

# HAVELLS – An Information Update

Q4 2007-08 {March 31, 2008}  
{Audited Financial Results}

We recommend that readers refer to the Havell's 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 Audited by Auditors of the Company and adopted by the Board of Directors in their meeting held on May 22, 2008.

## HAVELLS Net revenue crosses INR 50 billion

- The maiden International Acquisition of Sylvania has taken Havells into US\$ 1 billion club, with Consolidated Net Revenue for the financial year 2007-08 reaching Rs.50,022 mn (\$1.25 bn).  $1\text{ US\$} = \text{INR } 40$
- Indian business grown by 33% to Rs. 20,549 mn. International business grown by 7.6% with Net Revenue of Rs. 29,473 mn in FY08.
- Strong Brand positioning with more Media Advertising.
- Consolidated Profit Before Tax close to INR 2 billion amounting to Rs. 1,987 mn for the financial year 2007-08.
- Consolidated Net Profit amounted to Rs. 1,610 mn for the financial year 2007-08.

## Highlights in the fourth quarter

Q4 FY08 is the 20<sup>th</sup> consecutive Quarter of growth in Revenue. Havells has continued to succeed in its endeavor of sustained profitable growth.

<b>Net Revenue</b> in millions of rupees	<b>Q4 FY 07</b>	<b>Q4 FY 08</b>
Net Revenue (NR)	4,403	5,481
<b>EBIDTA</b> as a % of NR	415 9.4%	567 10.3%
Depreciation	30	39
Interest	47	67
Profit before tax	338	461
as a % of NR	7.7%	8.4%
Tax	44	69
<b>Net Profit</b> as a % of NR	294 6.7%	392 7.2%

## HAVELLS INDIA LIMITED (stand alone)

### Net revenue

- 24% increase in Net Revenue to Rs. 5,481 mn over the corresponding Q4 FY07 of Rs. 4,403 mn
- 37% increase in EBIDTA improving by 90 bps at 10.3% amounting to Rs. 567 mn compared with Rs. 415 mn of Q4 FY07.
- 36% increase in Profit before Tax improving by 70 bps at 8.4% amounting to Rs. 461 mn as compare to Rs. 338 mn in Q4 FY07.
- 33% increase in Profit After Tax improving by 50 bps at 7.2% amounting to Rs. 392 mn as compare to Rs. 294 mn in Q4 FY07.

## Net Revenue by Segment

In millions of rupees

	Q4 FY07	Q4 FY08	Growth
Switchgears	1,133	1,306	15%
Cable & Wire	1,979	2,542	28%
Lighting & Fixture	612	758	24%
Electrical Cons. Durables	539	739	37%
Others	166	211	27%
<b>Total</b> (including other income)	<b>4,429</b>	<b>5,556</b>	<b>25%</b>

## Net Revenue by segment

- 15% y-o-y growth in Switchgear segment with Net Revenue of Rs. 1,306 mn in Q4 FY08.
- 28% growth in Cable & Wire with revenue of Rs. 2,542 mn in Q4 FY08.
- 24% increase in Lighting & Fixtures segment to Rs. 758 mn in Q4 FY08 as compare to Rs. 612 in Q4 FY07.
- 37% growth in Electrical Consumer Durables with revenue of Rs. 739 mn in Q4 FY08.

## SYLVANIA (stand alone)

Q4 FY08 shows improving profit with savings in interest cost after the repayment of € 50 mn loan. The Sylvania results include the financials of all the overseas wholly owned subsidiaries of Havells India Limited.

## Net Revenue

In millions of rupees

	Q4 FY08
Net Revenue (NR)	8,276
EBIDTA	374
as a % of NR	4.5%
Depreciaton	138
Interest	153
Profit before tax	83
as a % of NR	1.0%
Tax	6
Net Profit	77
as a % of NR	0.9%

## Highlights in the quarter

### Net revenue

- Net Revenue reached to Rs. 8,276 mn in Q4 FY08.
- EBIDTA stood at Rs. 374 mn in Q4 FY08.
- Profit before Tax amounted to Rs. 83 mn with the savings in interest cost.
- Profit after Tax for the Q4 FY08 stood at Rs. 77 mn.

