



21st

Annual Report 2003-04



HAVELL'S INDIA LTD.

21st Annual Report 2003-04





The past year has been an exciting and eventful one at Havell's. We have entered new business segments and have expanded our operations. In view of our success in the electrical switchgear products we have expanded into related fields of Fans, CFLs and Lighting fixtures. These products shall make our business more consumer and distribution oriented, which is our strength.

The company has also increased its marketing network both in India and internationally. We have opened our offices in Dubai and Bangladesh and are now marketing our products in over 40 countries.

Havell's is synonymous with quality electrical products. We have registered a healthy CAGR of over 30 percent over the past decade.

We dedicate our success to you, our valued shareholders. We intend to continue to provide our customers with higher levels of quality and to serve you with our best efforts for many years to come.



PROGRESS AT A GLANCE OF LAST 10 YEARS
Results for the year

(Rs. In Lacs)

PARTICULARS	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Turnover	2159.74	2856.61	4985.48	6212.15	8247.48	10513.30	17108.20	22203.36	29308.25	41922.40
Index	1.00	1.32	2.31	2.88	3.82	4.87	7.92	10.28	13.57	19.41
PBDI	230.03	281.98	344.64	299.03	402.70	546.81	1118.67	1487.09	1650.67	3274.77
Index	1.00	1.23	1.50	1.30	1.75	2.38	4.86	6.46	7.18	14.24
Depreciation	27.31	37.03	54.69	76.31	88.73	101.87	119.42	190.93	232.07	264.26
Index	1.00	1.36	2.00	2.79	3.25	3.73	4.37	6.99	8.50	9.68
PBT	202.72	244.95	289.95	222.72	313.97	444.94	999.25	1296.16	1418.60	3010.51
Index	1.00	1.21	1.43	1.10	1.55	2.19	4.93	6.39	7.00	14.85
Tax	57.67	79.88	59.78	75.02	68.73	113.14	378.21	438.80	522.63	914.40
Index	1.00	1.39	1.04	1.30	1.19	1.96	6.56	7.61	9.06	15.86
PAT	145.05	165.07	230.17	147.70	245.24	331.80	621.04	857.36	895.97	2096.11
Index	1.00	1.14	1.59	1.02	1.69	2.29	4.28	5.91	6.18	14.45

Year end position

(Rs. in Lacs)

Gross Block	703.56	1036.91	1337.08	1618.36	1764.94	2011.81	2384.58	3488.90	4136.11	5547.10
Index	1.00	1.47	1.90	2.30	2.51	2.86	3.39	4.96	5.88	7.88
Net Block	642.83	939.31	1184.79	1391.48	1450.34	1598.91	1855.71	2579.72	3000.51	4631.03
Index	1.00	1.46	1.84	2.16	2.26	2.49	2.89	4.01	4.67	7.20
Net Current Assets	921.90	1034.60	1445.52	2106.73	2550.59	3169.60	4964.45	6518.07	9457.52	11597.50
Index	1.00	1.12	1.57	2.29	2.77	3.44	5.39	7.07	10.26	12.58
Net Worth	895.21	1004.41	1309.33	1385.71	1529.65	1748.42	2289.30	3386.26	4100.08	5935.09
Index	1.00	1.12	1.46	1.55	1.71	1.95	2.56	3.78	4.58	6.63
Dividend (in %)	15%	15%	15%	15%	20%	20%	20%	25%	25%	40%
EPS (In Rs.)*	1.63	1.85	2.56	1.51	2.51	3.39	6.26	8.59	7.73	18.08
Share Capital	448.07	448.33	489.51	489.51	489.51	489.51	498.28	579.56	579.56	579.56
Reserves & Surplus	498.65	599.15	858.78	928.75	1066.30	1278.66	1904.37	2815.11	3522.42	5357.01
Book Value (In Rs.)*	9.99	11.20	13.37	14.15	15.62	17.86	22.97	29.21	35.37	51.20

* At the face value of Rs.5/- per share

BOARD OF DIRECTORS

Sh. Qimat Rai Gupta, Chairman & Managing Director
 Sh. Surjit Gupta, Director
 Sh. Rajesh Gupta, Director (Finance)
 Sh. Anil Gupta, Director
 Sh. P.K. Kaul, Director
 Dr. Abid Hussain, Director
 Sh. N.S. Vasant, Director
 Sh. Tarun Banga, Director
 Ms. Sabine Geyer, Director

COMPANY SECRETARY

Ms. Ritu Mehrotra

AUDITORS

M/s V.P. Bansal & Co.,
 Chartered Accountants
 1/18-A, Asaf Ali Road, New Delhi-110 002

BANKERS

Canara Bank

Janpath, New Delhi-110 001

State Bank of India

Industrial Finance Branch
 Jawahar Vyapar Bhawan, 1, Tolstoy Marg, New Delhi-110 001

Corporation Bank

Industrial Finance Branch
 Hindustan Times House,
 K.G. Marg, New Delhi-110 001

IDBI Bank Ltd.

Surya Kiran Building, K.G. Marg, New Delhi-110 001

Union Bank of India

Industrial Finance Branch.
 M-11, Connaught Circus, New Delhi-110 001

REGISTERED OFFICE

1/7, Ram Kishore Road,
 Civil Lines, Delhi-110 054

CORPORATE OFFICE

E-1, Sector-59, Noida-201 307 (U.P.)
 Tel. : +91-120-2587815-26 Fax : +91-120-2583904

WORKS

Domestic Switchgear Division

Road No. 9, Samepur Badli, Delhi-110 041

Industrial Switchgear Division

14/3, Mathura Road, Faridabad-121 002

Meter Division

6, Tilak Nagar Industrial Area, New Delhi-110 058

Cable Division

A/461-462, Matsya Industrial Area, Alwar, Rajasthan

Fan Division

D-6, Sector - 8, Noida, (U.P.)

CFL Division

14/3, Mathura Road, Faridabad-121 002

SHARE TRANSFER AGENT

MCS Limited
 (Unit- Havell's India Limited)
 W-40, Okhla Industrial Area, Phase - II, New Delhi - 110 020
 Tel . : 011- 26384908
 Website : www.mcsind.com

LISTED IN

The Stock Exchange, Mumbai
 The National Stock Exchange of India Ltd.

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NOTICE is hereby given that the Twenty First Annual General Meeting of **HAVELL'S INDIA LIMITED** will be held at Shah Auditorium, Raj Niwas Marg, Civil Lines, Delhi - 110 054 on Monday, the 19th day of July, 2004 at 03:30 P. M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2004, the Profit and Loss Account for the year ended on that date and the Reports of the Auditors and Directors thereon.
2. To declare dividend for the financial year ended on 31st March, 2004.
3. To appoint a Director in place of Shri Surjit Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Anil Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to authorise Board of Directors/ Audit Committee to fix their remuneration.

SPECIAL BUSINESS

6. To pass with or without modification, the following resolution as an **ORDINARY RESOLUTION TO ENHANCE BORROWING LIMITS**

"RESOLVED THAT in modification to the resolution passed at the Annual Genral Meeting of the Company held on 8th September, 1992 and pursuant to the provisions of Section 293 (1) (d) of the Companies Act 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company and / or any Committee thereof to borrow at its discretion, either from the Company's Bank or any other Indian or Foreign Bank(s), Financial Institution(s) and / or any other Lending Institutions or persons from time to time such sum(s) of money(s) and the sum(s) to be borrowed together with the money(s) already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers / FIs in the ordinary course of business) with or without security on such terms and conditions as they may think fit shall exceed the aggregate of the paid-up capital and free reserve of the Company that is to say, reserves not set apart for any specific purpose provided that the total amount together with the money(s) already borrowed by the Board of Directors/Committee shall not exceed the sum of Rupees 400 Crores (Rupees Four Hundred Crores only) at any one time."

7. To pass the item through Postal Ballot

TO PROVIDE SECURITY UNDER SECTION 293(1)(a) OF THE COMPANIES ACT, 1956 IN CONNECTION WITH BORROWING LIMITS

**By Order of the Board
For Havell's India Limited**

Delhi, 6th May, 2004

Ritu Mehrotra
Company Secretary

NOTES

1. **ANY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF/HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE MEETING.**
2. The Register of Members and Share Transfer Register will remain closed from Tuesday, the 13th day of July, 2004 to Monday, the 19th day of July, 2004 (both days inclusive).
3. The dividend, if any declared, shall be payable to those Shareholders whose name(s) stand registered:
 - a) as Beneficial Owner as at the end of business on 12th July, 2004 as per the lists to be furnished by National Securities Depositories Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and
 - b) as member in the Register of Members of the Company/ Registrar & Share Transfer Agent after giving effect to valid share transfers in physical form lodged with the Company as at the end of business on 12th July, 2004.



4. Pursuant to the provisions of Section 192A and the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, the result of the Postal Ballot of the item no 7 seeking the consent of the members under Section 293 (1) (a) of the Companies Act, 1956 will be announced in the Meeting.
5. Shareholders seeking any information with regard to accounts are requested to write to the Company atleast 10 days before the meeting so that the information be made available by the management at the day of the meeting.
6.
 - i) Members are requested to immediately intimate any change in Address to MCS Limited, W-40, Okhla Industrial Area, Phase - II, New Delhi-110 020, Registrar and Transfer Agent of the Company, so that change could be effected in the Register of Members before closure.
 - ii) Members who are holding shares in Demat mode are requested to notify any change in their residential address or Bank A/c details immediately to their respective Depository Participants.
 - iii) Members who have not opted for ECS facility earlier are requested to fill up the enclosed mandate form and return it to MCS Limited, W-40, Okhla Industrial Area, Phase - II, New Delhi-110 020, to avail the ECS facility otherwise they are requested to intimate their Savings Account/Current Account No. and the name of Bank with whom such account is held to enable the Company to print the said detail on the Dividend Warrant to prevent fraudulent encashment of the same.
7. Members/Proxies are requested to fill in and sign the Attendance Slip for attending the meeting.
8. During the year, amount of Un-claimed Dividend for the year 1995-96 has been deposited in the Investors Education and Protection Fund.
9. In case the Dividend still remained unclaimed from the financial years 1996-97 to 2002-03, the shareholders may approach the company with their dividend warrants for revalidation.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 6

At the Annual General Meeting held on 8th September, 1992, the Members of the Company passed the resolution u/s 293 (1)(a) & (d) of the Companies Act, 1956 to borrow and to provide security in connection with such borrowing aggregating not to exceed Rs.200 Crores.

This limit may expire this year. The Company is expanding its business and to meet the capital requirement of the Company, it is necessary to enhance the limit of borrowing under section 293 (1)(d) of the Companies Act, 1956 to Rs. 400 crores subject to approval of the members at the General Meeting.

The Directors, therefore, recommend the resolution at Item No 6 for approval of the shareholders as an Ordinary Resolution. None of the Director is concerned or interested in the resolution.

By order of the Board

Delhi, 6th May, 2004

Ritu Mehrotra
Company Secretary



Your Directors have pleasure in presenting the 21st Annual Report and audited financial accounts for the year ended 31st March, 2004 :

Financial Results

	(Rs. in Lacs)	
	<u>2003-04</u>	<u>2002-03</u>
Gross Sales	41,922.40	29,308.25
Less Excise	5,627.76	4,060.62
Net Sales	36,294.64	25,247.63
Other Income	759.97	421.29
Total Expenditure	32,582.62	22,974.12
Interest	1,197.22	1,044.13
Net profit after interest but before Depreciation and Taxation	3,274.77	1,650.67
Less Depreciation	264.26	232.07
Profit before Taxation	3,010.51	1,418.60
Less Taxation	914.40	522.63
Net Profit	<u>2,096.11</u>	<u>895.97</u>
Add Balance brought forward from previous year	2,300.56	1,668.04
Profit available for appropriation	<u>4,396.67</u>	<u>2,564.01</u>
Appropriation of Profits		
Transfer to General Reserve	220.00	100.00
Interim Dividend	86.93	0.00
Proposed Dividend	144.89	144.89
Corporate Dividend Tax	29.70	18.56
Balance carried over to balance sheet	3,915.15	2,300.56
	<u>4,396.67</u>	<u>2,564.01</u>

Performance of the Company

Havell's is one of the largest Indian electrical products company manufacturing building circuit protection equipment, industrial switchgears, cables & wires, energy meters, modular switches, fans, lighting products etc. The turnover of your Company has **increased by 43%** from Rs.29308 Lacs in the last Financial Year 2002-03 to Rs.41922 Lacs in current financial year.

There is more than 130% increase in Profits of the Company. The Net Profit is increased from Rs.896 Lacs to Rs.2096 Lacs during the year under review.

Dividend

During the year, your Company declared an Interim Dividend of Rs.1.50 per equity share of Rs.10/- each i.e. @ 15% for the Financial Year 2003-04 and paid to all those shareholders of 5795577 Equity Shares of Rs.10/- each whose names appeared in the Register of Members of the Company as on 31st October, 2003.

Your Directors are now pleased to recommend a final dividend of Rs. 1.25/- per equity share on fully paid up equity shares of Rs.5/- each i.e. @ 25% thereby making the Total Dividend for the year 2003-04 at 40%. The proposed final dividend, if approved at the ensuing Annual General Meeting and Interim Dividend already paid, would result in appropriation of Rs.261.52 Lacs (including Corporate Dividend Tax of Rs.29.70 Lacs) out of the profits. The Company has made transfer of Rs.220 Lacs to the General Reserve.

Switchgear Division

The turnover of Switchgear Division during the current year is Rs.15928 Lacs as compared to Rs.11133 Lacs for the previous year, a growth of 43 % over the last year's performance. Your Company enjoys leadership position in the Indian Market for building circuit protection equipment. Havell's Miniature Circuit Breakers are the largest selling MCBs in India. In fact, Havell's is among the top 10 MCB manufacturers in the World. Similarly, Havell's Earth Leakage Circuit Breakers have become an imperative for Indian homes and offices. Havell's also offers a wide range of compact, elegant and durable MCB Distribution Boards. The Industrial Switchgear products group includes high quality MCCBs, Changeover Switches, Fuse Switches and Motor Controlegear. The Company is moving with great emphasis towards International Market and is posed for excellent result from there.



Cable Division

Havell's also offers a complete range of domestic FR/FRLS wires, low and high voltage PVC and XLPE cables, besides, Co-Axial TV and Telephone Cables. The Company is recognised as quality manufacturers of cable with a major presence in the country leading to fast growth in volume. The cable division has shown growth of 64% as turnover of the unit has increased to Rs.17596 Lacs from the previous year's turnover of Rs.10715 Lacs.

Meter Division

The metering unit of Havell's manufactures high quality single phase and three phase energy meters. The Meter Division of the Company has shown a turnover of Rs.6004 Lacs during the year under review as compared to the previous year's turnover of Rs.7466 Lacs. The sale was lower due to decrease in selling prices for the meters purchased by State Utilities in the year. The Company is making efforts to upgrade its position by way of continuous product innovation backed by its unique distribution network and extensive reach through out the country.

CFL Division

With a strong brand in electrical products and an extensive distribution network, Havell's decided to move into electrical consumer goods segment, during the year. The Company has set up a state-of-the-art automatic plant for manufacturing Compact Fluorescent Lamps (CFLs) at Faridabad. It has a production capacity of 10 Lacs units/ month. These lamps are becoming highly popular because of their long life and energy saving properties. The CFLs Division has shown a turnover of Rs.550 Lacs in the 6 months of operation during the year. The Company is poised to become a major player in the CFL market in the current year, which shall be the first full year of operations.

