

# HAVELL'S – An Information Update

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

HAVELL'S + SYLVANIA	
Net Revenue	Rs. 10,687 Mn
EBIDTA	Rs. 821 Mn
Net Profit	Rs. 401 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 Havell's India Limited are available on Havell's 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 July 21, 2007.

## COMBINE STRENGTH OF HAVELL'S & SYLVANIA

	(Rs. In Mn)		
	Havell's April 1 to June 30	Sylvania April 20 to June 30	Combined Q1 FY 08
Net Revenue	4,741	5,947	<b>10,687</b>
EBIDTA	412	409	<b>821</b>
Margins %	8.7%	6.9%	7.7%
Net Profit	316	85	<b>401</b>
Margins %	6.7%	1.4%	3.7%

## SUSTAINED GROWTH QUARTER ON QUARTER

The highlights of strong operational and financial performance of Havell's India Limited, stand alone, during first quarter of FY08.

### Key Highlights for Q1 FY08 – Havell's India Ltd (stand alone)

- Strong 39% y-o-y growth in net revenue to Rs. 4,741 mn.
- 36% growth in EBIDTA to Rs. 412 mn.
- 40% growth in Profit After Tax to Rs. 316 mn

	(Rs. In Mn)					
	FY07 Q1	FY08 Q1	Growth y-o-y	FY07 Q4	Growth q-o-q	FY07 year
Net Revenue	3,418	4,741	<b>39%</b>	4,403	8%	15,472
EBIDTA	302	412	<b>36%</b>	390	5%	1,409
Margins %	8.8%	8.7%		8.9%		9.1%
Net Profit	226	316	<b>40%</b>	294	7%	1,022
Margins %	6.6%	6.7%		6.7%		6.6%

	(Rs. In Mn)		
<b>Segment Net Revenue</b>	<b>Q1 FY07</b>	<b>Q1 FY08</b>	<b>% Growth</b>
Switchgear	956	1,328	<b>Up 38%</b>
Cable & Wires	1,394	2,009	<b>Up 44%</b>
Lighting & Fixtures*	475	566	<b>Up 19%</b>
Electrical Consumer Durables	452	663	<b>Up 47%</b>

\* There has been a change in reporting of the segment results. 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 Havell's division.

Q1 FY08 is the 17<sup>th</sup> consecutive Quarter of growth in Revenue. Havell's has continued to succeed in its endeavor of sustained profitable growth.

## UPDATE ON SYLVANIA

Havell's 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 June 30, 2007 ie for 72 days and other wholly owned subsidiaries for the period from April 1, 2007 to June 30, 2007.

	(Rs. In Mn)
	<b>From April 20 to June 30</b>
Net Revenue	5,946
EBIDTA	409
<i>Margins %</i>	6.9%
PAT	85
<i>Margins %</i>	1.4%

## 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, Maxico, 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 Havell's India Limited and remaining € 120 mn will have recourse on SLI Sylvania.

Havell's 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 Havell's 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 – Q1 FY08

- 38% y-o-y growth in Switchgear segment with a net revenue of Rs. 1,328 mn.
- 44% growth registered in Cable & Wire with a net revenue of Rs. 2,009 mn.
- 19% growth (on stand alone basis) in Lighting & Fixtures with a net revenue of Rs. 566 mn.
- 47% growth in Electrical Consumer Durables with a net revenue of Rs. 663 m.

	(Rs. In Mn)						
	Q1 FY07		Q1 FY08		Growth	FY 07	
	Net Revenue	% of NR	Net Revenue	% of NR	y-o-y	Net Revenue	% of NR
Switchgears	956	28%	1,328	12%	38%	4,060	26%
Cable & Wires	1,394	41%	2,009	19%	44%	6,805	44%
Lighting & Fixtures							
Havell's	475	14%	566	5%	19%	2,313	15%
Sylvania			5,949	56%			
Total	475	14%	6,515	61%		2,313	15%
Electrical Consumer Durables	452	13%	663	6%	47%	1,687	11%
Other	155	4%	199	2%		662	4%
<b>Total (incl other incom)</b>	<b>3,432</b>	<b>100%</b>	<b>10,714</b>	<b>100%</b>	<b>39%</b>	<b>15,526</b>	<b>100%</b>

## Segment wise Margins – YTD basis

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

Contribution Margins	Q1 FY07	Q1 FY08	FY07
Switchgears	33%	33%	31%
Cable & Wires	16%	12%	13%
Lighting & Fixtures	11%	23%	11%
Electrical Consumer Durables	14%	19%	15%
Company as a whole	19%	22%	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 increased since margins in Sylvania are at 24% and included under this head. The margins under Electrical Consumer Durables shows improving trend with the improvement in raw material cost.

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

Region Wise Revenue in %	(Rs. In Mn)		
	Q1 FY07	Q1 FY08	FY 07
North India	31%	32%	33%
East India	15%	15%	15%
Western India	14%	15%	16%
Southern India	31%	32%	28%
Government	2%	1%	1%
Export Sales	6%	5%	7%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## COST STRUCTURE

	(Rs. In Mn)			
	Q1 FY07	% to NR	Q1 FY08	% to NR
	HIL*		HIL*	
<b>Net Revenue</b>	<b>3,418</b>	<b>100.0</b>	<b>4,741</b>	<b>100.0</b>
Raw Material	2,015	58.9	2,855	60.2
Staff Cost	119	3.5	160	3.4
Advertisement & Sales Promotion	120	3.5	198	4.2
Other Operating Expenses	862	25.3	1,116	23.5
<b>EBIDTA</b>	<b>302</b>	<b>8.8</b>	<b>412</b>	<b>8.7</b>
Depreciation	22	0.6	30	0.6
Interest	31	0.9	36	0.8
Add: Other Income	14	0.4	24	0.5
<b>PBT</b>	<b>263</b>	<b>7.7</b>	<b>370</b>	<b>7.8</b>
Tax	37	1.1	54	1.1
<b>PAT</b>	<b>226</b>	<b>6.6</b>	<b>316</b>	<b>6.7</b>

\* for Havell's India Limited (HIL) stand alone

1. The raw material cost has increased by 130 basis points. The Company has a policy of passing on the increase in raw material prices to the consumer, which may have some time lag. The price increase will ultimately be passed on to the consumers.
2. The advertisement and sales promotion budget for this year increased to Rs.730 mn as against last year's Rs. 334 mn. More focus will now be given to media advertisement this year.

