



Corporate
Governance
Report

Corporate Governance Report

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 Havells. Havells India Limited is committed to the adoption of best governance practices and its adherence in the true spirit, at all times. Our governance practices are a product of self desire and reflect the culture of trusteeship that is deeply ingrained in our value system and reflected in the strategic thought process. The basic philosophy of Corporate Governance in Havells 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 shareholder 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, 2007 is given below:

Board of Directors

Board of Directors comprises one Managing Director, one Joint Managing Director, one Whole Time Director, Seven Non-Executive Directors and one non-executive alternate Director out of whom Seven (including alternate director) are Independent. The Company is chaired by an Executive Director. The functions of the Board include formulation of strategic business plans, budgets, setting up of goals and evaluation of performance, approving corporate philosophy and mission, monitoring corporate performance against strategic business plans, overseeing operations, recruitment of senior management personnel, review of material investment and fixed assets transactions, 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 2006-07, Seven Board Meetings were held on 18th May, 2006, 20th July, 2006, 26th October, 2006, 26th December, 2006, 20th January, 2007, 2nd March, 2007 and 13th March, 2007.

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, 2007 is:

S. N.	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 (Promoter)	Chairman & Managing Director	6	Yes	4	Nil	Nil
2.	Sh. Surjit Gupta (Promoter)	Non-Executive & Non-Independent	7	Yes	4	2	1
3.	Sh. Anil Gupta (Promoter)	Joint Managing Director & Non-Independent	7	Yes	9**	2	1
4.	Sh. Rajesh Gupta	Whole time Director & Non-Independent	6	Yes	Nil	1	Nil
5.	Sh. S.B. Mathur	Independent & Non-Executive	6#	Yes	16**	5	4
6.	Dr. Abid Hussain	Independent & Non-Executive	6#	Yes	9	6	1
7.	Maj. Gen. D.N. Khurana	Independent & Non-Executive	6#	Yes	1	2	Nil
8.	Sh. Avinash P Gandhi	Independent & Non-Executive	6#	Yes	10**	6	3
9.	Sh N. Balasubramanian*	Independent & Non-Executive	2#	No	6	1	Nil
10.	Ms Sabine Geyer@	Independent & Non-Executive	Nil	No	4	Nil	Nil
11.	Mr. Richard Owen Pyvis	Independent & Non-Executive	Nil	No	46**	Nil	Nil
12.	Ms. Josephine Price	Alternate Director to Mr. Richard Owen Pyvis	4#	No	23**	Nil	Nil

Committee includes Remuneration Committee also.

*Additional Directors ** Includes Directorship in private limited / foreign companies. @ Resigned from Directorship during the year.

Including one Board Meeting attended through teleconference.

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Disclosure regarding Directors Appointment / Re-appointment

Disclosure regarding Directors appointment / Re-appointment are attached with the Notice calling the Annual General Meeting of the Company.

Audit Committee

The Audit Committee comprises of four Non-Executive Directors with majority being Independent. Shri S.B. Mathur is the Chairman of the Committee, the other members are Dr. Abid Hussain, Maj. Gen. D.N. Khurana and Shri Surjit 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, and 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, reviewing the Company's financial and risk management policies and ensuring follow up action on significant findings, and reviewing quarterly, half yearly and yearly annual accounts.

During the year 2006-07 four Audit Committee Meetings were held out on 18th May, 2006; 20th July, 2006; 26th October, 2006; and 20th January, 2007. The attendance of the directors during these meetings is set down below:

S. No.	Name of the Director	No. of Meetings attended
1.	Sh. S.B. Mathur	4
2.	Dr. Abid Hussain	3
3.	Maj. Gen. D.N. Khurana	3
4.	Sh. Anil Gupta	1@
5.	Sh. Surjit Gupta	3*

* Appointed during the year as member. @ Resigned from the committee during the year.

All the above meetings, were also attended by the Executive Director (Finance) and Auditors of the Company.