Fan Division

Following the same strategy of entering electrical consumer goods segment, during the year, the Company has started a new venture at Noida for manufacturing of all kinds of Electrical Fans including premium ceiling, table, pedestal, wall mounting in innovative designs, styles, sizes and colours under its brand name. The state-of-the-art manufacturing plant includes in-house CNC machining facility, Electrostatic conveyerised paint shop, automatic stator winding machines, a complete conveyerised assembly and testing lines. In its limited period of operation during the year, this unit of the Company generated a turnover of Rs.1508 Lacs. The new plant has a production capacity of 1,00,000 fans per month. The Company aims to acquire 10% market share in the organised sector of Fans by utilising existing production infrastructure in domestic and international market by 2005.

Light Fittings

Havell's has also introduced in the market a complete range of indoor and outdoor lighting fixtures under the Brand name 'Havell's Polestar'. With this the Company has entered into Rs.2300 crore domestic lamps and luminaries market. For this purpose, the Company has acquired 24% stake in G S Lighting Pvt. Ltd., a company manufacturing light fittings. The Turnover of this unit is Rs.515 Lacs during the year.

The three new business ventures added in the year should result in an excellent growth in the current year.

International Business

The Company has put major focus on increasing its export volumes and international business. The Company has started exporting to over 40 countries, which shall result into major volume expansion in the current year. The Company has opened branch offices in Dubai and Bangladesh to provide local promotion to the markets there. The Company did Export turnover of Rs.2116 Lacs in the year under review compared to previous year's Rs.652 Lacs i.e. an increase of 225%.

Subsidiary Companies

During the year 2003-04 your company has sold out its entire shareholding in Standard Electricals Limited.

Corporate Governance

An independent Board with best business practices, transparent disclosures and empowerment of shareholders are as necessary as solid financial results for creating and sustaining the shareholder value. In line with clause 49 of the Listing Agreement, a Corporate Governance Report and a Management Discussion & Analysis Report of the Company are provided in this Annual Report.

Directors' Responsibility Statement

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that :

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period;



- (iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) The Directors had prepared the annual accounts on a going concern basis.

Directors

Smt. Nishi Goyal, has resigned from the Directorship of the Company. Further, Ms. Sabine Geyer who is appointed as Director by GEYER AG, the erstwhile foreign promoter has now become an Independent Director as Geyer AG has sold out its entire investment in the Company during the current year.

In accordance with the requirement of the Companies Act, 1956, Shri Surjit Gupta and Shri Anil Gupta, Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Auditors

M/s V. P. Bansal & Co., Chartered Accountants, Delhi, the present Auditors of the Company, retire at the forthcoming Twenty First Annual General Meeting and being eligible, offer themselves for re-appointment. They have furnished a certificate to the effect that their re-appointment, if made, will be within the limits prescribed under Section 224(1)(B) of the Companies Act, 1956.

Comments on Auditor's Report

All observations made in the Auditor's Report and notes to the accounts are self explanatory and do not call for any further comments under section 217 of the Companies Act, 1956.

Fixed Deposit

Public deposits accepted by the Company as at March 31, 2004 aggregated to Rs.814.01 Lacs. Deposits aggregating to Rs.25.89 Lacs from 29 depositors, though matured, had neither been claimed nor renewed until March 31, 2004. The Company has sent letters to all those deposit holders to claim the same.

Investors Education and Protection Fund

Pursuant to the provisions of section 205A & 205C of the Companies Act, 1956, your Company has deposited Rs.67,110/- lying unclaimed / unpaid dividend for the Financial Year 1995-96 during the current year in the Investors Education and Protection Fund.

Listing of shares

The shares of the Company are listed on National Stock Exchange of India Limited (NSE) and The Stock Exchange, Mumbai (BSE). NSE has been defined as the Designated Stock Exchange of the Company. The listing fees in respect thereof, for the year 2004-05, has already been paid to all the Stock Exchanges.

The Company has got the shares of the Company delisted from the Delhi Stock Exchange Association Limited (DSE) with effect from 23rd October, 2003.

Split of Shares

At the Extra Ordinary General Meeting of the Company held on 19th day of November, 2003, members of the Company approved the splitting of shares by change in denomination of face value of its Equity Shares from Rs.10/- to Rs.5/- each. Consequently, on 7th January, 2004, i.e. the record date fixed for this purpose, all 5795577 equity shares of Rs.10/- each were sub-divided into 11591154 equity shares of Rs.5/- each.

Personnel

Particulars of Employees required under section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 as amended forms part of this report and attached herewith as Annexure - A

Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Particulars as required to be disclosed as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, are set out in the statement attached hereto under Annexure-B and forms part of this report.

ISO 9001:2000

Your Company is an ISO 9001:2000 certified Company following the best practices to lead the organisation towards improved performance. Customer Focus, Leadership, Involvement of People, Process Approach, System Approach to Management, Continual Improvement, Factual Approach to Decision Making and Mutually Beneficial Suppliers Relationship are the 8 quality management principles used as a basis for the development of ISO 9001:2000.



Health, Safety and Environment

Havell's is very much concerned with the health and safety of every person at its factories and offices and is protecting and nurturing the environment:

Havell's has taken steps to educate each and every employee to take the Medclaim and Personal Accident Policies.

Havell's policy towards Health, Safety and Environment prescribes the following:

- Taking care of the health and safety of people.
- Promoting safety culture among all the employees.
- Protection of environment.
- Efficient use of materials and energy to maximise productivity.
- Ensuring commitment from contractors to manage health, safety and environment in line with the Company's policy.

The Company is using generators with low noise pollution, so as not to disturb the outside environment. Havell's is committed to transform the aired land in and around the factories into a lush green environment, with green belt.

Contribution to Exchequer

Corresponding to the increase in turnover, there is an increase in contribution made to exchequer through taxes. During the financial year ended March 31, 2004, the Company has paid Rs.914.40 Lacs towards Income Tax as compared to Rs.522.63 Lacs paid during the last financial year. This payment along with an excise duty of Rs.5627.76 Lacs totaling Rs.6542.16 Lacs indicates that your Company is a regular payer of taxes and other duties to the Government and is contributing fully to the growth of our nation as a responsible corporate citizen.

Social Obligation

"Serving people with meagre or no means is the duty of every well-to-do person or company in India." The Company had contributed Rs.6 Lacs to QRG Foundation, a charitable trust, founded by QRG group. The Charitable Trust is running a mobile dispensary, which goes into different parts of Delhi and provides free medical check-ups and medicines to about 150 people every day.

Human Resources

Your Company always regards human resource as its most valuable asset and continuously evolves policies and processes to attract and retain its substantial pool of scientific, technical and managerial resources through friendly work environment that encourages initiatives by individuals and recognises their performance.

To develop new skills and capabilities, training programmes are conducted at regular intervals. And to motivate and encourage the employees of the Havell's Group, we regularly organize Meetings for personal views and opinion of the employees about the Company.

The credit of the results and milestones achieved goes to the team of Havell's and to all our partners in business.

Acknowledgments

Your Directors thank to our valued Customers and Suppliers, various Financial Institutions, Banks, Central and State Government bodies, Auditors and Legal Advisors which have made possible the excellent results achieved by your company and to all the persons who reposed faith and trust in us.

The Directors are thankful to all of you as shareholders for confidence you have reposed in us. We look forward to your long association with us. The Company will always endeavour to perform well and meet the expectations of its large family of shareholders.

Last but not the least, my most grateful thanks also goes to my colleagues at all levels, who have put in their best efforts and unstinted co-operation without which this growth and expansion is not possible.

For and on behalf of the Board of Director

Delhi, 6th May, 2004

QIMAT RAI GUPTA
Chairman & Managing Director



ANNEXURE - A TO THE DIRECTORS' REPORT

Particulars of Employees pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956

S. No.	Name	Age	Designation	Remuneration	Qualifications	Experience	Date of commencement of employment.	Last employment held
1	Shri Qimat Rai Gupta	67 Years	Chairman & Managing Director	Rs.28,01,027/-	B. A.	44 years	08.08.83	N. A.

ANNEXURE - B TO THE DIRECTORS' REPORT

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information under Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2004 is as follows.

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken

Your Company gives priority to energy conservation. It regularly reviews measures to be taken for energy conservation, consumption and its effective utilization.

The Company has started manufacturing CFLs (Compact Fluorescent Lamps), which are energy saving lamps at its works at Faridabad. The company is creating awareness amongst the customers and the society as a whole, for use and utility of this energy saving devices.

1. Installed two nos. 500 KVA, fully synchronised 11 Kv/440 volts transformers, to avoid the extra losses, due to the low voltages available in the area.
2. Timers are now provided, at all the Eddy Current Drives to avoid unnecessary running of the drive motors.
3. Ordinary on-off temperature controllers at various Extrusion lines are replaced with P.I.D controllers to avoid power losses in heating and cooling processes.
4. All bulbs and tube-lights are replaced with CFLs, thus saving of energy usage for the same light lux levels.
5. Use of LDO has started in place of diesel in paint shop, as well as in generators, thus saving on the costs.
6. New wide diameter pipelines have been installed for pneumatic air lines required at production tables. Previously three air compressors were used for producing 200 Cfms pressure, now with the new pipelines the required air pressure will be available with two running compressors only.
7. Monitoring of the department wise power consumption has been started, by providing separate meters and creating the awareness and replacing high wattage incandescent bulbs with low wattage florescent tubes.
8. Conventional belt drives in compressors have been replaced with Coupling Devices, thus achieving more efficiency in the drives.
9. Automatic water leveling devices are now provided.
10. Replacement of 10 HP Jet Pump by a submersible pump of 5 H.P has been achieved. Two Compressors of Belt Drives with 2x22 KW motors now replaced with coupled drives using 1x30 KW.

b) Additional Investment and proposals for Energy Conservation

The requirement of power is not very large and the position did not warrant any special measures for conservation of energy. The additional investment was made to the tune of Rs.8 Lacs on account of LDO tanks and other pipelines. Approx. Rs.6.40 Lacs spent for replacement of Jet pumps and coupling devices on compressors.

c) Impact of the measure at (a) and (b) above for reduction of Energy Consumption and consequent impact on the cost of production of goods

- By changing the bulbs into CFLs in production area, the Company is able to save energy by 75% and also the Tube Light into CFLs saves almost 40% energy.
- Starting of LDO in paint shop and in generator room gives almost 20% saving in terms of cost.
- The wide diameter pipeline for air pressure gives almost 33% electricity saving.

B. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

a) Research & Development

1) Specific Areas in which R & D carried out by the company

(i) Import Substitution

- (a) The Company has developed a wide range of Switchgear products through its R & D Division, substituting the imports made earlier for the same products.
- (b) Development and production of "D" frame MCCBs, which it used to import earlier.
- (c) Development of Electronic MCCBs, with microprocessor based electronic tripping circuits.
- (d) Two MCB components Latching Fork & U-Latch Indigenised.

(ii) Technology upgradation

- (a) The in-house R & D team of the Company is continuously working on the advancement of the existing products by adding new features. The Company has launched new High Quality Single Phase Electro-Mechanical Meters.
- (b) In addition the above many improvement activities have been carried out.
- (c) RCCBs upgraded from old IS : 12640 : 88 to new IS : 12640 : 2000 / IEC : 61008 - 1.
- (d) Executive range series in Distribution Boards established.
- (e) Achievement of 0.5% accuracy between consecutive load points in design of our Single Phase Meters, achieving practically a flat curve, thereby reducing variations to the minimum.
- (f) Installation of high precision +/- 0.05% accuracy electronic test benches, thereby improving the calibration of meters significantly.
- (g) Installation of high precision reference meters of class accuracy +/- 0.1% on test benches.
- (h) Installation of new design sensors on calibration benches, with better sensitivity for disc type or LED type meters.
- (i) BIS certification of single phase and three phase electronic meters.

(iii) Quality Improvement

- (a) Pinching tools for outer cap contacts introduced in place of existing riveting process improving the quality, costs savings and aesthetics.
- (b) Process improvements for reducing rejection rate for various sub assemblies and final assembled meters.
- (c) Value engineering for cost reduction of various components of meters, thereby making the products more competitive in the market.

(iv) Any other, please specify

'D' Curve MCB developed (20A, 25A & 63A)

2) Benefits derived as a result of above

- (i) Usage and Design Improvement
- (ii) New Product Introductions
- (iii) Quality Upgradation
- (iv) Cost Reduction
- (v) RCCB fulfilling the latest international requirement

3) Future plan of action

- (i) To continue R & D work for upgradation of technology of the existing products, continuing with the efforts on import substitution and developing new products helping the company to expand its range of products, to meet market needs provide customer delight.
- (ii) International Certifications like KEMA, PSB, UL & VDE.
- (iii) BIS Marking for all range of MCBs & RCCBs.
- (iv) The Company is working to achieve ISO14001 in its manufacturing plants in the current financial year in order to cope with environment related standards as well as increased demand for environmentally sound products.

4) Expenditure on R & D

	(Rs. in Lacs)	
	<u>Current Year</u>	<u>Previous Year</u>
Capital	9.24	--
Recurring	68.37	74.69
Total	<u>77.61</u>	<u>74.69</u>
Total R & D expenditure as a percentage of total turnover	0.19%	0.25%

b) Technology Absorption, Adaptation and Innovation

1. **Efforts, in brief, made towards technology absorption, adaptation and innovation.**

The Company is regularly pursuing for upgradation of technology in existing products and development of new products and also adopted the latest developments made by its collaborators. The Company is constantly in touch with the latest developments in the field of electric/ electronics and accordingly updation in plant and machinery is regularly being reviewed.

2. **Benefits derived as a result of above efforts.**

Improvement in quality of the products, improvement in manufacturing process, resulting in cost reduction and acceptability of the products in international market, grant of ISO 9001:2000 certification etc.

3. **Information on imported technology (imported during the last 5 years) reckoned from the beginning of the financial year, if any:**

During the year under review, the Company has imported complete CFL plant & technology from South Korea and production also started in FY 2003-04.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign exchange used and earned

	(Rs. In Lacs)	
	<u>2003-04</u>	<u>2002-03</u>
Foreign exchange earned	2115.57	651.83
Foreign exchange used	1314.36	550.94

For and on behalf of the Board of Director

Delhi, 6th May, 2004

QIMAT RAI GUPTA
Chairman & Managing Director



Company's Philosophy:

An independent Board with best business practices, transparent disclosures and empowerment of shareholders are as necessary as solid financial results for creating and sustaining the shareholders' value.

The Company believes in and practices Good Corporate Governance. Transparency, professionalism, accountability and responsibility are the essential character and guiding principles for all decisions, transactions and policy matters of Havell's. The Company continuously endeavors to improve on these aspects on an ongoing basis. The basic philosophy of Corporate Governance in Havell's is to achieve business excellence and add shareholders' value with desired disclosure practices and sound decision making, through harmonious interactions amongst the Board of Director, its Committees and senior management.

Good Corporate practices have further guided the Company to not only work towards the enhancement of shareholders' value but also towards overall betterment of all stakeholders viz., shareholders, creditors, customers, employees and society at large.

