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## Chairman's Message

Dear Shareholders,

On the 8th day of August 1983 was laid the foundation of a unique success story, now fondly known in the business community as Havells India Limited.

The journey that started for me, way back in 1958 as an electrical trader in Delhi with borrowed capital of just Rs. 10,000 has all along been both, challenging and very satisfying. It was my dream fructified as small steps, a passion that kept me going and an ardor to rise above the paradox of hyperbolic inanity that existed in creating a conglomerate in those days. Those days were far-from-opportune for a small trader to compete and survive the volatile, license regime of post independent India. Yet gradually and firmly, we defined our dream of setting up a Company, which today is a revered manufacturer of electrical and power distribution equipments and is the only electrical company in the country with its range spreading over 11 product categories. Our prominent offerings include Switchgears, Cable & Wire, Lighting & Fixtures, Power Capacitors, Electric Motors and Fans.

Our reach expands in 5 Continents and 50 countries, our infrastructure of 20 state of the art manufacturing facilities, 91 branch/representative offices, 20,000 strong global dealer network & 8,000 strong global workforce has touched many million lives across the world.

Fiscal 2007-08 has been a historical year for your Company. Havells created history in many ways; our net revenue crossed INR 5,000 crores, we completed empirically plausible acquisition of Sylvania, one of the world's largest manufacturers of artificial light sources and fixtures, entered new geographies, launched new products with innovations as our hallmark.

The year also marks the Silver Jubilee of Havells and Golden Jubilee of the QRG Group. As an indicative gesture to unveil our new corporate identity, this year we also changed our logo. This change comes on the heels of a financial turnaround, reflecting the changes undergone over the last couple of years and highlighting the new focus areas for 2008 and beyond. Your company has made a transition from being an electrical product manufacturer to a complete end to end electrical solutions provider. This brand change is an end point of a part of our journey and the start of another.

We strongly believe entrepreneurial management concentrates on seeking new opportunities and tries to fulfill the needs of others, thus your company's entrepreneurialism is moving ahead with a clear vision, unchallenged with limited assets. Today, we are well positioned to take forward our proven ethos to a new era of Global Enterprises.

As a Company, we have adopted a long term approach rather than limit our focus on short term interventions and have involved our group companies and employees in the process of positive social transition. Our clearly defined vision, combined with a sound implementation strategy and action plan developed in close collaboration with partners, is what will take us ahead.

There is also a need to explore the role of differentiation in a cluttered brand landscape. We are constantly scanning the market, to enhance our capabilities in services and technologies and to energize our non-linear business strategy and expand our reach in markets that have started opening up. To operate globally, it is important for us to see the business at a local, regional and global level and understand how all that fits into the bigger strategy of the group.

Our business today operates in a world of relentless and real-time change. From shifts in the global climate to evolving economic and demographic trends in our local communities, we live and work in an environment that constantly challenges us to think anew about our customers, communities and responsibilities as a company. We embrace these changes and our accountability as a Company starts with our customers, nearly 10,000 employees, investors, regulators, partners and communities. It ultimately extends to everyone who shares our interest in ensuring a clean, secure energy future from national policymakers to industry peers at home and even overseas.

Qimat Rai Gupta  
Chairman & Managing Director

## Board of Directors



**Qimat Rai Gupta**  
Chairman & Managing Director



**Anil Gupta**  
Joint Managing Director



**Surjit Gupta**  
Director



**Rajesh Gupta**  
Director (Finance)



**S B Mathur**  
Director



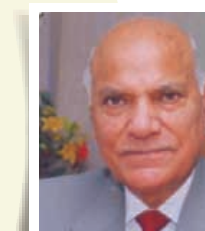
**Dr. Abid Hussain**  
Director



**A P Gandhi**  
Director



**Niten Malhan**  
Director



**Maj. Gen. D N Khurana**  
Director



**Josephine Price**  
Director

Company Secretary

Ritu Mehrotra

Auditors

M/s V.P.Bansal & Co. Chartered Accountants  
B-1, Sector-2, Noida

Bankers

Canara Bank, Janpath, New Delhi-110001  
IDBI Bank Ltd., K.G.Marg, New Delhi-110001  
Corporation Bank, Arya Samaj Road, New Delhi-110005  
State Bank of India, IFB, New Delhi-110001  
Yes Bank Ltd., South Extn., Part-II, New Delhi-110049  
Standard Chartered Bank, Metro Main, New Delhi-110001  
Union Bank & India, IFB, New Delhi - 110 001

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New Delhi-110020  
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The Bombay Stock Exchange Ltd.

Registered Office

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Corporate Office

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www.havells.com

## A Journey

1958	Shri. Qimat Rai Gupta commenced trading operations in Delhi.
1976	Set up the first manufacturing plant for Rewireable Switches and Changeover Switches at Kirti Nagar, Delhi.
1979	Set up a manufacturing plant for HBC Fuses at Badli, Delhi.
1980	Started manufacturing high quality Energy Meters at Tilak Nagar, Delhi.
1983	<ul style="list-style-type: none"> <li>•Acquired Towers and Transformers Ltd. and turned it into a profitable Energy Meters Company in a year.</li> <li>•Incorporated Havells India Ltd.</li> </ul>
1987	Started manufacturing MCBs at Badli, Delhi in a Joint Venture with Geyer, Germany.
1990	Set up a manufacturing plant at Sahibabad, UP for Changeover Switches.
1993	<ul style="list-style-type: none"> <li>•Set up another manufacturing plant at Faridabad, Haryana for Control Gear Products.</li> <li>•Entered Capital Market with IPO.</li> </ul>
1996	<ul style="list-style-type: none"> <li>•Entered the Indian market by acquiring a manufacturing plant at Alwar, Rajasthan for Power Cables &amp; Wires.</li> <li>•Entered into a Joint Venture with Electrium, UK for manufacturing Dorman Smith MCCBs and Crabtree Modular Plate Switches.</li> </ul>
1997	Acquired Electric Control & Switchboards at NOIDA, UP for manufacturing customized packaged solutions.
1998	Introduced high-end Ferraris Meters in a Joint Venture with DZG, Germany.
2000	<ul style="list-style-type: none"> <li>•Acquired controlling stake in Duke Arnics Electronics (P) Limited, a manufacturer of Electronic Meters-Single Phase, Three Phase, Multi Function, Tri Vectors.</li> <li>•Acquired controlling interest in an industry major-Standard Electricals Ltd.</li> </ul>
2002	<ul style="list-style-type: none"> <li>•Made Standard Electrical Company a 100% subsidiary of the company.</li> <li>•Attained the IEC Certification for Industrial switchgear and CSA Certification for all manufacturing plants.</li> </ul>
2004	<ul style="list-style-type: none"> <li>•Set up world class manufacturing plant at Baddi, HP for Domestic Switchgear.</li> <li>•Set up manufacturing facility for CFL at existing plant in Faridabad, Haryana</li> <li>•Set up a plant for manufacturing of Ceiling Fans at Noida, UP</li> <li>•Attained the CE Certificate for CFLs</li> </ul>
2005	<ul style="list-style-type: none"> <li>•Set up manufacturing plant in Haridwar, Uttaranchal for Fans which became India's largest integrated Fan factory.</li> <li>•Awarded KEMA Certification by The Dutch Council for Accreditation, making QRG Enterprises the only group to attain this Certification.</li> <li>•Center for Research and Innovation set up at Corporate Office in Noida</li> </ul>
2006	<ul style="list-style-type: none"> <li>•Crabtree India Ltd. merged with Havells India Ltd.</li> <li>•Added CFL production unit at Haridwar plant, became largest manufacturer of CFLs in India.</li> <li>•Expansion at Alwar plant for enhanced production.</li> <li>•Expansion at Baddi plant and set-up of an Export Oriented Unit.</li> <li>•First Company to get the ISI Certification for complete range of CFLs.</li> <li>•Started mid-day meal program at Alwar, Rajasthan, which catered to 10,000 students from 77 Government schools.</li> </ul>
2007	<ul style="list-style-type: none"> <li>•Set-up Capacitor manufacturing plant in Noida, UP with capacity of 6,00,000 kVAR per month.</li> <li>•Acquired global Lighting business of Frankfurt based "Sylvania", a global leader in lighting business</li> <li>•Warburg Pincus, a global private equity firm, invested US \$110 million in Havells India Ltd. Havells issued fresh shares to Warburg Pincus, representing approximately 11.2% of the fully diluted share capital of the Company.</li> <li>•QRG Enterprises entered healthcare business by acquiring a majority stake in Central Hospital and Research Centre, Faridabad.</li> <li>•Thrust on brand promotion, sponsored Twenty20 World Cup</li> </ul>
2008	<ul style="list-style-type: none"> <li>•Became first Indian CFL manufacturer to have adopted European norms on Restriction of Hazardous Substances (RoHS) in CFLs.</li> <li>•Entered the Motor market by setting up one of India's largest LV motor plant.</li> <li>•Set up new Havells Corporate Office at Noida.</li> <li>•Expansion of Centre for Research and Innovation (CRI).</li> </ul>



## New to The Family

## New Corporate Office

This year we will have our own newly constructed building to house the Corporate Office. Located on 23 km long Noida-Greater Noida Expressway, the office is very well connected to the two satellite cities around Delhi. It will help Havells gain high brand presence and thus is a step forward towards our objective of presence where it matters .

Named "QRG Towers", this six floor building on an area of 17,000 sq mts, is a reflection of the achievements of the man who founded and spearheaded the growth of the company over the years in size, reach and resource.

For many years we have had our corporate base in rented premises, hence in that sense it is also a long term dream fulfilled, to have our own building, designed to suit our needs that can accommodate our ever expanding teams and also provide the comforts and luxury to them and to our valued customers.

Adhering to the brand image of Havells that reflects quality, safety and variety, our new office has followed green building norms in the architecture & construction. Since a building today also is a working product that has to be efficiently serviced round-the-clock, we have catered to most modern amenities to meet strict requirements of efficient servicing and ensure smooth functioning at all times.



## New to The Family

### Motor Manufacturing Unit at Neemrana (Rajasthan)

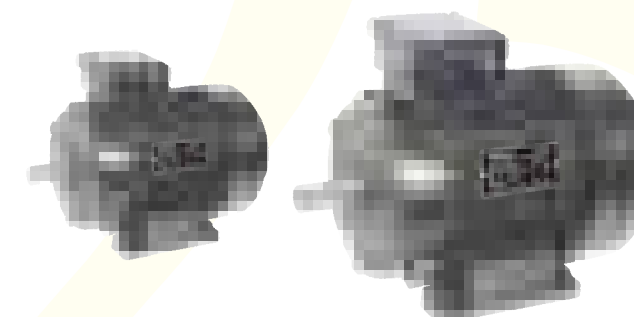
To add to its existing infrastructure of state-of-the-art manufacturing plants, Havells has now set up a world class Motor Plant at Neemrana (Rajasthan). It is one of the largest LV Motor Plant in Asia spread over 42 acres and will manufacture energy efficient motors, ranging from 0.12HP to 300HP.

The plant has a capacity to manufacture 15000 motors per month. The plant and machinery has been imported from AEG, Spain.

Few manufacturing strengths of the plant are -

- Production of complete range of motors from 56-315 frame
- Automatic winding lines from 56-250 frame
- Automatic impregnation
- Ultra-violet impregnation
- Fully automated temperature controlled paint stations
- Modern Test having 9 test beds with Power analyzers
- Mechanical test lab

Havells is committed to manufacturing excellence and providing world class quality products at affordable prices. Havells offers complete electrical solutions which are not only safe and reliable but also save energy. We will continue this tradition with our motors also.



## New to The Family

### Domestic Switchgear

Havells is the world's 8th largest & India's No.1 manufacturer of Miniature Circuit Breakers and allied products. It manufactures a wide range of Miniature Circuit Breakers, Residual Current Circuit Breakers & Distribution Boards suitable for every application and need. There is an excellent infrastructure not only for manufacturing but also for servicing the requirements of the customers in terms of sales and after sales parameters. The quality and process systems ensure that Havells not only remains the market leader in India but also 40% of its production is exported mainly to European countries (approx. 52% of MCBs sold in UK are manufactured by Havells).

There are two state-of-the-art manufacturing plants at Badli, Delhi & Baddi, H.P. producing as many as 45 million MCB poles, 500,000 units and DBs worth Rs. 75 crores per annum. Havells Plant in Baddi is the only plant in India having fully automated production lines for calibration, testing, printing & packing at par with the best facilities worldwide.

To further expand our product base, there have been many new additions, starting with RCCB Double pole & four pole in 80A & 100A. We also launched a new range of superior Distribution Boards with looks to suit all home décor styling. A range of Distribution boards in more colours and designs, engineered to provide easy installation and user safety. These DBs come with masking sheet for protection during construction.

Havells new RCBO, a single composite device provides protection against over-currents and earth leakage faults in the same width and profile as that of a standard MCB. It is designed for use in domestic, commercial and industrial distribution systems at the most downstream circuit for high degree of protection to the user.

Our mini MCB is a single composite device, which provides, protection against overload and short circuit faults. New to the family it is designed with unique mounting, for use in domestic and commercial distribution systems, at the most downstream circuit (switchboards / DESB), and ensures high degree of protection for discriminating applications. Havells new indicator lights, designed for signaling the incoming supply, can be used in both building and industrial installations.

The quality & system processes are geared to meet the requirements of the markets worldwide. All the plants process are certified in accordance with ISO 9001:2000 and ISO 14000. The testimonials to Havells world class quality processes are ISI (India), Kema Keur (Holland), CSA (Canada), CE (Europe), SIRIM (Malaysia), CB ASTA CPT (Russia).



## New to The Family

### Industrial Switchgear

Havells the Indian Power Distribution Equipment major is the market leader in Low Voltage Switchgear, Circuit Breakers, MCB's, ELCBs and Air Circuit Breakers. Havells products are approved by international quality bodies such as KEMA, UL, CE, CSA and as per IEC standards. Perceived as a top quality manufacturer with high brand equity, Havells is an ISO 9001-2000 Certified Company.

Its state-of-the-art manufacturing plant is situated at Faridabad, Haryana. Havells controlgear and distribution products include Loadline MCCB, Kompact, SDF9Switch, Disconnecter Fuse, Powerline Contactor, Overload Relay and Motor Starter, Instaline Auto Transfer Switch, Euroload Changeover Switch, poised to perform under any critical operation and provide high safety, less down time and low maintenance.

This year Havells has expanded its industrial switchgear product range with Camlock fuseholders (lid-operation), Nylon; fuse base (open type), Size 00 Euroload Changeover switch / ECS (40A-100A) and HRC Fuse link DIN Size 000.

