

June 4, 2010

**CARE REAFFIRMS THE RATINGS ASSIGNED TO BANK FACILITIES OF
HAVELLS INDIA LTD.**

Ratings

Facilities	Amount (Rs. cr)	Ratings¹	Remarks
Long-term Bank Facilities	340 (enhanced from Rs.200 cr)	'CARE AA' (Double A)	Reaffirmed
Short-term Bank Facilities	250	'PR1 +' (PR One Plus)	Reaffirmed
Total Facilities	590		

Rating Rationale

The ratings continue to reflect the reputed brand name of Havells India Limited (HIL), its established market position in the electrical equipment business, wide product portfolio and well-established distribution network. The ratings also reflect HIL's strong growth in operating income, comfortable overall gearing and liquidity position as well as improved operational performance during 9MFY10 emanating from improved demand in the end-user segments. The ratings are however constrained by slowdown in overseas markets affecting the consolidated operations of HIL, competition in the industry as well as volatility in input costs. Going forward, the key rating sensitivities would be the ability of HIL to sustain profitability margins and successfully restructure Sylvania's operations.

Company Profile

HIL, the flagship company of the Havells group, was incorporated in August 1983. The company operates in four broad business segments: viz Cables & Wires (C&W), switchgears, Electrical Consumer Durable (ECD) and Lighting & Fixtures (L&F). During FY09, the company reported total income of Rs.2,198 cr with PBILDT and PAT margins of 9.21% and 6.58% respectively. For 9MFY10, HIL reported total income of Rs.1,779 cr with PBILDT and PAT margins of 13.05% and 9.13% respectively.

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CARE classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

¹Complete definition of the ratings assigned are available at www.careratings.com and in other CARE publications

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