The importance of Corporate Governance has always been recognized by your Company and is manifested in the Company's vision. A report, in line with the requirement of the Stock Exchange for the year ended March 31, 2004 is given below:

Board of Directors

Board of Directors comprises two Whole Time Directors, Seven Non-Executive Directors out of whom Five are Independent. The Company is chaired by an Executive Director. The functions of the Board include formulation of strategic business plans, setting up of goals and evaluation of performance, approving corporate philosophy and mission, monitoring corporate performance, against strategic business plans, overseeing operations, ensuring compliance with laws and regulations, keeping shareholders informed regarding plans, strategies and performance of the Company and other important matters.

The Board has constituted four committees, viz. The Audit committee, Finance Committee, Remuneration Committee and Share Transfer & Shareholders'/Investors' Grievance Committee. All these Board committees are chaired by Non Executive Directors.

During the financial year 2003-04, four Board Meetings were held on 2nd May 2003, 25th July, 2003, 22nd October, 2003 and 16th January, 2004.

The Composition of Board of Directors, their attendance at the Board Meetings held during the year and at last Annual General Meeting as also number of directorships and chairmanships/ memberships of committees of each director held in various companies as at March 31, 2004 is:

S. No.	Name of the Director	Category	Attendance Record		No. of other Directorship and Committee Memberships/ Chairmanships		
			Board Meetings	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
1.	Sh. Qimat Rai Gupta	Chairman & Managing Director	4	Yes	8	Nil	Nil
2.	Sh. Surjit Gupta	Non-Executive & Non-Independent	4	Yes	6	2	Nil
3.	Sh. Anil Gupta	Non-Executive & Non-Independent	4	Yes	9	3	2
4.	Sh. Rajesh Gupta	Executive & Non-Independent	4	Yes	Nil	Nil	Nil
5.	Sh. P.K. Kaul	Independent & Non-Executive	4	Yes	11	4	4
6.	Dr. Abid Hussain	Independent & Non-Executive	4	Yes	8	2	1
7.	Sh. N. S. Vasant	Independent & Non-Executive	3	Yes	1	1	Nil
8.	Sh. Tarun Banga	Independent & Non-Executive	2	Yes	Nil	Nil	Nil
9.	Ms Sabine Geyer	Independent & Non-Executive	0	No	5	Nil	Nil
10.	Ms Nishi Goyal *	Independent & Non-Executive	0	No	Nil	Nil	Nil

* Director resigned during the year

Disclosure regarding Directors Re-appointment

Name of Director	Surjit Gupta	Anil Gupta
Date of Birth	13th January, 1942	20th April, 1969
Qualifications	F.Sc. from Punjab University Diploma in Mechanical Engineering from State Board of Technical Education, Punjab	B. A. (Economics) MBA (Marketing and Finance) from Wake Forest University, North California, USA
Nature of expertise	He worked as technical head of Havell's. Havell's become a leading group in the electrical field, with an excellent reputation for quality engineering products. He Developed variety of new products. He was instrumental in the initial exposure of Havell's to international manufacturers and technology. He improved Havell's manufacturing and also enter into alliance with foreign manufacturers.	New business development by forming new alliances with foreign collaborators and / or taking over other businesses within India. Supervising marketing and sales functions of Havell's India Limited.
Name of the Companies in which he holds Directorship	<ul style="list-style-type: none"> ♦ Havell's India Limited ♦ TTL Limited ♦ QRG Enterprises Ltd. ♦ Duke Arnics Electronics Ltd. ♦ Havell's Switchgears Ltd. ♦ Havell's Financial Services Limited ♦ Precision Meters Ltd. 	<ul style="list-style-type: none"> ♦ Havell's India Limited ♦ TTL Limited ♦ QRG Enterprises Ltd. ♦ Duke Arnics Electronics Ltd. ♦ Precision Meters Ltd. ♦ Havell's Switchgears Ltd. ♦ Crabtree Aqua Tech Limited ♦ Standard Electricals Ltd. ♦ Havell's Financial Services Limited
Name of Committee of the Companies of which he holds Membership/ Chairmanship	Havell's India Ltd. - Remuneration Committee (Member) - Investors's Grievance Committee (Member)	Havell's India Ltd. - Audit Committee (Member), - Investors Grievance Committee (Chairman) - Remuneration Committee (Member) Havell's Financial Services Limited - Audit Committee (Member) - Investors Grievance Committee (Chairman)

Audit Committee

Presently, the Audit Committee comprises of four Non-Executive Directors with majority being Independent. Shri P. K. Kaul is the Chairman of the Committee, the other members are Dr. Abid Hussain, Shri N. S. Vasant and Shri Anil Gupta. The constitution of the Committee meets with the requirements of Section 292A of the Companies Act, 1956, as well as the Listing Agreement.

The Audit Committee is responsible for the effective supervision of the financial reporting processes to ensure proper disclosure of financial statements, their credibility, compliance with the accounting standards, stock exchanges and other legal requirements, reviewing with internal and external audit and internal control systems, assessing their adequacy ensuring compliance with internal controls, reviewing findings of internal audit and ensuring follow up action on significant findings, and reviewing quarterly, half yearly and yearly annual accounts.

During the year 2003-04 four audit committee meetings were held out on 30th April, 2003, 25th July, 2003, 22nd October, 2003 and 16th January, 2004. The attendance of the directors during these meetings are set down below:

S. No.	Name of the Director	No. of Meeting attended
1.	Sh. P.K. Kaul	4
2.	Sh. Anil Gupta	4
3.	Dr. Abid Hussain	3
4.	Sh. N. S. Vasant	3



All the above meetings, were also attended by the Executive Director (Finance). The Statutory and Internal Auditors also attended the Audit Committees Meetings.

During the year, the Committee reviewed:

- ♦ Quarterly and yearly financial statements before they are submitted to the Board of Directors.
- ♦ Internal Audit and Statutory Auditors' Report
- ♦ Management Information System
- ♦ Internal controls to ensure that the accounts of the Company are properly maintained and that transactions are in accordance with the prevailing laws and regulations.
- ♦ Compliance with Accounting Standards
- ♦ Legal requirements including stock exchange requirements concerning the Financial Statements etc.
- ♦ Appointment of Auditors, fixation of remuneration.

The Report of the Chairman as well as the minutes of the Audit Committee are circulated to all the Board Members for their consideration.

As per the requirements of the Listing Agreements entered with the Stock Exchanges, Ms. Ritu Mehrotra, Company Secretary, acts as the Secretary of the Audit Committee.

Remuneration Committee

The Remuneration Committee determines on behalf of the Board and shareholders as per agreed term of reference, the Company's policy on specific remuneration packages for executive directors including pension rights and compensation payment.

The Committee comprises of three Non Executive directors under the chairmanship of Independent Director. Dr. Abid Hussain, Chairman, Shri Surjit Gupta and Shri Anil Gupta are the members of the Committee. No meeting of the Committee was held during the year under review

Non-Executive Independent Directors

Non-Executive Independent Directors are paid only the sitting fees for attending the meetings of the Board of Directors within the limits as prescribed under the Companies Act, 1956.

Details of Remuneration to all the directors

Name of the Director	(in Rupees)			
	Sitting Fees	Salary & Perks	Commission	Total
Sh. Qimat Rai Gupta	Nil	28,01,027	Nil	28,01,027
Sh. Surjit Gupta	Nil	Nil	Nil	Nil
Sh. Anil Gupta	Nil	Nil	Nil	Nil
Sh. Rajesh Gupta	Nil	18,84,178	Nil	18,84,178
Sh. P.K. Kaul	32,000	Nil	Nil	32,000
Dr. Abid Hussain	31,000	Nil	Nil	31,000
Sh. N. S. Vasant	22,000	Nil	Nil	22,000
Sh. Tarun Banga	10,000	Nil	Nil	10,000
Ms Nishi Goyal*	Nil	Nil	Nil	Nil
Ms Sabine Geyer	Nil	Nil	Nil	Nil

* Director resigned during the year.

Share Transfer & Shareholders'/ Investors' Grievance Committee

The Board has constituted a Share Transfer & Shareholders'/ Investors' Grievance Committee comprises of three directors under the Chairmanship of Sh. Anil Gupta other members being Shri Surjit Gupta and Shri Rajesh Gupta. The functions and powers of Committee include approval/ rejection of transfer/ transmission, issue of duplicate certificates, review and redressal of shareholders' and investors' grievances/ complaints. The members of the Committee meet every week for share transfer and other said purposes. As on 31st March, 2004 no share was pending for transfer.

The shareholders may directly e-mail to the Company at the e-mail id investors@havells.com for early response of their queries.



The detail of the investors' / shareholders' correspondence received and attended during the year is as follows:

Particulars	Received	Replied	Pending	Max. period of Reply
Change of Address	69	69	-	7
Change in the Bank Details	22	22	-	7
Request for issue of Duplicate Share Certificates	61	61	-	7
Dividend related queries	46	46	-	7
Request for Annual Reports	17	17	-	3
Transmission Request	1	1	-	1
Transposition requests	0	0	-	0
Non-receipt of Share certificates after transfer.	8	8	-	7
Share Transfer related queries	9	9	-	7*
Others	50	50	-	7
TOTAL	283	283	-	

* One case of share transfer query related with forfeited shares, took 15 days time to reply.

Ms. Ritu Mehrotra, Company Secretary is designated as Compliance officer. Thirty Nine meetings of the Committee were held during the year 2003-04.

General Body Meetings

General Meetings	Date	Time	Venue
Annual General Meeting	August 24, 2001	04:30 p.m.	Shah Auditorium, Raj Niwas Marg, Civil Lines, Delhi 110054
Extra Ordinary General Meeting	November 3, 2001	10:30 a. m.	- do -
Annual General Meeting	August 23, 2002	04:30 p.m.	- do -
Annual General Meeting	July 25, 2003	04:00 p.m.	- do -
Extra Ordinary General Meeting	November 19, 2003	04:00 p.m.	- do -

Several Special Resolutions proposed in the above said meetings and were duly passed by show of hands. No resolution was put through postal ballots till the last Annual/ Extra Ordinary General Meeting.

Statutory Disclosures:

During the year, there were no transactions of material nature with the Directors or the Management or their subsidiaries or relatives that had potential conflict with the interest of the Company.

The Company has not been penalised, nor has the stock exchanges, SEBI or any statutory authority imposed any strictures, during the last three years, on any matter relating to capital markets.

During the year, the Shares of the Company were delisted from the Delhi Stock Exchange of Association Limited with effect from October 23, 2003.

3. Means of Communications

- Half Yearly report sent to each shareholder No
- Quarterly Results
Which newspaper normally published in 1) The Economic Times
2) Navbharat Times (Hindi)
- Any web-site, where published www.havells.com
- Whether it also displays official news releases and made to institutional investors/ analyst Yes
- Whether MD&A is a part of the Annual Report or not Yes



4. General Shareholder Information
Annual General Meeting:

Date	:	19th July, 2004.
Time	:	03:30 P. M.
Venue	:	Shah Auditorium, Raj Niwas Marg, Civil Lines, Delhi - 110 054

Financial Calendar (tentative and subject to change)

Financial Reporting for the quarter ending June 30, 2004	:	Mid July 2004
Financial Reporting for the half-year ending September 30, 2004	:	Mid October 2004
Financial Reporting for the quarter ending December 31, 2004	:	Mid January 2004
Financial Reporting for the year ending March 31, 2005	:	Mid May 2005
Annual General Meeting for the year ending March 31, 2005	:	Mid July, 2005

Split of Face Value of Shares

The face value of Equity Shares of the Company is changed from Rs.10/- each to Rs.5/- each. Hence, for every one share of Rs.10/- each, two shares of Rs.5/- each are allotted to all those shareholders whose names appeared on the Register of Members as on 7th January, 2004 and / or who hold shares in demat account.

Date of Book Closure

13th July, 2004 to 19th July, 2004 (both days inclusive)

Dividend Payment Date

24th July, 2004

Listing on Stock Exchanges

The Stock Exchange, Mumbai (BSE)

The National Stock Exchange of India Limited (NSE)

Stock Code:

517354 (BSE)/ HAVELLS (NSE)

International Securities Identification
Number (ISIN code- NSDL & CDSL):

INE 176B01026

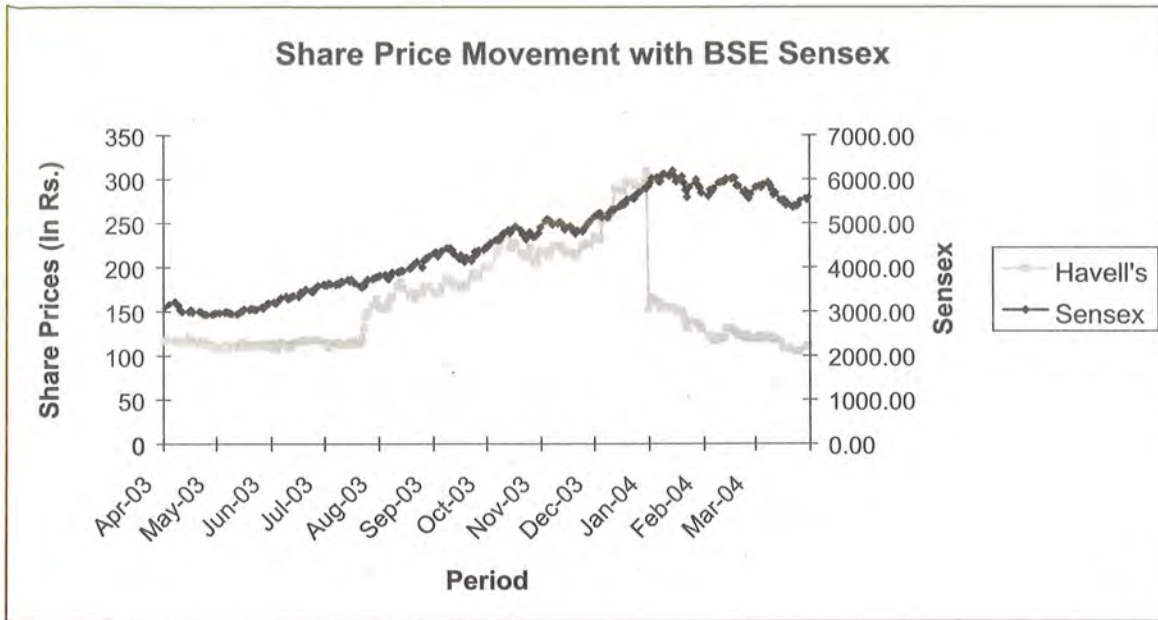
Market Price Data

For the financial year 2003-04 at The National Stock Exchange of India Ltd. and The Stock Exchange, Mumbai

Period	NSE		BSE	
	High (Rupees)	Low (Rupees)	High (Rupees)	Low (Rupees)
Before Split i.e. Rs. 10/- each				
April	119.90	105.00	120.00	107.00
May	116.75	105.00	117.50	105.05
June	125.00	106.30	120.00	107.00
July	167.00	110.00	166.00	109.00
August	195.00	150.00	199.00	150.30
September	205.85	168.00	214.00	170.00
October	247.00	199.55	255.00	200.00
November	250.00	205.00	236.00	212.00
December	312.00	151.00*	307.85	151.00*
After Split i.e. Rs. 5/- each				
January	168.90	126.90	170.00	129.10
February	136.80	114.10	139.90	115.00
March	135.00	103.00	130.00	104.00

* On face value of Rs. 5/- per share





With effect from 31st December, 2003, the face value of shares of the Company has changed from Rs.10/- each to Rs.5/- each.