We have also added 40A, 63A, 80A and 100A ECS to complete its existing range. This range by Havells has a quick make and break mechanism which makes it independent of the speed of operation. There are four breaks per pole thereby resulting into faster quenching of arc. The load and line can be connected on either side by virtue of isolation on both sides. The entire switching mechanism along with the fixed and moving contact assembly are housed in a nylon 66 FR grade, moulded frame-cover, having high dielectric strength & thermal withstand capacity.

Nylon Fuse Base are available in 1, 2 & 3 poles in pen type. Single pole can be connected side by side, straight or diagonally as per the customer requirements and availability of space.





## New to The Family

### Capacitor

Havells started manufacturing "Capacitors" a new product in February, 2007. Havells Capacitors are designed to improve the power factor. These low voltage capacitors improve "Active Power" and reduce "Reactive Power" that result in energy saving.

Power Capacitor play a vital role not only in power saving but also help in improving the quality of power. The Capacitors, available in Indian market, are mainly in the range of 1 to 25 KVAR which can be increased to any rating by the way of parallel connection to these capacitors. It encompasses product with triple shield with differential disconnecter in the event of any fault within or due to environmental non-compatibility. Automatic controlled vacuum potting of "Element Modules" ensures faults remain localized and protects the installation inspite of hazards.

There are different technologies existing in the capacitor like MPP, APP, Mixed Dielectric etc. Metallised Polypropylene, which minimises low watt loss as compared to other capacitors, is the latest technology. Now with these manufacturing advancements, MPP type capacitor would be enough for not only improving power quality but also act as a major component in optimum utilization of electrical energy.

Havells is committed to manufacturing excellent world class quality products at its state-of-art manufacturing plant in Noida, U.P. Havells offer complete solutions which are not only safe and reliable but also saves energy.



## New to The Family

## Fans

Maximum Style and optimum performance is the USP of Havells Fans. Entering fan business in 2003, Havells has now emerged as one of the fastest growing brands in the Indian fan market. Havells has captured the customers fancy with innovative designs and excellent finishes. With its range of premium fans in exquisite antique finishes, to fans specially designed for kids, to dual colour fans and super speed fans, Havells has now ventured into the first energy efficient fan which consumes only 50W. Today, Havells ES-50 is India's largest selling Energy Saving Fan.

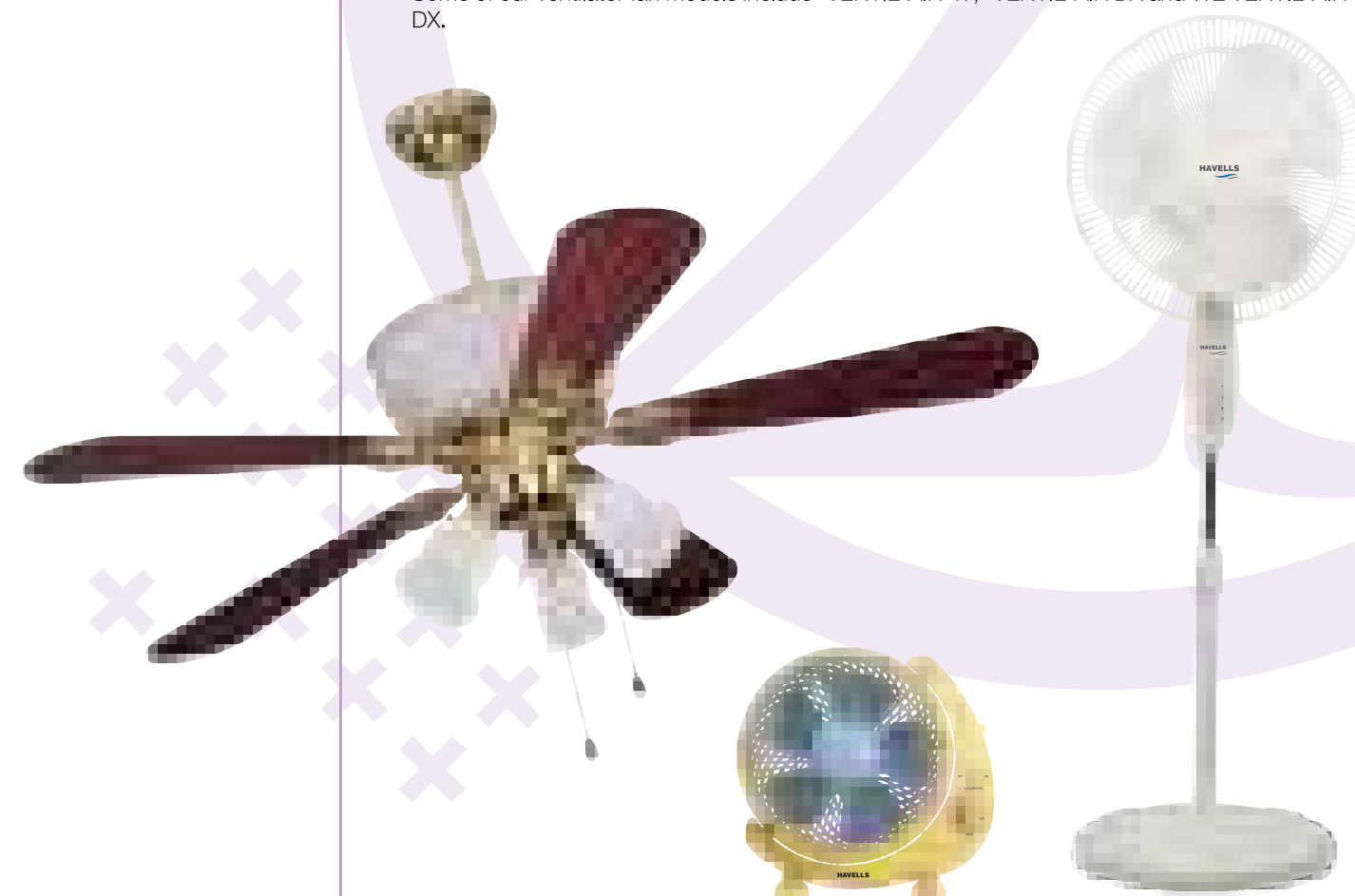
Innovation and technical upgradation has been a constant part of our production processes. We have set up India's largest integrated fan plant with a capacity of 2.4 million fans per annum located at Haridwar, Uttrakhand. The state-of-the-art manufacturing plant includes in-house CNC machining facility, electrostatic conveyerised paint shop, automatic stator winding machines, conveyerised assembly lines & computerized testing facility.

Havells has also made a mark in international fan market. Havells fans have the prestigious "S-Mark" Certification. After a variety of ceiling, table, wall, pedestal and exhaust fan; produced at our fully automated plant at Haridwar, largest integrated fan facility, we have now produced a new range for domestic market. This latest collection has been stylishly designed to provide maximum style to meet the requirements of today's luxurious interiors.

The new range of Havells premium ceiling fans include - Maestro, Oyster, Flamingo, Fabio, SS390, Mozel, Yorker, Cedar and Penta Force.

Havells has also launched a variety of wall fans which include GYRO, Swing Remote and Diva. Wings and Sprint LX are the new table fans from Havells.

Some of our ventilator fan models include -VENTIL-AIR-TF, VENTIL-AIR DX and WE VENTIL-AIR DX.



## New to The Family

## Green CFL

Havells CFLs launched in 2003, are rated high by the consumers and the retail markets in India. Havells is the first Indian CFL manufacturer to have adopted European norms on Restriction of Hazardous Substances (RoHS). We also export these RoHS compliant CFLs to European markets. Havells CFL plant has an installed capacity of 36 million CFLs per annum, making us India's largest CFL producers.

Havells recently launched its revolutionary Green CFL in the Indian market, which heralds innovation in CFLs by making them more environment friendly.

In comparison to normal CFLs, benefits of Green CFL are:

- Environment friendly with less mercury content
- Quicker lumen stabilization
- Brighter light for longer period - maintains higher lumen
- No black spots
- RoHS compliant & ISI Certified

Today, most of the CFL manufacturers worldwide use liquid mercury due to cost effectiveness and simpler technology. The existing technology has limitations on controlling the weight of liquid mercury in each lamp. Mercury is not an eco - friendly metal.

With Green CFL, Havells has modified its CFL production lines and adopted PDT (Pill Dosing Technology). With PDT, we now use amalgamated mercury pills which are less harmful to the environment as compared to the conventional use of liquid mercury in CFLs. This pill also conforms to Indian and International standards on the use of mercury in CFL.



## New to The Family

## Lighting Solutions

"Good products come from a good plant." Keeping this in mind, Havells lighting products come from state-of-the-art manufacturing plant in Gurgaon, Haryana. Straddling across an expanse of 8500 sq.mts., the plant has the largest capacity in the country and is ISO 9001 :2000 Certified. The plant uses the latest technology with microprocessor controlled semi/fully automatic facilities, including a sophisticated tool-room that enables pioneer breakthrough designs.

Havells lighting, addresses issues of lighting migration from electromagnetic gear to more reliable electronic gears, fine tuned to vagaries of Indian power scenario. Not only these reduce the annoying hum prevailing in conventional gears, it's low heat generation further reduces your heat load on your AC system benefitting in running cost.

With the widest range of energy efficient lighting products, our range expands to Consumer, Commercial and Industrial Luminaires, Area lighting, Road lighting, Specialty lamps, Landscape lighting, Down lighters and Bunker lights.

Main focus of Havells lighting is on energy efficiency. Some recent additions to our offerings include - Innova 111 (saves more than 80% energy), Gama Series Downlight (energy-saving light as it generates less heat reducing the load on A.C), Lonon (surface mounting, decorative downlighter with HF electronic ballast and diffuser, pre-fitted with flat profile 2GX15/56 lamp base), Lonova (silver finish fixture with diffuser, is a recessed compact fixed downlighter range with HF electronic ballast and clear diffuser, pre-fitted with spiral GU 10 base Miniature Fluorescent Lamp). We also have wide range of energy saving products like CFL, E-lite and Electronic Ballast, which save energy up to 80%.

Other additions include - Trunking light (designed specifically for shopping malls), Dicro Series and Smart Series (best for Malls, Hotels, Museums, Auditoriums, Showrooms, Restaurants and Art Galleries) Athena (used mainly for gate lighting), Electra and Estilo (decorative strip type fixtures).



## New to The Family

### Cables

Havells has been a trendsetter in the Indian wires and cable industry since 1996. Owing to constant innovations and stress on product research and development, Havell's is a name synonymous with quality in the Indian electrical industry.

Havells was the first to introduce concepts such as Flame Retardant (FR) properties and double colour insulations as part of our standard range, this practically forced the other top manufacturers to elevate their standard as well. The advantages of our FR wires are Elevated Oxygen Index > 29%, Elevated Temperature Index > 250 Deg. Celsius and excellent safety in case of fire.

In addition to this, Havells became the first manufacturer in India to provide Heat Resistant and Flame Retardant (HRFR) wires as a standard product at absolutely no extra cost. The HR has higher current carrying capacity, better performance in domestic applications to handle emergency over-loads, better life and more safety. Havells wires have the in-built capacity to carry more current than normal PVC wires, without any damage to the insulation. This feature is extremely useful in domestic applications where multi-plugs or extension cords are used which create overload & result in deterioration of insulation.

Havells Cables are available with aluminium and copper conductor and polymer insulation. Insulation for Havells cable is strictly as per National and International specifications. Havells single core cables are armoured with Aluminium or Aluminium alloy wire/strips, thus avoiding magnetic hysteresis losses on A.C. System. Multicore cables are provided with galvanised steel wire/strips. Cores are tested on line during production both for physical and electrical characteristics. Havells world class manufacturing plant, located at Alwar, Rajasthan is an ISO 9001 Certified facility. The raw materials used here are from the best sources like Birla Copper, Shriram etc. to ensure the highest quality standards.

Designed in line with our quality policy, Havells wires ensure longer life and are the safest domestic wires in the industry.



## New to The Family

### Modular Plate & Switches

Havells switches are engineered to deliver protection and are built to last long. They come with high quality and reliability. We aim to provide versatile range of switches and have set a benchmark for quality and performance. The Plant, situated at Baddi, H.P., is designed with modern assembly lines, equipped with the latest jigs and fixtures, where all jobs are carried out in controlled conditions and as per specified procedures.

Havells has always focussed on showcasing its finest creations and has always upgraded its range from time to time. The past year has seen unique switches – 'Coral' and 'Pearlz' - a range of aesthetically designed modular plate switches. Coral has captive screws at the terminals with sleek design & soft operation. It is available in pure white and has a glossy finish. It is a complete mega range.

Pearlz switches have a unique flushed design with shrouded terminals. They are engineered to deliver protection. They have a well-designed knob that provides soft operation and ultra-tech mechanism to ensure longevity. Pearlz promises quality and reliability. Available in a pure white finish, these switches lend pristine beauty to walls.

Salient features of our Switches are:

- Vo grade Polycarbonate of G.E. Laxen used, having best fire retardant and U/V protection properties.
- Arcing not visible at the time of making and breaking in the circuit.
- TV socket have well designed PCB.
- Big terminals in switches & sockets provide less temperature rise at terminal points.
- More volume of silver Cadmium Oxide (AgCdo) in fixed and moving tips gives more life to switch.
- Switches have circuit diagram and visible markings.
- Fan regulator has a constant speed gap through all the steps and have longer life than ordinary regulator.
- Phosphorus Bronze(PB) has been used instead of brass in sockets because it has more flexible strength and is more conductive in nature.
- Delrin shutter is used in sockets instead of Nylon, as Delrin has more lubricating properties and better mechanical strength.
- Well designed knob provides soft touch operation and ultra tech mechanism ensures longevity

The Havells range of modular plate switches and accessories delivers absolute satisfaction to end users, be it home owners, architects, interior designers or industries at large. The company is responsive to the ever-increasing demands of high quality products from customers and strives to meet varied expectations.



## New to The Family

### Crabtree Modular Plate & Switches

India's fastest growing electrical products conglomerate Havells India Ltd. acquired the brand rights of Crabtree (from the parent company, Crabtree UK) for the Indian subcontinent in 2005. Now as a brand of Havells, it dominates / the market place and is known for its functionality, elegance and durability. Today architects and electrical consultants in India reckon Crabtree as a benchmark for quality, product innovation and service.

Designed to enhance interiors, colours that complement nature and have feather touch operation; Crabtree switches fit in every interior. Over the years, Crabtree - the inventors of switches have been introducing innovative, high-end modular products. The Crabtree range of modular plate switches and accessories deliver absolute satisfaction to end users. Crabtree was the first to introduce twin plate concept in India and has since then pioneered wide range of elegant switches and plates.

