

HAVELLS – An Information Update

Q3 2008-09 {DECEMBER 31, 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 January 30, 2009.

HAVELLS Consolidated Net Revenue for the third quarter stood at INR 13,084 million

Q3 FY09 is the reflection of changed economic conditions in India and across World while causing demand to drop along with sharp reduction in commodity prices. With immediate response to the changed conditions, Havells has been able to demonstrate its strong position.

- Entire adjustment in the value of inventory of commodities has been carried out during this quarter.
- Rigorous management of working capital secured strong cash flow into the system.
- Acceleration of restructuring at all levels will deliver benefits in the coming period.

Highlights in the first quarter

HAVELLS INDIA LIMITED (stand alone)

| Net Revenue in millions of rupees | Q3 FY08 | Q3 FY09 |
|---------------------------------------------|--------------------|--------------------|
| Net Revenue (NR) | 5,346 | 4,860 |
| EBIDTA as a % of NR | 521 9.8% | 220 4.5% |
| Depreciation | 33 | 46 |
| Interest | 53 | 38 |
| Add: Other Income | 2 | 1 |
| Profit before tax as a % of NR | 438 8.2% | 136 2.7% |
| Tax | 68 | 23 |
| Net Profit as a % of NR | 370 6.9% | 114 2.3% |

Net revenue

- One time loss due to sharp fall in inventory value in Cable & Wire division causes Revenue in Indian Business to show 9% decline to Rs. 4,860 mn in Q3FY09. Excluding this one time loss the Net Revenue decline would be nominal 2% on y-o-y basis.
- Without one time loss (6.5%) EBIDTA margins improved to 11% in 3Q FY09 as compare to 9.8% in Q3 FY08.
- Without value adjustment PAT margins would have improved to 7.7% showing improvement of 80 bps.

| Net Revenue by Segment | | |
|---------------------------------------------------------|--------------|--------------|
| In millions of rupees | Q3 | Q3 |
| | FY08 | FY09 |
| Switchgears | 1,405 | 1,367 |
| Cable & Wire | 2,414 | 2,133 |
| Lighting & Fixture | 875 | 751 |
| Electrical Cons. | | |
| Durables | 499 | 496 |
| Others | 172 | 113 |
| Total <small>(including other income)</small> | 5,365 | 4,860 |

Net Revenue by segment

- Lower intake by dealers due to unlocking of inventory at their end.
- Switchgear segment reported Net Revenue of Rs. 1,367 mn in Q3FY09
- 12% decline in Cable & Wire with revenue of Rs. 2,133 mn in Q3FY09 is due to value reduction through Price decrease in Sales value.
- Lighting & Fixtures segment reported revenue of Rs. 751 mn in Q3FY09.
- Electrical Consumer Durables reported revenue of Rs. 496 mn in Q3FY09.

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 | Q3 | Q3 |
| | FY08 | FY09 |
| Net Revenue (NR) | 8,067 | 8,224 |
| EBIDTA | 492 | 89 |
| as a % of NR | 6.1% | 1.1% |
| Depreciation | 158 | 166 |
| Interest | 245 | 243 |
| Exceptional Items | -- | 607 |
| Add: Other Income | 15 | 2 |
| Profit before tax | 104 | (926) |
| Tax | 29 | 50 |
| Net Profit | 75 | (976) |

Highlights in the quarter

Net revenue

- 2% increase in Net Revenue to Rs. 8,224 mn over the corresponding Q3FY08 of Rs. 8,067 mn. In Euro term the Net Revenue reported was 128 mn in 3Q FY09 as compare to Euro 141 mn in Q3 FY08 and Euro 127 mn in Q2FY09.
- EBIDTA drop during Q3 09 due to drop in sales and other one time costs.
- Profit before Tax amounted to Rs. (926) mn due to Exceptional item on account of Exchange losses, Restructuring, Integration, Severance and other cost.

HAVELLS INDIA LIMITED (consolidated)

| Consolidated Net Revenue | | | | | | |
|---------------------------------|---------------|------------|--------------|---------------|--------------|--------------|
| in millions of rupees | Q3FY08 | | | Q3FY09 | | |
| | Havells | Sylvania | Consold. | Havells | Sylvania | Consold. |
| Net Revenue | 5,346 | 8,067 | 13,413 | 4,860 | 8,224 | 13,084 |
| EBIDTA | 521 | 492 | 1,013 | 220 | 89 | 309 |
| as a % of NR | 9.8% | 6.1% | 7.6% | 4.5% | 1.1% | 2.4% |
| - Depreciation | 33 | 157 | 190 | 46 | 166 | 212 |
| - Interest | 53 | 245 | 298 | 38 | 243 | 281 |
| - Exceptional Item | -- | -- | -- | -- | 607 | 607 |
| + Other Income | 2 | 15 | 17 | -- | 2 | 2 |
| Profit before tax | 438 | 104 | 542 | 136 | (925) | (789) |
| as a % of NR | 8.2% | 1.3% | 3.9% | 2.7% | -- | -- |
| Tax | 68 | 29 | 97 | 23 | 50 | 73 |
| Net Profit | 370 | 75 | 445 | 114 | (976) | (862) |
| as a % of NR | 6.9% | .9% | 3.2% | 2.3% | -- | -- |