5. Distribution of Shareholding as on March 31, 2004

Shareholding of nominal value of		Shareholders (Number)	% of Total	No. of Shares	Nominal Value	% of Nominal Value
Rs.	Rs.					
Upto	5000	6221	97.10	1080322	5401610	9.32
5,001	10,000	106	1.65	164989	824945	1.42
10,001	20,000	27	0.42	82518	412590	0.71
20,001	30,000	5	0.08	24465	122325	0.21
30,001	40,000	8	0.12	56622	283110	0.49
40,001	50,000	3	0.05	29031	145155	0.25
50,001	1,00,000	8	0.12	123275	616375	1.06
1,00,001	& Above	29	0.46	10029932	50149660	86.54
		6407	100.00	11591154	57955770	100.00

Categories of Shareholders as on March 31, 2004

Particulars	No. of Shareholders	No. of Shares held	% of Shareholding
Domestic Companies	261	1749656	15.10
Financial Institutions, Banks and Mutual Funds	Nil	Nil	N.A.
FIs and Foreign Companies	1	130000	1.12
NRIs / OCBs	223	121763	1.05
Promoters, Directors and their relatives	15	8083714	69.73
Other Public	5907	1506021	13.00
TOTAL	6407	11591154	100.00



6. Share Transfer System

To expedite the transfer in physical segment, authority has been delegated to the Share Transfer Committee of the Board. The Company has appointed M/s MCS Limited as the Registrar and Transfer Agent of the Company. The Company with MCS Limited ensures a predetermined process cycle at 7 days interval and dispatch of transferred share certificates within 10 days from the date of receipt.

In compliance with the listing Guidelines, every six months, the share transfer system is audited by a practicing Company Secretary and a certificate to that effect is issued by him.

7. Dematerialisation of shares and Liquidity

The equity shares of the Company are traded in dematerialised form and have to be delivered in the dematerialised form to all stock exchanges effective March 26, 2001. As on March 31, 2004, 7057516 (60.89%) shares are in NSDL and 120925 (1.04%) of CDSL are in demat mode.

8. Plant Locations**Domestic Switchgear Division**

Road No. 9, Samepur Badli, Delhi-110 041

Industrial Switchgear Division

14/3, Mathura Road, Faridabad-121 002

Meter Division

6, Tilak Nagar Industrial Area, New Delhi-110 058

Cable Division

A/461-462, Matsya Industrial Area, Alwar, Rajasthan

Fan Division

D-6, Sector -8, Noida, (U.P.)

CFL Division

14/3, Mathura Road, Faridabad 121 002

9. Address for correspondence.**The Company Secretary**

HAVELL'S INDIA LIMITED

(Share Department)

E-1, Sector - 59,

Noida (U.P.)

Tel. No. +91-120-2587815-26

Fax No. +91-120-2583904

Website www.havells.com

Email investors@havells.com

For Share Transfer and dematerialisation

MCS LIMITED

W-40, Okhla Industrial Area, Phase - II,

New Delhi - 110 020

Tel No. 011- 26384908

Website www.mcsind.com



AUDITOR'S CERTIFICATE

TO WHOMSOEVER IT MAY CONCERN

We have examined the compliance of conditions of Corporate Governance by Havell's India Limited, having its Registered Office at 1, Raj Narain Marg, Civil Lines, Delhi - 110 054 for the year ended 31st March, 2004 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Certificate of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that the shareholders'/ Investors' Grievance Committee has maintained records to show the investor grievances and certified that as at 31st March, 2004 there were no investor grievance remaining unattended / pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for **V. P. BANSAL & CO.**
Chartered Accountants

(V. P. BANSAL)
Proprietor

Management Discussion and Analysis Report

This report on Management Discussion and Analysis may contain certain statements that the Company believes are, or may be considered to be 'forward-looking statements' that describe our objectives, plans or goals. These statements are subject to certain risks and uncertainties, based on certain assumptions and estimates of future events including but not limited to Government Action, local, political or economic development, technological risks, risks inherent in the Company's growth strategy, dependence on certain customers and other factors that could cause our actual results to differ materially from those contemplated by the relevant forward looking statement.

These statements are made only as of the date of this report and the company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

Industrial Overview

India has already globalised its economic policies by having substantially relaxed provisions for foreign investments, industrial licensing, foreign exchange control etc. The import policy had been streamlined and barriers on imports have been lowered. The Capital market has been open for foreign investment with 100% foreign direct investment permitted in power and other sectors also.

Policies followed by any Government have major bearing on the growth of the economy. The Index of Industrial Production has registered a growth rate of 7.4% in January, pushing up the growth rate for the first 10 months of the financial year 2003-04 to 6.5%. The industrial growth especially depends upon development of infrastructure and investment climate of the country. The performance of the various sectors of the industry during the past ten years show tremendous promise since the Indian industry, in this period, has been able to push forward the economy.

Overall Review

We have rechristened the group name from Havell's as QRG. This was a necessity as the group companies Standard Electricals Ltd. and Crabtree Aqua Tech Ltd. are competing with Havell's in the market and to call them part of Havell's Group didn't sound right. Henceforth, QRG is the Parent Company of all erstwhile Havell's group companies which includes - Havell's India Ltd., Standard Electricals Ltd., TTL Ltd., Duke Arnics Electronics Ltd. and Crabtree Aqua Tech Ltd. This is a step towards integrating all our companies under one common entity, and one common vision.



QRG Group has emerged as the preferred choice for a discerning range of individual and industrial customers, both in India and abroad. The consolidated turnover of the group in the year 2003-04 reached Rs.640 Crores.

The flagship Company of the QRG Group, Havell's India Limited is India's leading electrical products company, with a turnover of Rs.41922 Lacs. Havell's is manufacturing building installation protection equipment, industrial switchgear, cables & wires and energy meters, Fans, CFLs & Light Fittings. Havell's has emerged as the preferred choice for discerning individual and industrial consumers.

Havell's enjoys leadership position in the Indian Market for building circuit protection equipment. Havell's is among the top 10 MCB manufacturers in the World. Its Earth Leakage Circuit Breakers have become an imperative for Indian Homes and offices. It offers a wide range of compact, elegant and durable MCB Distribution Boards.

Havell's is the only group in India, which offers the complete range of meters in the country i.e. One-Phase and Three-Phase Ferrari Meters, Electronic Meters, Multifunction Meters, Trivector Meters and Grid Meters.

During the year, the Company has diversified its business into manufacturing of Fans, CFLs and Light Fittings. The Company manufactures premium range of domestic and industrial fans. The superior technology used in their design ensures low consumption of electricity and high air delivery.

Havell's also makes Compact Fluorescent Lamps manufactures from a fully automated plant. These lamps are becoming highly popular because of their long life and energy saving properties. Havell's has also brought into the market a complete range of indoor and outdoor lighting fixtures under the brand name of 'Havell's Polestar'.

All Havell's manufacturing units are ISO 9001 certified for their process and quality management. These plants are equipped with world class manufacturing facilities with large capacities to achieve cost competitiveness.

The Company boasts of the largest marketing network in the Country for electrical products with more than 20 offices, 400 marketing professionals, 1000 dealers and 25000 retailers.

The Company has now started working on its global aspirations with offices abroad and export products to over 40 countries.

Review of Operations

Your Company is the leader in domestic switchgear and enjoys a good position in industrial switchgear. The turnover of your Company has increased by 43% from Rs. 29308 Lacs in the last Financial Year 2002-03 to Rs.41922 Lacs in this financial year. The Net Profit of the Company increased from Rs.896 Lacs to Rs.2096 Lacs during the year under review.

Future Plans and Outlook

Liberalised Government policies have already started showing their impact. Improvement in overall economic scenario is expected to sustain the Company's growth plan. The economic growth in India is likely to exceed 8% during the current year, the inflation rate is less than 6%, the Capital market is buoyant, industry has not revived but has also started growing at a fast pace. The expanding industrial base will bring out products, the demand for which was suppressed in the past few decades. New employment opportunities so created will increase the purchasing power and standard of living of a general citizen.

Government policies are generally favourable for electrical industries. It is believed that the next few decades would be an era of prosperity for electrical and electronic industry mainly because the growing internal demand will absorb considerable amount of production. The large home base will give an edge in international market for offering competitive prices thereby increasing export demand also.

Havell's, is focussing with great emphasis on international market. Towards realizing the dream of becoming a truly global company, concentration is currently on the first step of exporting products. Havell's is using its international partners in this effort to make a major headway in International markets.

"Havell's is committed to meeting the challenges of the new economy through business ethics, global reach and technological expertise with a view to build long-term relationship with all our associates, customers, partners and employees." Havell's alongwith its success penetration in Indian market, is now focussed to internationalize its business. Havell's has opened its two branches in Bangladesh and in Dubai. It is planning to open other Branches/ Liaison offices in other countries also.

Risk Factors

Political and economic environment: There is a feel good factor in the Indian economy arising out of the programmatic policies of the Government implementing economic reforms as well as concentrating on development of infrastructure. This year, after election the political scenerio may change which definitely will have an impact on the Indian Economy.



Dependence on Key personnel: The Company's success depends to a significant degree upon the continued contribution of the members of the Company's senior management and other key research and development, sales and marketing personnel. The company generally does not enter into employment contracts with any of its senior management and other key personnel, which may act as substantial restrictions on such persons leaving the company. The loss of any of such persons could have a material adverse effect on the company's business, operations and financial performance.

Internal Control Systems and their Adequacy

The Company has a proper and adequate system of internal controls commensurate with the size and nature of its business. The Company has also a well defined organization structure, authority level and internal rules and regulations. The Internal control systems have been fine-tuned in line with the global practices and have been adapted keeping in mind our environment. Use of ERP and other software systems as financial and operational backbone, a comprehensive MIS reporting system, documentation of processes and authority structures have strengthened the internal control within the organization.

Human Resources/ Industrial Relations

The Company believes that the employee is the first customer an organisation has to win, and to fulfill this purpose it is important to have a team whose members are well conversant with both technical and commercial knowledge.

'Employee Empowerment' drives our employee policies, as we try to continuously focus on giving every member of the team a challenging and happy working environment. We encourage them to pursue their education while they work. We also encourage and facilitate regular training through technical workshops conducted by our overseas collaborators and management workshops by independent consultants. In turn our employees are energised into pushing themselves beyond the limits and thus use their potential to the maximum. That's the power behind our success, the power of our people.

The union and management relations have remained positive through out the year. Initiatives are being taken to enhance the productivity of employees. Total employee strength of the company is about 1800 people employed in several manufacturing plants and branch offices spread all over the country. The team of employees consists of people who are experts in their respective and allied fields.

AUDITOR'S REPORT**To****The Members**
Havell's India Limited

We have audited the attached Balance Sheet of Havell's India Limited, as at 31st March, 2004 and also the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the period ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books and proper returns for the purpose of our audit have been received in respect of branches not visited by us;
- iii) the Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
- iv) in our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v) on the basis of written representations received from the directors, as on 31st March, 2004, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2004 from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;
- vi) in the absence of the notification in the official gazette of the Central Government, the company has not made any provision for cess payable under section 441A of the Companies Act, 1956. As per the explanations given to us the required provision for cess payable shall be made in accordance with the notification, as and when issued by the Central Government in its official gazette;
- vii) in our opinion, and to the best of our information and according to the explanations given to us, the accounts read together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2004;
 - (b) in the case of Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For V.P. BANSAL & CO.
Chartered Accountants

(V.P. BANSAL)
Proprietor

Delhi, 6th May 2004



ANNEXURE TO THE AUDITORS' REPORT

(Referred to our report of even date)

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under:

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
b) The fixed assets have been physically verified by the management at the end of the year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the company and nature of its business. We have been informed that no material discrepancies were noticed on such physical verification.
c) Substantial part of fixed assets have not been disposed off during the year.
2. a) The inventories have been physically verified during the year by the management at reasonable intervals.
b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
c) The company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stocks as compared to book records were not material, however, the same have been properly dealt with in the books of account.
3. a) The Company has neither granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act.
b) The company has taken unsecured loans from companies only and also given loan to employees. In our opinion, the rate of interest and other terms and conditions on which loans have been taken, are not prima facie prejudicial to the interests of the company. No interest is chargeable on loans given to employees.
c) The payment of principal and interest in case of loans taken/given is regular wherever stipulated.
d) There is no overdue amount of loan taken/given exceeding Rs. 1 lac.
4. In our opinion, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. In our opinion, there is no continuing failure to correct major weaknesses in internal control.
5. a) As per our prima facie examination of the register maintained under section 301 of the act, we are of the opinion that the transactions that need to be entered into a register in pursuance of section 301 of the Act have been so entered.
b) In our opinion, each of these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has accepted deposits from the public. In our opinion, the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Act and the rules framed thereunder, where applicable, have been complied with. Company Law Board has not passed any order in respect of public deposits accepted by the company.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. The Company is engaged in the manufacture of electrical cables, wires, fans, and compact fluorescent lamps, the cost records in respect of which have been prescribed u/s 209(1)(d) of the Companies Act 1956. We have broadly reviewed the same and are of the opinion that the prima facie, the prescribed records and accounts are being maintained. We have not however, made detailed examination of the same.
9. a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Custom Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities. There are no arrears of outstanding statutory dues as at 31st March 2004, concerned for a period of more than six months from the date they become payable. However, the Company has not made any provision towards cess payable u/s 441 A of the Companies Act, 1956, since the required notification has not been issued by the Central Government in this regard.

- b) The cases of dues of Sales Tax/Income Tax/Custom Duty/Wealth Tax/Excise Duty /cess which have not been deposited on account of any dispute are referred to in point nos.19, 20, 21 and 22 of schedule 19 to the balance sheet.
- 10 The Company has no accumulated losses. The Company has not incurred cash losses in the financial year under report and in the financial year immediately preceding such financial year.
- 11 The Company has not defaulted in repayment of dues to a financial institution or bank. The company has not issued any debentures.
- 12 The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 The Company is not a chit fund, nidhi or mutual benefit fund/society. Therefore the clauses 13 (a), (b), (c) and (d) are not applicable.
- 14 In respect of dealing in investments, proper records have been maintained of the transactions and contracts and timely entries have been made therein. Shares held by the company are held in the name of the company.
- 15 The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- 16 On the basis of examination of Cash Flow Statements, sanction letters of the banks and as per the explanations given to us, we are of the opinion that, the term loans were applied for the purpose for which the loans were obtained.
- 17 On the basis of examination of Cash Flow Statements and as per the explanations given to us, we are of the opinion that the funds raised on short-term basis have not been used for long term investment and vice versa.
- 18 During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- 19 The Company has not issued any debentures during the year.
- 20 During the year the Company has not raised any money by way of Public Issue.
- 21 During the checks carried out by us and as per the informations made available to us, any fraud on or by the Company has not been noticed or reported during the year under report.

