GOLDMINE STOCKS PVT. LTD

Research Division

Member: National Stock Exchange of India Ltd,
Bombay Stock Exchange Ltd.

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PHOENIX LAMPS LTD [14/06/2014]

	Rs.Cr.
Equity	28.02
Reserves	74.65
Acc.Dep	90.00
Debt	67.00
FV	10.00
Exp.NP	47.01
Cash Pr.	64.00
EPS	16.78
CEPS	22.84
Debt:Equi	0.65
Book Value	53.42
Cash Book Value	91.60
M.Price	158.00
M.Cap	442.72
P/E	9.42
Dividend Expected	16.00
Dividend Yield (%)	10.13
Total Worth	192.67
Sales	568.00

Shareholding Pattern

Promoters	70.96
FII	3.26
Institutions	0.00
Corp.Bodies	4.55
Public	21.23

Background: Formerly the company was known as Halonix Lamps. The company was started in 1991 as Halonix Lamps as a JV between India and Japan. The management changed hands in 2007, when Actis took over the management. Since then we are seeing a rise in business activity. Loss making division has been sold off. The company is one of the leaders in manufacturing of automotive lamps. The company exports to around 75 countries across the globe spanning all continents. The export activity is likely to pick up in the coming years. Once the company has foreign management, things become easier in US and other European markets.

The company manufactures dual filament lamps like H4 and HS1. H4 is used for four wheelers and commercial vehicles. HS1 is used for two wheelers. H1 and H7 are combination lamps with two separate individual filaments. H3 is a fog lamp. H8/H9/H11 are single filament lamps. 9000 series is for exports to US. H13 is a special lamp for reducing glare for oncoming drivers.

Future Growth Triggers: The company has last year sold off its loss making division and is now only into highly specialised profitable business. The management has changed hands and we can see that from the total Rs 16 dividend paid in 2013-2014. Rs 10 is a special dividend from the revenues that came from selling off the division. The dividend policy suggests shareholder friendliness and management approach.

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The company could enter new segments like street lightening etc in near future, which could be a good business as rural and urban development gathers momentum. The profitability from the existing division will be better next year as the loss making division has been sold off. The company has a good export base and we could see huge scale up on that front as well.

Risks: Risks would arise from any slowdown in domestic auto demand and also from rupee appreciation. Also risks could emanate if new products fail in the market place.

Technicals and Comments: The stock is above all its moving averages and is looking good. The stock has run up from Rs 80-85 to Rs 165 recently. We feel that some sort of correction to around Rs 130-135 could be an ideal buy situation. The stock is currently trading at a P/E of about 10, if one excludes the one time extraordinary income. The dividend yield could be about 4% at the current levels, if one excludes the one time special dividend of Rs 10. The stock could be bought at current levels and at declines in small quantities with a price target of Rs 210-220 in one and a half year's time.

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