- Consolidated Net revenue for Q3FY09 amounts to Rs. 13,084 mn as compare to Rs. 13,413 mn in Q3FY08.
- EBIDTA for the quarter stood at Rs. 309 mn which is 2.4% of the Net Revenue.
- Profit after Tax amounts to Rs. (862) mn in Q3FY09.

Highlights in the Year To Date

HAVELLS INDIA LIMITED (stand alone)

| Net Revenue | YTD | YTD |
|-----------------------|--------------|--------------|
| in millions of rupees | FY08 | FY09 |
| Net Revenue (NR) | 15,067 | 16,247 |
| EBIDTA | 1,428 | 1,374 |
| as a % of NR | 9.5% | 8.5% |
| Depreciation | 92 | 127 |
| Interest | 139 | 140 |
| Add: Other Income | 5 | 10 |
| Profit before tax | 1,202 | 1,117 |
| as a % of NR | 8% | 6.9% |
| Tax | 158 | 153 |
| Net Profit | 1043 | 963 |
| as a % of NR | 6.9% | 5.9% |

Net revenue

- 8% increase in Net Revenue to Rs. 1,6247 mn over the corresponding YTD FY08 of Rs. 1,5067 mn
- EBIDTA margins dropped due to one time loss in the third quarter of this year.
- Nominal drop in Profit After Tax margins from 6.9% to 5.9%.

HAVELLS INDIA LIMITED (stand alone) further highlights

Segment Results as % to NR

| in millions of rupees | 9M 08 | 9M 09 | FY08 |
|---------------------------|--------------|--------------|--------------|
| Switchgears | 33.2% | 35.0% | 31.9% |
| Cable & Wire | 9.6% | 5.4% | 9.5% |
| Lighting & Fixture | 13.7% | 20.1% | 12.3% |
| Electrical Cons. Durables | 18.8% | 21.1% | 20.5% |
| Others | | | |
| Total | 17.6% | 17.6% | 17.0% |

Earnings by sector

- Switchgear margin improved during nine months period of FY09 as compare to corresponding period.
- Cable & Wire margins dropped due to value adjustment in inventory.
- Lighting & Fixtures division shows improved margins.
- ECD (Fan) margins improved marginally.

| in millions of rupees | Q3FY08 | Q3FY09 | FY08 |
|-----------------------------|------------|------------|--------------|
| Net Revenue | 5,346 | 4,860 | 20,549 |
| Raw Material | 3,192 | 3,457 | 12,649 |
| as % to NR | 59.7% | 71.1% | 63.8% |
| Staff Cost | 209 | 231 | 721 |
| as % to NR | 3.9% | 4.8% | 3.5% |
| Other Expenses | 1,443 | 953 | 4,772 |
| as % to NR | 27.0% | 19.6% | 23.2% |
| Add: Other Operating income | 19 | -- | 137 |
| as % to NR | 0.4% | -- | 0.7% |
| EBIDTA | 521 | 220 | 1,992 |
| as % to NR | 9.8% | 4.5% | 9.7% |

Direct cost and other operating expenses

- Raw material cost increased sharply due to revaluation of commodity inventory
- Other cost reduced sharply.

HAVELLS INDIA LIMITED (stand alone) further highlights

| Financial Ratios | YTD FY08 | YTD FY09 | FY08 |
|------------------------------------|-------------|-------------|------|
| Profitability Ratios | | | |
| OPM (%) (EBIT/NR) | 8.9 | 7.7 | 9.1 |
| PAT % (PAT/NR) | 6.9 | 5.9 | 7.0 |
| ROCE % (EBITDA/TCE) | 25.7 | 21.5 | 27.9 |
| RONW % (PAT/NW) | 21.6 | 16.8 | 21.5 |
| Liquidity Ratios | | | |
| Current Ratio (CA/(CL+WCL)) | 1.1 | 1.6 | 1.4 |
| Debtors days (Debtors/TR) | 8 | 12 | 11 |
| Inventory days (Inventories/NR) | 79 | 51 | 76 |
| Creditors days (TC/COGS) | 73 | 57 | 89 |
| Leverage Ratios | | | |
| Debt/Total Equity | 0.1 | 0.1 | 0.1 |

Key Ratios

- Operating profit and Profit after Tax margins shows nominal decrease.
- ROCE and RONW decline mainly due to one time loss of value adjustment reported in third quarter.
- Rigorous working capital management has caused Inventory to reduce sharply.