For V.P. BANSAL & CO.
Chartered Accountants

(V.P. BANSAL)
Proprietor

Delhi, 6th May 2004



HAVELL'S INDIA LIMITED

	SCHEDULE NO.	AS AT 31.03.04 (Rs. in lacs)	AS AT 31.03.03 (Rs. in lacs)
I. SOURCES OF FUNDS			
1. SHARE CAPITAL			
Share capital	1	579.56	579.56
Reserves and surplus	2	5,357.01	3,522.42
		<u>5,936.57</u>	<u>4,101.98</u>
2. LOAN FUNDS			
Secured loans	3	9,346.41	8,509.27
Unsecured loans	4	831.01	946.47
		<u>10,177.42</u>	<u>9,455.74</u>
3. DEFERRED INCOME TAX			
		432.63	473.82
		<u>16,546.62</u>	<u>14,031.54</u>
II. APPLICATION OF FUNDS			
1. FIXED ASSETS			
Gross block	5	5,547.10	4,083.13
Less: Depreciation		1,191.53	1,135.60
Net block		<u>4,355.57</u>	<u>2,947.53</u>
Add: Capital work-in-progress		275.46	52.98
Total fixed assets		<u>4,631.03</u>	<u>3,000.51</u>
2. INVESTMENTS			
	6	316.58	1,571.62
3 CURRENT ASSETS, LOANS AND ADVANCES			
Inventories		5,613.04	3,521.00
Sundry debtors		11,278.94	8,769.27
Cash and bank balances		661.48	561.39
Other current assets		35.12	24.54
Loans and advances		1,848.68	1,093.16
		<u>19,437.26</u>	<u>13,969.36</u>
Less: Current liabilities and provisions	8		
Current liabilities		6,806.46	3,897.42
Provisions		1,033.27	614.42
		<u>7,839.73</u>	<u>4,511.84</u>
NET CURRENT ASSETS		<u>11,597.53</u>	<u>9,457.52</u>
4. MISCELLANEOUS EXPENDITURE			
	9	1.48	1.89
		<u>16,546.62</u>	<u>14,031.54</u>
Accounting policies, contingent liabilities and notes on accounts	19		

For and on behalf of the Board

Qimat Rai Gupta
Chairman &
Managing Director

Surjit Gupta
Director

Ritu Mehrotra
Company Secretary

Surender Bansal
Asst. Manager (Accounts)

AUDITOR'S REPORT
As per our Report attached.

FOR V.P.BANSAL & CO.
Chartered Accountants

V.P.Bansal
Proprietor

Delhi, 6th May, 2004



HAVELL'S INDIA LIMITED

	SCHEDULE NO.	YEAR ENDED 31.03.04 (Rs. in lacs)	YEAR ENDED 31.03.03 (Rs. in lacs)
1. INCOME			
Sales and Job Charges	10	41,922.40	29,308.25
Other income	11	759.97	421.29
		<u>42,682.37</u>	<u>29,729.54</u>
2. EXPENDITURE			
Materials cost	12	20,311.99	13,691.93
Excise duty		5,627.76	4,060.62
Manufacturing expenses	13	4,593.81	3,691.19
Office and administration expenses	14	2,618.71	1,840.69
Selling and distribution expenses	15	5,064.37	3,659.99
Financial expenses	16	1,407.11	1,315.74
Managerial remuneration	17	46.85	43.30
Miscellaneous expenditure written off	18	0.41	6.52
Wealth tax		0.85	0.96
		<u>39,671.86</u>	<u>28,310.94</u>
Profit before tax		<u>3,010.51</u>	<u>1,418.60</u>
Income tax expense			
– Current tax		955.60	462.26
– Deferred tax		(41.20)	60.37
		<u>914.40</u>	<u>522.63</u>
3. PROFIT FOR THE YEAR		<u>2,096.11</u>	<u>895.97</u>
4. PROFIT FOR APPROPRIATION			
Brought forward from previous year		2,300.56	1,668.04
Profit for the year		2,096.11	895.97
Profit available for appropriation		<u>4,396.67</u>	<u>2,564.01</u>
APPROPRIATIONS			
Transfer to general reserve		220.00	100.00
Interim dividend		86.93	—
Proposed dividend		144.89	144.89
Corporate dividend tax		29.70	18.56
Balance carried over to balance sheet		<u>3,915.15</u>	<u>2,300.56</u>
		<u>4,396.67</u>	<u>2,564.01</u>
Earning per share-basic and diluted (in Rs.)		18.08	7.73

Accounting policies, contingent liabilities and notes on accounts

19

For and on behalf of the Board

Qimat Rai Gupta
Chairman &
Managing Director

Surjit Gupta
Director

Ritu Mehrotra
Company Secretary

Surender Bansal
Asst. Manager (Accounts)

AUDITOR'S REPORT
As per our Report attached.

FOR V.P.BANSAL & CO.
Chartered Accountants

V.P.Bansal
Proprietor

Delhi, 6th May, 2004



	AS AT 31.03.04 (Rs. in lacs)	AS AT 31.03.03 (Rs. in lacs)
SCHEDULE NO. 1		
SHARE CAPITAL		
Authorised 23,000,000 equity shares of Rs.5/- each (Last Year 11,500,000 equity shares of Rs.10/- each)	<u>1,150.00</u>	<u>1,150.00</u>
Issued and subscribed 11,591,154 equity shares of Rs.5/- each (Last Year 5,795,577 equity shares of Rs.10/- each)	<u>579.56</u>	<u>579.56</u>
Paid Up 11,591,154 equity shares of Rs.5/- each (Last year 5,795,577 equity shares of Rs. 10/-each of the above :-	579.56	579.56
1,625,554 equity shares had been allotted as fully paid up pursuant to a contract without payment being received in cash.		
1,475,500 equity shares issued as fully paid up bonus shares by capitalisation of profit	<u>579.56</u>	<u>579.56</u>
SCHEDULE NO. 2		
RESERVES AND SURPLUS		
Capital reserve	<u>519.35</u>	<u>519.35</u>
Revaluation reserve		
As per last balance sheet	—	25.21
Less: Revaluation reserve written back during the year	—	25.21
	<u>—</u>	<u>—</u>
Securities premium account	<u>547.02</u>	<u>547.02</u>
General reserve		
As per last balance sheet	155.49	55.49
Add: Transfer from profit and loss account	220.00	100.00
	<u>375.49</u>	<u>155.49</u>
Profit and loss account		
Balance as per profit and loss account	<u>3,915.15</u>	<u>2,300.56</u>
	<u>5,357.01</u>	<u>3,522.42</u>
SCHEDULE NO. 3		
SECURED LOANS		
Loans and advances		
Working Capital Loans from banks		
Against hypothecation of stocks and book debts	2,428.58	4,205.95
Working capital demand loan	1,280.00	1,063.75
FCNR working capital loan	474.25	505.07
Against commercial papers	1,000.00	—

	AS AT 31.03.04 (Rs. in lacs)	AS AT 31.03.03 (Rs. in lacs)
Term Loan from banks		
Term loan from Canara Bank	416.00	502.93
Term loan from State Bank of India	—	166.00
Term loan from UTI Bank Limited	600.00	1,000.01
Term loan from ICICI Bank Limited	635.27	952.94
Term loan from Syndicate Bank	1,340.00	—
Against hypothecation of commercial equipments	9.14	44.04
Against hypothecation of motor cars	145.19	47.08
Short Term Loan from IndusInd Bank Limited	1,000.00	—
From others		
Director of industries, Haryana	17.98	21.50
[(Due within a year Rs 2118.04 lacs (last year Rs. 1403.25 lacs))]		
	9,346.41	8,509.27

Notes:

- 1 Working capital loan from banks are under consortium of Canara Bank, Corporation Bank, Union Bank of India, IDBI Bank and State Bank of India.
- 2 Working capital limits are secured by way of pari-passu first charge against hypothecation on stocks of raw materials, semi-finished, finished goods, stores and spares, bill receivables, book-debts and all other movable and other current assets of the Company, first pari-passu charge on property at 14/3, Mathura Road, Faridabad, Plant and Machinery installed at Badli, Faridabad and Tilak Nagar, Delhi, and second pari-passu charge on plant and machinery installed at Badli, Faridabad, Tilak Nagar and Alwar (first charge held by ICICI and UTI Bank Limited), second pari-passu charge on property at Alwar (first charge with ICICI Bank and UTI Bank Limited), negative lien on residential property at Bangalore and personal guarantees of S/Shri Qimat Rai Gupta, Surjit Gupta and Anil Gupta, Directors of the Company.
- 3 The Company has issued Commercial Papers worth Rs. 10 crores in favour of Bank of India as per contract note dated 21.01.2004. Working capital limits have been earmarked against the said issue.
- 4 Term loan from Canara Bank is secured against first pari-passu charge on fixed assets charged to consortium banks for working capital loans.
- 5 Term loan from UTI Bank Limited is secured by way of pari-passu first charge with ICICI Bank Limited on land and building of Alwar factory, pari-passu first charge on plant and machinery of the Company (save and except those charged in favour of bankers for working capital), first pari-passu charge on plant and machinery at Alwar, Tilak Nagar, Badli and Faridabad valued at Rs.17.02 crores as on 31.03.2002, pledge of eight lacs equity shares of the Company belonging to promoters/directors and personal guarantees of S/Sh. Qimat Rai Gupta, Surjit Gupta and Anil Gupta, Directors of the Company.
- 6 Term loan from ICICI Bank Limited is secured by first pari passu charges on all fixed assets (movable and immovable) of the Company (save and except exclusive charge on fixed assets already created in favour of bankers for working capital), personal guarantees of S/Shri Q.R.Gupta, Surjit Gupta, and Anil Gupta Directors of the Company and pledge of six lacs shares of the Company and pledge of nineteen lacs shares of Standard Electricals Limited in favour of ICICI Bank Limited.
- 7 Term loan from Syndicate Bank is secured by first pari-passu charge on the land and building at Baddi, H.P., plant and machinery purchased/ to be purchased out of this loan, on land and building at A-461/462, MIA Alwar- Rajasthan, plant and machinery at 4 plants of the company located at Badli, Faridabad, Tilak Nagar and Alwar, excluding those charged to Bankers for working capital limits.
- 8 Short term Loan from IndusInd Bank is secured by way of subservient charge on the current assets of the Company and personal guarantees of S/Sh. Qimat Rai Gupta, Surjit Gupta and Anil Gupta, Directors of the Company.
- 9 The loan from Director of Industries, Haryana is an interest free loan in lieu of sale tax deferment. The loan is secured against bank guarantee of Rs. 4.88 lacs and surety bonds of Rs.18.32 lacs provided by the Company.

SCHEDULE NO. 4
UNSECURED LOANS

Fixed deposits from public	814.01	929.47
Other loans and advances from companies	17.00	17.00
[(Due within year Rs.699.96 lacs (last year Rs 488.29 lacs))]		
	831.01	946.47

SCHEDULE NO. 5
FIXED ASSETS

(Rs. in lacs)

SL. NO.	DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		AS AT 01.04.2003	ADDITIONS DURING THE YEAR	SALES/ADJUSTMENT	AS AT 31.03.2004	UP TO LAST YEAR	FOR THE YEAR	SALES/ADJUSTMENT	TO DATE	AS AT 31.03.2004	AS AT 31.03.2003
1	Industrial land										
	Freehold	133.61	155.95	-	289.56	-	-	-	-	289.56	133.61
	Leasehold	12.92	-	-	12.92	-	-	-	-	12.92	12.92
2	Factory buildings	573.80	289.88	-	863.68	90.52	19.55	-	110.07	753.61	483.29
3	Office premises	29.79	-	-	29.79	4.23	0.48	-	4.71	25.08	25.57
4	Plant and machinery	1,744.15	1,026.24	-	2,770.39	406.87	103.00	-	509.87	2,260.52	1,337.27
5	Dies and tools	324.32	-	324.32	-	190.44	-	190.44	-	-	133.88
6	Generators	112.39	20.21	-	132.60	30.48	5.34	-	35.82	96.78	81.91
7	Furniture and fixtures	251.91	38.19	-	290.10	90.74	31.11	-	121.85	168.25	161.17
8	Electric fans and installations	99.92	44.39	-	144.31	38.34	6.82	-	45.16	99.15	61.58
9	Water supply installations	9.56	2.34	-	11.90	3.17	0.58	-	3.75	8.15	6.38
10	Weighing scale	7.07	5.02	-	12.09	2.30	0.33	-	2.63	9.46	4.77
11	EDP Equipments	375.64	87.78	1.72	461.70	171.14	63.36	0.25	234.25	227.45	204.50
12	Office equipments	60.62	22.60	1.54	81.68	25.00	3.11	0.35	27.76	53.92	35.62
13	Air conditioners	106.32	13.58	0.09	119.81	16.75	5.52	-	22.27	97.54	89.58
14	Vehicles	234.77	109.00	32.78	310.99	63.06	24.41	17.29	70.18	240.81	171.71
15	R & D Equipments	6.34	9.24	-	15.58	2.56	0.65	-	3.21	12.37	3.78
		4,083.13	1,824.42	360.45	5,547.10	1,135.60	264.26	208.33	1,191.53	4,355.57	2,947.53
	Add: Capital Work-in-Progress	52.98	403.90	181.41	275.46	-	-	-	-	275.46	52.98
		52.98	403.90	181.41	275.46	-	-	-	-	275.46	52.98
	TOTAL-CURRENT YEAR	4,136.11	2,228.32	541.86	5,822.56	1,135.60	264.26	208.33	1,191.53	4,631.03	3,000.51
	PREVIOUS YEAR	3,488.90	680.24	33.03	4,136.11	909.19	232.07	5.65	1,135.60	3,000.51	2,579.72

Notes: 1. Depreciation has been provided as per the rates prescribed in Schedule XIV of the Companies Act, 1956 on SLM basis on the gross value of fixed assets including taxes, duties, freight and other incidental expenses related to acquisition and installation and further adjusted by CENVAT credit and fluctuation in exchange rates.

2. Depreciation in respect of assets for a value not exceeding Rs. 0.05 lacs has been provided at the rate of 100%.
3. Factory Buildings at Badli (Delhi) and at Tilak Nagar (Delhi) are on rented premises.
4. Office premises include Rs 4.85 lacs and Rs. 1.60 lacs being the cost of premises purchased at Leonard Road, Bangalore and Bombay. Title deeds in respect of these premises have not been executed as yet.
5. Additions in fixed assets at Alwar, Badli and Baddi include a sum of Rs. 1.89 lacs capitalised on account of interest and other borrowing costs directly attributable to the acquisition, construction or installation of qualifying assets till the date of commercial use.
6. Capital work in progress relates to expansion at Cable Division (Alwar), Fan Division (Noida), new project at Baddi, H.P. and office flat of Mumbai.
7. WDV of dies and tools have been converted into stocks in trade to commensurate with the present accounting policy of taking stocks at its effective residual value.



