

# HAVELLS – An Information Update

The 1<sup>st</sup> Half 2007-08 {September 30, 2007}  
{Unaudited Financial Results}

HAVELLS + SYLVANIA	
Net Revenue	Rs. 22,852 Mn
EBIDTA	Rs. 1,649 Mn
Net Profit	Rs. 696 Mn

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 limited reviewed by Auditors of the Company and adopted by the Board of Directors in their meeting held on October 30, 2007.

## CONSOLIDATED RESULTS HIGHLIGHTS OF HAVELLS & SYLVANIA

	Havells April 1 to Sept 30	Sylvania April 20 to Sept 30	Consolidated H1 FY 08
Net Revenue	9,722	13,130	22,852
EBIDTA	909	740	1,649
Margins %	9.4%	5.6%	7.2%
Net Profit	674	22	696
Margins %	6.9%	0.2%	2.9%

(Rs. In Mn)

## SUSTAINED GROWTH QUARTER ON QUARTER

The highlights of strong operational and financial performance of Havells India Limited, stand alone, during second quarter of FY08.

### Key Highlights for Q2 FY08 – Havells India Ltd (stand alone)

- Strong 33% y-o-y growth in net revenue to Rs. 4,981 mn.
- 33% growth in EBIDTA to Rs. 474 mn.
- 47% growth in Profit After Tax to Rs. 358 mn

	FY07 Q2	FY08 Q2	Growth y-o-y	FY08 Q1	Growth q-o-q	FY07 year
Net Revenue	3,742	4,981	33%	4,741	5%	15,472
EBIDTA	357	474	33%	435	9%	1,463
Margins %	9.5%	9.5%		9.2%		9.5%
Net P rofit	243	358	47%	315	13%	1,022
Margins %	6.5%	7.2%		6.7%		6.6%

(Rs. In Mn)

Segment Net Revenue	Q2 FY07	Q2 FY08	% Growth
Switchgear	1,041	1,386	Up 33%
Cable & Wires	1,542	2,276	Up 48%
Lighting & Fixtures*	618	645	Up 4%
Electrical Consumer Durables	346	498	Up 44%

(Rs. In Mn)

\* There has been a change in reporting of the segment results from first quarter of this financial year. The previous Electrical Consumer Durables division now divided into two parts ie Lighting & Fixtures and Electrical Consumer Durables. The Sylvania results will form part of the Lighting & Fixtures division in addition to Havells division.

Q2 FY08 is the 18<sup>th</sup> consecutive Quarter of growth in Revenue. Havells has continued to succeed in its endeavor of sustained profitable growth.

### Key Highlights for H1 FY08 – Havells India Ltd (stand alone)

- Strong 36% y-o-y growth in net revenue to Rs. 9,722 mn.
- 36% growth in EBIDTA to Rs. 910 mn.
- 44% growth in Profit After Tax to Rs. 675 mn

	FY07 H1	FY08 H1	Growth y-o-y
Net Revenue	7,160	9,722	36%
EBIDTA	672	909	36%
Margins %	9.4%	9.4%	
Net Profit	469	674	43%
Margins %	6.6%	6.9%	

(Rs. In Mn)

### UPDATE ON SYLVANIA

Havells have completed the acquisition of 100% stake in Sylvania on April 20, 2007. The consolidated results include the results of Sylvania from April 20, 2007 to September 30, 2007 and other wholly owned subsidiaries for the period from April 1, 2007 to September 30, 2007.

- Strong 10% y-o-y growth in net revenue in quarter ended Sept 07 as compare to corresponding quarter of last year.

	From April 20 to June 30	From July 1 to Sept 30	(Rs. In Mn) H1 FY08
Net Revenue	5,946	7,184	13,130
EBIDTA	411	329	740
Margins %	6.9%	4.6%	5.6%
PAT	84	(62)	22
Margins %	1.4%		0.2%