During the year, the Committee reviewed:

- Quarterly and yearly financial statements before they are submitted to the Board of Directors.
- Auditors' Report
- Management Information System
- Internal controls to ensure that the accounts of the Company are properly maintained and those 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.
- Re-appointment of Auditors.

The Comments 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.

During the year, the Board of Directors reconstituted the Remuneration Committee, in which Shri Anil Gupta, ceased to be member. Now, the Committee comprises of three Non Executive directors under the chairmanship of Independent Director, Dr. Abid Hussain. Shri Avinash P. Gandhi and Shri Surjit Gupta are the other members of the Committee. One meeting of the Committee was held on 18th May, 2006 and all members of the Committee attended the Meeting.

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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 and other particulars of the directors

Name of the Director	Service Term	No. of shares held	Sitting Fees	Salary & Perks	Commission	Total (in Rs.)
Mr. Qimat Rai Gupta	01-11-2005 to 31-03-2010	4767944	Nil	Rs.42,24,621/-	Nil	Rs.42,24,621/-
Mr. Surjit Gupta	N.A	3265080	Nil	Nil	Nil	Nil
Mr. Anil Gupta	18-05-2006 to 31-03-2011	1733974	Nil	Rs.15,75,824/-	Nil	Rs.15,75,824/-
Mr. Rajesh Gupta	01-04-2006 to 31-03-2011	119840	Nil	Rs.43,32,227/-	Rs.60,57,000/-	Rs.1,03,89,227/-
Dr. Abid Hussain	N.A	Nil	Rs.90,000/-	Nil	Nil	Rs.90,000/-
Maj. Gen. D.N. Khurana*	N.A	Nil	Rs.80,000/-	Nil	Nil	Rs.80,000/-
Mr. S.B. Mathur*	N.A	Nil	Rs.90,000/-	Nil	Nil	Rs.90,000/-
Mr. Avinash P Gandhi	N.A	Nil	Rs.50,000/-	Nil	Nil	Rs.50,000/-
Mr. N. Balasubramanian*	N.A	Nil	Rs.10,000/-	Nil	Nil	Rs.10,000/-
Ms Sabine Geyer	N.A	Nil	Nil	Nil	Nil	Nil
Mr. Richard Owen Pyvis	N.A	Nil	Nil	Nil	Nil	Nil

* Additional Directors.

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. Surjit Gupta other members being Shri Anil 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 above mentioned purposes. As on 31st March, 2007, no Transfer of share is pending.

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' grievances received and attended during the year is as follows:

S. No.	Nature of Grievances received	No. of Grievances received	No. of Grievances resolved	Maximum period of reply
1	Change of Address	41	41	1
2	Change in the Bank Details	12	12	1
3	Request for issue of Duplicate Share Certificates	30	30	1
4	Dividend related queries	134	134	4
5	Bonus	45	45	2
6	Request for Annual Reports	25	25	1
7	Transposition / Transmission requests	2	2	1
8	Request for New Share Certificates on account of Split of shares	68	68	1
9	Others	39	39	4
	TOTAL	396	396	

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Ms Ritu Mehrotra, Company Secretary is designated as Compliance officer. Fifty One meetings of the Committee were held during the year 2006-07.

1. General Body Meetings

General Meetings	Date	Time	Place
Annual General Meeting	July 19, 2004	03:30 p.m.	Shah Auditorium, Sham Nath Marg, Civil Lines, Delhi – 110 054
Extra Ordinary General Meeting	November 29, 2004	10:30 a.m.	- do -
Annual General Meeting	July 20, 2005	10:30 a.m.	- do -
Extra Ordinary General	February 03, 2006	10:30 a.m.	- do -
Meeting (for Merger)	June 27, 2006	10:00 a.m.	- do -
Annual General Meeting			
Extra Ordinary General Meeting	January 20, 2007	11:30 a.m.	FICCI Auditorium, Tansen Marg, New Delhi – 110 001

Several Special Resolutions proposed in the above said meetings and were duly passed by show of hands and through polls.