Crabtree's new offerings include Athena - dust-free switch, hospitality range - a complete solution for the hotel and service industry; and CASA - underfloor box. Athena has unique swinging rocker mechanism to ensure positive contact and longer life. A bigger and ergonomically designed knob provides soft operation and ease of use. Inspired by the latest international design trends, this premium - end product is available in pure white glossy finish. While broader switch size facilitates convenient operation, accessories locking mechanism on plates prevents the lock from breaking while installing or removing modules.

The Hospitality range comprising of DND/CMR switches, Shaver socket, footlights has been designed keeping in mind the needs of the industry. The range is compact, looks attractive and is user-friendly. Made with an aim to simplify an otherwise tedious corporate meet or other requirements of the users, CASA - Under Floor Box, is easy to use as it goes easily under the floor and prevents inconvenience during extensive movements.

These innovations have been made possible due to our ISO 9001 Certified ultra modern design studio, manufacturing facilities and R&D laboratories.

The plant, situated at Baddi, H.P., is designed with modern assembly lines, equipped with the latest jigs and fixtures, where all jobs are carried out in controlled conditions and as per specified procedures.



## New to The Family

### Crabtree - Bath Fittings

Crabtree started manufacturing bath-fittings in 2003 and today is a name synonymous with truly world-class luxury bath fittings and accessories. Crabtree is looked upon as a benchmark for quality, product innovation & service by architects and interior designers across the country. It not only rolls out customer friendly products but also backs them with unrivalled service, superior support and infrastructure.

A range of aesthetic, classic, elegant and smart bath fittings are offered by Crabtree in single lever, half turn and quarter turn styles. Crabtree ensures a fine blend of out-of-the world styling, precision components & ease of operation to make sure bathrooms have that special touch. The hallmark of any product lies in its superb craftsmanship and fashionable looks. Production at Crabtree is a symbiosis between advanced technology, maximum functionality and aesthetic designing to match the taste of the discerning clientele. Its state-of-the-art manufacturing plant at Bhiwadi, Rajasthan, is a unique fusion of the best human and technical resources. Crabtree is one more instance of Havells commitment to its customers worldwide to offer superior and customer friendly products.

The year 2007-2008 saw a variety of new range of Crabtree bath-fittings being introduced such as Spring, Crescent, Vittore and Elena.

Inspired by the latest international design trends, Spring is the finest form of faucets with soft touch effortless quarter turn ceramic disc operation. With extra chrome coating, it provides scratch resistant surface. It is unique in design and conception, providing extra ease of use. Crescent is a L-shaped complete range of bath fittings. Although elegant, it is practical and easy to handle. It has a durable body and stable water flow. With clear contours harmonizing form and balance, Crescent is designed to fit in virtually all bathrooms and latest decors.

Vittore is a single lever range of bath fittings that ensures a fine blend of out-of-the world styling, precision components & ease of operation to make sure bathrooms have that special touch. Elena is nature materialized, its quarter-turn design, froth flow feature and captive looks make it a joyful product.





## Centre for Research & Innovation

CRI

Change is the only permanent thing in the world. To keep pace with new technologies being invented every second, one has to constantly strive towards achieving the un-thought-of. Havells philosophy has always been of continuous innovation of more efficient products and upgradation of its existing products. Our Centre for Research and Innovation (CRI) is continuously working towards launching better, smarter and safer products.

The focus of CRI has been on expansion of our product range. CRI team continually provides the best and latest in terms of technology and design. Havells has more than 100 engineers working to provide the best and latest. Every manufacturing unit of Havells has its own Center for Research and Innovation, thus, meeting mass requirements through vast research.

Havells products are designed to continuously adapt to the changing needs evolving in residential, commercial and industrial sector. We primarily focus on the customer satisfaction. We are constantly striving towards new product introduction, upgrading existing products / process, emphasizing quality value engineering, providing adequate support to marketing and meeting special customer requirements.

CRI is well-equipped with all modern and high-tech equipments. Some of the recent major innovations of our CRI team include:

- Three Versions of RCBOs (Residual Current Circuit Breaker with integral over-current & short circuit protection)
- New aesthetically improved and enhanced performance MCB up-to 63 A; 10 kA
- ACB up-to 4000 A ( Air Circuit Breaker with intelligent protection release)
- Three phase starter for submersible pump.
- Aesthetic and enhanced performance DIN type fuse base size 0,1,2
- EURO load changeover (63 A to 100 A)
- Innova Spotlight & ABS Louvre- Mirror optic light
- Green CFLs in which the mercury content is less. With the adoption PDT (Pill Dosing Technology) that uses amalgamated mercury pills which are less harmful to the environment as compared to the conventional use of liquid mercury in CFLs.



## Brand

## Promotional Activities

Havells has grown and increased its strength by setting up world class facilities and adding new product. Taking this vision forward, our focus in 2007 was in fortifying the brand. We not only launched new products but also went on an overdrive for brand promotion.

Cricket has traditionally been a great sport in India, grabbing the largest number of eyeballs, with cricketers as icons. Cricket sponsorship has been the magic formula for brands to get instant recognition in an otherwise overcrowded market.

Havells sponsored the 'Natwest Cricket – India - England Series', 'Twenty 20 World Cup', 'India's tour to Australia' and the IPL, that has re-written the rules of Cricket. The success of these events and the impact they had on our brand, is perceivable. Today Havells is seen in league with the major brands in the country.

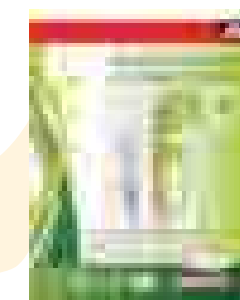
Our association with this sport entrenched our brand strongly in the minds of consumers. We have continuously enhanced the business of our partners through the launch of innovative products and aggressive brand promotion.

### **Havells Galaxy**

The concept of Havells Galaxy, a "One Stop Shop" is dynamic and differently positioned from the retail format the country has been used to and we have taken this initiative to provide a wider platform to showcase Havells products and give impetus to business.

Following our brand philosophy of powering lives, this initiative targets Architects, Consultants and end-users to showcase our offerings. With the rise in urban culture, people prefer to buy from specialized stores and Havells Galaxy caters to this rising need of the customers.

Galaxy offers them an end to end solution for all electrical needs from the time electricity supply enters home to the light output. We are the first brand to launch exclusive electrical showrooms, with a total of 13 galaxies today in the states of Rajasthan, Haryana, Orissa, Gujarat, West Bengal, Uttar Pradesh, Tamilnadu, Maharashtra and Kerela.



18th April to 1st June '08  
On Setmax

## Corporate Social Responsibility

### QRG Foundation: Empowering Lives for a brighter tomorrow

Out of 233 million starved people in the country, 24,000 people die every day, and 18,000 among them are children. The challenge here is not money or technology, nor infrastructure or self confidence, the challenge lies in Human Resource Development where 440 million earn less than Rs. 20 per day.

Two of the most debilitating problems faced by a majority of school children in India are hunger and education. Persistent hunger is a constant and not-so-easily-noticeable condition in the society that is silently exacting its toll on humanity.

With the dream of a world which is free of hunger and starvation, where every individual is empowered to work and fulfill one's needs and aspirations, QRG Foundation is today associated with mid day meal scheme catering to 10,000 school students in rural and slum schools of Rajasthan. The students belong to poor families who cannot afford one meal a day.

A hungry child may not be interested in class and his ability to learn decreases. Through this initiative QRG Foundation attempts to combat hunger, malnutrition and has encouraged education to reduce child labour. The midday meal programme, ensures proper nutrition that improves retention and participation of the children and encourages parents to send their children to school.

This initiative started in 2005 with about 500 children today has grown to more than 10,000 students. With the growth of this project a drastic change was observed in enrollment, attendance and attention span of children. Havells has its cable manufacturing plant in Alwar. The provision for preparing food has been installed around this facility so that the program is efficiently taken care of. The meals for the children are prepared hygienically in a fully automated kitchen using technology that minimizes human handling and ensures hygiene.

What started with only 3 schools in Alwar, Rajasthan is now catering to more than 80 schools in Alwar district. To further extend this service to as many children as possible, QRG foundation has purchased a 12000 sq.mt. land adjacent to the Alwar factory to install a infrastructure that will be able to feed 50,000 children gradually. Requisite planning and development of infrastructure and equipping the facility with automated machines is in process. This target is to be achieved by end of this year.

QRG group believes that serving people with meagere or no means is the duty of every well-to-do citizen. It consistently puts that philosophy into action and has initiated several projects for social causes.

"Each major cause of hunger and poverty could be averted or overcome if the human community were to act cooperatively and decisively." Population is a problem being faced by India today, but if this population is educated and developed properly, it can become our source of strength. With initiatives like Mid-Day meals, thousands of children Rajasthan are now contentedly going to school with a hope of getting meals and education that their childhood has been deprived of.



New to  
The Family

**SYLVANIA**

A global partner for full spectrum lighting solutions

Combining innovative products with inspired solutions, Havells Sylvania helps lighting professionals turn creative designs into reality. Building on global expertise in lamps and fixtures, Sylvania strives to create energy-efficient products.

Havells Sylvania is a leading full-spectrum provider of lighting solutions. Building on a century of expertise in lamps and fixtures, Sylvania supplies state-of-the-art products to the public, commercial and private sectors worldwide.

From fluorescent to CFL, from halogen to HID and beyond, Havells Sylvania strives to deliver the finest consulting, products and services. All over the world, people rely on powerful brands like Concord, Lumiance, Linolite and Sylvania for quality, energy-efficiency for their lighting needs.

"Climate change is a reality. And while the jury may still be out on other issues, one thing is certain: when it comes to man-made CO<sup>2</sup> emissions, prevention is better than cure." With every new product and solution developed, the aim is to create better light with less energy. From design to production, from life cycle to disposal, the aim is the same: to minimise the environmental impact without compromising on quality.

Groundbreaking new technologies are coming over the horizon fast. In terms of light output, experts agree that LED will revolutionize lighting in the not-too-distant future – and the market is set to grow exponentially. Here as elsewhere, Havells Sylvania is at the fore. Our 360° assessment approach to lights and fixtures is the guarantee for integrated, mature LED solutions that will mesh seamlessly with all existing power and control systems. LED technology offers impressive benefits in terms of reliability, long life, energy efficiency and low maintenance. No wonder it's fast becoming the light source of choice for forward-looking architecture, signage, display and accent lighting applications.



cont..

New to  
The Family

**SYLVANIA**

A global partner for full spectrum lighting solutions

In view of the problem of global warming, Havells Sylvania has launched 'Save The Penguin' Campaign. The slogan is "Save Energy. Save Money. Save the Penguins". The solution provided is in the form of the new Mini-Lynx Fast-Start bulb.

The earth is warming up because of all the carbon humans are pumping into the atmosphere. But if the ice caps melt and the sea level rises, where will penguins live? Save energy. And save money too; by replacing conventional light bulbs with the new Mini-Lynx Fast-Start bulb.

Mini-Lynx Fast-Start is a compact fluorescent lamp (CFL) with its self-contained control ballast at the base. This means Mini-Lynx Fast-Start can be used as a direct retro-fit for less efficient incandescent light bulbs with E14, E27 or B22 lamp caps.

The most important features of Mini-Lynx Fast-Start lamps are:

- 80% energy savings, compared to standard incandescent light bulbs
- Very small dimensions, compared to standard incandescent light bulbs
- Instant 'flicker free start', with no switch delay
- Available in a variety of colours – Homelight, Coolwhite and Daylight – and in a wide range of wattages.

So, contribute towards preventing global warming and use energy saving products.



## Directors' Report

To The Members,

Your Directors feel delighted in presenting the 25th Annual Report on the operations of your Company, together with Audited Statement of Accounts for the year ended 31st March, 2008.

Financial Results	(Rs. in crores)	
	2007-08	2006-07
Gross Sales	2231.17	1681.06
<b>Less</b> :Excise duty	<u>176.31</u>	<u>133.84</u>
Net Sales	2054.86	1547.22
Other Income	14.54	5.42
Total Expenditure	1869.44	1406.21
Interest	20.65	16.15
Net profit after interest but before Depreciation and Taxation	<u>179.31</u>	<u>130.28</u>
<b>Less</b> : Depreciation	13.06	9.74
Profit before Taxation	166.25	120.54
<b>Less</b> : Taxation	<u>22.71</u>	<u>18.39</u>
<b>Net Profit</b>	<b><u>143.54</u></b>	<b><u>102.15</u></b>
Add : Balance brought forward from previous year	193.23	117.80
<b>Profit available for appropriation</b>	<b><u>336.77</u></b>	<b><u>219.95</u></b>
<b>Appropriation of Profits</b>		
Transfer to General Reserve	14.50	11.00
Proposed Dividend	14.48	13.44
Corporate Dividend Tax	2.46	2.28
Balance carried over to Balance Sheet	<u>305.33</u>	<u>193.23</u>
	<b><u>336.77</u></b>	<b><u>219.95</u></b>

### Operational Performance

During the year under review your company performed reasonably well and achieved a turnover of Rs.2231.17 crores as compared to Rs.1681.06 crores during the previous year, thereby showing an increase by more than 32%. The Net Profit of the company has increased by over 40% from Rs.102.15 crores in previous year to Rs.143.54 crores in the current year.

### Silver Jubilee Year

In August, 2008 your company will complete 25 years of its presence. Your Company feels privileged and appreciates the trust and confidence bestowed by the stakeholders in its operations and affairs.

The Company in its journey of 25 years has built a diversified portfolio of electrical products catering to the needs of different segments of the market like housing, construction, electrical transmission and industry. With a vision to spread its wings abroad Havells in the year 2007 acquired SLI Sylvania worldwide. The acquisition of Sylvania brand gave the Company a presence over 40 countries in the world and more than doubled its size.

In this Silver Jubilee Year, your Directors convey their sincere gratitude to all the shareholders, employees, customers, business partners, Government and all stakeholders in the company for the trust, confidence, reliance, support, understanding they have shown in the operations and management of the Company. The Company hopes this support, trust and confidence will continue to enable us to achieve greater heights in future.

## Directors' Report

### SLI Sylvania

During the year under review your Company acquired SLI Sylvania with presence in over 40 countries and a turnover of over USD 594 millions. Sylvania is one of the oldest and most respected brands in the lighting industry in the world with highly reputed sub-brands like Concord:Marlin, Luminance and Linolite. This gives the Company a global foot print with huge opportunities.

Since the acquisition, Sylvania has been given direction towards continued growth in its existing and new markets. The first year has shown positive net profit which is expected to improve in the current year with growing topline and savings due to some integration efforts.