## HIGHLIGHTS OF SYLVANIA

- The Sylvania Lighting group is a global designer and provider of lighting systems, including both lamps and fixtures. Lamps include incandescent, fluorescent, halogen and HID. Fixtures include Industrial and Commercial, Architectural and Consumer.
- The group owns the worldwide right to the Sylvania brand, except for in Australia, Canada, Mexico, New Zealand, Puerto Rico and United States.
- Other brands under which Sylvania lamps and fixtures are marketed include Sylvania:Linolite, Lumiance, Concord:marlin, Claude, Zenith and SLI.
- Main operations in Europe and Latin America with 10 manufacturing and development operations in Germany, France, Belgium, United Kingdom (two), Tunisia, Brazil, Colombia and Costa Rica (two).
- Strong Brand and distribution network with over 10,000 distributors/ dealers spread across the globe.
- Enterprise Value of € 227.5 mn. Acquisition completed by taking over whole of the issued share capital of SLI Europe BV, Lighthouse Investment Holding Ltd and SLI Lighting Products Inc., through Havell's Netherlands B.V. on April 20, 2007.
- Net revenue of € 480 mn for the financial year ended December 31, 2006 and normalized EBIDTA of €30 mn.
- Financing through Barclays as lead arranger and State Bank of India for € 200 mn. Out of which € 80 mn will have recourse of Havells India Limited and remaining € 120 mn will have recourse on SLI Sylvania.

Havells focus on inorganic growth underscores its belief that success in today's arena requires size and scale. We continue to evaluate opportunities in international markets to add to our product basket, Strong Brand, key markets coverage with presence in emerging markets, strong distribution channel and competent management team. Our acquisition of Sylvania is our largest acquisition so far, reflecting Havells commitments to not only achieve the defined growth attributes, but also add immediately to shareholders value by being Earning Per Share (EPS) accretive.

## SEGEMENT OVERVIEW

Havell's India Limited strengthened its leadership position and continued to be one of the largest Indian Power Distribution Equipment Company manufacturing building and industrial circuit protection devices, Cable & Wires, Fans, Compact Fluorescent Lamps, Lighting Fixtures, Modular Plate Switches and Premium Bath Fittings. All the manufacturing plants are ISO-9001 certified.

### Key highlights – Q2 FY08

- 33% y-o-y growth in Switchgear segment with a net revenue of Rs. 1,386 mn.
- 48% growth registered in Cable & Wire with a net revenue of Rs. 2,276 mn.
- 4% growth (on stand alone basis) in Lighting & Fixtures with a net revenue of Rs. 645 mn.
- 46% growth in Electrical Consumer Durables with a net revenue of Rs. 498 m.

	Q2 FY07		Q2 FY08		Growth y-o-y	FY 07	
	Net Revenue	% of NR	Net Revenue	% of NR		Net Revenue	% of NR
Switchgears	1,041	28%	1,386	11%	33%	4,060	26%
Cable & Wires	1,542	41%	2,276	19%	48%	6,805	44%
<u>Lighting &amp; Fixtures</u>							
Havell's	618	17%	645	5%	5%	2,313	15%
Sylvania			7,211	59%			
Total	618	17%	7,856	64%		2,313	15%
Electrical Consumer Durables	346	9%	498	4%	44%	1,687	11%
Other	200	5%	200	2%		662	4%
<b>Total (incl other incom)</b>	<b>3,747</b>	<b>100%</b>	<b>12,216</b>	<b>100%</b>	<b>33%</b>	<b>15,526</b>	<b>100%</b>

(Rs. In Mn)

### Key highlights – H1 FY08

- 36% y-o-y growth in Switchgear segment with a net revenue of Rs. 2,714 mn.
- 46% growth registered in Cable & Wire with a net revenue of Rs. 4,285 mn.
- 11% growth (on stand alone basis) in Lighting & Fixtures with a net revenue of Rs. 1,211 mn.
- 46% growth in Electrical Consumer Durables with a net revenue of Rs. 1,161 m.

	H1 FY07		H1 FY08		Growth y-o-y
	Net Revenue	% of NR	Net Revenue	% of NR	
Switchgears	1,997	28%	2,714	12%	36%
Cable & Wires	2,936	41%	4,285	19%	46%
<u>Lighting &amp; Fixtures</u>					
Havell's	1,093	15%	1,211	5%	11%
Sylvania			13,160	57%	
Total	1,093	15%	14,371	63%	
Electrical Consumer Durables	798	11%	1,161	5%	46%
Other	355	5%	399	2%	
<b>Total (incl other incom)</b>	<b>7,179</b>	<b>100%</b>	<b>22,930</b>	<b>100%</b>	<b>36%</b>

(Rs. In Mn)

## Segment wise Margins – YTD basis

(Contribution Margins before Unallocable Expenses, Depreciation, Interest and Taxes and as % to Net Revenue)

Contribution Margins	H1 FY07	H1 FY08	FY07
Switchgears	33%	34%	31%
Cable & Wires	16%	11%	13%
Lighting & Fixtures			
- stand alone	13%	11%	11%
- consolidated		20%	
Electrical Consumer Durables	13%	19%	15%
Company as a whole	19%	21%	17%

The segment margins of switchgear remains highest among other products. The raw material prices have increased in Cable & Wire division. In Lighting & Fixtures division the margins have been decreasing. Consolidated margins in Lighting & Fixture division include the margin contribution of 21% from Sylvania. The margins under Electrical Consumer Durables shows improving trend.