2. Statutory Disclosures

During the year, there were no transactions of material nature with the Directors or the Management or its subsidiaries or relatives that had potential conflict with the interest of the Company. No person has been denied to access the Audit Committee for any grievance.

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 Company has allotted Bonus Shares in the ratio of 1:1 to all those shareholders whose names were appeared on the Register of Members as on 21st July, 2006.

3. Means of Communications

- Half Yearly report sent to each shareholder No
- Quarterly Results
Which newspaper normally published in
 - 1) The Business Standard
 - 2) Hindustan (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 (Financial Year 2006-07)

Day:	Thursday
Date :	July 05, 2007.
Time:	04:30 P.M.
Venue:	FICCI Auditorium, Federation House, Tansen Marg, New Delhi- 110 001

Financial Calendar (tentative and subject to change)

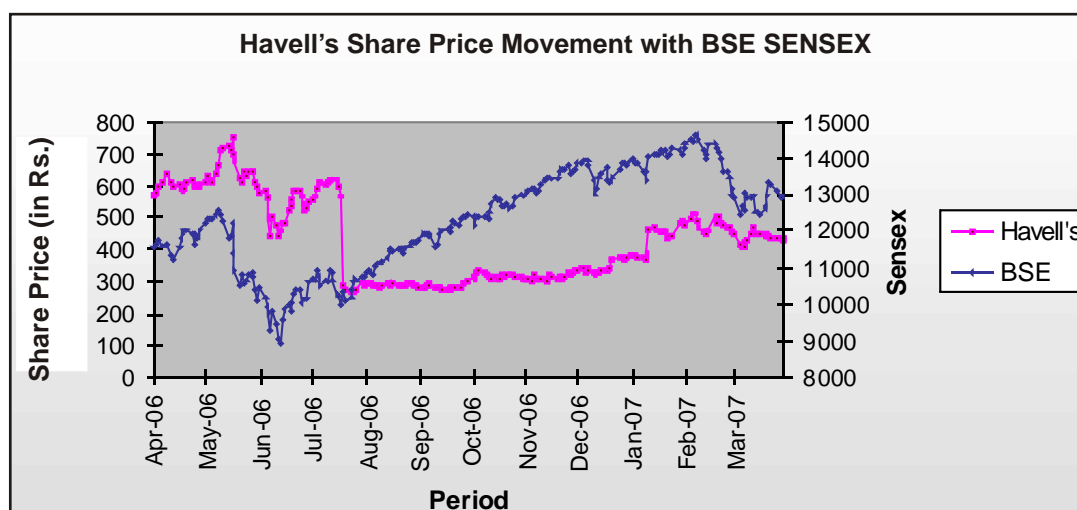
- Financial Reporting for the quarter ending June 30, 2007 : End July 2007
- Financial Reporting for the half-year ending September 30, 2007 : End October 2007
- Financial Reporting for the quarter ending December 31, 2007 : End January 2008
- Financial Reporting for the year ending March 31, 2008 : Mid May 2008
- Annual General Meeting for the year ending March 31, 2008 : Mid July, 2008

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Date of Book Closure	Friday, 22nd June, 2007 to Friday, 29th June, 2007 (both days inclusive)
Dividend Payment Date	9th July, 2007
Listing on Stock Exchanges	The National Stock Exchange of India Limited (NSE) The Bombay Stock Exchange Limited (BSE)
Stock Code:	HAVELLS (NSE) / 517354 (BSE)
International Securities Identification Number (ISIN code- NSDL & CDSL):	INE 176B01026
	For the financial year 2006-07 at NSE and BSE

Market Price Data

Period	NSE		BSE	
	High (Rupees)	Low (Rupees)	High (Rupees)	Low (Rupees)
April 2006	664.50	501.00	662.00	547.65
May 2006	784.40	572.00	800.00	556.65
June 2006	630.00	390.30	629.70	412.40
July 2006	639.10	256.00	634.60	256.00
August 2006	308.00	277.00	304.05	275.00
September 2006	311.00	273.00	311.00	265.50
October 2006	344.70	301.50	344.00	305.00
November 2006	340.00	300.00	340.00	300.10
December 2006	386.00	311.30	386.40	311.80
January 2007	537.85	363.00	537.90	363.00
February 2007	533.00	381.55	531.80	415.00
March 2007	505.40	401.10	487.15	395.10