## HAVELLS INDIA LIMITED (consolidated)

## Net Revenue consolidated Q4 FY08

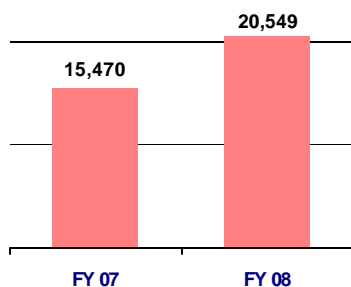
in millions of rupees

	Havells	Sylvania	Consol.
Net Revenue	5,481	8,276	13,757
EBIDTA	567	374	941
as a % of NR	10.3%	4.5%	6.8%
Depreciation	39	138	177
Interest	67	153	220
Profit before tax	461	83	544
as a % of NR	8.4%	1.0%	3.9%
Tax	69	6	75
Net Profit	392	77	469
as a % of NR	7.2%	0.9%	3.3%

## Net Revenue on consolidate basis

- Consolidated Net revenue for the 4<sup>th</sup> quarter amounts to Rs. 13,757 mn.
- EBIDTA for the quarter stood at Rs. 941 mn with 40% contribution coming from Sylvania.
- Profit before Tax amounted to Rs. 544 mn for Q4 FY08.
- Profit after Tax amounts Rs. 469 mn in Q4 FY08.

## Full-year highlights



## HAVELLS INDIA LIMITED (stand alone)

### Net revenue

- Strong 33% growth in Net Revenue to Rs. 20,549 mn in FY08 as compare to Rs. 15,470 mn in FY07.

### Net Revenue by segment

- 34% y-o-y growth in Switchgear segment with a net revenue of Rs. 5,426 mn.
- 36% y-o-y growth in Cable & Wire segment with a net revenue of Rs. 9,241 mn.
- 23% y-o-y growth in Lighting & Fixtures segment with a net revenue of Rs. 2,844 mn.
- 42% y-o-y growth in Electrical Consumer Durables segment with a net revenue of Rs. 2,400 mn.

### Net Revenue by Segment

in millions of rupees	FY07	FY08	Growth
Switchgears	4,060	5,426	34%
Cable & Wire	6,805	9,241	36%
Lighting & Fixture	2,312	2,844	23%
Electrical Cons. Durables	1,687	2,400	42%
Others	662	783	
<b>Total</b> (including other income)	<b>15,526</b>	<b>20,694</b>	<b>33%</b>

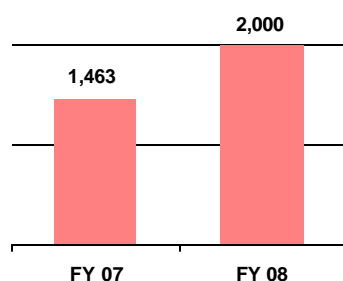
### Net Revenue by region in %

in millions of rupees	FY07	FY08
North India	33%	31%
East India	15%	15%
Western India	16%	17%
Southern India	28%	30%
Government	1%	1%
Export Sales	7%	6%
<b>Total</b>	<b>100%</b>	<b>100%</b>

### Net Revenue by region

- Consistent growth in all regions.
- The contribution from western and southern region improves in the total sales.

## Full-year highlights



in millions of rupees	FY07	FY08
EBIDTA	1,463	2,000
as % to NR	9.5%	9.7%
Depreciation	97	131
Interest	161	206
Profit before Tax	1,205	1,663
as % to NR	7.8%	8.1%
Tax	184	228
as % to PBT	15%	14%
Net Profit	1,021	1,435
as % to NR	6.6%	7.0%

## HAVELLS INDIA LIMITED (stand alone)

### Earnings

- Improving EBIDTA margins, 9.7% up in FY08 from 9.4% in FY07.
- 37% growth over last year from Rs. 1,463 mn in FY07 to Rs. 2,000 mn in FY08.
- 38% growth was registered in Profit before Tax at Rs.1,663 mn in FY08 as compare to Rs. 1,205 mn in FY07.
- With a further reduction in tax rates in FY08 as compare to FY07 the Profit after Tax grew by 41% from Rs. 1,021 mn to Rs. 1,435 mn.

### Segment Results as % to NR

in millions of rupees	FY07	FY08
Switchgears	31.5%	32.8%
Cable & Wire	13.3%	10.4%
Lighting & Fixture	10.9%	13.2%
Electrical Cons. Durables	14.9%	21.5%
Others		
<b>Total</b>	<b>17.4%</b>	<b>17.9%</b>

### Earnings by sector

- 50 bps improvement in Contribution margins in FY08 as compare to FY07.
- Switchgear margins improved to 32.8%. as compare to 31.5%.
- Cable & Wire shows a decline in terms of Contribution margins by 290 bps. The increased raw material cost is the main reason for such decline.
- 230 bps improvement in lighting & Fixtures in FY08 over FY07.
- Maximum improvement of 660 bps in Electrical Consumer Durable reaching to 21.5% as compare to 14.9%. The increased market reach and economy of scale is reaping benefits in terms of improved margins.

