

HAVELLS – An Information Update

Q1 2008-09 {June 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 July 28, 2008.

HAVELLS Net revenue for the first quarter crosses INR 14 billion

- Indian business grows by 17% to Rs. 5,534 mn in Q1FY09 as compare to Rs. 4,740 mn in Q1FY08.
- International business (Sylvania) shows flat operations in Euro term but grows by 18% in INR terms from corresponding Q1FY08.
- Increasing Margins in each product line in India and in Sylvania .
- EBIDTA margins in Indian business at 10% in Q1FY09 as compare to 9.2% in Q1FY08 and 9.7% in FY08.
- EBIDTA margins in International business (Sylvania) at 6.1% in Q1FY08 as compare to 4.5% in Q4FY08 and 5.5% in FY08.

Highlights in the first quarter

HAVELLS INDIA LIMITED (stand alone)

Q1 FY09 is the 21st consecutive Quarter of growth in Revenue. Havells has continued to succeed in its endeavor of sustained profitable growth.

Net Revenue in millions of rupees	Q1 FY 08	Q1 FY 09
Net Revenue (NR)	4,740	5,534
EBIDTA as a % of NR	435 9.2%	556 10.0%
Depreciation	30	37
Interest	36	49
Profit before tax as a % of NR	369 7.8%	470 8.5%
Tax	53	63
Net Profit as a % of NR	316 6.7%	407 7.4%

Net revenue

- 17% increase in Net Revenue to Rs. 5,534 mn over the corresponding Q1 FY08 of Rs. 4,740 mn
- 28% increase in EBIDTA improving by 80 bps at 10.0% amounting to Rs. 556 mn compared with Rs. 435 mn of Q1 FY08.
- 27% increase in Profit before Tax improving by 70 bps at 8.5% amounting to Rs. 470 mn as compare to Rs. 369 mn in Q1 FY08.
- 29% increase in Profit After Tax improving by 70 bps at 7.4% amounting to Rs. 407 mn as compare to Rs. 316 mn in Q1 FY08.

Net Revenue by Segment			
In millions of rupees	Q1	Q1	
	FY08	FY09	Growth
Switchgears	1,328	1,471	11%
Cable & Wire	2,009	2,529	26%
Lighting & Fixture	565	626	11%
Electrical Cons. Durables	663	774	17%
Others	199	146	
Total <small>(including other income)</small>	4,765	5,547	17%

Net Revenue by segment

- 11% y-o-y growth in Switchgear segment with Net Revenue of Rs. 1,471 mn in Q1 FY09.
- 26% growth in Cable & Wire with revenue of Rs. 2,529 mn in Q1 FY09.
- 11% increase in Lighting & Fixtures segment to Rs. 626 mn in Q1 FY09 as compare to Rs. 565 in Q1 FY08.
- 17% growth in Electrical Consumer Durables with revenue of Rs. 774 mn in Q1 FY09.

SYLVANIA (stand alone)

In Euro terms Sylvania shows flat growth on y-o-y basis in Q1FY09 as compare to Q1FY08.

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

Net Revenue		
in millions of rupees	Q1	Q1
	FY 08	FY 09
Net Revenue (NR)	5,947	8,508
EBIDTA	411	523
as a % of NR	6.9%	6.1%
Depreciation	118	179
Interest	155	192
Profit before tax	138	152
as a % of NR	2.3%	1.8%
Tax	55	63
Net Profit	83	89
as a % of NR	1.4%	1.0%

Highlights in the quarter

Net revenue

- Net Revenue for Q1FY09 stood at Rs. 8,508. Comparing on same proportionate basis the Company grows by 18% y-o-y over the corresponding Q1FY08 because of currency fluctuations. Q1FY08 comprises financials for 70 days while Q1FY09 comprises financials for 90 days period.
- EBIDTA for Q1FY09 stood at Rs. 523 mn which is 6.1% of the Net Revenue.
- Profit before Tax amounted to Rs. 152 mn.
- Profit after Tax for Q1 FY09 stood at Rs. 89 mn.