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5. Distribution of Shareholding as on March 31, 2007

Shareholding of nominal value of		Shareholders (Number)	% of Total	No. of Shares	Nominal Value (In Rs.)	% of Nominal Value
Rs.	Rs.					
Upto	5000	22635	96.16%	2907435	14,537,175	5.41%
5,001	10,000	490	2.08%	772056	3,860,280	1.44%
10,001	20,000	237	1.01%	703855	3,519,275	1.31%
20,001	30,000	53	0.23%	259742	1,298,710	0.48%
30,001	40,000	32	0.13%	225112	1,125,560	0.42%
40,001	50,000	17	0.07%	160430	802,150	0.30%
50,001	1,00,000	24	0.10%	355871	1,779,355	0.66%
1,00,001	& Above	51	0.22%	48373905	241,869,525	89.98%
TOTAL		23539	100.00%	53758406	268,792,030	100.00%

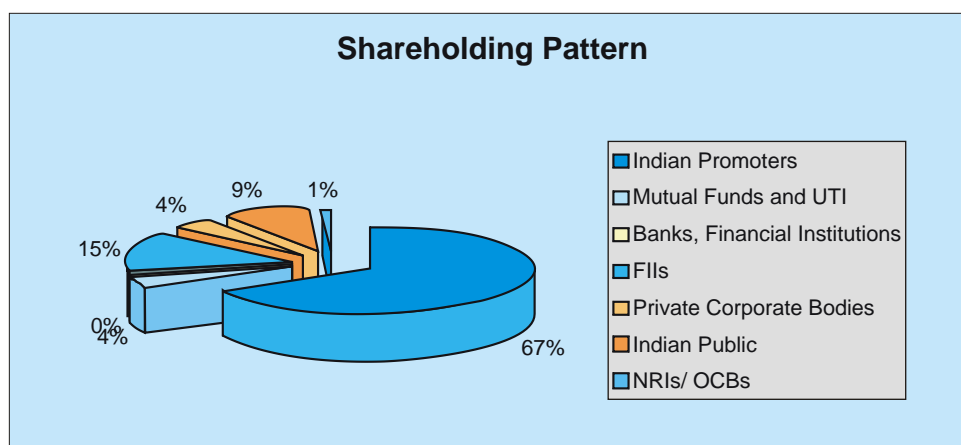
Shareholding Pattern as on March 31, 2007

Category	No. of Shareholders	No. of Shares Held	% of Holding
Promoters			
- Indian Promoters	14	36187426	67.31
Institutional Investors			
- Mutual Funds and UTI	8	2116246	3.94
- Banks, Financial Institutions	4	11290	0.02
- FIIs	12	8041571	14.96
Others			
- Private Corporate Bodies	742	2277540	4.24
- Indian Public	22316	4685708	8.72
- NRIs	443	438625	0.81
TOTAL	23539	53758406	100.00

List of Shareholders other than promoters holding more than 1% as on March 31, 2007

S.N.	Name of Shareholders	No. of Shares	% of holding
1	SBI Mutual Fund A/C Magnum Global Fund	972026	1.81
2	SBI Mutual Fund - Magnum Tax Gain 1993	796976	1.48
3	Citigroup Global Markets Mauritius Pvt. Limited	1011500	1.88
4	BSMA Limited	2167000	4.03
5	Morgan Stanley And Co. International Limited A/c Morgan Stanley Dean Witter Mauritius Company Limited	715564	1.33
6	Sloane Robinsons A/C Sr Global (Mauritius) Limited (Class B - Asia)	1239962	2.31
7	Sloane Robinsons A/C Sr Global (Mauritius) Limited (Class G - Emerging)	1248130	2.32
8	Small Cap World Fund, Inc	1150335	2.14
9	Shine Limited	918180	1.71
	Total	10219673	19.01

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6. Share Transfer System

M/s MCS Limited is acting 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 certificates to that effect are issued by him.