### OPERATIONAL PERFORMANCE – Havell's India, stand alone

Region Wise Revenue in %	H1 FY07	H1 FY08	FY 07
North India	32%	33%	33%
East India	15%	15%	15%
Western India	14%	15%	16%
Southern India	29%	32%	28%
Government	4%	1%	1%
Export Sales	6%	4%	7%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### COST STRUCTURE

	H1 FY07	%-NR	H1 FY08	%-NR
	HIL*		HIL*	
<b>Net Revenue</b>	<b>7,160</b>	<b>100.0</b>	<b>9,722</b>	<b>100.0</b>
Raw Material	4,260	59.5	5,912	60.8
Staff Cost	250	3.5	334	3.4
Advertisement & Sales Promotion	232	3.2	339	3.5
Other Operating Expenses	1,764	24.7	2,274	23.4
Add: Other (operating) income	18	0.3	48	0.5
<b>EBIDTA</b>	<b>672</b>	<b>9.4</b>	<b>909</b>	<b>9.4</b>
Depreciation	44	0.6	59	0.6
Interest	70	1.0	86	0.9
<b>PBT</b>	<b>558</b>	<b>7.8</b>	<b>764</b>	<b>7.9</b>
Tax	89	1.2	90	1.0
<b>PAT</b>	<b>469</b>	<b>6.6</b>	<b>674</b>	<b>6.9</b>

\* Havells India Limited (HIL) stand alone

(Rs. In Mn)

1. The "Other Income" is operational in nature and is being added in EBITDA.
2. Operating Margins are now showing the same trend.
3. The advertisement and sales promotion budget for this year has increased. More focus will now be given to media advertisement this year.

The Combined structure of Consolidated Havells India Limited is as follows:

	April 20 to Sept 30, 2007	%-NR	H1 FY08	%-NR
	Sylvania*		Consolidated	
<b>Net Revenue</b>	<b>13,130</b>	<b>100.0</b>	<b>22,852</b>	<b>100.0</b>
Raw Material	6,175	47.0	12,088	52.9
Staff Cost	3,047	23.2	3,381	14.8
Other Operating Expenses	3,198	24.4	5,814	25.4
Add: Other (operating) income	30	0.2	79	0.4
<b>EBIDTA</b>	<b>740</b>	<b>5.6</b>	<b>1,649</b>	<b>7.2</b>
Depreciation	268	2.0	327	1.4
Interest	336	2.6	422	1.8
<b>PBT</b>	<b>137</b>	<b>1.0</b>	<b>900</b>	<b>3.8</b>
Tax	114	0.8	204	0.9
<b>PAT</b>	<b>22</b>	<b>0.2</b>	<b>696</b>	<b>2.9</b>

(Rs. In Mn)

\* The figures for Sylvania include wholly owned subsidiaries.

## RATIOS

Financial Ratios	H1 FY07	H1 FY08		FY07
Profitability Ratios		HIL	Consolidated	
OPM (%) {EBIT/NR}	8.8	8.7	5.8	8.8
PAT % {PAT/NR}	6.6	6.8	2.9	6.6
ROCE {EBITDA/TCE}	41.0	44.0	20.2	44.3
RONW {PAT/NW}	42.1	40.9	43.4	39.0
Liquidity Ratios				
Current Ratio {CA/(CL+WCL)}	1.3	1.2	1.4	1.2
Debtors days {Debtors/TR}	27	8	63	7
Inventory days {Invent/NR}	66	66	73	56
Creditors days {TC/Purchase}	77	60	84	65
Leverage Ratios				
Debt/Total Equity	0.4	0.2	4.1	0.2

1. Operating Margins have been showing the same trend.
2. Return on capital employed improves as comparison with FY 07 with the lesser capital employed as compare to growth in EBITDA.
3. Debtors days have also showing the same trend as observed in the full year of FY07.

