

Havells India Limited

Q3 2015-16 {DECEMBER 31, 2015}
{Un-Audited Financial Results}

We recommend that readers refer to the Havells India financials to get a better appreciation of the business performance. A copy of the latest quarterly/ yearly Financial Results of Havells India Limited are available on Havells website – <http://www.havells.com>. The results are Limited Reviewed by the Auditors of the Company and approved by the Board of Directors in their meeting held on 27th January 2016.

CIN: L31900DL1983PLC016304

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Quarterly [October-December 2015]

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A.1 Havells standalone financial results

SECTION 1. HAVELLS INDIA (STANDALONE)

Table 1.1: P&L Summary (Havells India) – Quarterly

	Q3 FY15	Q3 FY16	Change (%)	Q2 FY16
In crores of rupees				
Net Revenue – India	1,155.3	1,285.8	11%	1,272.3
Net Revenue – Export	92.1	58.7	(36%)	77.5
Net Revenue - Total	1,247.4	1,344.5	8%	1,349.8
Contribution	280.8	333.8	19%	311.6
<i>as a % of NR</i>	<i>22.5%</i>	<i>24.8%</i>		<i>23.1%</i>
Add: Depreciation	22.9	23.2		22.8
Less: Advertisement and Sales Promotion	32.3	56.1		36.4
<i>as a % of NR</i>	<i>2.6%</i>	<i>4.2%</i>		<i>2.7%</i>
Less: Other SG&A	93.3	119.4		110.4
<i>as a % of NR</i>	<i>7.5%</i>	<i>8.9%</i>		<i>8.2%</i>
EBIDTA	178.1	181.5	2%	187.6
<i>as a % of NR</i>	<i>14.3%</i>	<i>13.5%</i>		<i>13.9%</i>
Depreciation	22.9	23.2		22.8
Interest expense (A)	4.6	1.0		1.4
Foreign exchange (gain)/ loss (B)	2.5	0.9		1.5
Finance Cost (A)+(B)	7.1	1.9		2.9
Foreign Exchange (gain)/ loss	(2.2)	(1.6)		1.3
Interest Income (C)	7.0	14.1		7.8
Others (D)	1.8	(0.9)		1.8
Add: Other Income (C)+(D)	8.8	13.2		9.6
Profit before tax	159.1	171.2	8%	170.2
<i>as a % of NR</i>	<i>12.7%</i>	<i>12.7%</i>		<i>12.6%</i>
Tax	42.9	50.4		49.5
Net Profit	116.2	120.8	4%	120.7
<i>as a % of NR</i>	<i>9.3%</i>	<i>9.0%</i>		<i>8.9%</i>

Results Summary

- Double digit growth registered in domestic business in Q3FY16. Drop in commodity prices offsets higher volume growth.
- Improvement in contribution margins due to cost efficiency measures, better price management and policy discipline. Stable EBIDTA margins of 13.4% in 9MFY16 as compared to 13.4% in 9MFY15, cyclical effect in Advertisement and Sales Promotion in current quarter.
- Decline in exports in key categories i.e. Sylvania and in Africa. Sharp currency devaluation in Africa impacted growth of export in these countries. Efforts are in place to become more competitive and to look out for newer geographies as alternative markets.
- Havells continue to invest on brand and team build in order to expand its brand visibility and reach to tier II and III cities town.

Table 1.2: Segment wise Revenue analysis (Havells India) –Quarterly

In crores of rupees	Q3 FY15	Q3 FY16	Growth (%)	Growth in domestic market	Q2 FY16
Switchgears	327.5	327.6	-	7%	334.3
Cable	495.1	522.7	6%	6%	563.2
Lighting & Fixtures	194.0	210.7	9%	17%	196.5
Electrical Cons. Durables	230.8	283.5	23%	23%	255.8
Total	1,247.4	1,344.5	8%	11%	1,349.8

- Improved growth is visible in domestic business across all the segments.
- Switchgears witnessed 7% growth in domestic market whereas (37%) drop in exports.
- Industrial cable registered volume growth of 29% in Q3FY16 as compared to Q3FY15. Domestic cable shows the similar trend with volume growth of 9%.
- LED lighting continue to grow faster even on the new base, grew by 100% during current quarter. 50% of the lighting division now constitutes LED lights and fixtures. Export division in lighting segment registered 47% drop in Q3FY16 as compared to Q3FY15.
- Strong growth in electrical consumer durables across all its divisions.