	AS AT 31.03.04 (Rs. in lacs)	AS AT 31.03.03 (Rs. in lacs)
SCHEDULE NO. 6		
INVESTMENTS		
(Long term, trade, unquoted, under the same management, at cost)		
A. Subsidiary company		
Standard Electricals Limited		
3,170,000 fully paid equity shares @ Rs.10/- each (includes 300 shares held in the name of nominees) (1,901,982 shares purchased at Rs. 41.21 each and 1,268,018 shares at Rs. 55.21 each.)	—	1,526.37
	—	1,526.37
B. Other companies		
TTL Limited		
76,000 fully paid Equity Shares @ Rs.10/- each (5,000 Shares purchased at Rs.5/- each and 71,000 Shares received as fully paid-up bonus shares)	—	0.25
Crabtree India Limited		
450,000 fully paid Equity Shares @ Rs.10/- each (Long term, trade, unquoted, at cost)	—	45.00
G.S.Lighting Private Limited		
44210 Shares of Rs. 100/- each. (Purchased at Rs. 712.51 per share) (Including share transfer stamps)	316.58	—
	316.58	45.25
Aggregate value of unquoted investments	316.58	1,571.62
SCHEDULE NO. 7		
CURRENT ASSETS, LOANS AND ADVANCES		
Inventories (as taken, valued and certified by the management)		
Raw materials and components	1,191.47	675.01
Semi finished goods	805.62	370.94
Finished goods	3,055.89	2,077.22
Consumable stores, tools and spare parts	21.04	22.99
Dies and tools	427.35	315.96
Packing materials	92.23	56.53
Fuel and gases	7.15	—
Scrap materials	12.29	2.35
	5,613.04	3,521.00
Sundry Debtors (unsecured- considered good)		
Debts outstanding for a period exceeding six months	1,763.18	2,082.69
Other debts	9,596.79	6,768.40
Less: provision for doubtful debts	81.03	81.82
	11,278.94	8,769.27
Cash and bank balances		
Cash in hand	4.11	3.91
With scheduled banks		
In current accounts	7.28	31.75
In unclaimed dividend account	8.17	8.13
In fixed deposit account		
Margin money	537.36	417.79
Pledged with government departments	1.09	1.40
Lien against public deposits	63.84	73.31
Interest accrued on fixed deposits	39.63	25.10
	661.48	561.39

	AS AT 31.03.04 (Rs. in lacs)	AS AT 31.03.03 (Rs. in lacs)
Other current assets - (considered good)		
Export incentives receivable	34.97	23.49
Claims receivable	0.15	1.05
	<u>35.12</u>	<u>24.54</u>
Loans and advances (unsecured- considered good)		
Advances recoverable in cash or in kind or for value to be received	493.21	304.70
Earnest money and security deposits	378.14	265.25
Balance with central excise department	78.29	33.83
Advance income tax and tax at source	899.04	489.38
	<u>1,848.68</u>	<u>1,093.16</u>
	<u>19,437.26</u>	<u>13,969.36</u>
SCHEDULE NO. 8		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Acceptances	2,182.37	59.58
Sundry creditors - due to SSI undertakings	282.54	101.31
- due to other than SSI undertakings	2,331.81	2,565.93
Advances from customers	56.79	118.01
Unclaimed dividend	8.17	8.13
Other liabilities	809.87	516.08
Security deposits from dealers/consignment agents	770.17	245.96
Sales tax payable	104.87	70.67
Excise duty payable	165.49	133.64
Interest accrued but not due	94.38	78.11
	<u>6,806.46</u>	<u>3,897.42</u>
PROVISIONS		
Income tax	869.05	450.00
Wealth tax	0.77	0.96
Proposed dividend	144.89	144.89
Corporate dividend tax	18.56	18.57
	<u>1,033.27</u>	<u>614.42</u>
	<u>7,839.73</u>	<u>4,511.84</u>
SCHEDULE NO. 9		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Expenditure on increase in capital		
As per last balance sheet	1.90	2.31
Less: written off	0.41	0.41
	<u>1.48</u>	<u>1.90</u>
Public issue expenses		
As per last balance sheet	—	6.10
Less: written off	—	6.10
	<u>—</u>	<u>—</u>
	<u>1.48</u>	<u>1.90</u>

	YEAR ENDED 31.03.04 (Rs. in lacs)	YEAR ENDED 31.03.03 (Rs. in lacs)
SCHEDULE NO. 10		
SALES AND JOB CHARGES		
Materials and goods	41,687.32	28,947.65
Scrap materials	162.80	116.26
Job charges	72.28	244.34
	<u>41,922.40</u>	<u>29,308.25</u>
SCHEDULE NO. 11		
OTHER INCOME		
Interest on fixed deposits with banks and from customers (TDS Rs.8.24 lacs; Last year Rs.7.25 lacs)	46.78	38.06
Dividend from trade and long term investments (TDS Rs. Nil; Last year Rs.0.08 lacs)	3.80	0.76
Rent	—	0.50
Export incentives	30.81	14.79
Exchange fluctuations	38.10	—
Miscellaneous receipts	104.73	75.86
Commission	202.41	273.29
Profit on sale of shares (long term investments)	333.32	18.03
Profit on sale of assets	0.02	0.00
	<u>759.97</u>	<u>421.29</u>
SCHEDULE NO. 12		
MATERIALS COST		
Raw Materials and components consumed		
Opening stocks	675.01	859.69
Add: Purchases	21,389.14	14,041.47
Freight and cartage	108.24	109.65
	<u>22,172.39</u>	<u>15,010.81</u>
Less: Closing stocks [including goods in transit Rs.0.30 lacs] (Previous year Rs.0.27 lacs)	1,191.46	675.01
	<u>20,980.93</u>	<u>14,335.80</u>
Add: Purchases (Traded Goods)	751.07	438.86
Freight and cartage	3.28	—
	<u>754.35</u>	<u>438.86</u>
Add: Opening stocks		
Finished goods [(including stock in transit Rs.50.68 lacs) (Last year Rs.42.48 lacs)]	2,077.22	975.75
Semi finished goods	370.94	387.90
Scrap materials	2.35	4.13
	<u>2,450.51</u>	<u>1,367.78</u>
Less: Closing stocks		
Traded goods [including stock in transit Rs. 8.27 lacs]	284.09	—
Finished goods [including stock in transit Rs.131.43 lacs (Previous year Rs.50.68 lacs)]	2,771.80	2,077.22
Semi finished goods	805.62	370.94
Scrap materials	12.29	2.35
	<u>3,873.80</u>	<u>2,450.51</u>
	<u>20,311.99</u>	<u>13,691.93</u>

	YEAR ENDED 31.03.04 (Rs. in lacs)	YEAR ENDED 31.03.03 (Rs. in lacs)
SCCHEDULE NO. 13		
MANUFACTURING EXPENSES		
Factory rent	12.00	2.52
Rates and taxes	5.86	4.25
Establishment (factory)	461.22	393.37
Contribution towards P.F.	35.66	32.06
Contribution towards E.S.I.	7.36	8.02
Gratuity paid and contribution to fund	12.17	7.63
Labour welfare	36.79	28.42
Job charges	1,498.00	1,350.20
Packing expenses	789.75	596.26
Power, fuel and water	580.34	416.77
Consumable stores and tools consumed	482.97	269.62
Watch and ward	24.48	20.30
Testing expenses	89.24	76.58
Repairs to machinery	205.83	112.56
Repairs to building	18.60	25.44
Other repairs	79.77	84.00
Technical know-how, blue prints and consultancy	3.14	9.00
Research and development expenses	68.37	74.69
Depreciation	179.57	177.83
ISO 9000 expenses	2.69	1.67
	<u>4,593.81</u>	<u>3,691.19</u>

SCHEDULE NO. 14
OFFICE AND ADMINISTRATION EXPENSES

Rent	92.78	55.79
Rates and taxes	2.62	4.54
Establishment (office)	1,102.95	734.82
Contribution towards P.F.	56.52	45.74
Contribution towards E.S.I.	3.24	2.42
Gratuity paid and contribution to fund	15.52	4.89
Staff welfare	54.32	46.99
Printing and stationery	77.82	61.96
Postage, telephone and communications	219.79	172.68
Electricity and water charges	48.12	28.14
Travelling		
- Indian	329.64	217.46
- Foreign	60.27	35.78
Conveyance and vehicle maintenance	189.68	128.63
Legal and professional	54.46	45.95
Auditor's remuneration		
- Audit fee	3.00	2.00
- Taxation matters	0.56	0.50
- Service tax	0.24	0.10
- Out of pocket expenses	0.05	0.10
Insurance	31.24	27.29
Computer maintenance	69.63	86.46
Depreciation	84.04	54.24
Donation	6.96	6.41
Loss on sale of assets	8.73	1.31
Watch and Ward	1.32	1.22
Office repair and maintenance	70.71	39.24
Directors' sitting fees	0.95	0.21
Miscellaneous office expenses	33.55	35.82
	<u>2,618.71</u>	<u>1,840.69</u>

	YEAR ENDED 31.03.04 (Rs. in lacs)	YEAR ENDED 31.03.03 (Rs. in lacs)
SCHEDULE NO. 15		
SELLING AND DISTRIBUTION EXPENSES		
Advertisement	338.01	563.25
Freight, insurance and cartage outward	905.01	588.60
Packing expenses	240.96	98.68
Discount, commission and sales incentives	2,523.39	1,746.36
Exhibitions, seminars and conferences	224.60	156.30
Price lists, catalogues and technical literatures	107.40	67.62
Sales promotion expenses	90.00	43.65
Bad debts, liquidity damages and short recoveries	132.99	78.63
Provision for doubtful debts	17.71	4.37
Sales tax paid	21.99	6.48
Service Tax Paid	1.41	—
ISI marking expenses	35.30	20.01
Trade mark fees	366.38	251.38
Godown repair & Maintenance	8.53	0.28
Samples	34.45	25.97
Miscellaneous selling expenses	16.24	8.41
	<u>5,064.37</u>	<u>3,659.99</u>
SCHEDULE NO. 16		
FINANCIAL EXPENSES		
Bank charges	187.11	198.05
Interest		
On fixed loans	399.45	350.10
On non-fixed loans	797.77	694.03
Exchange fluctuations	—	45.38
Miscellaneous financial expenses	22.78	28.18
	<u>1,407.11</u>	<u>1,315.74</u>
SCHEDULE NO. 17		
MANAGERIAL REMUNERATION		
Managing director's remuneration	27.00	27.00
Wholetime director's remuneration	18.84	15.71
Medical reimbursement	1.01	0.59
	<u>46.85</u>	<u>43.30</u>
SCHEDULE NO. 18		
MISCELLANEOUS EXPENDITURE WRITTEN OFF		
Expenditure on increase in capital	0.41	0.41
Public issue expenses	—	6.11
	<u>0.41</u>	<u>6.52</u>

SCHEDULE NO. 19**ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDING 31ST MARCH, 2004****A. ACCOUNTING POLICIES****1 Accounting Convention**

The accounts have been prepared on historical cost convention on accrual basis, in accordance with the requirements of the Companies Act, 1956 and applicable statutes and comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.

2 Fixed Assets

- a. Fixed assets are stated at their original cost of acquisition including taxes, duties, freight, and other incidental expenses related to acquisition and installation of the concerned assets. Fixed assets are further adjusted by the amount of CENVAT credit and fluctuations in the exchange rate. Interest during construction period on borrowings to finance fixed assets is capitalised.
- b. Depreciation has been provided on straight line method at the rates and in the manner as prescribed in Schedule XIV of the Companies Act, 1956. Depreciation on assets for a value not exceeding Rs.5000/- acquired during the year is provided at the rate of 100%.
- c. Pre-operative expenditure and trial run expenditure accumulated as capital work in progress is allocated on the basis of prime cost of fixed assets.
- d. Project under commissioning/ installations and other capital work in progress are carried at cost comprising direct cost, related incidental expenses and interest on borrowings thereagainst.

3 Investments

Investments are long term and stated at cost. Cost of investments includes acquisition charges such as brokerage, fees and duties. Provision for diminution in value of Investments is made to recognise the decline in the value of investments, if in the opinion of management, the decline is permanent in nature.

4. Inventories are valued as under:-

- (i) The stocks of raw materials and components, semi finished goods, finished goods, stores and spare parts and packing materials have been taken at lower of cost and net realisable value. Excise duty on finished goods manufactured has been added in the value of inventory of finished goods.
- (ii) The inventories are valued on the basis of first in and first out (FIFO) method.
- (iii) The stocks of scrap materials have been taken at net realisable value.
- (iv) The stocks of dies and tools have been taken at the residual effective life as certified by the GM (Works).

5 Effect of foreign currency transactions

Foreign currency denominated monetary liabilities incurred for the acquisition for fixed assets are translated at the exchange rate prevailing on the balance sheet. The net variation arising out of the said transaction are adjusted to the costs of fixed assets. Other monetary assets and liabilities denominated in foreign currency are similarly translated. All exchange gains /losses other than those relating to fixed assets, arising out of such transactions are taken to the profit and loss account. Loss/profit on forward cover of foreign exchange transactions has been amortised over the life of contract.

6 Retirement Benefits

In respect of payment of gratuity to employees, the contributions are being made to the trust established under the group gratuity scheme of Life Insurance Corporation of India. Contributions to provident fund are accounted for on the basis of relevant fund rules.

7 Research and Development

Intangible Assets arising from development are not recognised since the asset is not identifiable and future economic benefits from the assets are not probable. Expenditure on research is recognised as an expense when it is incurred. Research and development costs include salaries and other related cost of personnel, cost of materials and services consumed, depreciation of capital assets used for R & D purposes and other overhead costs related to it.

8 Revenue Recognition

Sales are recognised at the point of despatch to the customer. Sales includes excise duty but are exclusive of sales tax. Dividends are recognised in the profit at the time the right to receive dividend is established.

9 Prior period Items

Prior period expenses/income is accounted for under the respective heads. Material items, if any, are disclosed separately by way of note.



10 Borrowing Costs

Interest and other borrowing costs directly attributable to the acquisition, construction or installation of qualifying capital assets till the date of commercial use of the assets are capitalised. Other borrowing cost are recognised as an expense in the period in which they are incurred.

11 Miscellaneous Expenditure

Expenses on increase in capital are being amortised over a period of ten years.

12 Segment Information - Basis of Information

The accounting policies adopted for segment reporting are in line with accounting policies of the Company. Revenue, expenses, assets and liabilities, which relate to the Company as a whole and do not relate to any segment, are not allocated.

13 Taxes on Income

Current tax is determined on the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being difference between taxable and accounting income/expenditure that originate in one period and are capable of reversal in one or more subsequent period(s).

