

HAVELLS – An Information Update

Q2 2008-09 {September 30, 2008}
{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 adopted by the Board of Directors in their meeting held on October 31, 2008.

HAVELLS Consolidated Net Revenue for the second quarter stood at INR 14,353 million

- Indian business grew by 18% to Rs. 5,853 mn in Q2FY09 as compare to Rs. 4,981 mn in Q2FY08.
- International business (Sylvania) shows 1% decline in Euro term but grows by 18% in INR terms from corresponding Q2FY08.

Highlights in the first quarter

HAVELLS INDIA LIMITED (stand alone)

Q2 FY09 is the 22nd consecutive Quarter of growth in Revenue. Havells has continued to succeed in its endeavor of sustained profitable growth.

Net Revenue in millions of rupees	Q2 FY08	Q2 FY09
Net Revenue (NR)	4,981	5,853
EBIDTA as a % of NR	473 9.5%	604 10.3%
Depreciation	30	44
Interest	50	53
Add: Other Income	1	4
Profit before tax as a % of NR	394 7.9%	511 8.7%
Tax	36	68
Net Profit as a % of NR	358 7.2%	443 7.6%

Net revenue

- 18% increase in Net Revenue to Rs. 5,853 mn over the corresponding Q2FY08 of Rs. 4,981 mn
- 28% increase in EBIDTA improving by 80 bps at 10.3% amounting to Rs. 604 mn as compared to Rs. 473 mn in Q2FY08.
- 29% increase in Profit before Tax improving by 80 bps at 8.7% amounting to Rs. 511 mn as compare to Rs. 394 mn in Q2FY08.
- 24% increase in Profit After Tax improving by 40 bps at 7.6% amounting to Rs. 443 mn as compare to Rs. 358 mn in Q2FY08.

Net Revenue by Segment			
In millions of rupees	Q2	Q2	
	FY08	FY09	Growth
Switchgears	1,387	1,634	18%
Cable & Wire	2,276	2,699	19%
Lighting & Fixture	645	717	11%
Electrical Cons. Durables	498	679	36%
Others	198	146	
Total <small>(including other income)</small>	5,004	5,876	18%

Net Revenue by segment

- 18% y-o-y growth in Switchgear segment with Net Revenue of Rs. 1,634 mn in Q2FY09.
- 19% growth in Cable & Wire with revenue of Rs. 2,699 mn in Q2FY09.
- 11% increase in Lighting & Fixtures segment to Rs. 717 mn in Q2FY09 as compare to Rs. 645 in Q2FY08.
- 36% growth in Electrical Consumer Durables with revenue of Rs. 679 mn in Q2FY09.

SYLVANIA (stand alone)

The Sylvania results include the financials of all the overseas wholly owned subsidiaries of Havells India Limited.

Net Revenue		
in millions of rupees	Q2	Q2
	FY08	FY09
Net Revenue (NR)	7,184	8,500
EBIDTA	300	(52)
as a % of NR	4.2%	--
Depreciation	149	178
Interest	181	254
Exceptional Items	--	171
Add: Other Income	29	16
Profit before tax	(1)	(639)
Tax	60	54
Net Profit	(61)	(693)

Highlights in the quarter

Net revenue

- 18% increase in Net Revenue to Rs. 8,500 mn over the corresponding Q2FY08 of Rs. 7,184 mn while in Euro term the Net Revenue drop by 1% at Euro 129 mn in Q2FY09 as compare to Euro 130 mn in Q2FY08
- EBIDTA drop during Q2FY09 as compare to Q2FY08. The major reason was negative exchange fluctuations, integration cost, drop in sale and change in product mix.
- Profit before Tax amounted to Rs. (639) mn due to Exceptional item on account of Severance cost.
- Profit after Tax for Q2FY09 stood at Rs. (693) mn.