Table 1.3: Segment wise contribution margin analysis (Havells India) – Quarterly

	Q3FY15			Q3FY16		
	Revenue Mix %	Contribution	Contribution Margins %	Revenue Mix %	Contribution	Contribution Margins %
Switchgears	26%	112.5	34.3%	24%	131.5	40.1%
Cable	40%	58.4	11.8%	39%	74.5	14.3%
Lighting & Fixtures	16%	53.5	27.6%	16%	54.9	26.1%
Electrical Cons. Durables	18%	56.4	24.4%	21%	72.9	25.7%
Total	100%	280.8	22.5%	100%	333.8	24.8%

Contribution by Segment

- Contribution margins are derived after deducting material cost, manufacturing variables, direct selling variables and depreciation from the net revenue.
- Cost rationalization and policy discipline improved margins in switchgears, without customer claim liability switchgear margins would be 35.9% in Q3FY15.
- Cost efficiency measures, better price management and benefit of drop in commodity prices led margin improvement in cable.

Table 1.4: P&L Summary (Havells India) – Nine months

	9M FY15	9M FY16	Change (%)
In crores of rupees			
Net Revenue-India	3,624.6	3,761.0	4%
Net Revenue-Export	264.8	200.4	(24%)
Net Revenue-Total	3,889.4	3,961.4	2%
Contribution	869.9	939.3	8%
as a % of NR	22.4%	23.7%	
Add: Depreciation	66.2	68.5	
Less: Advertisement and Sales Promotion	126.5	140.1	
as a % of NR	3.3%	3.5%	
Less: Other SG&A	290.1	338.0	
as a % of NR	7.5%	8.5%	
EBIDTA	519.5	529.7	2%
as a % of NR	13.4%	13.4%	
Depreciation	66.2	68.5	
Interest expense (A)	11.3	3.9	
Foreign exchange (gain)/ loss (B)	5.1	3.9	

Finance Cost (A)+(B)	16.4	7.8	
Foreign Exchange (gain)/ loss	(6.3)	2.0	
Interest Income (C)	26.3	34.8	
Others (D)	5.5	4.8	
Add: Other Income (C)+(D)	31.8	39.6	
Profit before tax	475.0	491.0	3%
<i>as a % of NR</i>	<i>12.2%</i>	<i>12.4%</i>	
Tax	131.9	142.1	
Net Profit	343.1	348.9	2%
<i>as a % of NR</i>	<i>8.8%</i>	<i>8.8%</i>	

Results Summary

- Better growth in domestic business. Decrease in commodity prices and fall in conventional lighting sales impacted revenue growth in 9MFY16.
- Continued focus on profitability and margins.

Table 1.5: Segment wise Revenue analysis (Havells India) – Nine months

In crores of rupees	9M FY15	9M FY16	Growth (%)	Growth in domestic market
Switchgears	973.5	958.9	(2%)	2%
Cable	1,621.4	1,599.1	(1%)	0%
Lighting & Fixtures	553.0	569.7	3%	7%
Electrical Cons. Durables	741.5	833.7	12%	13%
Total	3,889.4	3,961.4	2%	4%

- Growth in domestic market across all divisions. Volume growth in cable segment offset by drop in commodity prices. Lighting segment continue to show shift towards LED as compared to conventional technology lighting.

Table 1.6: Segment wise contribution margin analysis (Havells India) – Nine months

	9MFY15			9MFY16		
	Revenue Mix %	Contribution	Contribution Margins %	Revenue Mix %	Contribution	Contribution Margins %
Switchgears	25%	348.4	35.8%	24%	376.4	39.3%
Cable	42%	188.1	11.6%	40%	225.1	14.1%
Lighting & Fixtures	14%	148.6	26.9%	15%	136.3	23.9%
Electrical Cons. Durables	19%	184.8	24.9%	21%	201.5	24.2%
Total	100%	869.9	22.4%	100%	939.3	23.7%

Contribution by Segment

- Contribution margins are derived after deducting material cost, manufacturing variables, direct selling variables and depreciation from the net revenue.
- Without customer claim liability, contribution margins for 9MFY15 would have been 36.8% in switchgear division.