## SHAREHOLDERS - THE KEY BEHIND GROWTH

## Increasing Payout – Distribution of Dividend to shareholders

Havells continued its philosophy of sharing profits with the shareholders, through declaration of 50% dividend for the Financial Year 2007 at an expanded capital base of Rs 269 Mn as compare to capital base of Rs 134 Mn in FY06. The dividend pay out ratio for FY07 was 15% as compare to 12% of FY06 (dividend includes proposed dividend and dividend tax).

The shareholders had further been rewarded by two bonuses in continuation, in the last two years, both in the ratio of 1:1. The paid up share capital after this bonus and issue of all pending allotment of shares is Rs. 269 Mn comprising of 53,758,406 equity shares of Rs. 5/- each.

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

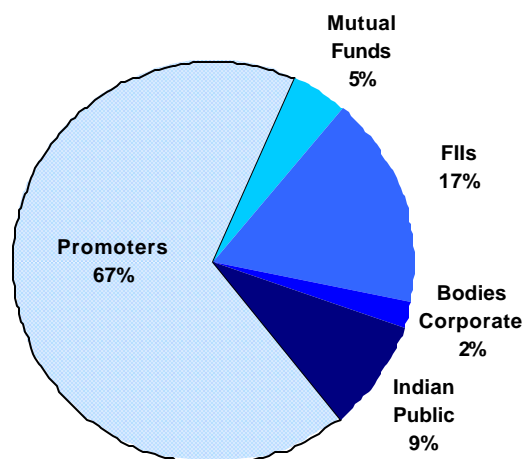
Warburg Pincus, a global private equity firm and one of the largest investors in India, is investing US \$110 million in the company. Havells will issue fresh shares and warrants to Warburg Pincus, representing approximately 11.2% of the fully diluted share capital of the company

Havells will issue 4,160,000 equity shares at a price of Rs. 625 and 2,600,000 warrants at a price of Rs. 690 aggregating to Rs. 4.4 bn. Warrants are compulsorily convertible in one equity shares each within 18 months. Investment will be utilised to partly retire the debt raised during the Sylvania acquisition and in strengthening the company's manufacturing capacity and distribution network to address the rapidly growing Indian market.

The share capital of the Company after full dilution would be 60,518,408 equity shares of Rs. 5/- each. There is no further shares pending for allotment.

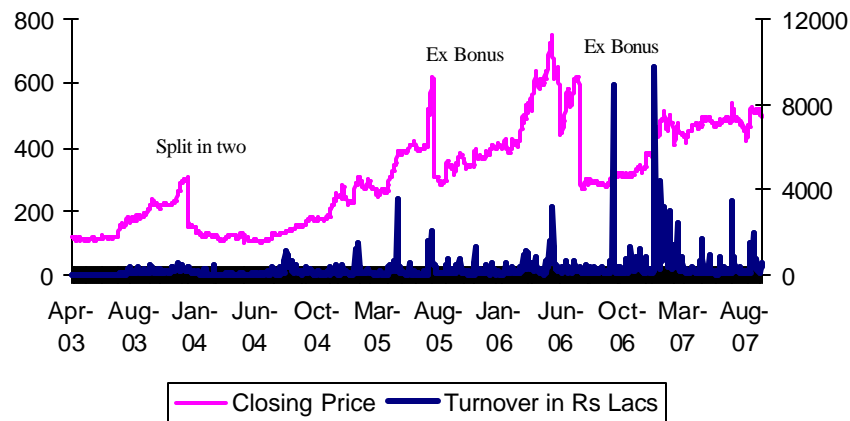
## SHAREHOLDING PATTERN

As on 30 September 2007



## SHARE PERFORMANCE ON STOCK EXCHANGES

Havells market capitalization reached to Rs 38 bn as on October 17, 2007. The graph below depicts the Havells performance on the NSE since April' 03 to Sept' 07 and volume in Rs. Lacs at NSE.



## OUTLOOK

With the new global footprint Havell's will endeavor to pursue profitable growth in future and gaining the World market share. Havells is committed to create sustainable value for all its stakeholders and will continue to follow prudent financial management norms in funding its future growth. We are looking at growth beyond competition, defining for ourselves and expansion path that would sustain our leadership in a world shaped by continuously evolving market forces. We thus had to think above operational excellence into product innovation.

## 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, Sr. Manager (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**.