To capture future markets emphasis is on localisation by developing new products based on specific market requirements and providing marketing tools in local languages. Teams of dedicated engineers & designers from Sylvania and Havells are developing advanced products and upgrading the existing products range to compete with large global players in the years to come. Regular interaction and exchange of expertise has enabled faster integration of Havells-Sylvania marketing and distribution network. The brand SYLVANIA has facilitated positioning of the products in premium segments, thereby offering better realisation to the company.

### Dividend

The Directors of your Company are pleased to recommend a final dividend of Rs.2.50/- per equity share on fully paid up equity shares of Rs.5/- each i.e. @ 50% for the year 2007-08. The proposed dividend, if approved, at the ensuing Annual General Meeting, would result in appropriation of Rs.16.94 crores (including Corporate Dividend Tax of Rs.2.46 crores) out of the profits. The Company has made transfer of Rs.14.50 crores to the General Reserve. The total appropriation of dividend of Rs.16.94 crores gives 11.80% payout on net profit of the company.

The Register of Members and share transfer books shall remain closed from Saturday, 28th June, 2008 to Saturday, 5th July, 2008, both days inclusive, for the purpose of Annual General Meeting and payment of dividend.

### Corporate Review

The main business segments of the Company are Switchgear, Cables & Wires, Lighting & Fixtures and Electrical Consumer Durables.

### Switchgear Segment

Over the period of three decades your company has established itself as a reputed and recognized manufacturer of low voltage distribution switchgear, motor control gear and fuse gear segment. Havells has always been responsive to the changing requirements of its customers. The commitment to provide customers, the products with best quality, latest and innovative designs and superior technology has always kept your company upbeat in the market and provides an opportunity to keep its existing manufacturing facilities modified and upgraded. A case to mention is our new generation micro processor based ACBs has been developed by our Research and Development Centre i.e. Centre for Research and Innovation (CRI).

The low voltage switchgear industry is steadily growing at a pace of 25% to 30% per annum and with limited number of players in the organised sector of this industry, there is substantial scope for growth in this segment. The Company is augmenting its existing manufacturing capacity for both domestic and industrial switchgear segment.

The Company's persistent endeavour to create a niche and positioning of its switchgear products in domestic and international markets has been fruitful and the Company has posted sales growth of approx. 32% with reasonable sales figure of Rs.554 crores (approx) compared to sales of Rs.420 crores (approx) in the previous year.

To further consolidate its product portfolio under this segment, during the previous year, your company has ventured into two new projects namely - Power Capacitors and Electric Motors.

#### Power Capacitors

During the year under review your company successfully launched power capacitors in the market. The Company expects, with increased awareness about the superior quality, durability of product and through our strong existing marketing and distribution network sale of power capacitors will soon catch momentum.

#### Electric Motors

To further consolidate the related product portfolio, Havells is now embarking into the manufacture of energy efficient Electric Motors. The initial plan is to start with LV Induction Motors where the present market is more than Rs. 2000 crores. With vast sales network of Havells, it should be possible to capture at least 10% market share in 3 years time.

To ensure the right quality of motors, the state of the art plant is being set up with technical collaboration from a leading European Company, Lafert S.p.A. manufacturing motors with AEG Technology.

Further, to put up an advanced technology based manufacturing facility, Havells has acquired the AEG Electric Motors plant in Spain. The complete plant has already been shifted to Neemrana, Rajasthan. This motor plant, with a built up area of approx. 2 Lac Sq.ft, has unique impregnation and high automation, apart from being one of the largest in the country for manufacture of Induction Motors. Even the motors upto 100 HP can be wound on automatic winding machines. These kind of facilities would be the only one of its kind in the country. The trial production is expected to commence in second quarter of 2008-09 and full swing operation is expected by second quarter of this year.

## Directors' Report

Electric motors shall range from 0.09 kw (0.12 Hp) to 200 kw (270 Hp) and cater mainly to industrial and agricultural segments. The installed capacity of the plant (1st Phase) shall be approximately 15000 motors per month.

### Cable & Wire Segment

Tapping the business opportunities generated due to growth in the infrastructure sector, your company has posted a sales growth of over 36% in this segment. This division maintained its growth momentum by registering turnover of Rs.1055 crores (approx) as compared to Rs.773 crores (approx) in the previous year.

The Company is renowned for the superior quality of the entire range of high and low voltage PVC and XLPE cables including 66 KV high voltage cables, FR/ FRLS/ZHLS wires, Co-Axial TV and Telephone Cables.

During the year, the Company's products have been approved by leading consultants in the Country. To meet the growing demand of its products, your company has acquired additional space of 30 acres adjacent to its existing plant at Alwar. The Company is also planning diversification of its products range and new products in this segment.

### Lighting

Notwithstanding the intense competition in the Lighting Fixtures and Luminaires segment, your company through its energy efficient products has firmly positioned itself. With acquisition of SLI Sylvania business, Havells has wide range of products to offer to customers. Some of the renowned brands namely – Concord Marlin, Linolite, Luminance and Claude have enriched the Havells portfolio under Lighting & Luminaires segment.

Your Company's growth in this segment continued this fiscal also by registering sales figure of Rs.290 crores (approx) compared to Rs.238 crores (approx) in the previous year posting sales growth of 22% (approx).

#### CFLs

Public Campaigns and increased awareness over adverse effects of global greenhouse gas emissions caused the industry to witness sustained growth in the use of energy efficient Compact Fluorescent Lights - CFLs. In India, this segment is expected to grow at CAGR of 50% in the next 10 years. To seize this opportunity besides the huge requirements of Sylvania worldwide we are expanding our production capacity from 2.2 millions CFLs per month to over 5.0 millions CFLs per month. The Company's new plant with integrated and world class manufacturing facilities at Neemrana is ready for production by mid 2008.

Realizing the high growth potential in CFL segment and environment consciousness among customers, Havells for the first time has launched eco - friendly Green CFLs using new Pill Dosing Technology (PDT) in which mercury pills weigh only 4.5 mg and contain lead & mercury well within prescribed RoHS limits. For this, production lines have been modified to make them RoHS compliant.

#### Light Fixtures

Havells during the last 4 years has established itself as a major player in the Lamp and Luminaires market. With access to technology available with Sylvania we are focusing on complete lighting solutions with primary emphasis on energy efficient systems for the required ambience or lighting application with aesthetically designed fixtures. Your Company with aggressive promotional campaigns, showrooms and wide distribution network has ensured increased awareness about its existing and new products among domestic and industrial customers. Acquisition of Sylvania has diversified the range of lighting products of Havells.

Your Company under brand name "Concord Marlin", "Luminance" offers high quality aesthetically designed lighting fixtures renowned for ambient lighting, exterior lighting, workplace environment etc. Havells is also focusing on every segment of the market like city beautification, road lighting, flood lighting, lighting in Malls, BPOs, Commercial Buildings, etc.

### Electrical Durables Segment

Your Company with aggressive promotional campaigns has firmly positioned itself in the Electrical Consumer Durable Segment. The Company's new products with superior technology and innovative designs are widely appreciated and accepted by both Industrial and Domestic consumers. Your Company with its State of the art and integrated manufacturing facilities is poised to grow and take on opportunities the booming construction sector has generated. During the year the Company's Electrical Durable division registered a growth of more than 42% with turnover of over Rs.241 crores as compared to Rs.169 crores (approx) in the previous year.

#### Fans

During the year under review, Havells maintained high premium position in fans segment by providing new high end models in the decorative ceiling fans segment. The Company continues to grow at a very fast pace and is covering the segment of ceiling and decorative fans. Company has successfully launched Industrial fans during the year.

With its aim of providing technologically superior and high quality products, Company is augmenting its existing manufacturing capacity by introducing computerized and fully automated machines. Havells is the leader in the premium and decorative fan segment which has been possible by installing state of art machinery in the plant.

## Directors' Report

### Other Segments

#### Bath Fittings

Havells under brand name "Crabtree" offers varied range of world – class luxury bath fittings and accessories. Aesthetic, classic, elegant bath fittings of Havells are available in over 20 designs and are widely recognized and accepted across the country. The manufacturing plant at Bhiwadi, Rajasthan, is a unique fusion of technical and human resources which offers superior and customer friendly products.

The turnover from other segments (including Bath Fittings & Meters) is Rs.71 crores as compared to turnover of Rs.67 crores last year.

### International Business

During the Financial Year 2007-08 our exports have grown over Rs.142 crores compared to Rs.96 crores in the previous year, thereby showing a growth of over 47%.

During the year Havells-Sylvania had participated in major exhibitions in Dubai, Russia, Germany and Latin America. Lot of interest was generated in the sub-continent by sponsoring cricket events of Indian team since 20:20 World cup, which enabled revival of our business in Bangladesh and Sri Lanka. Owing to this success, brand promotion activities are being planned globally to make Havells-Sylvania the most acceptable brand in international markets.

### Change of Name of the Company

For administrative purposes and to make the name Havells clear to understand in Indian as well as in international markets, the Members of the Company at the previous AGM held on July 05, 2007 approved the change in the name of the Company by deleting 'apostrophe' from the word 'Havell's'.

With the approval of the Central Government, new name of the company i.e. "Havells India Limited" has become effective from 28th day of July, 2007.

### Association with Global Players

During the year your Company joined hands with Warburg Pincus Group, a leading global equity investor. Warburg Pincus Group currently has approximately USD 20 billion of assets under its management and has investments across a range of sectors, including financial services, information and communication technology, healthcare, consumer, industrial, media and business services, energy and real estate. The investment by leading private equity investor clearly reflects the confidence of the global financial community in our business model and growth aspirations.

Warburg Pincus through its group company namely- Seacrest Investment Ltd., Mauritius agreed to invest approx USD 110 millions in your Company. Your company pursuant to the provisions of Section 81(1A) of the Companies Act, 1956 and with the approval of the Shareholders in the general meeting held on 19th November, 2007 has issued and allotted 41,60,000 Equity Shares of Rs.5/- each at an issue price of Rs.625/- per share and 26,00,000 Convertible Warrants at an issue price of Rs.690/- per warrant on preferential allotment basis subject to RBI/FIPB approval. Due to this, issued, subscribed and paid up equity share capital increased from 53758406 shares to 57918406 shares as of March 31, 2008. Consequently, the present shareholding of Seacrest is 7.18% (without conversion of warrants into equity shares) and would be 11.17% (after conversion of warrants into equity shares).

Objective of the preferential issue was to payoff the existing debts of the company and/or its subsidiaries, to meet capital expenditure for new products and to carry expansion / modernization of existing businesses of the Company. The abovesaid funds have been invested by the company in its wholly owned subsidiary company namely, Havell's Holdings Limited for repayment of the debts raised in the aforesaid subsidiary company to give effect to acquisition of SLI Sylvania.

### IT Revolution

The year under review has been a remarkable year as your Company has successfully implemented new ERP – SAP replacing existing ERP – BaaN. The SAP technology has been implemented in the month of August, 2007, with investment outlay of more than Rs.6 crores.

Implementation of ERP – SAP is immensely beneficial for effective control and smooth operations of the Company. ERP- SAP has not only replaced BaaN as the transaction processing system but will also equip the business with modern tools like Business Intelligence, Data Warehousing, Supply Chain Management and Customer Relationship Management. The use of modern tools available in the SAP technology will give strength to the supply chain and marketing areas by providing these functions relevant data and information.

For the implementation of this project, the Company had tied up with industry leaders - IBM for all the hardware required and Siemens Information Systems Limited for implementation of the product. Its time, efforts, and countless energy invested by IBM & Siemens and Havells employees that has made the project live. Your Board recognizes and appreciates the valuable efforts of IT professionals and its employees in making SAP a reality at Havells.

### New Corporate Office

Over the period of its existence of 25 years Havells has seen stupendous success in its business. Not only its existing business has expanded during this period, the group has also ventured into new and diverse products and businesses. This growth has resulted in expansion of sales, marketing and support infrastructure. To meet the demand of business expansion in Indian and

## Directors' Report

International markets the Company is shifting its Corporate Office to new and ultramodern premises at NOIDA. The office building has been constructed and its interior construction and beautification is expected to be complete by early this year. To give feeling of Havells' global character, the new Corporate Office is equipped with international style lounge, visitors lobby, improved communication with video conferencing, training facilities, cafeteria and product display section. The new office further strengthens the long cherished corporate ethos, culture and team spirit of our company.

### Centre for Research and Innovation (CRI)

Havells has in-house Centre for Research and Innovation (CRI) at head office, established with a goal to be one of the leading Research & Development Centres in the Country. The Centre with a team comprising of around hundred young, dynamic engineers has come a long way since its formation two years ago. The Centre recognised from Department of Scientific & Industrial Research, Ministry of Science & Technology, has ISO : 9000 accreditation. The Centre with a long term vision of keeping Havells ahead of multinational companies with its technology is focusing on diverse dimensions of technology development.

The Centre's team is constantly designing and developing products, responsive and adaptive to the changing market needs evolving in the residential, commercial and industrial sector. Centre with prime focus on customers satisfaction emphasises on new product introduction, upgradation of existing products / processes, quality value engineering, meeting of special customer requirements and providing adequate support to the marketing division.

### Particulars pertaining to Subsidiary Companies

As on March 31, 2008 your Company has 53 Subsidiary Companies around the globe. The Company has subsidiaries in the United States of America, Germany, Netherlands, United Kingdom, Dubai etc.

The Ministry of Corporate Affairs, Government of India vide its letter dated 04.02.2008 ref No.47/439/2007/-CL-III has granted exemption to the Company under the provisions of Section 212 (8) of the Companies Act, 1956, with regard to attachment of the Balance Sheet, Profit & Loss Account etc. of the 52 subsidiary companies with the Annual Accounts of the Company for the financial year 2007-08.

The 53rd subsidiary company of your company namely – Havells Sylvania Dubai FZCO incorporated on 07-01-2008 at Dubai. Since the first accounting period of the company commenced from 07-01-2008 and ends on 31-12-2008, requirement of attachment of Balance sheet and other reports of the abovesaid company is not applicable.

Pursuant to the requirements of Listing Agreement entered into by the Company with the Stock Exchange(s) a Consolidated Financial Statement of the Company and all its subsidiaries has been prepared and attached with the Financial Statements of the Company.

The annual accounts of the subsidiary companies along with reports of the Directors and Auditors thereon and all related detailed information are open for inspection by any investor at the Head Office of the Company and of the subsidiary companies concerned. The Company will make available these documents to investors including investors of the subsidiary companies upon receipt of a request. The investors, if they desire, may write to the Company to obtain a copy of the financials of the subsidiary companies.

### Corporate Governance

Havells believes that good governance stems out of mindset, willingness and culture of the organization. Since both domestic and international level investors evince keen interest in the operations of the Company, Havells is committed to benchmark its governance practices with best in the industry as well as at international levels.