## Full-year highlights

### HAVELLS INDIA LIMITED (stand alone)

in millions of rupees	FY07	FY08
Net Revenue	15,472	20,549
Raw Material	9,587	12,649
as % to NR	62.0%	63.8%
Staff Cost	515	721
as % to NR	3.3%	3.5%
Advertisement & Sales Promotion	315	535
as % to NR	2.0%	2.6%
Other Expenses	3,646	4,789
as % to NR	23.6%	23.3%
Add: Other income	54	145
as % to NR	0.4%	0.7%
<b>EBIDTA</b>	<b>1,463</b>	<b>2,000</b>
as % to NR	9.5%	9.7%

Financial Ratios	FY07	FY08
<b>Profitability Ratios</b>		
OPM (%) (EBIT/NR)	8.8	9.1
PAT % (PAT/NR)	6.6	7.0
ROCE % (EBITDA/TCE)	44.3	27.9
RONW % (PAT/NW)	39.0	21.5
<b>Liquidity Ratios</b>		
Current Ratio (CA/(CL+WCL))	1.3	1.3
Debtors days (Debtors/TR)	7	11
Inventory days (Inventories/NR)	57	76
Creditors days (TCCOGS)	61	89
<b>Leverage Ratios</b>		
Debt/Total Equity	0.2	0.1

### Direct cost and other operating expenses

- Raw material cost increased by 180 bps.
- Staff Cost includes Rs. 11 mn In FY08 denoting a special bonus to employees on completing 50 years of QRG Enterprises and 25 years of Havells India Ltd.
- Advertisement and Sales Promotion Expenses grew due to increased focus on media advertisement. Havells will further increase its media spends this year also as it seeks to become a Brand driven organisation.
- Other Income includes a one time Profit of Rs. 24 mn on sale of Fixed Assets in FY08.

### Key Ratios

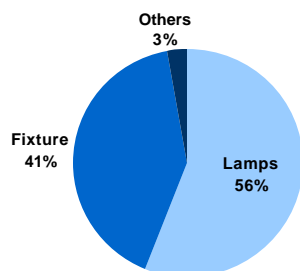
- Operating profit and Profit after Tax margins are improving.
- ROCE dropped to 27.9% in FY08 as compare to 44.3% in FY07 since money has been received from Warburg Pincus for an amount of Rs. 2,600 mn in direct equity and Rs. 179 mn as advance against warrants to be issued. The entire money has been utilized for the repayment of part loan taken for Sylvania acquisition. Without taking in consideration the money received from Warburg Pincus the ROCE would be 45.6%.
- RONW dropped to 21.5% with the same reason of equity participation from Warburg Pincus. Without taking in consideration the money received from Warburg Pincus the RONW would be 36.9%
- Total Debt to Total Equity further improved with reduced level of loans and increase in Net Worth. Without taking in consideration the money received from Warburg Pincus there will not be any change in this ratio.

## Full-year highlights

### SYLVANIA (stand alone)

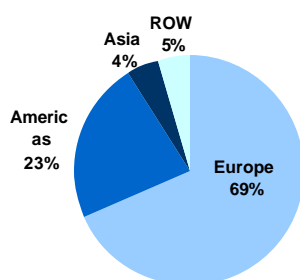
#### Net revenue

- Net Revenue amounted to Rs. 29,473 mn (€520 mn) for the period from 21 April 2007 to 31 March 2008.
- This implies 7.6% growth on a full year basis as compare to corresponding period.



#### Net Revenue by segment

- Lamps sales constitute 56% of the total revenue whereas Fixtures constitute 41% in FY08.
- Lamps include incandescent, fluorescent, compact florescent, halogen and HID. Fixtures include Industrial and Commercial, Architectural and Consumer.



#### Net Revenue by region

- Europe including United Kingdom constitute 69% of the total revenue in FY08.
- Americas predominantly includes Latin America and also United States. Americas constitute 23% of the total revenue in FY08.
- Asia and Rest of the World contributes 9% in total sales.

#### Earnings

	<b>FY08</b>
in millions of rupees	(21 April 2007 to 31 March 2008)
EBIDTA	1,621
as % to NR	5.5%
Depreciation	563
Interest	734
Profit before Tax	324
as % to NR	1.1%
Tax	149
as % to PBT	46%
Net Profit	176
as % to NR	0.6%

- Earnings Before Interest, Depreciation, Tax and Amortisation (EBIDTA) was Rs. 1,621 mn in FY08 which is 5.5% of the Net revenue.
- The interest cost includes the interest on the entire loan facility taken for the acquisition ie Euro 200 mn. The Company had re paid Euro 50 mn loan in November 2007. The total secured debt in Sylvania and other subsidiaries as on 31 March 2008 stand at Rs.11,968mn and cash balance is Rs 1,780 mn
- The financial year 2007-08 ended with a Net Profit of Rs 176 mn.