7. Dematerialisation of shares and Liquidity

The equity shares of the Company are compulsorily traded and settled only in the dematerialized form under ISIN Code INE 176B01026

Particulars	As on March 31, 2007		As on March 31, 2006	
	No. of Shares	Percentage	No. of Shares	Percentage
No. of Shares Dematerialised	52940261	98.48	22670569	91.08
-NSDL	52215110	97.13	22384037	89.93
-CDSL	725151	1.35	286532	1.15
No. of Shares in Physical Form	818145	1.52	2220829	8.92
TOTAL	53758406	100.00	24891398	100.00

8. Compliance of Code of Conduct

All Board Members and senior management personnel affirmed the compliance of Code of Conduct, which was duly taken on record at the Board of Directors Meeting held on May 15, 2007.

9. Unit Locations

Domestic Switchgear Division

- Road No. 9, Samepur Badli, Delhi 110 041
- Distt. Solan, Baddi, Himachal Pradesh

Industrial Switchgear Division

- 14/3, Mathura Road, Faridabad 121 002

Cable Division

- A/461-462, Matsya Industrial Area, Alwar, Rajasthan
- SP-215, Matsya Industrial Area, Alwar, Rajasthan

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CFLs Division

- 14/3, Mathura Road, Faridabad 121 002
- Plot No. 2A, Sector 10, Sidcul, BHEL Industrial Estate, Haridwar, Uttranchal

Fan Division

- Plot No. 2A, Sector 10, Sidcul, BHEL Industrial Estate, Haridwar, Uttranchal

Capacitor Division

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

Motor Division

- SP-181 189, Phase II, Neemrana, Rajasthan.

Bath Fittings

- G-470 / 471, RIICO Industrial Area, Bhiwadi, Rajasthan.

Meter Division

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

100% Export Oriented Unit (EOU)

- Distt. Solan, Baddi, Himachal Pradesh

Centre for Research & Innovation (CRI)

- E-1, Sector 59, Noida 201 307

9. Address for correspondence.

The Company Secretary

HAVELL'S INDIA LIMITED

(Share Department)

E-1, Sector 59, Noida (U.P.)

Tel. No. +91-120-2477777

Fax No. +91-120-2477666

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. 011-41406149/51/52

Website www.mcsind.com

Noida, May 15, 2007

For Havell's India Limited

(Qimat Rai Gupta)
Chairman & Managing Director

Corporate Governance Report

May 15, 2007

CEO's/CFO's Certificate TO WHOMSOEVER IT MAY CONCERN

We have examined the compliance of conditions of Corporate Governance of Havell's India Limited, having its Registered Office at 1/7, Ram Kishore Road, Civil Lines, Delhi – 110 054 for the year ended 31st March, 2007 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock exchanges.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the officials of the Company, We hereby in compliance of conditions of Corporate Governance as stipulated in clause 49 of the above-mentioned Listing Agreement certify that:

- a. We have reviewed the financial statements and the cash flow statement for the year and that to the best of our their knowledge and belief :
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee:
 - i. significant changes in internal control during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system

For Havell's India Limited

For Havell's India Limited

(Qimat Rai Gupta)
Chairman & Managing Director

(Rajesh Gupta)
Director (Finance)

May 15, 2007

AUDITORS' CERTIFICATE TO WHOMSOEVER IT MAY CONCERN

We have examined the compliance of conditions of Corporate Governance by Havells India Limited, having its Registered Office at 1/7, Ram Kishore Road, Civil Lines, Delhi – 110 054 for the year ended 31st March, 2007 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock exchanges.

The compliance of conditions of Corporate Governance is responsibility of the management. Our examination has been limited to 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, 2007 there were no investor grievances 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 not 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
Membership No. 8843