Table 1.7: Balance Sheet highlights (Havells India standalone)

	As at Dec 14 <i>Un Audited</i>	As at Dec 15 <i>Un Audited</i>
In crores of rupees		
Shareholders' Fund		
Share Capital	62.4	62.5
Reserves and Surplus	2,417.0	2,666.2
	2,479.4	2,728.7
Loan Funds		
Term loans	95.0	55.3
Deferred Tax Liability	44.6	70.0
Other Non-current Liabilities	6.5	10.1
Current Liabilities		
Short term borrowings	11.6	-
Trade Payables	364.7	441.4
Others	531.2	521.8
Total	3,533.0	3,827.3
Fixed Assets	988.2	1,055.1
Investments	935.9	1,041.0
Investment in bonds	-	150.0
Other non-current assets	38.3	53.2
Current Assets		
Inventories	803.2	764.4
Trade receivables	147.8	133.8
Cash & Bank balance	545.8	568.3
Others	73.8	61.5
Total	3,533.0	3,827.3

Summary

- During 9MFY16, Rs 29.1 crores was invested in Promptec Renewable Energy Solution Private Limited for acquiring 51% stake.

Table 1.8: Cash flow highlights (Havells India)

In crores of rupees	YTD Dec 14	YTD Dec 15
Profit before tax	475.0	491.0
Unrealised foreign exchange (gain)/loss(net)	2.9	1.6
Other Adjustments	50.7	42.4
Operating Profit before working capital changes	528.6	535.0
Movement in working capital		
(Increase)/Decrease in trade receivables	(10.3)	(3.7)
(Increase)/Decrease in inventories	(120.5)	(74.7)
Increase/(Decrease) in trade payables	(76.0)	47.9
Others	107.6	2.2
Cash generated from/(used) in operations	429.4	506.7
Direct taxes paid(net of refunds)	(110.7)	(96.1)
Net cash flow from/(used)in Operating Activities(A)	318.7	410.6
Cash Flow from Investing Activities		
Capital Expenditure	(122.0)	(118.9)
Investment in shares of subsidiary companies	(53.4)	(29.3)
Others	18.8	13.9
Net Cash flow from/(used)in investing Activities (B)	(156.6)	(134.3)
Cash Flow from Financing Activities		
(Repayment)/Proceeds of borrowing	(93.8)	(32.1)
Dividend payout	(146.0)	(225.5)
Interest expenses	(13.5)	(2.5)
Others	9.9	4.1
Net cash flow from/(used)in Financing Activities(C)	(243.4)	(256.0)
Net increase/decrease in cash & cash equivalents (A+B+C)	(81.3)	20.3
Opening Cash(Including fixed deposit in banks)	626.1	697.3
Investment in bonds	-	(150.0)
Others	1.0	0.7
Closing Cash	545.8	568.3

Table 1.9: Total Net Debt (Havells India Standalone)

In crores of rupees	31 Dec 2014	31 Dec 2015
1. Short Term	11.6	-
2. Term loan	95.0	55.3
Total debt	106.6	55.3
Less: Cash	545.8	568.3
Total Net debt	(439.2)	(513.0)

- Term loan includes External Commercial Borrowing of USD 20 million from HSBC bank (Mauritius) Limited repayable in 12 equal quarterly repayment of USD 16,66,667 started from April 2014.
- As on 31st December 2015, the total outstanding principal amount was USD 8.3 million.

Table 1.10: Financial Ratios (Havells Standalone)

Financial Ratios	Q3FY15	Q3FY16
Profitability		
OPM (%) {EBIDTA/NR}	14.3%	13.5%
PAT % {PAT/NR}	9.3%	9.0%
ROCE % {EBITDA TTM/ Average CE}	29.0%	28.1%
RONW % {PAT TTM/ Average NW}	20.4%	18.1%
Liquidity Ratio		
Current Ratio {CA/CL}	1.7	1.5
Debtors days {Debtors /NR TTM}	10	9
Inventory days {Inventories /NR TTM}	56	52
Creditors days {TC/COGS TTM}	42	51
Net Working Capital - days	24	10
Debt/Total Equity	-	-

SECTION 2. SYLVANIA DISINVESTMENT

During the quarter, the process of 80% stake sale for Sylvania was completed and the consideration has been received. The equity value of 100% stake is Euro 186 million (~INR 1,357 crores), which is more than the cumulative investment of INR 981 crores.