The Sylvania financial results are consolidated in Euro currency and while consolidating with Havells India financials in India the currency has been converted from Euro to Indian Rupees. To get a better oversight of the financials please see the below financial highlights both in Indian Currency and Euro for the year last four quarters and financial year from 21 April 2007 to 31 March 2008.

<b>Net Revenue in all four quarters constituting financial year 2007-08</b>					
<b>in millions of rupees</b>	<b>Q1</b> (21 April 2007 to 30 June 2007)	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Year</b> (21 April 2007 to 31 March 2008)
Net Revenue (NR)	5,946	7,184	8,067	8,276	29,473
EBIDTA	411	329	507	374	1,621
as a % of NR	6.9%	4.6%	6.3%	4.5%	5.5%
Depreciation	118	149	158	138	563
Interest	155	181	245	153	734
Profit before tax	138	(1)	104	83	324
Tax	54	60	29	6	149
Net Profit	84	(61)	76	77	176
as a % of NR	1.4%		0.9%	0.9%	0.6%

However the results have also been impacted due to change in currency movements.

<b>Net Revenue * in all four quarters constituting financial year 2007-08</b>					
<b>in Euro '000'</b>	<b>Q1</b> (21 April 2007 to 30 June 2007)	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Year</b> (21 April 2007 to 31 March 2008)
Net Revenue (NR)	108,865	130,118	142,958	138,360	520,301

\*The Net Revenue in Euro shown above is before inter company elimination between Havells and Sylvania

<b>Financial Ratios</b>	<b>FY08</b> (21 April 2007 to 31 March 2008)
<b>Profitability Ratios</b>	
OPM (%) {EBIT/NR}	3.6
PAT % {PAT/NR}	0.6
<b>Liquidity Ratios</b>	
Current Ratio {CA/(CL+WCL)}	1.3
Debtors days {Debtors/TR}	89
Inventory days {Inventories/NR}	72
Creditors days {TC/COGS}	88

## Key Ratios

- Current Ratio was 1.3 times which is same as in Havells India.
- Debtors days are 89 days in FY08.
- Inventory days are again at par with Havells India.
- Creditors days are again higher in Sylvania with 88 days in FY08 as 61 days in Havells India.

## Full-year highlights: Havells India Limited - Consolidated

### Net Revenue consolidated FY08

	Havells	Sylvania (21 April 2007 to 31 March 2008)	Consl.
in millions of rupees			
Net Revenue	20,549	29,473	50,022
<b>EBIDTA</b>	<b>2,000</b>	<b>1,621</b>	<b>3,621</b>
as a % of NR	9.7%	5.5%	7.2%
Depreciation	131	563	694
Interest	206	734	940
Profit before tax	1,663	324	1,987
as a % of NR	8.1%		3.9%
Tax	228	149	377
<b>Net Profit</b>	<b>1,435</b>	<b>176</b>	<b>1,610</b>
as a % of NR	7.0%	0.6%	3.1%

### Net Revenue on consolidate basis

- Consolidated Net Revenue was Rs. 50,022 mn in FY08. Since Sylvania was acquired on 20 April 2007 the same is not comparable with the last year.
- EBIDTA amounts to Rs. 3,621 mn in FY08.
- Profit Before Tax was close to Rs. 2 bn in FY08 and Net Profit amounted to Rs. 1,610 mn in FY08.

### Financial Ratios for FY08

<b>Profitability</b>	Havells	Sylvania	Consl.
OPM (%) (EBIT/NR)	9.1	3.6	5.9
PAT % (PAT/NR)	7.0	0.6	3.1
ROCE % (EBITDA/TCE)	27.9	--	18.5
RONW % (PAT/NW)	21.5	--	23.4
<b>Liquidity Ratio</b>			
Current Ratio (CA/(CL+WCL))	1.3	1.3	1.3
Debtors days (Debtors/TR)	11	89	58
Inventory days (Inventories/NR)	76	72	76
Creditors days (TC/COGS)	89	88	91
<b>Leverage Ratio</b>			
Debt/Total Equity	0.1	--	1.9

### Key Ratios

- The consolidated operating profitability is lesser than the Havells stand alone profitability. Since Sylvania has lesser margins as compare to Havells India. The efforts are directed to get sustainable and profitable growth in Sylvania.
- ROCE and RONW on the same way is lower on consolidated basis. The financing has been completed with the part replacement of debt by equity dilution. The equity participation was done in the month of November so have not much impacted the business for the whole year. The increase in margins in Sylvania will drive these ratios to improve.
- Total Debt to Total Equity now stands at 1.9 times. The consolidated secured debt was Rs.11,970 mn as at 31 March 2008.