HAVELLS INDIA LIMITED (consolidated)

Consolidated Net Revenue						
in millions of rupees	Q1FY08			Q1FY09		
	Havells	Sylvania	Consold.	Havells	Sylvania	Consold.
Net Revenue	4,740	5,947	10,687	5,534	8,508	14,042
EBIDTA	435	411	846	556	523	1,079
as a % of NR	9.2%	6.9%	7.9%	10.0%	6.1%	7.7%
Depreciation	30	118	148	37	179	216
Interest	36	155	191	49	192	241
Profit before tax	369	138	507	470	152	622
as a % of NR	7.8%	2.3%	4.6%	8.5%	1.8%	4.3%
Tax	53	55	108	63	63	126
Net Profit	316	83	399	407	89	496
as a % of NR	6.7%	1.4%	3.6%	7.4%	1.0%	3.4%

Net Revenue on consolidate basis

- Consolidated Net revenue for Q1FY09 amounts to Rs. 14,042 mn.
- EBIDTA for the quarter stood at Rs. 1,079 mn which is 7.7% of the Net Revenue.
- Profit after Tax amounts Rs. 496 mn in Q1 FY09.

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

Earnings by sector

Segment Results as % to NR			
in millions of rupees	Q1FY08	Q1FY09	FY08
Switchgears	33.5%	39.2%	32.8%
Cable & Wire	11.8%	11.6%	10.4%
Lighting & Fixture	10.9%	18.3%	13.2%
Electrical Cons. Durables	19.5%	22.4%	21.5%
Others			
Total	18.7%	21.3%	17.9%

Sequential improvement in margins in all the Segments

- 260 bps improvements in Contribution margins in Q1FY09 as compare to Q1FY08 and 340 bps improvement over the last full year FY08.
- Switchgear margins improved by 570 bps to 39.2% as compare to 33.5%.
- Cable & Wire margins improved over the full year FY08 by 120 bps from 10.4% to 11.6%. The same stood at 11.8% in Q1FY08.
- 740 bps improvement in Lighting & Fixtures in Q1FY09 over Q1FY08.
- Further improvement of 290 bps in Electrical Consumer Durable reaching to 22.4% in Q1FY09 as compare to 19.5% in Q1FY08.

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

in millions of rupees	Q1 FY08	Q1FY09	FY08
Net Revenue	4,740	5,534	20,549
Raw Material	2,405	3231	12,649
as % to NR	60.2%	58.4%	63.8%
Staff Cost	165	222	721
as % to NR	3.5%	4.0%	3.5%
Advertisement & Sales Promotion	198	264	552
as % to NR	4.2%	4.8%	2.7%
Other Expenses	1,111	1,274	4,772
as % to NR	23.4%	23.0%	23.2%
Add: Other income	24	13	145
as % to NR	0.5%	0.2%	0.7%
EBIDTA	435	556	2,000
as % to NR	9.2%	10.0%	9.7%

Direct cost and other operating expenses

- Raw material cost decreased by 180 bps.
- Staff Cost increased during the first 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.

Financial Ratios	Q1 FY08	Q1 FY09	FY08
Profitability Ratios			
OPM (%) (EBIT/NR)	8.0	9.4	9.1
PAT % (PAT/NR)	6.7	7.4	7.0
ROCE % (EBITDA/TCE)	44.8	29.5	27.9
RONW % (PAT/NW)	32.8	23.6	21.5
Liquidity Ratios			
Current Ratio (CA/(CL+WCL))	1.2	1.4	1.3
Debtors days (Debtors/TR)	13	13	11
Inventory days (Inventories/NR)	58	70	76
Creditors days (TC/COGS)	64	74	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 29.5% in Q1FY09
- ROCE compared from corresponding period has dropped to 29.5% in Q1FY09 from 44.8% in Q1FY08 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 23.6% in Q1FY09. Dropped from 32.8% in Q1FY09 with the same reason of equity participation from Warburg Pincus.

Net Revenue by region in %	Q1FY08	Q1 FY09	FY08
in millions of rupees			
North India	32%	30%	31%
East India	15%	17%	15%
Western India	15%	14%	17%
Southern India	31%	30%	30%
Government	2%	1%	1%
Export Sales	5%	7%	6%
Total	100%	100%	100%

Net Revenue by region

- Consistent growth in all regions.
- The contribution from eastern region improves in the total revenues.
- With export to Sylvania the Export contribution in total revenues increases.

