.1</b>	<b>5.6</b>	<b>17.9</b>	<b>27.8</b>	<b>34.7</b>
Cash EPS	-5.6	12.3	24.3	34.8	42.3
DPS (Rs.)	2.5	3.7	2.1	3.3	4.2

Standalone Quarterly (Rs. In Cr)	Dec.09	Mar.10	Jun.10	Sep.10	Dec.10
<b>Revenue</b>	<b>590.81</b>	<b>700.14</b>	<b>717.03</b>	<b>690.23</b>	<b>722.14</b>
<b>EBITDA</b>	<b>80.05</b>	<b>86.67</b>	<b>80.18</b>	<b>83.73</b>	<b>91.36</b>
Interest	1.26	1.64	3.81	1.28	5.20
<b>EBDT</b>	<b>78.79</b>	<b>85.03</b>	<b>76.37</b>	<b>82.45</b>	<b>86.16</b>
Dep	5.85	6.51	6.79	7.22	7.52
Other Inc.	0.07	0.18	0.09	0.86	0.14
Extraordinary	0.00	0.00	0.00	0.72	0.00
<b>PBT</b>	<b>73.01</b>	<b>78.70</b>	<b>69.67</b>	<b>75.37</b>	<b>78.78</b>
Tax	14.08	14.26	16.34	17.52	17.66
<b>PAT</b>	<b>58.93</b>	<b>64.44</b>	<b>53.33</b>	<b>57.85</b>	<b>61.12</b>
EPS (Rs.)	9.80	10.71	8.86	9.27	9.80
Adjusted EPS (Rs.)	4.90	5.36	4.43	4.64	4.90

Operational Ratio	FY09	FY10	FY11E	FY12E	FY13E
EBITDA margin (%)	5.3%	5.9%	8.2%	10.1%	10.7%
Adj.PAT margin (%)	0.7%	1.3%	3.9%	5.4%	6.0%
Adj.PAT Growth (%)	NA	80.9%	220.8%	55.1%	24.9%
Price Earnings (x)	NA	63.5	19.8	12.7	10.2
Book Value (Rs.)	49.2	32.1	50.3	74.8	105.3
ROCE (%)	10.8%	15.8%	25.8%	31.7%	34.4%
RONW (%)	-24.5%	13.7%	43.4%	44.4%	38.5%
Debt Equity Ratio	2.0	2.7	1.9	1.1	0.7
Price / Book Value (x)	7.2	11.0	7.0	4.7	3.4
EV / Sales	1.0	1.0	0.9	0.8	0.7
EV / EBITDA	18.1	15.5	10.5	7.5	6.1

Consolidated Financial Health (Rs. In Cr)	FY09	FY10	FY11E	FY12E	FY13E
Share Capital	30.1	31.2	62.4	62.4	62.4
Equity/Warrant	2.4	0.0	0.0	0.0	0.0
Reserves & Surplus	582.1	369.0	565.5	870.3	1251.2
<b>Net Worth</b>	<b>614.6</b>	<b>400.2</b>	<b>627.9</b>	<b>932.7</b>	<b>1313.5</b>
Minority Interest	0.2	0.2	0.2	0.2	0.2
Total Loans	1227.8	1066.4	1186.4	1016.6	896.6
Net Deferred Tax Assets	-9.7	26.6	26.6	26.6	26.6
<b>Total Liabilities</b>	<b>1832.8</b>	<b>1493.4</b>	<b>1841.1</b>	<b>1976.2</b>	<b>2237.0</b>
<b>Net Fixed Assets</b>	<b>853.4</b>	<b>887.4</b>	<b>957.5</b>	<b>1069.1</b>	<b>1174.8</b>
<b>Investments</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
CWIP	30.8	33.6	43.2	38.3	39.6
Goodwill	357.9	321.2	321.2	321.2	321.2
Inventories	794.7	824.6	933.5	1018.4	1113.1
Sundry Debtors	757.3	698.2	729.4	821.9	930.9
Cash & Bank	247.3	148.1	326.2	271.1	380.5
Loans & Advances	222.1	167.9	185.1	199.2	225.7
C A L&A	2021.5	1838.9	2174.3	2310.6	2650.2
CL & P	1430.8	1587.6	1655.1	1763.1	1948.8
<b>Working Capital</b>	<b>590.7</b>	<b>251.2</b>	<b>519.1</b>	<b>547.6</b>	<b>701.4</b>
<b>Misc Exp</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Assets</b>	<b>1832.8</b>	<b>1493.4</b>	<b>1841.1</b>	<b>1976.2</b>	<b>2237.0</b>

Consolidated Cash Flow (Rs. In Cr)	FY09	FY10	FY11E	FY12E	FY13E
<b>Operating</b>					
Profit Before Tax	-117.2	162.8	334.7	519.2	648.7
Direct Taxes paid	-39.99	-69.87	-111.4	-172.9	-216.0
Depreciation	90.5	83.7	79.8	88.4	94.4
Change in WC	216.8	254.3	-77.9	-73.7	-47.1
Interest Expenses	108.4	87.1	78.6	77.1	67.0
Other Non cash items	-38.6	-226.7	0.0	0.0	0.0
<b>CF from Operation</b>	<b>219.9</b>	<b>291.3</b>	<b>303.8</b>	<b>438.2</b>	<b>547.0</b>
<b>Investment</b>					
Capex	-139.3	-142.8	-140.4	-204.9	-198.7
Other Investment	-23.3	36.7	0.0	0.0	0.0
<b>Total Investment</b>	<b>-162.6</b>	<b>-106.1</b>	<b>-140.4</b>	<b>-204.9</b>	<b>-198.7</b>
<b>Free Cash Flow</b>	<b>57.3</b>	<b>185.2</b>	<b>163.5</b>	<b>233.2</b>	<b>348.4</b>
<b>Financing</b>					
Equity raised/(repaid)	1.1	0.0	0.0	0.0	0.0
Inc/Dec in Reserves	138.6	0.0	0.0	0.0	0.0
Debt raised/(repaid)	-68.4	-176.1	120.0	-169.7	-120.0
Dividend (incl. tax) paid	-14.5	-22.6	-26.8	-41.6	-51.9
Interest Expenses	-108.4	-87.1	-78.6	-77.1	-67.0
Cash Flow from Financing Activities	-51.5	-285.8	14.6	-288.4	-238.9
<b>Net Cash Flow</b>	<b>5.7</b>	<b>-100.6</b>	<b>178.1</b>	<b>-55.2</b>	<b>109.5</b>
Beginning Cash Flow	235.78	241.52	147.12	325.1933	270.0308
Cash as per scheme of arrangement	0	6.18	0	0	0
Add Fixed Deposits	5.81	1.02	1.02	1.02	1.02
<b>Cash as reported in Balance Sheet</b>	<b>247.3</b>	<b>148.1</b>	<b>326.2</b>	<b>271.1</b>	<b>380.5</b>

\*Adjusted to Bonus Share





**NOTE**

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