The disinvestment is in the interest of all stakeholders as it will release capital and reduce uncertainty and earnings volatility for consolidated financials. Sylvania had been marginally contributing to the consolidated profit of the company. The sale will bring in improvement in Capital Return ratios, going forward.

Havells Holdings Limited, Isle of Man, wholly owned subsidiary of the company will retain its stake in subsidiaries based in USA, Brazil, Chile and Thailand.

Table 2.1 Detail of sales consideration for 80% stake of Sylvania Global (in million euro)

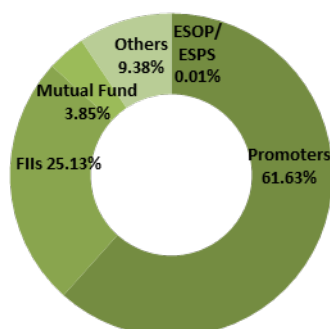
S. No.	Particulars	Sales consideration	Profit (without indexation)
1.	Havells Holdings Limited, Isle of Man for its 80% stake sale in Havells Malta Limited, Malta (excluding its subsidiaries based in United States, Brazil, Chile and Thailand)	€ 138.40	€ 10.00*
2.	Havells India Limited for its 80% stake sale in Havells Exim Limited, Hong Kong	€ 10.40	€ 10.40
Total		€148.80	€20.40

*The profit is calculated after considering impairment in the businesses of Brazil, Thailand, Chile and USA.

SECTION 3. SHAREHOLDING RELATED INFORMATION

Table 3.1: Shareholding Pattern

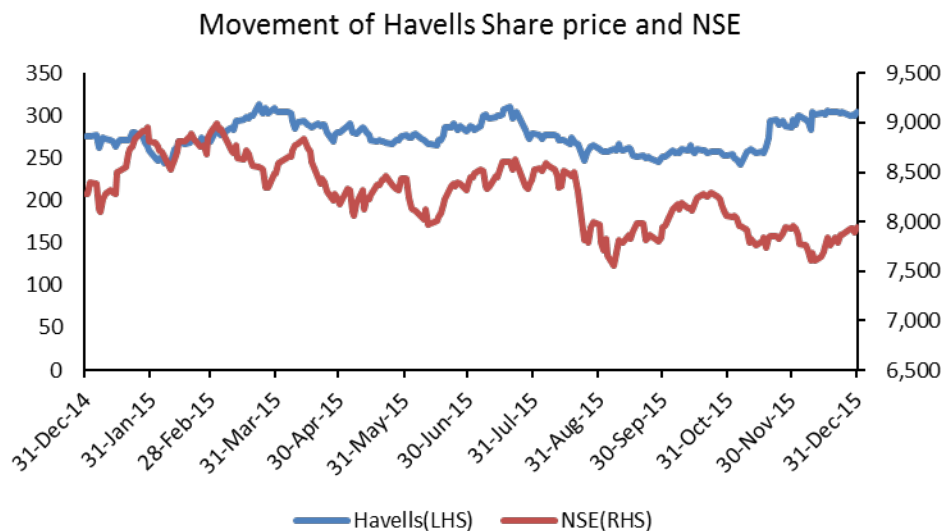
Shareholding Pattern as on 31.12.15



- Havells, announced dividend of Rs 3 per equity share resulting in 48% dividend payout of standalone profit.

3.2: Stock Price Performance

The graph below depicts the Havells stock price performance vis-à-vis NSE during Dec 14- Dec 15.



DISCLOSURE OF INFORMATION, COMMUNICATION WITH INVESTORS / ANALYSTS / FINANCIAL COMMUNITY

Havells will be issuing fresh information Update, like the one you are reading now; on the day it declares its Quarterly/ Half Yearly Financial Results. Some forward looking statements on projections, estimates, expectations, outlook etc. are included in such updates to help investors / analysts get a better comprehension of the Company's prospects and make informed investment decisions. Actual results may, however, differ materially from those stated on account of factors such as changes in government regulations, tax regimes, economic developments within India and the countries within which the Company conducts its business, exchange rate and interest rate movements, impact of competing products and their pricing, product demand and supply constraints. The information contained in such updates is made public and does not therefore constitute unpublished price sensitive information under the SEBI (Prohibition of Insider Trading) Regulations, 1992. For further information / clarification, you may contact Mr. Sushil Singhal, GM (Investor Relations) at Havells India Limited, QRG Towers, 2D Sector 126, Expressway, Noida UP (India), Tel: +91-120-4771000 Fax no.: +91-120-4772000; **E-mail : ir@havells.com**.