Your Company's philosophy on Corporate Governance envisages achieving business excellence and enhancement in overall shareholder value ensuring transparency, integrity, professionalism, accountability & responsibility, fairness, equity and compliance with law in letter and spirit in all facets of its operations and interactions with its stakeholders including shareholders and regulatory authorities.

Your company has complied with Clause 49 of the Listing Agreement in its entirety. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, Report on Corporate Governance, the Management Discussion & Analysis Report, compliance of Code of Conduct and CEO/CFO Certification on discharge of finance function are made part of the Annual Report. A Certificate from the Auditors of the company regarding compliance of conditions of Corporate Governance is given in Annexure attached to and form part of Corporate Governance 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 have 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;



## Directors' Report

- iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the 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

During the year under review the Board co-opted Shri Niten Malhan as an additional director with effect from 26th November, 2007, who shall hold office upto the date of ensuing Annual General Meeting. The Board considering in the best interest of the Company recommends his appointment as Director, liable to retire by rotation. The requisite notices along with the prescribed fee have been received from members under section 257 of the Companies Act, 1956 proposing the appointment of Shri Niten Malhan as Director, liable to retire by rotation at the ensuing Annual General Meeting.

During the year, Shri N. Balasubramanian resigned from the Directorship of the Company with effect from 21st July, 2007. The Board places on record its appreciation for his invaluable contribution during his tenure as Director of the Company.

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

The details of Directors being recommended for appointment as well as re-appointment, pursuant to Clause 49 of the Listing Agreement are contained in the accompanying Notice of the forthcoming Annual General Meeting of the Company.

### Auditors

M/s V. P. Bansal & Co., Chartered Accountants, the present Auditors of the Company, retiring at the forthcoming Twenty Fifth 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(1B) of the Companies Act, 1956.

### Comments on Auditors Report

All observations made in the Auditors' 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

During the year, the Company did not accept any fixed deposit as per the provisions of Section 58A and Companies (Acceptance of Deposits) Rules, 1975.

### Investors Education and Protection Fund

Pursuant to the provisions of section 205A & 205C of the Companies Act, 1956, your Company has deposited Rs.53,440/-, unclaimed / unpaid dividend for the Financial Year 1999 – 2000, 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 Bombay Stock Exchange Limited (BSE). NSE has been defined as the Designated Stock Exchange of the Company. The listing fee in respect thereof, for the year 2008-09, has already been paid to both the stock exchanges.

### 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 is attached herewith as Annexure – A.

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 form part of this Report.

### ISO 9001:2000

Havells is an ISO 9001:2000 Certified Company following the best practices to lead the organization towards improved performance. Customer Focus, Leadership, Involvement of People, Process Approach, Systems 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 all the operating systems of the Company leading to all its plants being ISO 9001:2000 Certified.

To highlight quality standards, Havells also has prestigious international approvals like KEMA, AENOR etc. for its products.

### Health, Safety and Environment

Havells being a responsible corporate citizen is committed to provide adequate safeguards, ensuring better health and safety to its employees at all its units and offices. Havells aims to lead, not only in terms of innovation and quality, but also in the areas of health, safety and environment protection. Our Environment, Health and Safety (EHS) Policy provides the underlying principle for the implementation of the best EHS practices at all our units and workplaces.

## Directors' Report

At Havells, its the constant endeavour to ensure that the workplace is safe and environment is protected at all times. As a result, the very foundations of our EHS Management System is based on a continuous improvement approach. The EHS policy emphasises that each employee at Havells be aware of his responsibilities towards protecting the environment, clean workplace and safety standards to be followed at work. Hence, Environment, Health & Safety (EHS) excellence has been extensively promoted as a corporate culture within Havells.

At Havells, scope of EHS policy is not only to comply with regulatory norms for prevention and control of pollution but to go beyond this by adopting more clean technologies and improved management practices.

The Company being concerned with the security of employees and staff, has adequately covered them under various insurance policies against risk of health and life disasters. The Company ensures Mediclaim Insurance Policy for its employees. Accidental policies are also taken by the Company to secure their life.

At Havells, EHS policy has been integrated in entire gamut of activities and operations of the organization and thus has become a culture of the organization.

### 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, 2008, the Company has paid Rs.22.71 crores towards Income Tax as compared to Rs.18.39 crores paid during the last financial year. This payment along with an Excise Duty of Rs.176.31 crores, Sales Tax of Rs.123.42 crores, Contribution to PF, ESI etc. of Rs.4.52 crores totaling Rs.326.96 crores 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.

### Corporate Social Responsibility

Corporate Social Responsibility (CSR) reflects the commitment of the Company towards social causes. Corporate Social Responsibility at Havells portrays the deep symbiotic relationship that the Company enjoys with the communities it is engaged with. As a responsible corporate citizen, we try to contribute to social and environmental causes on a regular basis. Havells through its Medical Aid & Midday Meal Program is contributing to social cause and development. Highlights of our CSR programs are as under:

#### Medical Aid

Havells with objective of upliftment of quality of life of underprivileged people has donated Rs.35 Lacs to QRG Foundation, a Trust which is providing healthcare services through mobile healthcare van for the slum areas of Delhi region and provides free medical check-ups and medicines to about 150-200 people every day.

#### Midday Meal Program

In order to improve literacy levels, eliminate hunger and provide enlightened future to the under – privileged we have adopted 80 government schools in Rajasthan under the mid day meal program providing nutrition to more than 10,000 school children. The meals are prepared under hygienic conditions in a fully automated kitchen. For more students to be benefitted under the program QRG Foundation has purchased land adjacent to its Alwar factory. After construction it will be able to cater to atleast 50,000 children. The Company is also planning to start more noble activities in other regions as well.

### Human Resources

Your Company considers Human Resource as a valuable tool with emphasis on enhancing their productive capacity. Some major developments unfolded during the year are outlined below:

#### Global Opportunities within the Group

With acquisition of SLI Sylvania business worldwide, Havells has assumed a global character. By acquisition of SLI Sylvania business Havells can now, offer global opportunities to its employees with a platform to think in synchronization with global best practices and to prove their potential.

To ensure multiskilling we offer our employees multifunction, multi-discipline and regional experience.

#### E-enablement of HR Function

During the year the Company has invested substantially in development of IT application systems to enhance speed of information, quality of services and productivity of human resources. Development of Employee Intranet Portal has facilitated single point access of relevant information. Its major feature includes central knowledge base repository, intra department section, discussion forum, information about product launch, employee / branch / associates directory live news link with ndtv.com, ibnlive.com etc. E – enablement of HR function has benefitted employees immensely, as it enables their travel & reimbursement claims, employees search, checking & updation of personal information, checking salary & IT statement.

## Directors' Report

### Industrial Relations

During the year cordial relationship among management, employees & workers was maintained. No incidents of labour unrest were noted during the year.

### Constant Review of HR Function

Your Company continuously evolves policies and processes to attract and retain its substantial pool of scientific, technical and managerial resources through friendly work environment that encourages individual initiatives by individuals and recognizes excellent performance. 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 at work. The company continues to take new initiatives to further align its HR policies to meet the growing needs of the business.

### Acknowledgment

Your Directors wish to express their grateful appreciation for the cooperation and support received from vendors, customers, banks, financial institutions, Central and State Government bodies, Auditors, Legal Advisors, consultants, shareholders and the society at large. Your Directors also place on record the appreciation for the contribution and hard work of employees across all levels. Without their commitment, inspiration and hard work, your Company's consistent growth would not have been possible.

**For and on behalf of the Board of Directors of  
Havells India Limited**

**(Qimat Rai Gupta)**

Chairman & Managing Director

Noida, May 22, 2008

### ANNEXURE 'A' TO THE DIRECTORS' REPORT

**Particulars of Employees pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2008**

Persons employed for full / part of the year ended March 31, 2008 who were in receipt of the remuneration which in the aggregate was not less than Rs.24,00,000/- p.a. or Rs.2,00,000/- p.m. respectively.

S.N.	Name	Designatio & (Age)	Qualification & Experience	Date of Commencement of Employment	Nature of Employment (Nature of Duties)	Remuneration (in Rs.)	The Last Employment held	% of equity shares held
1.	Shri Qimat Rai Gupta	Chairman & Managing Director (71 yrs.)	B.A. 48 yrs.	08-08-1983	Managing Director (for a period of Five years)	47,40,000/-	N.A.	8.24%
2.	Shri Rajesh Gupta	Director Finance (51 yrs.)	C.A. 27 yrs.	01-12-1980	Director (for a period of five years)	1,53,69,100/-	N.A.	0.21%
3.	Shri Anil Khandelwal*	President (48 yrs.)	C.A. 27 yrs.	18-05-2007	Permanent Corporate Finance	93,01,469/-	Ranbaxy Laboratories Ltd.	Nil
4.	Shri Rajesh Bhatia	Vice President (47 yrs.)	B.Tech (IIT) 26 yrs.	01-06-2006	Permanent Information Technology	28,47,598/-	Accenture Inc.	Nil
5.	Shri Vijay Malik	Vice President (55 yrs.)	B.E. (Electricals), DBM 28 yrs	15-06-2005	Permanent International Business Development	25,32,375/-	Multiflex Lami Prints Ltd.	(100 Shares)
6.	Shri Sunil Sikka	President (53 yrs.)	B.E. (Electricals), PGDBM 29 yrs	03-05-2000	Permanent Corporate Marketing	24,58,479/-	Bajaj Electricals Ltd.	Nil
7.	Shri Mahesh Jain*	Vice President (38 yrs.)	C.A. LLB 15 yrs.	11-06-2007	Permanent Finance & Accounts	22,02,123/-	Bharti Teletech Ltd.	(120 shares)
8.	Shri Sushil Kr. Aggarwal*	Vice President (39 yrs.)	C.A. 13 yrs.	09-04-2007	Resigned Internal Audit	15,01,088/-	BSES Ltd.	Nil

\* Persons employed part of the year ended March 31, 2008.

Except Shri Qimat Rai Gupta, who is a relative of Shri Anil Gupta - Joint Managing Director & Shri Surjit Gupta - Director, no other employee are relative of the Director of the Company.

## Directors' Report

### 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, 2008 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 energy conservation measures taken at different locations are:

##### ALWAR

- Furnace Oil Fired Boilers are installed for better efficiency as compared to diesel fired Boilers.
- Heat controlling system of furnaces is replaced with latest Thyristor Controlled Drives.

##### BADDI

- Change in the switching sequence of Capacitor Bank via APFCR, power factor is maintained at 0.99
- With the help of gear mechanism use of 4 motors (0.25 kw) on single conveyor has been replaced by single drive motor (0.18 kw)

##### Saving in terms of Air :

- Pneumatic screw drivers replaced with Electrical screw drivers.
- Pneumatic Hand slide valves replaced with Electrical operated switches in De Riveting Machines.
- Ejection of Moving contact in Spot welding Machine has been replaced by solenoid coil which operates on stroke .
- Process of toggle press in spot welding for punching on carrier is permanently eliminated. Now punching is done on SPM (Bimetal, Bimetal carrier).

##### Saving in terms of Water

- Use of STP water for gardening purpose.
- Rain harvesting well to improve water level.

##### BHIWADI

- Reduction in in-process rejection from 32% to 12%

##### FARIDABAD

- Change of 500 nos. of tube lights consuming 51 watts (36watts + 15watts) to energy saving tube lights consuming 29 watts.
- Reduction in Compressed Air Leakage by 50% by replacement of G.I. Pipe line with M.S.Pipe for distribution of compressed air and proper distribution of air.
- Heat released from Baker Machine used at paint shop.
- Insulation improved on all machines to save energy.
- Installation of self ventilators on roofs to replace Exhaust Fans.
- Installation of modes for Auto control of temperature at Baker Machine.
- Increase in speed of machines to save energy consumption per lamp.

##### HARIDWAR

- Addition of 14 Nos. of new technology winding machines to save on air consumption.

## Directors' Report

### NOIDA

- One UPS of 120 KVA was installed to replace DG set to drive critical loads.

b) Additional Investment and proposals for Energy Conservation

### ALWAR

- 5 Slip Ring Motors of 180 HP and Slip Ring Starters to be replaced by Induction Motors and V.F.D Drives.
- On-off Controllers to be replaced by P.I.D Controllers.

### BADDI

- Energy audit for conservation of energy.
- Solar heater for cooking & water heating in guest house.
- Automated supply of water for overhead tanks.

### BHIWADI

- Replacement of Oil fired furnaces with Electric Induction Furnace
- Introduction of SPM's in Machine shop.
- Installation of Solar power twilight lights around the factory premises.
- Installation of Solar water heater to evaporate treated waste water from effluent treatment plant.

### FARIDABAD

- Replacement of 36watts tube lights with energy efficient 28watts tube lights.
- Use of energy efficient Compressor by replacing the existing ELGI Compressor.
- Application of PID temperature control in annealing of all machines.
- Installation of Thyrister Power Module on Basing Machine, through PID.

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

### ALWAR

- Reduction in energy consumption and thereby reducing cost of production.

### BADDI

- Maintaining power factor at 0.99 to use passed load of HPSEB & DG sets efficiently.
- Rain harvesting well to improve water level.

### BHIWADI

- Reduction in production cost & improvement in productivity.

### FARIDABAD

- Achieved total annual savings of Rs.0.50 crores.
- Reduction in high temperature at plant, low atmospheric heat.
- Control of temperature up to  $\pm 1^\circ$  with saving of LPG (energy) and better quality of lamps.
- Increase in Productivity.

### HARIDWAR

Reduction in per fan cost of production.

## B. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

### a) Research & Development

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

#### 1) Import Substitution

## Directors' Report

### CRI

- The company has designed & developed a wide range of switchgear and fan products through R & D division to substitute imports.
- In-house development of the PCB for TPN RCBO;
- Indigenous manufacturing of fan blades for new range of table, pedestal, wall fans to reduce dependency on imports.

### BHIWADI

- Substitute for imported concealed flush valve has been developed indigenously.

### BADDI

- 63 amp & Mini MCB coils developed indigenously.
- Tool room with CNC wire cut and EDM machines capable of indigenous development of press tools and moulds.

### FARIDABAD

- PCB substitution for the PCB's being imported from other countries.
- Burners substitution for Burners being imported from other countries.

### HARIDWAR

- Indigenous manufacturing activities for table, wall and pedestal fans have reduced import dependency of above products.

### NOIDA

- Developing indigenous Aluminium Metal Tops for Cylindrical type of Capacitors.