B CONTINGENT LIABILITIES

	31.03.2004	31.03.2003
	Rs.in lacs	Rs.in lacs
1 Estimated amount of capital contracts remaining to be executed and not provided for (less advance paid)	493.02	356.30
2 Bank guarantees and letter of credits opened with bank (less margin money)	3684.27	2932.60
3 Bonds to excise department against export of excisable goods without payment of duty (less margin money)	69.87	92.37
4 Custom duty payable against export obligation	132.05	—
5 Suits filed against the company not acknowledged as debts	87.23	47.68

C. NOTES

- The Equity Shares of the nominal value of Rs.10/- each in the capital of the company have been sub-divided into 2 Equity Shares of Rs.5/- each as per resolution passed in the Extraordinary General Meeting of the Company held on 19th November 2003.
- The Company had applied to the Mumbai Stock exchange and National Stock exchange for listing of 812,777 equity shares of Rs.10/- each issued on 27.03.2002 in pursuance of scheme of arrangement. The listing applications are under process.
- In accordance with the Accounting Standard 22 relating to taxes on income, the break up of deferred tax assets and deferred tax liabilities is as under:

	Deferred Tax Liability as on	
	31-03-04	31-03-03
	Rs.in lacs	Rs.in lacs
1 Deferred Tax Liability		
a) On account of difference in rates and method of depreciation	510.15	494.45
b) On account of different treatment of certain payments under IT Act.	28.09	12.43
	<u>538.24</u>	<u>506.88</u>
2 Deferred Tax Assets		
a) On account of different treatment of certain payments under IT Act.	72.60	—
b) On account of provision for leave encashment	3.94	2.99
c) On account provision for doubtful debts not treated as expense under IT Act.	29.07	30.07
	<u>105.62</u>	<u>33.06</u>
Deferred income tax liability:-		
- at the end of year	432.63	473.82
- for the year	(41.20)	60.37

- 4 The Company has started manufacturing of Electric Fans at Noida and Compact Fluorescent Lamp at Faridabad. The pre-operative expenses amounting to Rs.59.03 lacs have been capitalised to the carrying cost of fixed assets upto the date of commencement of commercial production.
- 5 Interest and other borrowing costs amounting to Rs.1.89 lacs have been capitalised to the carrying cost of fixed assets being financing costs directly attributable to the acquisition, construction or installation of the concerned qualifying assets till the date of its commercial use.
- 6 The CENVAT credit in respect of capital goods has been adjusted @100% in the cost of fixed assets. The same has been availed @50% during the year and the balance will be claimed in the subsequent year subject to the conditions as per excise rules.
- 7 The company has sold the entire equity stake held by it in its wholly owned subsidiary M/s Standard Electricals Limited on 31-03-2004. By virtue of this Standard Electricals Limited ceases to be a subsidiary of the Company.
- 8 The Company has acquired 24% stake in G.S.Lighting Private Limited from QRG Enterprises Limited, a company under the same management. The Company has also entered into non-compete agreement with M/s G.S.Lighting Private Limited dated 11.08.2003 for a consideration of Rs.5 lacs, whereby the manufacturing facilities of G.S.Lighting Private Limited are exclusively reserved for the Company's orders/ products.
- 9 The written down value of dies and tools amounting to Rs.133.88 lacs have been converted into stock in trade to commensurate with the present policy of taking stock of dies and tools at its effective residual value.
- 10 Advance for land includes Rs.10.51 lacs pertaining to DSIDC for allotment of Industrial Plot under the re-allocation scheme, for which allotment letter has been received by the company. The same is pending for capitalisation since possession has yet not been received.
- 11 Out of the total FDRs. of Rs.601.20 lacs, the lien marked by the bank against bank guarantees, letter of credits and public deposits is for Rs.553.14 lacs, as on 31st March, 2004.
- 12 Sundry debtors include:
- Rs.420.23 lacs (last year Rs.156.35 lacs), due from a firm in which Managing Director and a Director are partners.
 - Rs.511.51 lacs (last year Rs.58.51 lacs) due from Companies under the same management as under:

			<u>2003-04</u>	<u>2002-03</u>
Standard Electricals Limited	Amount due	Lac/Rs.	511.51	58.51
	Maximum due	Lac/Rs.	699.74	707.18
 - Bad and doubtful debts as at the end of the year are for Rs.81.03 lacs in respect of which provision has been made @ 100%. (last year Rs.81.81 lacs)
- 13 Fixed Deposit from public include a sum of Rs.14.05 lacs due to Directors (last year Rs.16.25 lacs).
- 14 a) Sundry creditors include a sum of Rs.282.54 lacs (Last year Rs.101.30 lacs) due to small scale industries.
- b) The list of small scale industries to whom the company owes any sum, which is outstanding for is as under:-
(1) Arihant Engineering Industries (2) Arihant Mech Industries (3) Arora Metal Works (4) Ahmedabad Ceramic Industry (5) B.L. Electricals P. Ltd (6) C.Dass Chemicals Pvt Ltd. (7) Dev Pack (India) (8) Empire Fasteners (9) Essar Tubulars Pvt Ltd. (10) Excellent Moulders (11) Farrago Products (12) Garg Travels (13) Ghaziabad Flopal Insulations P. Ltd (14) Gyan Cirktronics Pvt Ltd. (15) Hartech Plastics Pvt Ltd (16) Indo Transferable Co.(17) Jay K FRP (P) Ltd. (18) K.R.Thermopack P Ltd. (19) Krishna Engineering Industries (20) Kay Automatics Pvt Ltd. (21) King Rubber Industries (22) Manohar Lal Hira Lal (23) Neha Enterprises (24) Paras Laminates (P) Ltd. (25) Pradeep Metal Works (26) Rawat Chemicals (27) R.N.G. Packagings (28) Salwan Plastomers (29) Sippun Metal Engineers (30) Santos Varnish Pvt Ltd. (31) Serveshvari Industries (32) Shiv Kamal Rubbers Pvt. Ltd. (33) Sonya Insulators (34) Special Springs India Pvt. Ltd (35) Sterling India (36) Thriaarr Polymers Pvt. Ltd (37) Usaka Industrial Components (38) Venus Polymers (39) Vimal Hi-Tech Pvt. Ltd (40) Visible Magnet Ltd. (41) Victor Paints (42) Wheels Polymers P. Ltd (43) G.S.Lighting P. Limited.
- c) The payments to SSI undertakings have been made as per stipulated terms.
- d) The above information has been compiled in respect of parties to the extent to which they could be identified as small scale industries on the basis of information available with the Company.
- 15 The Company has transferred and deposited a sum of Rs.0.67 lacs out of unclaimed dividend relating to the year 1995-96 to Investor Education and Protection Fund of Central Government in accordance with section 205C of the Companies Act, 1956.
- 16 The company is under obligation to export goods worth Rs.895.24 lacs (US\$1,914,256.71) within a period of 8 years from the date of issue of EPCG licence dated 14.05.03 in terms of para 5.2/5.7 of Export and Import Policy 2002-2007. The Company has not made any export during the year against such export obligation. The CFL plant has commenced operation with effect from 18.10.03 and the export obligation is expected to be completed within stipulated time.

- 17 The Company has made a provision of excise duty amounting to Rs.165.49 lacs (last year Rs.132.14 lacs) payable on stocks of finished goods and scrap at the end of year. Excise duty is considered as an element of cost at the time of manufacture of goods. The same shall have no impact on profit for the year.
- 18 The Company has not made any provision for cess payable u/s 441A of the Companies Act, 1956. The said provision shall be made as and when the requisite notification is issued by the Central Government in this regard.
- 19 The Central Excise Department has issued following show cause notices / orders to the Company raising a demand of Rs.14.93 lacs including penalty of Rs.3.80 lacs.
- | | | |
|--|---------|--|
| (i) Showcause notice dated 21.10.2002 | 7.33 | Pending with Commissioner Central Excise (Appeals) |
| (ii) Showcause notice dated 30.03.2000 | 3.80 | Pending with CESTAT |
| | Penalty | 3.80 |
| | | <u>14.93</u> |

Out of the above a sum of Rs.2.00 lacs has been deposited. No provision in respect of balance liability of Rs.12.93 lacs has been made as appeals are pending with appellate authorities.

- 20 Elymer Havell's Private Limited, a company whose assets and liabilities were amalgamated with this Company as on 01.04.1991 had been issued show cause notices dated 22.11.1990, 22.01.1991 and 02.03.1991 by the Superintendent, Central Excise, Delhi. As per the show cause notices the demand of Rs.25.62 lacs was raised. The provision in respect of said liability has not been made since the matter has been remanded to the adjudicating authority for deciding afresh by the CESTAT vide their order dated 11.08.2003.
- 21 That a sales tax demand of Rs.9.95 lacs and Rs.132.63 lacs has been raised under Delhi Sales Tax Act, 1975 and Central Sales Tax Act, 1956 respectively. No provision in respect of said liability has been made since the same is disputed and the appeals are being filed with the Additional Commissioner of Sales Tax, Delhi.
- 22 That a demand of Rs.27.85 lacs has been raised towards income tax by Additional CIT, New Delhi for the accounting year 2000-01, which is disputed and an appeal has been filed with CIT (Appeals), New Delhi.
- 23 Profit on sale of investment includes
Rs.38.51 lacs on sale of 76,000 equity shares of TTL Limited.
Rs.69.75 lacs on sale of 4,50,000 equity shares of Crabtree India Limited.
Rs.225.06 lacs on sale of 31,70,000 equity shares of Standard Electricals Limited
- 24 Miscellaneous receipts include a sum of Rs.64.38 lacs (Previous Year Rs.53.45 lacs) received from Crabtree India Limited towards reimbursement of common office and infrastructure facilities.
- 25 The Company has entered into a forward exchange contract with State Bank of India to cover the risk of exchange rate fluctuations of foreign currency demand loan of US \$ 1,000,000 vide agreement dated 12.06.03. In accordance with accounting standard of "Accounting for the Effects of Changes in Foreign Exchange Rate" (AS-11) issued by The Institute of Chartered Accountants of India, the difference of Rs.9.40 lacs between the forward rate and the exchange rate at the date of transaction has been recognised over the life of the contract and the same has been debited to miscellaneous financial expenses.
- 26 The Company has entered into currency swap deal with IDBI Bank Limited on dated 03.04.2003 in order to reduce the cost of existing rupee loans. The Company has received a sum of Rs.38.47 lacs on account of differential rate of interest on rupee loan of Rs.950 lacs which has been adjusted against the interest paid account. The Company has also earned Rs.43.03 lacs on account of exchange rate fluctuation in the swap deal which has been credited to exchange rate fluctuation account.
- 27 a) Details of remuneration paid to Managing/Wholetime Directors' is as under:

	2003-2004	2002-2003
	Rs.in lacs	Rs.in lacs
Salary	45.00	42.00
Medical reimbursement	1.01	0.59
Accidental and mediclaim insurance	0.09	0.08
Leave salary	0.75	0.63
Total	<u>46.85</u>	<u>43.30</u>

Sh Anil Gupta, Director of the Company has also taken a remuneration of Rs.30 lacs (last year Rs.15 lacs) from M/s Standard Electrical Limited (an erstwhile subsidiary of the company)

b) Computation of net profit in accordance with section 349 of the Companies Act, 1956

	2003-2004		2002-2003	
	Rs.in lacs		Rs.in lacs	
Net profit as per profit and loss account		2,096.11		895.97
Add: Income tax	914.41		522.62	
Wealth tax	0.85		0.96	
Managing/Whole-time Directors' remuneration	46.85	962.11	43.30	566.88
Net profit		<u>3,058.22</u>		<u>1,462.85</u>
Maximum remuneration payable @10% of net profit		305.82		146.29

28 The Company has paid an interim dividend @15% as approved in the meeting of Board of Directors of the company on 22.10.2003. A final dividend has been proposed for the year @ 25% on its equity capital and a provision for corporate dividend tax @ 12.5% and surcharge @ 2.5% thereon has been made in accordance with the Finance Bill 2003. The said amount is not subject to deduction of tax at source.

29 In the opinion of the Board, the current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated and provision for all known liabilities have been made.

30 Segment Reporting

The Company operates in four segments - Switchgears, Energy Meters, Cable and Wire and Electrical consumer durables. Segments have been identified and reported on the basis of the nature of products dealt with by the Company. Summary of operating segments of the Company are:

	(Rs. in lacs)				
	Switchgears	Energy Meter	Cable and Wire	Electrical Consumer Durables	Total
A. Revenue					
i) Segment revenue	15,666.60 (11,133.27)	6,008.93 (7,465.74)	17,561.28 (10,715.02)	2599.31 —	41,836.12 (29,314.03)
ii) Inter segment revenue*	304.02 (269.25)	0.32 (1.92)	55.64 (54.11)	6.34 —	366.31 (325.28)
iii) Unallocated revenue					658.83 (380.53)
	<u>15,970.62</u> (11,402.52)	<u>6,009.24</u> (7,467.66)	<u>17,616.92</u> (10,769.13)	<u>2,605.64</u> —	<u>42,861.26</u> (30,019.84)
B. Result					
i) Segment result	3,793.42 (2,328.25)	906.94 (1,814.35)	1,960.58 (807.85)	-222.29 —	6,883.23 (4,950.45)
ii) Unallocated expenses net of unallocable income					2,465.60 (2,216.12)
iii) Operating profit					4,417.62 (2,734.33)
iv) Financial expenses					1,407.11 (1,315.74)
v) Income taxes					914.41 (522.63)
vi) Profit					<u>2,096.11</u> (895.97)

	(Rs. in lacs)				
	Switchgears	Energy Meter	Cable and Wire	Electrical Consumer Durables	Total
C. Assets					
i) Segment assets	7,997.17 (5,537.24)	3,255.12 (4,909.35)	7,482.43 (4,937.71)	2,538.64 —	21,273.37 (15,384.30)
ii) Unallocated corporate assets					3,111.50 (3,157.18)
					<u>24,384.87</u> <u>(18,541.48)</u>
D. Liabilities					
i) Segment liabilities	1,369.43 (804.70)	333.85 (517.68)	2,686.34 (1,900.90)	677.67 —	5,067.29 (3,223.28)
ii) Unallocated corporate liabilities					13,382.49 (11,218.11)
					<u>18,449.78</u> <u>(14,441.39)</u>
E. Capital Expenditure					
i) Segment capital expenditure	241.12 (151.93)	12.20 (91.10)	384.56 (237.14)	783.09 —	1,420.97 (480.17)
ii) Unallocated capital expenditure					625.93 (200.06)
					<u>2,046.91</u> <u>(660.23)</u>
F. Depreciation					
i) Segment depreciation	86.22 (121.40)	19.17 (15.19)	49.94 (41.23)	25.54 —	180.87 (177.82)
ii) Unallocated corporate depreciation					82.74 (54.24)
					<u>263.61</u> <u>(232.06)</u>
G. Non-cash Expenses other than depreciation					
Miscellaneous expenditure written off (unallocated)					0.41 (6.51)
Segment-Provision for bad and doubtful debts	1.20 (1.29)	— —	16.51 (3.08)	— —	17.71 (4.37)

Note: Figures in brackets relates to previous year.

*Inter segment revenue include Rs.178.89 lacs (last year Rs.289.99 lacs) on account of inter-unit transfer of raw materials consumed within the Company.

31 Earning per share

		<u>2003-04</u>	<u>2002-03</u>
Profit after tax	Rs.in lacs	2,096.11	895.97
Weighted number of equity shares outstanding during the year	Nos.	11,591,154	11,591,154*
Earning per Share - Basic and diluted	Rs.	18.08	7.73

* Previous year figure is recalculated as per Rs.5/- per share making it comparable with current year.

3) Related party transactions

As per Accounting Standard 18 issued by the Institute of Chartered Accountants of India, related parties in terms of the said standard are disclosed below:-

(A) Names of related parties and description of relationship :

1	Subsidiary	(i)	Standard Electricals Limited
2	Associates	(i)	TTL Limited
		(ii)	QRG Enterprises Limited
		(iii)	Precision Meters Limited
		(iv)	Duke Arnics Electronics Limited
		(v)	Crabtree Aquatech Limited
		(vi)	Crabtree India Limited
		(vii)	Havell's Financial Services Limited
		(viii)	Havell's Switchgears Limited
		(ix)	QRG Foundation
		(x)	Guptajee & Company
3	Key Management Personnel	(i)	Shri Qimat Rai Gupta
		(ii)	Shri Anil Gupta
		(iii)	Shri Surjit Gupta
		(iv)	Shri Rajesh Gupta
4	Relatives of Key Management Personnel	(i)	Mrs.Santosh Gupta wife of Shri Surjit Gupta
		(ii)	Mr. Rahul Gupta son of Shri Rajesh Gupta
		(iii)	Ms. Ruchi Gupta daughter of Shri Rajesh Gupta

(B) Transactions

(Rs. in lacs)

Particulars	Subsidiary	Associates	Key Management Personnel	Relative of Key Management Personnel	Total
Purchase of goods	33.01	1,298.39 (1,148.43)			1,331.41 (1,148.43)
Sale of goods	1,793.60 (1,369.17)	518.52 (1,665.08)			2,312.12 (3,034.24)
Sales incentives, discounts and commission paid	—	76.57 (69.46)			76.57 (69.46)
Purchase of fixed assets	0.28 (1.83)	3.64 (74.03)			3.93 (75.86)
Sales of fixed assets	— (0.32)				— (0.32)
Sale of investments		1,904.94 —			1,904.94 —
Purchase of investments		315.00 —			315.00 —
Rent/Car hire received		0.96 (0.50)			0.96 (0.50)
Rent paid		4.74 (4.74)			4.74 (4.74)
Receipt for use of common facilities		64.39 (53.45)			64.39 (53.45)
Reimbursement for rent			8.90 (8.09)		8.90 (8.09)

Job charges paid	12.66	1.07 (3.21)			13.73 (3.21)
Repair expenses		0.06 —			0.06 —
Dividends received		3.80 (0.76)			3.80 (0.76)
Trade mark fee paid		366.38 (251.38)			366.38 (251.38)
Donation paid		6.00 (6.00)			6.00 (6.00)
Interest paid		15.23 (7.36)	1.68 (1.59)	5.95 (3.49)	22.86 (12.44)
Reimbursement of expenses on account of deputation of employees	— (0.40)	— (154.11)			— (154.52)
Reimbursement on account of expenses	6.64 (11.83)	32.20 (37.02)			38.84 (48.86)
Commission received	169.23 (273.29)				169.23 (273.29)
Directors remuneration			46.85 (43.30)		46.85 (43.30)
Total	2,015.43 (1,656.84)	4,611.88 (3,475.53)	57.43 (52.98)	5.95 (3.49)	6,690.69 (5,188.84)

(C) Balance receivable at the year end	511.51 (58.51)	420.23 —			931.74 (58.51)
Balance payable at the year end		274.25 (200.00)	14.05 (16.25)	68.78 (33.60)	357.08 (249.85)

Note : 1. Figures in brackets relates to previous year.