Sylvania (stand alone) further highlights of the quarter

| in millions of rupees | Q3FY08 | Q3FY09 |
|-------------------------------------|------------|-----------|
| Net Revenue | 8,067 | 8,224 |
| Raw Material | 3,894 | 4,074 |
| as % to NR | 48.3% | 49.6% |
| Staff Cost | 1,816 | 1,829 |
| as % to NR | 22.5% | 22.2% |
| Other Expenses | 1,868 | 2,236 |
| as % to NR | 23.2% | 27.2% |
| Add: Other Operational Income | 3 | 4 |
| as % to NR | -- | .1% |
| EBIDTA | 492 | 89 |
| as % to NR | 6.1% | -- |

Direct cost and other operating expenses

- Although in Euro terms Net Revenue decline by 10% but in INR it has increased by 2% y-o-y.
- Raw material cost increased in the reporting quarter.

Financials of Sylvania in Euro currency

| in millions of Euro | Q3FY08 | Q3FY09 | Q2FY09 | Year (21April2007 to 31 March 2008) |
|---------------------|----------|----------|----------|-------------------------------------------|
| Net Revenue | € 141.50 | € 127.76 | € 128.87 | € 515.46 |
| EBIDTA | € 8.6 | € 1.4 | € (0.8) | € 27.9 |
| As % to NR | 6.1% | -- | -- | 5.4% |

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

Havells India Limited - Consolidated

| | YTD FY08 | YTD FY09 | FY08 |
|---------------------------------------|-------------|-------------|------|
| Profitability | | | |
| OPM (%) (EBIT/NR) | 5.8 | 3.1 | 5.8 |
| PAT % (PAT/NR) | 3.0 | -- | 3.1 |
| ROCE % (EBITDA/TCE) | 20.6 | 12.6 | 18.5 |
| RONW % (PAT/NW) | 23.3 | -- | 23.4 |
| Liquidity Ratio | | | |
| Current Ratio (CA/(CL+WCL)) | 1.4 | 1.2 | 1.3 |
| Debtors days (Debtors to TR) | 58 | 55 | 58 |
| Inventory days (Inventories/NR) | 75 | 64 | 76 |
| Creditors days (TC/COGS) | 82 | 72 | 91 |
| Leverage Ratio | | | |
| Debt/Total Equity | 1.7 | 2.4 | 1.9 |

Key Ratios

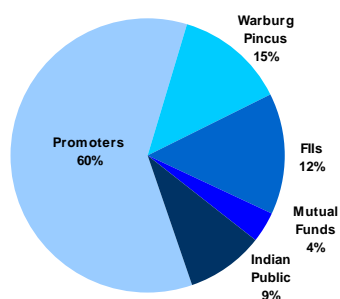
- The consolidated operating profitability is impacted due to one time cost in Havells and Sylvania during the Q3FY09.
- ROCE and RONW on the same way have been impacted.
- Rigorous working capital management has caused Inventory and debtors to reduce during the reported period.

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 31 December 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.

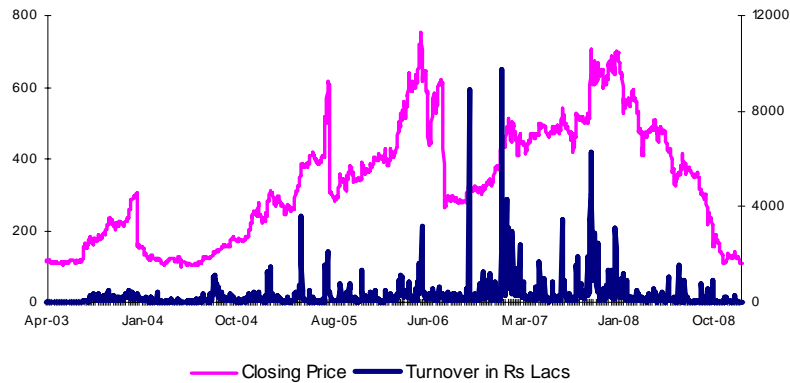


Shareholding pattern

- 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 less than 15%.

SHARE PERFORMANCE ON STOCK EXCHANGES

The graph below depicts the Havells performance on the NSE since April`03 to Jan' 09 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.