#### II) Technology Upgradation

### CRI

- The in house R & D team is persistently working on the up-gradation of the existing products and employing the state of the art technology to develop new products.
- In-house development of automatic product testing bench for accurate final testing of RCCB & RCBO with bar-coding for product traceability.
- Incorporation of New NI Labview program for recording of short circuit data in short circuit lab.
- Commissioned new EMC test equipment and humidity chamber for testing the product from  $-40^\circ\text{C}$  to  $+70^\circ\text{C}$  in test lab at R&D Centre.

### ALWAR

- Successfully manufactured 66KV grade XLPE cables with specific water blocking arrangements
- Successful verification of 66KV grade XLPE cables with specific water blocking arrangements by CPRI – Bengaluru.
- Successfully manufactured 33KV grade XLPE cables as per BS/IEC specifications.
- Successful verification of 33KV grade XLPE cables by British Approval services for Cables – UK.

### BADDI

- Development of new auto calibration benches with Individual power supplies with complete data acquisition
- Reading of Current on MT stage on touch screen basis.
- Technology Up gradation for productivity enhancement
  - New knob printing SPM developed.
  - New outer yoke riveting SPM developed.
  - New spot welding SPM for chord & moving contact developed in house.
  - Complete data acquisition of process of moulding machines.
  - Increase in number of cavities to 3+3 in (chassis & covers) setup.
- 63 amp & mini MCB coils developed in house.

## Directors' Report

- Installation of MTC on moulding machines for better quality of moulded components.
- Introduction of hot runner mould for reducing wastage.
- Installation of robotic arms in moulding for separation of components & feed system.
- New benches with technological improvement developed for RCBO & RCCB testing (with data acquisition).
- Dual Head Spot welding machine developed for coil & chord welding which improves welding quality of coil.
- World class tool room with CNC Wire cut and EDM machines capable of in house development of press tools and moulds.
- Setup of new higher rating RCCB line.

### BHIWADI

- Pneumatic screw drivers and wrench introduced in assembly line.
- Air gun introduced in assembly line to remove water contents from the fittings.

### FARIDABAD

- Introduced Air Circuit Breakers upto 4000 A with special communication/ monitoring features from remote location and digital display of all critical performance indicators.
- Development and productionization of low cost shunt based ACB release.
- Introduced remote controlled Energy Management and Dimming System.
- Started manufacturing ROHS & CE compliant Lamps.

### HARIDWAR

- Continuation of layer winding machine to improve the coil winding finish. This will avoid the additional operation of the thread winding and copper saving.

#### III) Quality Improvement

### CRI

- Process improvement to reduce the rejection rate of sub-assemblies.
- Stringent quality checks incorporated to assure quality product.
- Value engineering to achieve cost reduction of various components and to make the products more competitive in the market.

### ALWAR

- Improvement in design of 66 KV grade XLPE cables with water blocking arrangements.
- Improvement in quality parameters in conformity with the requirements of international specifications i.e. IEC/BS.

### BADDI

- Fixture for spotting bimetal with carrier modified as per profile of bimetal carrier brings thermal acceptance level to 97%.
- Continuity principle for touching of grub screw with carrier implemented on all autocalibration benches. This improves first yields of calibration to 98%.
- Improved quality of riveting by implementation of orbital head riveting on riveting SPM's for MCB riveting and yoke assembly riveting.

### BHIWADI

- Usage of brass ingot in place of brass scrape has improved quality
- Introduction of better packaging to avoid in-transit damage to the product.

### FARIDABAD

- Design of tool/die of plastic parts changed for proper ventilation.

### NOIDA

- Hard epoxy has been replaced with soft resin for 100% functioning of notch wire.

## Directors' Report

#### IV) Other Developments

### CRI

- Manufactured mini MCB for switchboard application.
- Manufactured new range of residual Current Circuit Breaker two Pole & four Pole.
- Manufactured new range of RCBO two protected pole with neutral for export market.
- Manufactured ACB 4000A with intelligent protection release Version3.
- Manufactured new change over 40A to 100A.
- Manufactured new air circulator fan for industrial use.

### FARIDABAD

- Introduction of world class manufacturing practices such as lean manufacturing, poka yoke, FMEA, KAIZEN, Daily Work Management.

#### ❖ Benefits derived as a result of above

- Improved brand equity
- Cost reduction through quality value engineering
- Improvement in quality and productivity
- Usage and design improvement
- Quality up-gradation
- New product introduction
- Improvement of productivity and accuracy of testing
- Reduced consumption of consumables items.
- Reduction in scrap generation
- Increased acceptability of product in the market.
- Meeting the criterion of global standards

#### ❖ Future plan of action

### CRI

- To produce new range of MCB with field fit-able auxiliary.
- To produce electronics RCCB with the state of the art technology
- To produce MCB with higher rating 80-125 A.
- To produce MCB single pole with switched neutral.
- To produce auxiliaries of MCB as Under Voltage Release and Auxiliary contact.
- To produce ACBs in higher frame (5000-6300) frame.
- To produce new range of MCCB.
- To introduce the motorized change over switches
- Introduction of various new models of ceiling fans/ pedestal / wall fans and light duty ventilating fans.
- Introducing various new designs of lighting systems to conserve power consumption and provide better lighting.

### ALWAR

- Development of production / testing infrastructure for 132/220 KV Grade XLPE cable.

### BADDI

- To setup new fully automated conveyor line for all processes of MCB assembly

### FARIDABAD

- Development of ACB up to 6300 A.

## Directors' Report

### HARIDWAR

- Installation and progress of automatic air delivery measurement system.
- Installation and progress of testing automation to improve quality.
- Implementation of small quality projects in each area of manufacturing to ensure the reduction in rework / rejection by using lean manufacturing techniques

### NOIDA

Automation of module testing line, element soldering & machine for grooving of cans.

#### ❖ Expenditure on R & D

	(Rs.in crores)	
	2007- 08	2006- 07
Capital	1.07	0.46
Recurring	4.34	3.74
<b>Total</b>	<b>5.41</b>	<b>4.20</b>
Total R & D expenditure as a percentage of total turnover	0.24%	0.25%

### b) Technology Absorption, Adaptation and Innovation

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

The company is continuously involved in design & development of new products and up-gradation of technology in existing products. Company is keeping a close eye on the latest developments in the field of electrical/electronics and incorporating those advancements in its processes. The Company is in line to achieve Six Sigma. The up-gradation in the plant and machinery is persistently carried out and automation of the processes in plant is in progress.

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

Improvement in quality of products, enhancement of product range, improvement in manufacturing processes which result in cost reduction, consumer satisfaction and wider acceptance of the products and grant of various Certifications.

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

Technology Imported	Year of Import	Has technology been fully absorbed	If not fully absorbed, areas where this has not taken place, reasons thereof and future plan of actions
Complete CFL plant & technology	2003 -04	Yes	N.A
Continuous catiniery vulcanizing extrusion machine	2005 -06	Yes	N.A.
54 bobbin stranding machine	2005 -06	Yes	N.A.
Cable print machine	2005 -06	Yes	N.A.
Automated Capacitor Winder	2006 -07	Yes	N.A.
CFL machine to manufacture Ginni Lamp	2006 -07	Yes	N.A.
Manufacturing technology, Design technology plant & machinery to manufacture Electric Motors from 0.12 hp to 300 hp	2007 -08	No.	The commercial production is yet to start.

## Directors' Report

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

#### a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans

The Company has ventured into new markets like Kazakhstan, Ukraine, Lithuania & Morocco in a continued effort to build on its global presence. With offices in Dubai, Lagos & Colombo the Company is also poised well to take advantage of these fast growing markets locally. Also with the present Sylvania infrastructure in markets like Middle East, Russia, Latin America we have better opportunities to grow on a larger scale in all product categories. Exports to other regions have continued to grow & this growth has been brought about by the young & energetic team of International Business Division.

The visibility of the group was enhanced considerably through participation in prestigious fairs in Romania, Russia, Turkey, Germany & Dubai. This is being complemented by the efforts of our Product Development team to modify & develop the current Switchgear range in order to come out with world class products that are certified by stringent organisations like VDE (Germany). These will enable a swift entry into the sophisticated & quality conscious markets of Europe.

In an attempt to fasten the integration process with SLI Sylvania, a dedicated team from IBD has been formed to work in close coordination with the various regional teams in Europe, Americas & S.E. Asia. This team aims to support their respective regions most optimally & achieve the profitability goals in the most beneficial manner. One of the earliest successes as part of the above exercise is in Latin America, where we have already launched switchgear products under Sylvania brand in some countries and shall follow this in some other countries as well. The LATAM team is also acting as a sourcing/central supply chain unit for the Americas leading to cost savings & better control over suppliers. Such a synergy will allow Havells Sylvania to compete in the global markets & emerge as a leading player worldwide.

#### b) Total foreign exchange used and earned

	(Rs.in crores)	
	2007- 08	2006- 07
Foreign exchange earned	141.71	96.04
Foreign exchange used	305.22	124.83

For and on behalf of the Board of Directors of  
Havells India Limited

(Qimat Rai Gupta)  
Chairman & Managing Director

Noida, May 22, 2008

Statement Pursuant To Section 212 Of The Companies Act, 1956 Relating To Subsidiary Companies					Shares of the subsidiary held by the company on the above date		Extent of Interest of Holding Company in the Capital of Subsidiary Company	The net aggregate amount of Subsidiary's Profit/ (Loss) so far as it concerns the members of the Holding Company and is not dealt with in the Holding Company's accounts:		The net aggregate amount of the Subsidiary's Profit/ (loss) so far as it has been dealt with in the Holding Company's accounts:	
Sr. No.	Name of Subsidiary Companies	Subsidiary Companies Formerly Known As	The financial year of the Subsidiary ended on	Date from which it became Subsidiary	No. of Shares	Face Value of Shares		Current Year (Rs. in crores)	For the previous financial years of the Subsidiary since it became a Subsidiary	Current Year (Rs. in crores)	For the previous financial years of the Subsidiary since it became a Subsidiary
1	Havells's Cyprus Limited		31/03/2008	20/07/2006	1000	Equity shares of 1 CYP each	100%	(0.14)	(0.04)	Nil	Nil
2	Havell's Holding Limited		31/03/2008	09/03/2007	19563559	Equity shares of 1 CYP each	100%	(15.62)	Nil	Nil	Nil
3	Havell's Malta Limited		31/03/2008	13/03/2007	-	Step subsidiary	100%	0.28	Nil	Nil	Nil
4	Havell's Netherlands Holding B.V.		31/12/2007	13/03/2007	-	Step subsidiary	100%	(16.27)	N/A	Nil	N/A
5	Havell's Netherlands B.V.		31/12/2007	13/03/2007	-	Step subsidiary	100%	(7.23)	N/A	Nil	N/A
6	Havells Sylvania France S.A.S.		31/12/2007	20/04/2007	-	Step subsidiary	100%	0.15	N/A	Nil	N/A
7	Havells Sylvania UK Ltd.		31/12/2007	20/04/2007	-	Step subsidiary	100%	(8.93)	N/A	Nil	N/A
8	Havells Sylvania Germany GmbH		31/12/2007	20/04/2007	-	Step subsidiary	100%	(8.18)	N/A	Nil	N/A
9	Havells Sylvania Switzerland S.A.		31/12/2007	20/04/2007	-	Step subsidiary	100%	(0.88)	N/A	Nil	N/A
10	Havells Sylvania Lighting Belgium N.V.		31/12/2007	20/04/2007	-	Step subsidiary	100%	23.10	N/A	Nil	N/A
11	Havells Sylvania Belgium B.V.B.A.		31/12/2007	20/04/2007	-	Step subsidiary	100%	0.35	N/A	Nil	N/A
12	Havells Sylvania Fixtures Netherlands B.V.		31/12/2007	20/04/2007	-	Step subsidiary	100%	1.74	N/A	Nil	N/A
13	Havells Sylvania Sweden A.B.		31/12/2007	20/04/2007	-	Step subsidiary	100%	1.50	N/A	Nil	N/A
14	Havells Sylvania Norway A.S.		31/12/2007	20/04/2007	-	Step subsidiary	100%	(1.61)	N/A	Nil	N/A
15	Havells Sylvania Finland OY		31/12/2007	20/04/2007	-	Step subsidiary	100%	(0.04)	N/A	Nil	N/A
16	Havells Sylvania Spain S.A.	SLI Sylvania S.A.	31/12/2007	20/04/2007	-	Step subsidiary	100%	(2.30)	N/A	Nil	N/A
17	Havells Sylvania Spain Logistics S.L.	Servicios Logísticos Sylvania S.L.	31/12/2007	20/04/2007	-	Step subsidiary	100%	(0.02)	N/A	Nil	N/A
18	Havells Sylvania Portugal Lda.		31/12/2007	20/04/2007	-	Step subsidiary	100%	0.51	N/A	Nil	N/A
19	Havells Sylvania Italy S.p.A.		31/12/2007	20/04/2007	-	Step subsidiary	100%	(1.79)	N/A	Nil	N/A
20	Havells Sylvania Greece A.E.E.E.	Sylvania A.E.E.E.	31/12/2007	20/04/2007	-	Step subsidiary	100%	(1.37)	N/A	Nil	N/A
21	Havells Sylvania Tunisia S.A.R.L.		31/12/2007	20/04/2007	-	Step subsidiary	100%	(4.43)	N/A	Nil	N/A
22	Havells Sylvania Fixtures UK Ltd.		31/12/2007	20/04/2007	-	Step subsidiary	100%	(0.07)	N/A	Nil	N/A
23	Havells Sylvania Lighting France SA		31/12/2007	20/04/2007	-	Step subsidiary	100%	(6.66)	N/A	Nil	N/A
24	Sylvania Lighting International B.V.		31/12/2007	20/04/2007	-	Step subsidiary	100%	20.29	N/A	Nil	N/A
25	Flowil International Lighting (Holding) B.V.		31/12/2007	20/04/2007	-	Step subsidiary	100%	(261.80)	N/A	Nil	N/A
26	Badalex Ltd.		31/12/2007	20/04/2007	-	Step subsidiary	100%	(6.33)	N/A	Nil	N/A
27	SLI Europe B.V.		31/12/2007	20/04/2007	-	Step subsidiary	100%	(14.81)	N/A	Nil	N/A
28	Havells Sylvania Europe Ltd.		31/12/2007	20/04/2007	-	Step subsidiary	100%	21.46	N/A	Nil	N/A
29	Havells Sylvania (Guangzhou) Enterprise Ltd.	Guangzhou Sylvania Enterprise Ltd.	31/12/2007	20/04/2007	-	Step subsidiary	100%	(0.27)	N/A	Nil	N/A
30	Havells Sylvania Asia Pacific Ltd.		31/12/2007	20/04/2007	-	Step subsidiary	100%	2.11	N/A	Nil	N/A
31	Havells Sylvania (Thailand) Ltd		31/12/2007	20/04/2007	-	Step subsidiary	100%	4.68	N/A	Nil	N/A
32	Havells SLI Lighting Products Inc.	SLI Lighting Products Inc.	31/12/2007	20/04/2007	-	Step subsidiary	100%	(7.64)	N/A	Nil	N/A
33	Havells Sylvania Argentina S.A.	Sylvania Iluminacion S.A.	31/12/2007	20/04/2007	-	Step subsidiary	100%	2.10	N/A	Nil	N/A
34	Havells Sylvania Brasil Iluminacao Lda.	Sylvania Brasil Iluminacao Ltda.	31/12/2007	20/04/2007	-	Step subsidiary	100%	(1.14)	N/A	Nil	N/A
35	Havells Sylvania Costa Rica S.A.	Sylvania S.A.	31/12/2007	20/04/2007	-	Step subsidiary	100%	0.52	N/A	Nil	N/A
36	Havells Sylvania El Salvador S.A. de C.V.		31/12/2007	20/04/2007	-	Step subsidiary	100%	0.62	N/A	Nil	N/A
37	Havells Sylvania Guatemala S.A.	Sylvania S.A.	31/12/2007	20/04/2007	-	Step subsidiary	100%	0.16	N/A	Nil	N/A
38	Havells SLI de Mexico Sa de C.V.		31/12/2007	20/04/2007	-	Step subsidiary	100%	3.45	N/A	Nil	N/A
39	Havells SLI Servicios Generales Mexico SA De CV	SLI Servicios Generals S.A. de C.V.	31/12/2007	20/04/2007	-	Step subsidiary	100%	0.00	N/A	Nil	N/A
40	Havells Sylvania Panama S.A.		31/12/2007	20/04/2007	-	Step subsidiary	100%	0.69	N/A	Nil	N/A
41	Havells Sylvania Colombia S.A.		31/12/2007	20/04/2007	-	Step subsidiary	100%	8.26	N/A	Nil	N/A
42	Havells Sylvania Venezuela C.A.		31/12/2007	20/04/2007	-	Step subsidiary	100%	0.62	N/A	Nil	N/A
43	Havells Sylvania SA NV	Havells Sylvania N.V.	31/12/2007	20/04/2007	-	Step subsidiary	100%	2.20	N/A	Nil	N/A
44	Havells Holdings Inc.	Havell's Holding Inc.	31/12/2007	11/04/2007	-	Step subsidiary	100%	(0.02)	N/A	Nil	N/A
45	Lindite Ltd		31/12/2007	20/04/2007	-	Step subsidiary	100%	0.00	N/A	Nil	N/A
46	Marlin Lighting Ltd		31/12/2007	20/04/2007	-	Step subsidiary	100%	0.00	N/A	Nil	N/A
47	Concord Lighting Ltd		31/12/2007	20/04/2007	-	Step subsidiary	100%	0.00	N/A	Nil	N/A
48	Havells Sylvania Export S.A. N.V.	Havells Sylvania Export N.V.	31/12/2007	20/04/2007	-	Step subsidiary	100%	0.00	N/A	Nil	N/A
49	Havells Sylvania Holdings (BVI-2) Ltd		31/12/2007	20/04/2007	-	Step subsidiary	100%	0.00	N/A	Nil	N/A
50	Havells Sylvania Holdings (BVI - 1) Ltd		31/12/2007	20/04/2007	-	Step subsidiary	100%	0.00	N/A	Nil	N/A
51	Precision Materials Sarl		31/12/2007	20/04/2007	-	Step subsidiary	100%	0.00	N/A	Nil	N/A
52	Sylvania Geschaft mbH		31/12/2007	20/04/2007	-	Step subsidiary	100%	0.00	N/A	Nil	N/A
53	Havells Sylvania Dubai FZCO		31/12/2008	07/01/2008	-	Step subsidiary	100%	N/A	N/A	N/A	N/A