The Combined structure of Consolidated Havell's India Limited is as follows:

	(Rs. In Mn)			
	April 20 to June 30, 2007	% to NR	Q1 FY08	% to NR
	Sylvania*		Combined	
<b>Net Revenue</b>	<b>5,946</b>	<b>100.0</b>	<b>10,687</b>	<b>100.0</b>
Raw Material	2,836	47.7	5,692	53.3
Staff Cost	1,334	22.4	1,494	13.9
Other Operating Expenses	1,367	23.0	2,680	25.1
<b>EBIDTA</b>	<b>409</b>	<b>6.9</b>	<b>821</b>	<b>7.7</b>
Depreciation	118	2.0	148	1.4
Interest	155	2.6	191	1.8
Add: Other Income	2	0.0	26	0.2
<b>PBT</b>	<b>138</b>	<b>2.3</b>	<b>508</b>	<b>4.7</b>
Tax	53	0.9	107	1.0
<b>PAT</b>	<b>85</b>	<b>1.4</b>	<b>401</b>	<b>3.7</b>

\* The figures for Sylvania include wholly owned subsidiaries.

## RATIOS

Financial Ratios	Q1 FY07	Q1 FY08		FY07
Profitability Ratios		HIL	Combine	
OPM (%) {EBIT/NR}	8.2	8.0	6.3	8.5
PAT % {PAT/NR}	6.6	6.7	3.7	6.6
ROCE {EBITDA/TCE}	45.4	44.8	20.7	42.7
RONW {PAT/NW}	34.0	32.8	37.3	39.0
Liquidity Ratios				
Current Ratio {CA/(CL+WCL)}	1.4	1.2	1.5	1.2
Debtors days {Debtors/TR}	18	13	65	7
Inventory days {Invent/NR}	59	58	65	56
Creditors days {TC/Purchase}	65	59	78	65
Leverage Ratios				
Debt/Total Equity	0.3	0.2	4.1	0.2

1. Operating Margins have been effected during Q1 FY08 as compare to FY07 due to the increase in advertisement and sales promotion expenses. Net Profit Margins have shown improvements with the saving in tax payments.
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 increased marginally over the full year of FY07 as we have not assigned the same in the last week of quarter ended June 30, 2007 since there was no need of funds.

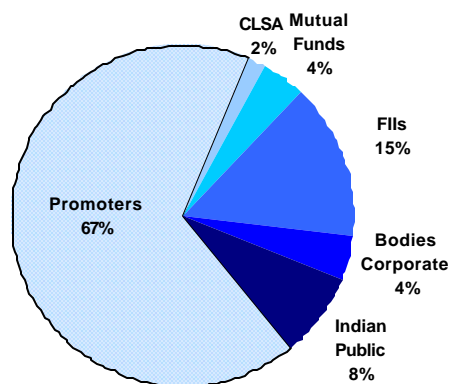
## SHAREHOLDERS - THE KEY BEHIND GROWTH

### Increasing Payout – Distribution of Dividend to shareholders

Havell's 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).

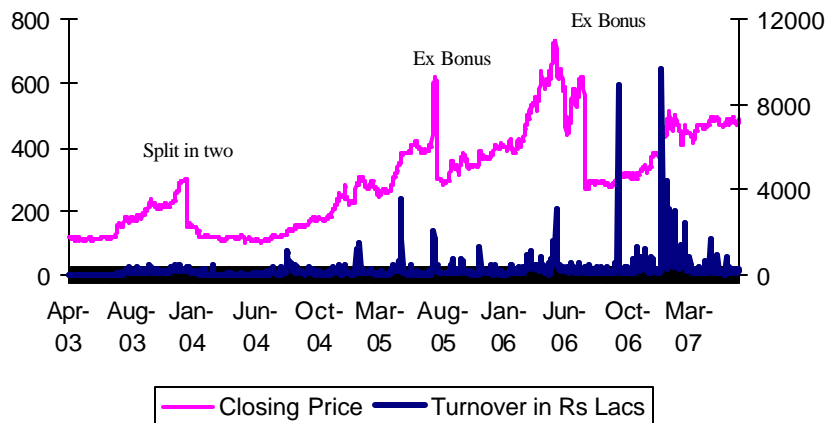
The shareholders had further been rewarded by two bonuses in continuation, in the last two years, both in the ratio of 1:1. The paid up share capital after this bonus and issue of all pending allotment of shares is Rs. 269 Mn comprising of 53,758,406 equity shares of Rs. 5/- each. No further shares are pending for allotment.

### SHAREHOLDING PATTERN



## SHARE PERFORMANCE ON STOCK EXCHANGES

Havell's market capitalization reached to Rs 29 bn as on July 19, 2007. The graph below depicts the Havell's performance on the NSE since April '03 to June '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. Havell's 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

Havell's 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, Manager (Investor Relations) at Havell's 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).