HAVELLS INDIA LIMITED

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**UNAUDITED STANDALONE FINANCIAL RESULTS
 FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2015**

(Rs.in Crores)

S.N.	Particulars	Quarter Ended			Year to Date		Year ended
		31-Dec-15	30-Sep-15	31-Dec-14	31-Dec-15	31-Dec-14	31-Mar-15
		(Unaudited)			(Unaudited)		(Audited)
1	Income from operations						
	a) Net Sales/Income from Operations (Net of excise duty)	1334.67	1339.01	1236.22	3931.78	3856.39	5196.08
	b) Other Operating Income	9.81	10.81	11.22	29.66	33.01	42.61
	Total income from operations (net)	1344.48	1349.82	1247.44	3961.44	3889.40	5238.69
2	Expenditure						
	a) Cost of materials consumed	645.91	713.15	615.88	2093.46	2133.88	2784.51
	b) Purchases of stock-in trade	120.72	115.17	96.09	300.12	318.61	399.20
	c) Change in inventories of finished goods, work-in-progress and stock-in-trade	9.86	(31.36)	40.29	(78.89)	(100.34)	(5.29)
	(A) Total material cost (a+b+c)	776.49	796.96	752.26	2314.69	2352.15	3178.42
	d) Employee benefits expense	97.44	89.13	80.76	274.49	232.46	312.72
	e) Depreciation and amortisation expense	23.19	22.86	22.95	68.50	66.22	87.51
	f) Foreign Exchange Fluctuation loss/(gain)	(1.65)	1.27	(2.20)	1.94	(6.25)	(7.95)
	g) Advertisement and sales promotion	56.14	36.43	32.34	140.08	126.55	154.99
	h) Other expenses	232.94	239.68	203.98	702.50	658.76	893.44
	(B) Total other cost (d to h)	408.06	389.37	337.83	1187.51	1077.74	1440.71
	Total expenses (A+B)	1184.55	1186.33	1090.09	3502.20	3429.89	4619.13
3	Profit from operations before other Income, finance costs and exceptional items (1- 2)	159.93	163.49	157.35	459.24	459.51	619.56
4	Other Income	13.20	9.59	8.85	39.61	31.84	44.26
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	173.13	173.08	166.20	498.85	491.35	663.82
6	Finance Costs	1.90	2.92	7.15	7.83	16.37	17.57
7	Profit from ordinary activities after finance costs but before exceptional items (5-6)	171.23	170.16	159.05	491.02	474.98	646.25
8	Exceptional items	-	-	-	-	-	-
9	Profit from ordinary Activities before tax (7+8)	171.23	170.16	159.05	491.02	474.98	646.25
10	Tax expenses	50.46	49.44	42.84	142.16	131.89	181.31
11	Net Profit from ordinary activities after tax (9-10)	120.77	120.72	116.21	348.86	343.09	464.94
12	Extraordinary Items (net of tax expenses)	-	-	-	-	-	-
13	Net Profit for the period (11+12)	120.77	120.72	116.21	348.86	343.09	464.94
15	Paid up Equity Share Capital (Face value of Rs.1/- each)	62.46	62.46	62.44	62.46	62.44	62.44
16	Reserves excluding revaluation reserves as per balance sheet of previous year	-	-	-	-	-	2,313.35
17	Earnings per share (EPS) before extraordinary items (of Re.1/-each) (not annualised) :						
	a) Basic and Diluted	1.94	1.93	1.86	5.59	5.50	7.45
	Earnings per share (EPS) after extraordinary items (of Re.1/-each) (not annualised) :						
	a) Basic and Diluted	1.94	1.93	1.86	5.59	5.50	7.45

Notes :