Sylvania (stand alone) further highlights of the quarter

	Q1 FY08 (21 April 2007 to 30 June 2007)	Q1 FY09	FY08
in millions of rupees			
Net Revenue	5,947	8,509	29,474
Raw Material	2,836	4,010	14,472
as % to NR	47.7%	47.1%	49.1%
Staff Cost	1,360	2,012	6,882
as % to NR	22.3%	23.6%	23.3%
Other Expenses	1,342	2,014	6,604
as % to NR	23.1%	23.7%	22.4%
Add: Other income	2	50	105
as % to NR	0.0%	0.6%	0.4%
EBIDTA	411	523	1,621
as % to NR	6.9%	6.1%	5.5%

Direct cost and other operating expenses

- Since Q1FY08 was not complete reporting quarter the revenue and expenditure doesn't represent the same basis, is not comparable directly with the current quarter performance.
- Raw material cost remains lower both from corresponding period and financial year.
- Staff Cost and Other Expenses shows consistency.

Financials of Sylvania in Euro currency

in millions of Euro	Q1FY08 (21 April 2007 to 30 June 2007)	Q1FY08 70 days	Q1FY09 90 days	Year (21 April 2007 to 31 March 2008)
Net Revenue	€108.86	€131.02	€131.69	€520.42

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

Havells India Limited - Consolidated

Profitability	Q1FY08	Q1FY09	FY08
OPM (%) {EBIT/NR}	6.3	6.1	5.9
PAT % {PAT/NR}	3.7	3.4	3.1
ROCE % {EBITDA/TCE}	20.7	20.5	18.5
RONW % {PAT/NW}	37.3	27.8	23.4
Liquidity Ratio			
Current Ratio {CA/(CL+WCL)}	1.5	1.5	1.3
Debtors days {Debtors to TR}	65	59	58
Inventory days {Inventories/NR}	65	75	76
Creditors days {TC/COGS}	78	86	91
Leverage Ratio			
Debt/Total Equity	4.1	1.9	1.9

Key Ratios

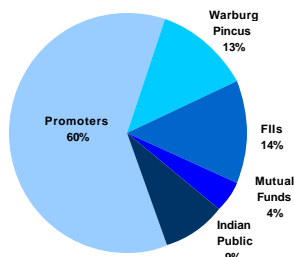
- The consolidated operating profitability is showing improvement over FY08.
- ROCE and RONW on the same way are improving on sequential basis.
- Total Debt to Total Equity now stands at 1.9 times same as at the end of FY08 but major improvement over the corresponding period. Since part of the Debt replaced 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 June 2008 stand at 57,918,406 equity shares of Rs.5/- each and after conversion of Warrants (issued to Warburg Pincus group company) will be 60,518,406 equity shares of Rs. 5/- each. There is no further shares pending for allotment.

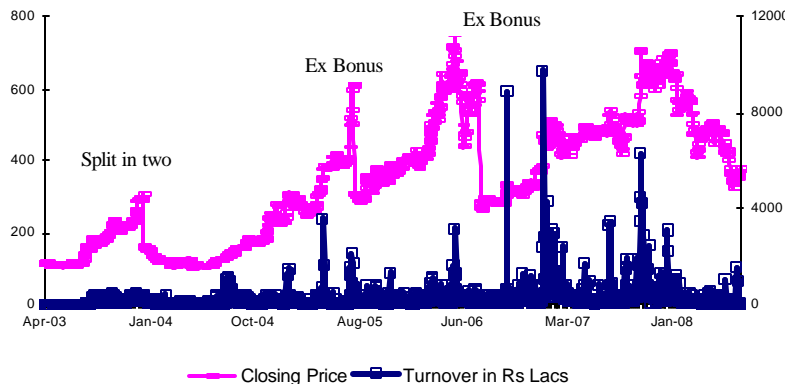


Shareholding pattern

- 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 July'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, E-1, Sector 59, Noida, UP (India), Tel: +91-120-2477777 Fax no.: +91-120-2477666; **E-mail:ir@havells.com**.