Exchange rate as on 31-12-2007 :- 1 Euro = Rs.58.12  
Exchange rate as on 31-03-2008 :- 1 Euro = Rs.63.09

## Corporate Governance Report

A Corporate Governance Report in line with the requirement of the Stock Exchange for the year ended March 31, 2008 is set as under:

### **Company's Philosophy on Code of Governance**

Large corporations employ substantial quantum of societal resources, hence it's the responsibility of corporates that they by their governance process should ensure optimum utilization of resources to achieve their objective - consistent growth, enhancement in shareholder value and meeting of societal expectations. Good Corporate Governance practices based upon the implicit principles of fairness, integrity, equity, transparency, accountability, independence, responsibility, commitment to values and compliance with statutory laws, rules and regulations.

Havells believes that good governance stems out of mindset, willingness and culture of the organization. Havells is committed to benchmark its governance practices with best in the industry as well as at international levels. The Company's philosophy on Corporate Governance, aims at business excellence and enhanced shareholder value with transparency, integrity, professionalism, accountability & responsibility and equity in all facets of its operations and interactions with its stakeholders including shareholders, is based upon following principles:

- Constitution of team of Directors with appropriate mix of knowledge, experience and expertise with commitment to discharge their duties and responsibilities in the best interest of the Company.
- Freedom to the Board of Directors to drive the enterprise without undue restraints.
- Timely dissemination of material information to the Board and its committees for effective decision making.
- Fix up responsibility and accountability of Company's officers and employees.
- Better compliance of applicable rules and regulations.
- Independent verification & reliability of financial reporting process.
- Fairness and equity while dealing and interacting with stakeholders including shareholders, customers, employees and investors.
- Timely dissemination of material information to all its stakeholders.
- Implementation of effective system of Internal Control and Risk Management.
- Sympathetic and responsive to social causes.
- Effective redressal of shareholders and stakeholders grievances, if any.

### **Composition of Board of Directors**

The Company has optimum combination of Executive and Non Executive Directors. The Company's Board post resignation of Shri N. Balasubramanian, Director, consists of 10 Directors in combination of 3 Executive Directors and 7 Non Executive Directors. The Company is chaired by an Executive Director. Based on status of Chairmanship, there are 5 Independent Directors. The Board considers the composition as appropriate.

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 three committees as per clause 49 of the Listing Agreement, viz. Audit Committee, Remuneration Committee and Share Transfer & Shareholders'/Investors' Grievance Committee. All these Board Committees are chaired by Non-Executive Directors.

During the financial year 2007-08, five Board Meetings were held on 15th May, 2007, 21st July, 2007, 20th October, 2007, 30th October, 2007 and 29th January, 2008.

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, 2008 is:

## Corporate Governance Report

Sr. No.	Name of the Director	Designation	Status of Directors	Attendance Record		No. of other Directorship and Committee Membership/ Chairmanships		
				Board Meetings	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
1.	Shri Qimat Rai Gupta (Promoter)	Chairman & Managing Director	Executive & Non-Independent	5	Yes	5	Nil	Nil
2.	Shri Anil Gupta (Promoter)	Joint Managing Director	Executive & Non-Independent	5	Yes	13**	2	1
3.	Shri Surjit Gupta (Promoter)	Director	Non-Executive & Non-Independent	4	Yes	5	2	1
4.	Shri Rajesh Gupta	Whole Time Director	Executive & Non-Independent	5	Yes	1	1	Nil
5.	Shri S.B. Mathur	Director	Independent & Non-Executive	4	Yes	14**	3	4
6.	Dr. Abid Hussain	Director	Independent & Non-Executive	3	Yes	10	6	1
7.	Maj. Gen. D.N. Khurana	Director	Independent & Non-Executive	5	Yes	2	3	Nil
8.	Shri Avinash P Gandhi	Director	Independent & Non-Executive	5	Yes	13**	4	4
9.	Ms. Josephine Price	Director	Independent & Non-Executive	1	No	22**	1	Nil
10.	Shri Niten Malhan*	Director	Non-Independent & Non-Executive	1	No	14**	5	Nil
11.	Shri N. Balasubramanian@	Director	Independent & Non-Executive	0	No	N.A.	N.A.	N.A.

Committee includes Remuneration Committee also.

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

### 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

During the year the Company reconstituted the composition of its Audit Committee to include Shri Niten Malhan as a member of the Committee. The Audit Committee, now, comprises of five Non-Executive Directors with majority being Independent. Members of the Committee are namely - Shri S.B. Mathur, Dr. Abid Hussain, Maj. Gen. D.N. Khurana, Shri Surjit Gupta and Shri Niten Malhan. Shri S. B. Mathur is the Chairman of the Committee. The constitution of the Committee meets with the requirements of Section 292A of the Companies Act, 1956, as well as of the Listing Agreement.

The Audit Committee is primarily 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 & annual accounts.

## Corporate Governance Report

During the year 2007-08 four Audit Committee Meetings were held on 15<sup>th</sup> May, 2007, 21<sup>st</sup> July, 2007, 30<sup>th</sup> October, 2007 and 29<sup>th</sup> January, 2008. The attendance of the directors during these meetings is set down below:

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

\* Appointed during the year as member with effect from 26<sup>th</sup> November, 2007.

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

During the year, the Committee reviewed:

- Quarterly and yearly financial statements before they were 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 and fixing remuneration thereon.
- Appointment & fixation of remuneration of Internal Auditors.
- Scope of Internal Audit.

The Comments of the Chairman as well as the minutes of the Audit Committee were 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 terms of reference, the Company's policy on specific remuneration packages for executive directors including pension rights and compensation payment.

The Remuneration Committee comprises of three Non- Executive Directors namely - Dr. Abid Hussain, Shri Avinash P. Gandhi and Shri Surjit Gupta. The Chairman of the Committee – Shri Abid Hussain is an Independent Director. Last meeting of the Committee was held on 15<sup>th</sup> May, 2007 and all members of the Committee attended the Meeting.

### Tenure of Independent Directors

To keep the Corporate Governance alive and continue in its true spirits, during the year under review the Company decided to adopt a "Fixed Term Policy" of 3 years for its Independent Directors. The term of 3 years has become effective from 05<sup>th</sup> July, 2007.

### Compensation to 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.



## Corporate Governance Report

### 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
Shri Qimat Rai Gupta	01-11-05 to 31-03-10	4767944	Nil	Rs.47,40,000/-	Nil	Rs.47,40,000/-
Shri Anil Gupta	18-05-06 to 31-03-11	1733974	Nil	Rs.18,90,000/-	Nil	Rs.18,90,000/-
Shri Surjit Gupta	N.A.	3265080	Nil	Nil	Nil	Nil
Shri Rajesh Gupta	01-04-06 to 31-03-11	119840	Nil	Rs.70,15,000/-	Rs.83,54,100/-	Rs.1,53,69,100/-
Dr. Abid Hussain	N.A.	Nil	Rs.110000/-	Nil	Nil	Rs.110000/-
Maj. Gen. D.N. Khurana	N.A.	Nil	Rs.200000/-	Nil	Nil	Rs.200000/-
Shri S.B. Mathur	N.A.	Nil	Rs.180000/-	Nil	Nil	Rs.180000/-
Shri Avinash P Gandhi	N.A.	Nil	Rs.100000/-	Nil	Nil	Rs.100000/-
Ms. Josephine Price	N.A.	Nil	Nil	Nil	Nil	Nil
Shri Niten Malhan *	N.A.	Nil	Nil	Nil	Nil	Nil

\*Appointed as an Additional Director with effect from 26th November, 2007.

### Share Transfer & Shareholders'/ Investors' Grievance Committee

The Board has constituted a Share Transfer & Shareholders'/ Investors' Grievance Committee comprising of three Directors under the Chairmanship of Shri Surjit Gupta. Other members being Shri Anil Gupta and Shri Rajesh Gupta. The functions and powers of the Committee include approval/ rejection of transfer/ transmission, issue of duplicate share 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, 2008 no transfer / transmission of shares is pending.

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

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

Sr. No.	Nature of Grievances received	No. of Grievances received	No. of Grievances resolved	Maximum period of reply
1	Change of Address	38	38	1
2	Change in the Bank Details	11	11	1
3	Request for issue of Duplicate Share Certificates	72	72	3
4	Dividend related queries	98	98	6*
5	Bonus	20	20	2
6	Request for Annual Reports	37	37	2
7	Transposition / Transmission requests	9	9	1
8	Non-receipt of share certificates after transfer	4	4	1
9	Request for New Share Certificates on account of split of shares	70	70	1
10	Others	24	24	2
	<b>TOTAL</b>	<b>383</b>	<b>383</b>	

## Corporate Governance Report

\*Extra time taken to trace out a courier receipt which was more than 90 days old.

Mrs. Ritu Mehrotra, Company Secretary is designated as Compliance Officer. Fifty Two meetings of the Committee were held during the year 2007-08.

### Shareholders Information

#### 1. General Body Meeting

Nature of Meeting	Date of Meeting	Time	Place
Annual General Meeting	July 20, 2005	10:30 a.m.	Shah Auditorium, Raj Niwas Marg, Civil Lines, Delhi - 110054
Extra Ordinary General Meeting (for Merger)	February 03, 2006	10:30 a.m.	- do -
Annual General Meeting	June 27, 2006	10:00 a.m.	- do -
Extra Ordinary General Meeting	January 20, 2007	11:30 a.m.	FICCI Auditorium, Tansen Marg, New Delhi - 110001
Annual General Meeting	July 05, 2007	4:30 p.m.	- do -
Extra Ordinary General Meeting (Preferential Allotment of Shares & Warrants)	November 19, 2007	4:30 p.m.	FICCI Auditorium, Tansen Marg, New Delhi - 110001
Extra Ordinary General Meeting (Alteration in Articles of Association) requests	February 07, 2008	12:00 p.m.	Shah Auditorium, Raj Niwas Marg, Civil Lines, Delhi - 1100054

Several Special Resolutions proposed in the above said meeting 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 access to the Audit Committee for any grievance.

The Company neither has been penalised nor the stock exchanges, SEBI or any statutory authority imposed any strictures, during the last three years, on any matter relating to capital markets.