## SHAREHOLDERS - THE KEY BEHIND GROWTH

### Proposed dividend to shareholders

- Havells continued its philosophy of sharing profits with the shareholders, through declaration of 50% dividend for the Financial Year 2008

### **Investment by Warburg Pincus for US\$ 110 mn**

Warburg Pincus, a global private equity firm and one of the largest investors in India, is investing US \$110 million in the company. Havells has issued fresh shares and warrants to Warburg Pincus, representing approximately 11.2% of the fully diluted share capital of the company

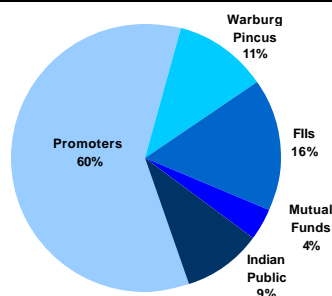
Pursuant to the special resolution passed at the Extra Ordinary General Meeting of the Company held on November 19, 2007, the Finance Committee of Board of Directors of the Company at its meeting held on November 26, 2007 allotted the following securities to M/s Seacrest Investment Ltd., a Warburg Pincus group Company, established in the republic of Maritius as a private company under the Mauritius Companies Act, having its Registered Office at 10 Frere Felix de Valois Street, Port Louis, Mauritius:

(a) 4,160,000 equity shares of Rs.5/- each ('Shares') at a price of Rs.625/- per share aggregating to Rs.2,600,000,000/-;

(b) 2,600,000 warrants convertible into shares ('Warrants') at Rs.690/- per Warrant ('Warrant Price') aggregating to Rs.1,794,000,000/- (as per the terms and conditions, 10% of Warrant Price i.e. Rs.69/- is received on allotment). Warrants are compulsorily convertible in one equity shares each within 18 months.

Havells has repaid the Bridge Loan of EUR 50,000,000 received from Barclays Bank for the Acquisition of Sylvania, out of the funds received from Warburg Pincus. The balance fund will be utilised in strengthening the company's manufacturing capacity and distribution network to address the rapidly growing Indian market.

The share capital of the Company after the issue of Equity Shares stand at 57,918,406 equity shares of Rs.5/- each and after conversion of Warrants it will be 60,518,406 equity shares of Rs. 5/- each. There is no further shares pending for allotment.

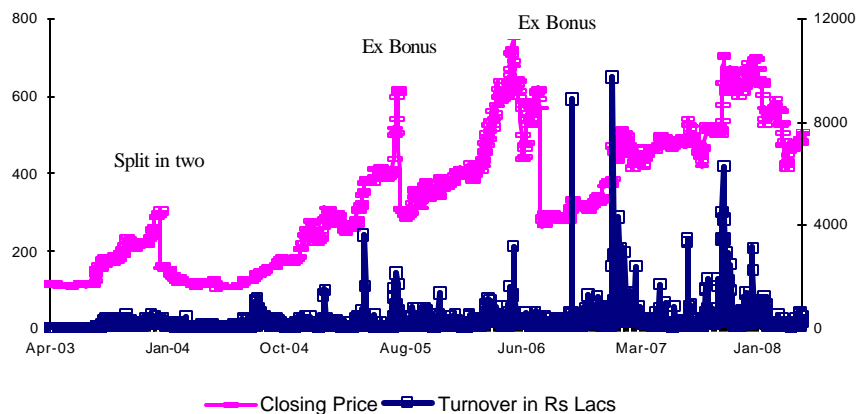


### Shareholding pattern

- The shareholding pattern after taking into consideration the conversion of warrant issued to Warburg Pincus.
- The promoters holding will be 60% with Warburg Pincus as the main investor holding 11%.

## SHARE PERFORMANCE ON STOCK EXCHANGES

The graph below depicts the Havells performance on the NSE since April' 03 to April' 08 and volume in Rs. Lacs at NSE.



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

Havells will be issuing a 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, A GM (Investor Relations) at Havells India Limited, E-1, Sector 59, Noida, UP (India), Tel: +91-120-2477777 Fax no.: +91-120-2477666; **E-mail: [ir@havells.com](mailto:ir@havells.com)**.