- The Board of Directors of the Company in their meeting held on December 10, 2015 has approved divestment plan upto 100% in its subsidiaries/ step down subsidiaries, which is approved by the shareholders of the Company through postal ballot on January 18, 2016, consequently subsequent to the quarter end following events happened:
 - The Company's wholly owned subsidiary 'Havells Holdings Limited' completed sale of shares with respect to 80% of its stake in 'Havells Malta Limited' (excluding its subsidiaries based in United States, Brazil, Chile and Thailand) to INESA UK Limited, an affiliate of Shanghai Feilo Acoustics Co. Limited, a China based listed company at an agreed consideration of 138.40 million Euro (equivalent to Rs. 1009.63 crores) subject to terms and conditions of shareholders' agreement.
 - The Company has completed sale of shares with respect to 80% of its stake in its another wholly owned subsidiary 'Havells Exim Limited' to Shanghai Feilo Investment Co. Ltd, an affiliate of Shanghai Feilo Acoustics Co. Limited, a China based listed company at an agreed consideration of 10.40 million Euro (equivalent to Rs. 75.87 crores) subject to terms and conditions of shareholders' agreement.
 Since the shareholders of the Company has approved the divestment plan subsequent to the quarter end, the accounting of the aforesaid transaction will be done in the
- Tax expense includes current tax, deferred tax and MAT credit.
- Figures for the previous periods have been regrouped and reclassified to conform to the classification of the current period, where necessary.
- The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on January 27, 2016 . The statutory auditors of the Company have conducted limited review of these financial results.

For and on behalf of the Board
 Havells India Limited

(Anil Rai Gupta)
 Chairman & Managing Director

Noida, 27th January, 2016

HAVELLS INDIA LIMITED

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CIN: L31900DL1983PLC016304

SEGMENTWISE REVENUE, RESULTS AND CAPITAL EMPLOYED

(Rs.in Crores)

S.N.	Particulars	Quarter Ended			Year to Date		Year ended
		31-Dec-15	30-Sep-15	31-Dec-14	31-Dec-15	31-Dec-14	31-Mar-15
		(Unaudited)			(Unaudited)		(Audited)
1	Net Segment Revenue						
	a) Switchgears	327.60	334.34	327.49	958.86	973.48	1279.02
	b) Cable	522.71	563.19	495.14	1599.07	1621.38	2190.42
	c) Lighting & Fixtures	210.74	196.52	193.99	569.79	552.97	740.95
	d) Electrical Consumer Durables	283.43	255.77	230.82	833.72	741.57	1028.30
	Total	1344.48	1349.82	1247.44	3961.44	3889.40	5238.69
	Less : Inter Segment Revenue	-	-	-	-	-	-
	Sales/ Income from Operations	1344.48	1349.82	1247.44	3961.44	3889.40	5238.69
2	Segment Results						
	(Profit+)/ Loss(-) before Tax and Interest from each Segment						
	a) Switchgears	131.49	131.86	112.46	376.42	348.42	439.02
	b) Cable	74.50	77.60	58.45	225.13	188.14	265.69
	c) Lighting & Fixtures	54.87	46.73	53.45	136.26	148.54	196.86
	d) Electrical Consumer Durables	72.92	55.47	56.42	201.50	184.79	257.95
	Total	333.78	311.66	280.78	939.31	869.89	1159.52
	Less : (i) Finance cost	1.90	2.92	7.15	7.83	16.37	17.57
	(ii) Other un-allocable expenses net of un-allocable income	160.65	138.58	114.58	440.46	378.54	495.70
	Total Profit before Tax	171.23	170.16	159.05	491.02	474.98	646.25
3	Capital Employed						
	(Segment Assets - Segment Liabilities)						
	a) Switchgears	345.76	347.71	309.26	345.76	309.26	276.28
	b) Cable	386.08	412.38	383.98	386.08	383.98	291.75
	c) Lighting & Fixtures	242.03	256.71	246.21	242.03	246.21	227.36
	d) Electrical Consumer Durables	202.36	229.83	253.29	202.36	253.29	236.99
		1176.23	1246.63	1192.74	1176.23	1192.74	1032.38
	e) Others-Unallocable	1552.51	1361.34	1286.68	1552.51	1286.68	1343.41
	Total	2728.74	2607.97	2479.42	2728.74	2479.42	2375.79