2. Standard Electrical Limited has ceased to be subsidiary of the Company as on 31.03.2004

33 Additional information pursuant to the provisions of paragraph 3, 4C and 4D of Part-II and Part-IV of Schedule VI to the Companies Act, 1956 (as certified by a Director)

	2003-04			2002-03	
	UNIT	QTY	Rs.in lacs	QTY	Rs.in lacs
(i) Turnover@					
Finished Goods					
Domestic switchgear	Nos	11,026,998	9,670.96	7,237,524	5,847.15
Industrial switchgear	Nos	586,378	5,765.42	389,408	4,592.84
Meters	Nos	976,150	5,860.44	764,515	5,954.38
Cable and wires	Mtrs	268,393,114	17,519.28	228,853,579	10,630.14
Electrical consumer durables	Nos	1,020,836	2,535.85	—	—
Miscellaneous			498.17		2,039.40
			<u>41,850.12</u>		<u>29,063.91</u>

@ including finished goods used for self consumption amounting to Rs.187.44 lacs (last year Rs.35.29 lacs) expended and charged to profit and loss account under various heads (other than raw material) and / or capitalised.

(ii) **Raw Materials and Components consumed** 20,980.93* 14,335.80

* It is not practicable to furnish quantitative information in respect of raw materials and boughtout components in view of considerable number and size of items consumed.

	UNIT	2003-04		2002-03	
		QTY	Rs.in lacs	QTY	Rs.in lacs
(iii) Purchases and Stocks					
Purchases					
Industrial items	Nos.	—	—	11	8.59
Electrical consumer durables	Nos.	756,119	675.74	—	—
Meters	Nos.	65	0.87	435	4.22
Miscellaneous			74.46		426.06
			<u>751.07</u>		<u>438.86</u>
Opening Stocks					
Finished Goods					
Domestic switchgear	Nos	910,560	584.00	452,283	282.91
Industrial switchgear	Nos	55,066	251.18	31,819	128.28
Meters	Nos	63,566	335.53	11,691	64.61
Cable and wires	Mtrs	13,950,635	840.69	5,055,430	468.49
Miscellaneous		—	65.83	—	31.46
			<u>2,077.22</u>		<u>975.75</u>
Semi-Finished Goods			370.94		387.90
Closing Stocks					
Traded goods		417,377	284.09	—	—
Finished Goods					
Domestic switchgear	Nos	763,452	565.30	910,560	584.00
Industrial switchgear	Nos	64,095	206.74	55,066	251.18
Meters	Nos	47,269	288.25	63,566	335.53
Cable and wires	Mtrs	19,152,701	1,237.03	13,950,635	840.69
Electrical consumer durables	Nos	215,097	381.44	—	—
Miscellaneous			93.04		65.83
			<u>2,771.80</u>		<u>2,077.22</u>
Semi-Finished Goods			805.62		370.94
(iv) Capacity and Production					
*Licence Capacity					
@Installed Capacity (per annum)					
Domestic switchgear	Nos	14,650,000		9,196,000	
Industrial switchgear	Nos	1,113,000		1,113,000	
Meters	Nos	1,840,000		1,840,000	
Cable and wires	Mtrs	525,000,000		274,000,000	
Electrical consumer durables	Nos	11,200,000		—	
Actual Production					
Domestic switchgear	Nos	10,881,210	(1,320)	7,924,214	(120,635)
Industrial switchgear	Nos	833,773	(238,366)	534,930	(232,973)
Meters	Nos	959,863	(75)	1,674,963	(1)
Cable and wires	Mtrs	273,668,667	(73,487)	238,049,691	(300,907)
Electrical consumer durables	Nos	898,874	(1,683)	—	—

* No Industrial license is required for the industry.

@ installed capacity is as certified by the production manager.

Figures in brackets are in respect of material consumed within the company and are included in the figure of total production.



		2003-04		2002-03	
		Rs.in lacs		Rs.in lacs	
34	CIF value of Imports				
	Raw materials and components		923.94		462.17
	Machinery		261.48		8.83
	Spare parts		0.92		2.30
35	Expenditure in foreign currency				
	Travelling		27.71		16.32
	Research & development		3.64		—
	Technical consultancy		22.03		6.13
	Advertisement		5.30		8.94
	Testing charges		8.66		19.07
	Seminar and exhibition		7.96		16.57
	Overseas branch expenses		18.19		—
	Training expense		5.22		—
36	Dividend in foreign currencies	2003-04		2002-03	
	Year to which relates	2003-04	2002-03	2001-02	
	Final dividend / Interim dividend	Interim	Final	Final	
	Non-resident shareholders	Nos	238	256	269
	Shares held	Nos	871,125	804,425	809,425
	Amount paid in rupees	Rs.in lacs	2.08	1.79	1.31
	Amount remitted in foreign currency	Rs.in lacs	10.99	18.32	10.62
	Euro		20,148	36,453	22,614
	Total	Rs.in lacs	13.07	20.11	11.94
37	Earnings in foreign exchange				
	F.O.B. value of exports *	Rs.in lacs	2,115.57		651.83
	* excluding export of Rs.488.70 lacs made through merchant exporters (previous year Rs.121.70 lacs) and excluding those consignment of which bill of lading is pending.				
38	Value of imported/Indigenous materials and components consumed and percentage thereof				
		%		%	
	Indigenous	95	19,987.95	96	13,719.73
	Imported	5	992.98	4	616.07
		<u>100</u>	<u>20,980.93</u>	<u>100</u>	<u>14,335.80</u>
39	BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE				
i)	Registration Details				
	Registration no.		16,304		16,304
	Code no.		55		55
	Balance sheet date		31.03.2004		31.03.2003
ii)	Capital raised during the year				
			Rupees in Lacs		Rupees in Lacs
	Public issue		—		—
	Right issue		—		—
	Bonus issue		—		—
	Private placement		—		—

iii) Position of mobilisation and deployment of funds		
Total liabilities	16,546.62	14,031.54
Total assets	16,546.62	14,031.54
Sources of funds		
Paid up capital	579.56	579.56
Reserves and surplus	5,357.01	3,522.52
Secured loans	9,346.41	8,509.27
Unsecured loans	831.01	946.47
Deferred tax liability	432.63	473.82
Application of funds		
Net fixed assets	4,631.03	3,000.51
Investments	316.58	1,571.62
Net current assets	11,597.53	9,457.52
Miscellaneous expenditure	1.48	1.89
iv) Performance of Company		
Turnover	41,922.40	29,308.25
Other income	759.97	421.29
Total expenditure	39,671.86	28,310.94
Profit before tax	3,010.51	1,418.60
Profit after tax	2,096.11	895.97
Weighted No of equity shares	11,591,154	11,591,154
Earning per share	18.08	7.73
Interim Dividend	15%	—
Final Dividend	25%	25%
v) Generic names of Three principal products/services of Company (as per monetary terms)		
Product description	ITC Code No	ITC Code No
Miniature Circuit Breakers	85362003	85362003
Electricity Meters	90283000	90283000
Wire	85449000	85449000

40 That the figures for the previous year have been rearranged wherever necessary.

41 The figures have been rounded off to the nearest thousand rupee.

42 Schedule No.1 to 19 form integral part of the balance sheet and profit and loss account.

For and on behalf of the Board

Qimat Rai Gupta
 Chairman &
 Managing Director

Surjit Gupta
 Director

Ritu Mehrotra
 Company Secretary

Surender Bansal
 Asst. Manager (Accounts)

AUDITOR'S REPORT
 As per our Report attached.

FOR V.P.BANSAL & CO.
 Chartered Accountants

V.P.Bansal
 Proprietor

Delhi, 6th May, 2004



**CASH FLOW STATEMENT ANNEXED TO AND FORMING
 PART OF BALANCE SHEET AS AT 31ST MARCH, 2004**

	31.03.2004	31.03.2003
	(Rs.in lacs)	(Rs.in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	3,011.37	1,419.56
Adjustments for		
Depreciation	264.26	232.07
Profit on sale of fixed assets	(0.02)	(0.00)
Loss on sale of fixed assets	8.73	1.31
Income on sale of investment	(333.32)	(18.03)
Interest income	(46.79)	(38.06)
Dividend income	(3.80)	(0.76)
Miscellaneous expenditure written off	0.41	6.51
Operating profit before working capital changes	2,900.84	1,602.60
Adjustments for		
Trade and other receivables	(2,990.46)	(3,672.92)
Inventories	(2,092.04)	(1,079.60)
Trade payables	2,069.91	(20.92)
Other liabilities	839.14	1,832.60
Cash generated from operations	727.38	(1,338.25)
Interest paid	1,180.94	1,057.80
Direct taxes paid	(976.96)	(527.49)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	931.37	(807.94)
Net Cash received (+) / used (-) from Operating Activities	931.37	(807.94)
B. CASH FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,643.01)	(679.73)
Addition in capital work in progress	(403.90)	(0.51)
Investment in shares	1,255.04	180.24
Sale of fixed assets	143.41	0.86
Interest received	46.79	38.06
Income on sale of investment	333.32	18.03
Dividend received	3.80	0.76
Net Cash used in Investing Activities	(264.55)	(442.29)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	773.93	2,067.48
Proceeds from fixed deposits	(115.46)	301.89
Repayment of finance lease liabilities	63.21	36.45
Interest paid	(1,180.94)	(1,057.80)

Dividend paid	(231.82)	(124.85)
Net Cash received (+) / used (-) from Financing Activities	<u>(691.09)</u>	<u>1,223.17</u>
Net increase (+) / decrease (-) in cash and cash equivalents (A+B+C)	(24.27)	(27.06)
Cash and Cash equivalents as at the beginning of the year	35.66	62.71
Cash and Cash equivalents as at the close of the year	11.39	35.66

For and on behalf of the Board

Qimat Rai Gupta
Chairman & Managing Director

Surjit Gupta
Director

Ritu Mehrotra
Company Secretary

Surender Bansal
Asst. Manager (Accounts)

Delhi, May 6, 2004

AUDITOR'S CERTIFICATE

We have examined the above Cash Flow Statement of Havell's India Limited for the period ended 31st March 2004. The statement has been prepared by the Company in accordance with the requirements of clause 32 of the Company's listing agreements with the Stock Exchanges. The Statement is based on and is derived from the corresponding Profit and Loss Account and Balance Sheet of the Company for the period ended 31st March, 2004 and 31st March, 2003, covered by our report dated May 6, 2004 and May 2, 2003 respectively to the members of the Company.

FOR V.P.BANSAL & CO.
Chartered Accountants

Delhi, May 6, 2004

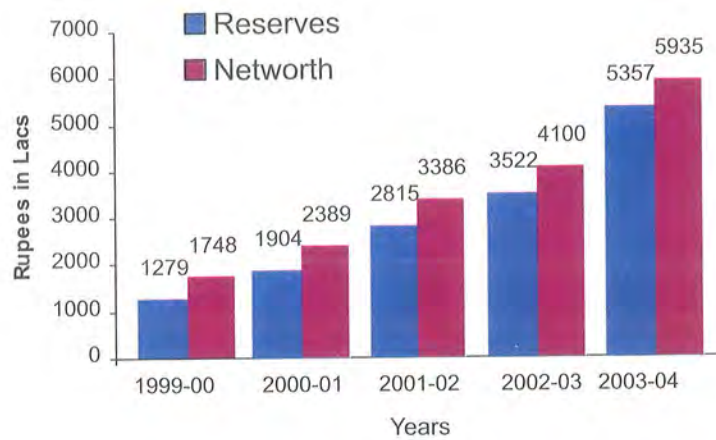
V.P.Bansal
Proprietor



Net Profits to Sales

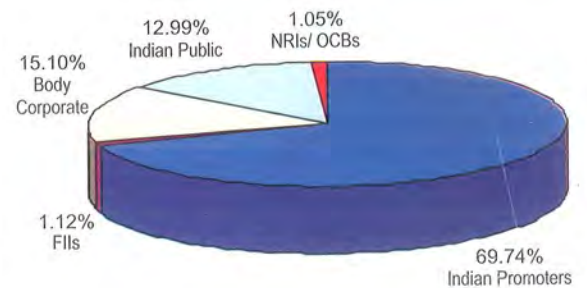


Reserves & Network

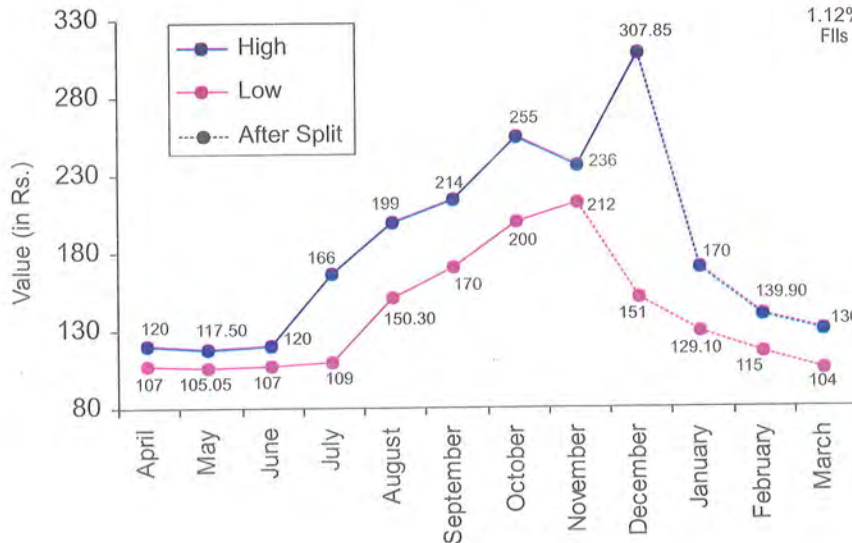


Shareholding Pattern

(As on 31.03.2004)



Share Price Movement



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