HAVELLS INDIA LIMITED (consolidated)

Consolidated Net Revenue						
in millions of rupees	Q2FY08			Q2FY09		
	Havells	Sylvania	Consold.	Havells	Sylvania	Consold.
Net Revenue	4,981	7,184	12,165	5,853	8,500	14,353
EBIDTA	473	300	773	604	(52)	552
as a % of NR	9.5%	4.2%	6.4%	10.3%	--	3.8%
- Depreciation	30	149	179	44	178	222
- Interest	50	181	231	53	254	306
- Exceptional Item	--	--	--	--	171	171
+ Other Income	1	29	30	4	15	19
Profit before tax	394	(1)	393	511	(639)	(128)
as a % of NR	7.9%	--	3.1%	8.7%	--	--
Tax	36	60	96	68	54	122
Net Profit	358	(61)	297	443	(693)	(250)
as a % of NR	7.2%	--	2.3%	7.6%	--	--

- Consolidated Net revenue for Q2FY09 amounts to Rs. 14,353 mn with an increase of 18% over the corresponding Q2FY08.
- EBIDTA for the quarter stood at Rs. 552 mn which is 3.8% of the Net Revenue.
- Profit after Tax amounts to Rs. (250) mn in Q2FY09.

Highlights in the first half

HAVELLS INDIA LIMITED (stand alone)

Net Revenue	H1	H1
in millions of rupees	FY08	FY09
Net Revenue (NR)	9,721	11,387
EBIDTA	907	1,154
as a % of NR	9.3%	10.1%
Depreciation	59	81
Interest	86	102
Add: Other Income	3	10
Profit before tax	764	981
as a % of NR	7.9%	8.6%
Tax	90	131
Net Profit	674	850
as a % of NR	6.9%	7.5%

Net revenue

- 17% increase in Net Revenue to Rs. 11,387 mn over the corresponding H1FY08 of Rs. 9,721 mn
- 27% increase in EBIDTA improving by 80 bps at 10.1% amounting to Rs. 1,154 mn compared with Rs. 907 mn of H1FY08.
- 28% increase in Profit before Tax improving by 70 bps at 8.6% amounting to Rs. 981 mn as compare to Rs. 764 mn in H1FY08.
- 26% increase in Profit After Tax improving by 60 bps at 7.5% amounting to Rs. 850 mn as compare to Rs. 674 mn in H1FY08.

HAVELLS INDIA LIMITED (stand alone) further highlights of the quarter

Earnings by sector

Segment Results as % to NR			
in millions of rupees	Q2FY08	Q2FY09	FY08
Switchgears	33.9%	35.7%	32.8%
Cable & Wire	10.9%	8.3%	10.4%
Lighting & Fixture	12.3%	26.7%	13.2%
Electrical Cons. Durables	17.9%	21.9%	21.5%
Others			
Total	18.1%	20.2%	17.9%

Sequential improvement in margins

- 210 bps improvements in Contribution margins in Q2FY09 as compare to Q2FY08 and 230 bps improvement over the last full year FY08.
- Switchgear margins improved by 180 bps to 35.7% as compare to 33.9%.
- Cable & Wire margins dropped over the full year FY08 and also from Q1FY08 due to drop in sale price.
- 1440 bps improvement in Lighting & Fixtures in Q2FY09 over Q2FY08 and 1350 bps over FY08.
- Further improvement of 400 bps in Electrical Consumer Durable reaching to 21.9% in Q2FY09 as compare to 17.9% in Q2FY08.

in millions of rupees	Q2FY08	Q2FY09	FY08
Net Revenue	4,981	5,853	20,549
Raw Material	3,057	3,527	12,649
as % to NR	61.4%	60.3%	63.8%
Staff Cost	174	226	721
as % to NR	3.5%	3.9%	3.5%
Advertisement & Sales Promotion	144	200	552
as % to NR	2.8%	3.4%	2.7%
Other Expenses	1,156	1,317	4,772
as % to NR	23.3%	22.5%	23.2%
Add: Other Operating income	23	23	137
as % to NR	0.5%	0.4%	0.7%
EBIDTA	473	604	1,992
as % to NR	9.5%	10.3%	9.7%

Direct cost and other operating expenses

- Raw material cost decreased by 300 bps.
- Staff Cost increased during the second quarter.
- 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.

HAVELLS INDIA LIMITED (stand alone) further highlights of the quarter

Financial Ratios	H1FY08	H1FY09	FY08
Profitability Ratios			
OPM (%) (EBIT/NR)	8.7	9.4	9.1
PAT % (PAT/NR)	6.9	7.5	7.0
ROCE % (EBITDA/TCE)	44.0	29.0	27.9
RONW % (PAT/NW)	40.9	23.0	21.5
Liquidity Ratios			
Current Ratio (CA/(CL+WCL))	1.4	1.4	1.4
Debtors days (Debtors/TR)	8	8	11
Inventory days (Inventories/NR)	66	73	76
Creditors days (TC/COGS)	60	73	89
Leverage Ratios			
Debt/Total Equity	0.2	0.1	0.1

Key Ratios

- Operating profit and Profit after Tax margins are improving.
- ROCE on sequential basis is growing. Increased from 27.9% at the end of FY08 to 29% in H1FY09
- ROCE compared from corresponding period has dropped to 29% in H1FY09 from 44% in H1FY08 since equity infusion received from Warburg Pincus and was utilized for the repayment of part loan of WOS taken for Sylvania acquisition.
- RONW increased sequentially from 21.5% at the end of FY08 to 23% in H1FY09. Dropped from 40.9% in H1FY09 with the same reason of equity participation from Warburg Pincus.

Sylvania (stand alone) further highlights of the quarter

in millions of rupees	Q2FY08	Q2FY09	FY08
Net Revenue	7,184	8,500	29,474
Raw Material	3,338	4,143	14,011
as % to NR	46.5%	48.7%	47.5%
Staff Cost	1,758	1,935	6,886
as % to NR	24.5%	22.7%	23.4%
Other Expenses	1,786	2,474	7,060
as % to NR	24.9%	29.1%	24.0%
Add: Other Operational Income	(2)	--	76
as % to NR			0.4%
EBIDTA	300	(52)	1,593
as % to NR	4.2%	--	5.4%

Direct cost and other operating expenses

- Although in Euro terms Net Revenue decline by 1% but in INR it has increased by 18% y-o-y.
- Raw material cost increased in the reporting quarter.
- Other expenses includes the Exchange Fluctuations losses.

Financials of Sylvania in Euro currency

in millions of Euro	Q2FY08	Q2FY09	Q1FY09	Year (21April2007 to 31 March 2008)
Net Revenue	€ 130.00	€ 128.87	€ 130.62	€ 515.46
EBIDTA	€ 5.4	€ (0.8)	€ 7.8	€ 27.9
As % to NR	4.2%	--	6.0%	5.4%

*The Net Revenue in Euro shown above is after inter company elimination of transactions between Havells and Sylvania

EBIDTA in Q2 FY09 is negative due to negative exchange fluctuations, integration cost, drop in sale and change in product mix.

Havells India Limited - Consolidated

Profitability	H1FY08	H1FY09	FY08
OPM (%) (EBIT/NR)	5.6	3.5	5.8
PAT % (PAT/NR)	2.9	0.8	3.1
ROCE % (EBITDA/TCE)	20.2	15.1	18.5
RONW % (PAT/NW)	43.4	7.0	23.4
Liquidity Ratio			
Current Ratio (CA/(CL+WCL))	1.5	1.6	1.3
Debtors days (Debtors to TR)	63	58	58
Inventory days (Inventories/NR)	73	78	76
Creditors days (TC/COGS)	84	77	91
Leverage Ratio			
Debt/Total Equity	4.1	2.0	1.9

Key Ratios

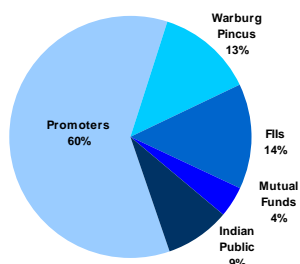
- The consolidated operating profitability is impacted due to one time cost in Sylvania during the Q2FY09.
- ROCE and RONW on the same way have been impacted.
- Total Debt to Total Equity now stands at 2 times almost same as at the end of FY08 but major improvement over the corresponding period. Since part of the Debt replaced with Equity Participation.

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. The same has been dispatched to the shareholders.

The share capital of the Company as on 30 September 2008 stand at 57,918,406 equity shares of Rs.5/- each and 26,00,000 Warrants (issued to Warburg Pincus group company). The share capital after conversion of such warrants 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 warrants issued to Warburg Pincus.
- The promoters holding will be 60% with Warburg Pincus as the main investor holding 13%.

SHARE PERFORMANCE ON STOCK EXCHANGES

The graph below depicts the Havells performance on the NSE since April`03 to Sept' 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, AGM (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.