#### 3. Means of Communication

- Half Yearly report sent to each shareholder
- Quarterly Results published in
- Any web-site, where published
- Whether it also displays official news releases and presentation made to institutional investors/ analyst
- Whether MD&A is a part of the Annual Report or not

No  
1) The Business Standard  
2) Hindustan (Hindi)  
www.havells.com

Yes  
Yes

#### 4. General Shareholder Information

##### Annual General Meeting (Financial Year 2007-08)

Day : Friday  
Date : July 11, 2008  
Time : 11.30 A.M.  
Venue : FICCI Auditorium, Federation House, Tansen Marg, New Delhi- 110 001

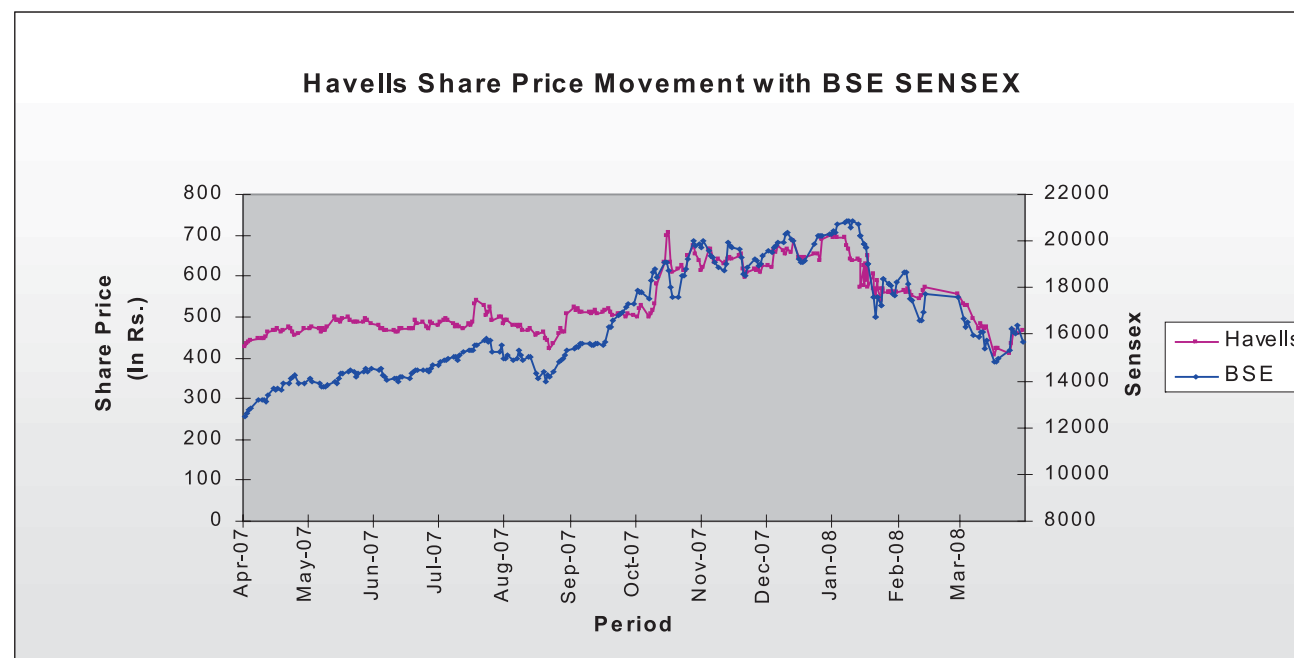
##### Financial Calendar (tentative and subject to change)

1) Financial Reporting for the quarter ending June 30, 2008	:	End July 2008
2) Financial Reporting for the half-year ending September 30, 2008	:	End October 2008
3) Financial Reporting for the quarter ending December 31, 2008	:	End January 2009
4) Financial Reporting for the year ending March 31, 2009	:	Mid May 2009
5) Annual General Meeting for the year ending March 31, 2009	:	Mid July, 2009

## Corporate Governance Report

<b>Date of Book Closure</b>	Saturday, 28 <sup>th</sup> June, 2008 to Saturday, 5 <sup>th</sup> July, 2008 (both days inclusive)
<b>Dividend Payment Date</b>	22 <sup>nd</sup> July, 2008
<b>Listing on Stock Exchanges</b>	The National Stock Exchange of India Limited (NSE) The Bombay Stock Exchange Limited (BSE)
<b>Stock Code:</b>	517354 (BSE)/ HAVELLS (NSE)
<b>International Securities Identification Number (ISIN code- NSDL &amp; CDSL):</b>	INE 176B01026 (Equity Shares) INE 176B13013 (Warrants)
<b>Market Price Data</b>	<b>For the financial year 2007-08 at The National Stock Exchange of India Ltd. and The Bombay Stock Exchange Limited.</b>

Period	NSE		BSE	
	High (Rupees)	Low (Rupees)	High (Rupees)	Low (Rupees)
April 2007	500.00	407.30	479.00	402.00
May 2007	519.00	460.00	519.90	430.45
June 2007	512.00	455.00	512.00	455.00
July 2007	566.00	465.10	567.00	467.00
August 2007	513.00	354.75	514.50	418.00
September 2007	540.85	460.40	542.00	492.00
October 2007	746.70	486.00	749.90	465.00
November 2007	706.00	585.00	705.95	585.50
December 2007	730.00	613.00	724.80	611.00
January 2008	719.00	385.50	719.00	376.00
February 2008	595.00	505.00	600.00	505.10
March 2008	557.00	392.25	565.00	385.25



## Corporate Governance Report

### 5. Distribution of Shareholding as on March 31, 2008

Shareholding of Nominal Value of Rs.5/- each		Shareholders (Number)	% of Total	No. of Shares	Nominal Value (in Rs.)	% of Nominal Value
Rs.	Rs.					
Upto	5,000	22512	96.70	2538407	12,692,035	4.38
5,001	10,000	438	1.88	684983	3,424,915	1.18
10,001	20,000	182	0.78	548320	2,741,600	0.95
20,001	30,000	39	0.17	197821	989,105	0.34
30,001	40,000	21	0.09	147723	738,615	0.26
40,001	50,000	14	0.06	128750	643,750	0.22
50,001	1,00,000	22	0.09	319389	1,596,945	0.55
1,00,001	& Above	53	0.23	53353013	266,765,065	92.12
<b>TOTAL</b>		<b>23281</b>	<b>100.00</b>	<b>57918406</b>	<b>289,592,030</b>	<b>100.00</b>

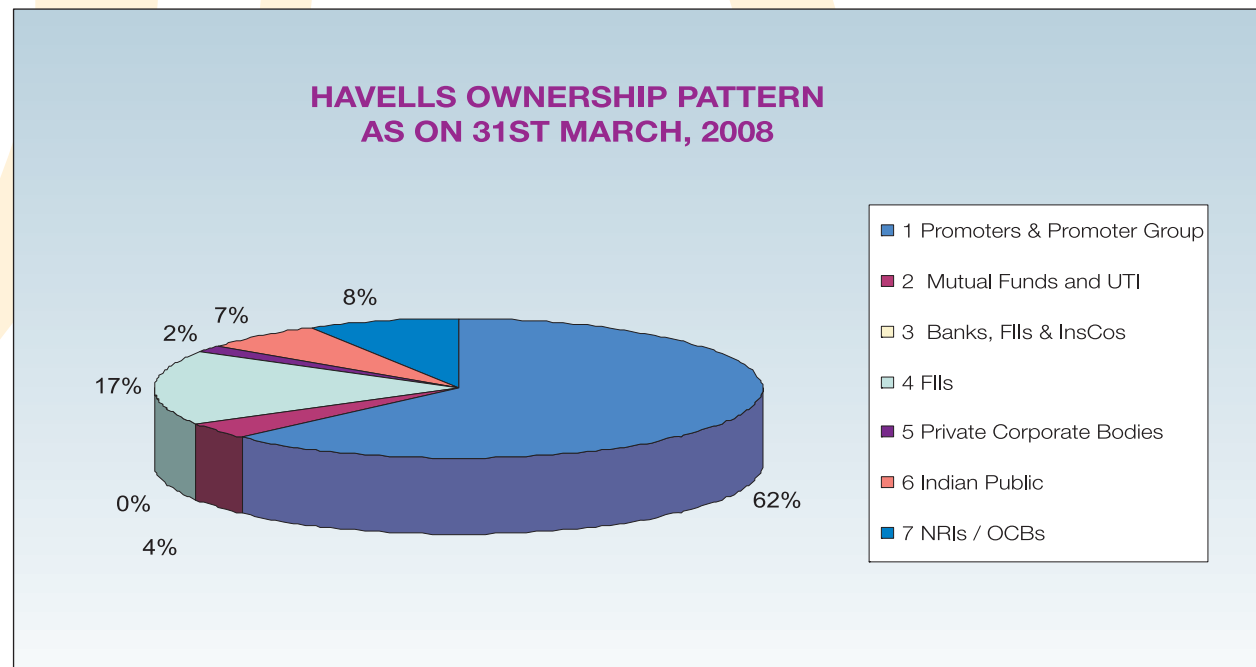
### 6. Ownership Pattern as on March 31, 2008

Category	No. of Shareholders	No. of Shares Held	% of Total Holding
<b>Promoters</b>			
Indian promoters	14	36187426	62.48
<b>Institutional Investors</b>			
Mutual Funds and UTI	14	2366645	4.09
Banks, Financial Institutions and Insurance Companies	6	110773	0.19
FIs	22	9948504	17.18
<b>Others</b>			
Private Corporate Bodies	698	883068	1.52
Indian Public	22058	3832086	6.62
NRIs / Foreign Corporate Bodies	469	4589904	7.92
<b>TOTAL</b>	<b>23281</b>	<b>57918406</b>	<b>100.00</b>

### List of Shareholders other than promoters holding more than 1% as on March 31, 2008

Sr. No.	Name of Shareholders	No. of Shares Held	% of Total Shareholding
1	SBI Mutual Fund A/C Magnum Gold Fund	772795	1.33
2	SBI Mutual Fund A/C Magnum Tax Gain 1993	796976	1.38
3	Citigroup Global Markets Mauritius Pvt. Limited	1735810	3.00
4	BSMA Limited	2117000	3.66
5	Sloane Robinsons L1p A/C Sr Global (Mauritius) Limited (Class B - Asia)	1737833	3.00
6	Sloane Robinsons L1p A/C Sr Global (Mauritius) Limited (Class G - Emerging)	1390856	2.40
7	Small Cap World Fund, Inc	1000000	1.73
8	Seacrest Investment Ltd.	4160000	7.18
	<b>Total</b>	<b>13711270</b>	<b>23.67</b>

## Corporate Governance Report



### 7. 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 despatch 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.

### 8. 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

The Company, thinking in the interest of and with objective to make the shareholders aware of their holding in the capital of the company and to enlighten them on the probable benefits of dematerialization of their physical holding had through a letter dated 19<sup>th</sup> January, 2008 made an appeal to all its shareholders to convert their physical holding in the demat form. The Company's initiative received good response and many shareholders turned up and converted their physical holdings into Demat form.

Position of shares held in Dematerialised Form as on 31<sup>st</sup> March, 2008 is as under:

Particulars	As on March 31, 2008		As on March 31, 2007	
	No. of Shares	Percentage	No. of Shares	Percentage
<b>No. of Shares Dematerialised</b>	57208770	98.76	52940261	98.48
-NSDL	56593575	97.71	52215110	97.13
-CDSL	615195	1.05	725151	1.35
<b>No. of Shares in Physical Form</b>	709636	1.24	818145	1.52
<b>Total</b>	<b>57918406</b>	<b>100.00</b>	<b>53758406</b>	<b>100.00</b>

### Preferential Allotment

During the year the Company has made preferential allotment of 41,60,000 equity shares of Rs.5/- each at an issue price of Rs.625/- per share aggregating to Rs.260/- crores and 26,00,000 Convertible Warrants at an issue price of Rs.690/- per warrant aggregating to Rs.179.40 crores to M/s Seacrest Investment Ltd., a Mauritius based company, enhancing the paid up capital from Rs.26.87 crores to Rs.28.96 crores.

Against the allotment of 41,60,000 equity shares the Company has received entire subscription money amounting to Rs.260/- crores and against allotment of 26,00,000 Convertible Warrants the Company has received 10% of the subscription money and balance money would be received at the time of conversion of warrants into shares.

## Corporate Governance Report

### 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 22, 2008.

### Promotion of Creative & Innovative Thinking & Whistle Blower Mechanism

During the year under review your Company to promote a culture of innovative thinking, creativity and vigilance in all corners of its business has implemented a scheme named "Idea & Satark". Under scheme "Idea", all types of ideas are invited from all staff members / workers for implementation. The ideas may be related to technical aspects of business, non technical aspects, commercial aspects, administrative aspects, processes, cost saving or any such other aspects which may benefit the Company. The scheme "Satark", which means alert / vigilant, entails a person associated with the organization to file a grievance, if he / she notices any irregularity. Satark scheme is a whistle blower scheme as per requirements of clause 49 of Listing Agreement.

### 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

#### 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

### Address for Correspondence

The Company Secretary,  
**HAVELLS INDIA LIMITED**  
(Share Department)  
E-1, Sector - 59, Noida (U.P.)  
Pin - 201307  
Tel. No. +91-120-3075777  
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.mcsdel.com

**For and on behalf of the Board of Directors of  
Havells India Limited**

**(Qimat Rai Gupta)**

Chairman & Managing Director

Noida, May 22, 2008

## Corporate Governance Report

### **CEO's / CFO's CERTIFICATE TO WHOMSOEVER IT MAY CONCERN**

We have examined the compliance of conditions of Corporate Governance of Havells India Limited, having its Registered Office at 1/7, Ram Kishore Road, Civil Lines, Delhi – 110 054 for the year ended 31<sup>st</sup> March, 2008 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:

1. We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief :
  - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) 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.
2. 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.
3. 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.
4. We have indicated to the Auditors and the Audit Committee
  - a) significant changes in internal control during the year;
  - b) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c) 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 Havells India Limited**

**(Qimat Rai Gupta)**  
Chairman & Managing Director

Noida, May 22, 2008

**For Havells India Limited**

**(Rajesh Gupta)**  
Director (Finance)

## Corporate Governance Report

### **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 31<sup>st</sup> March, 2008 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 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 31<sup>st</sup> March, 2008 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 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  
Membership No. 8843

Noida, May 22, 2008

## Management Discussion And Analysis Report

### Forward Looking Statements

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations may be considered to be 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws, other statutes and other incidental factors. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent development, information or events.

### Industry Overview

Global imbalances have made a clear and significant turn for the better. Strong growth in Asia, shivering economies of the west, emergence of strong Indian management has been an important antidote for Indian companies to become global leaders. The year 2007 was full with Indian Companies taking over global giants. Havells acquisition of USD 600 million Sylvania is historical, as being one of the largest in Indian electrical space.

Indian economy, in the first year of eleventh five year plan was poised to sustain the growth momentum of the last two years and to achieve GDP growth averaging 9% per year. The first advance estimates released by the Central Statistical Organization revealed growth albeit a slowdown in the rate of growth of Indian Economy. The Country's GDP estimated to grow at 8.7% representing a deceleration of growth from the high growth rates at 9.4% & 9.6% witnessed in the past two years.

Even with this slight shift of growth pattern, the Indian economy will keep its pace higher than other peers including Asian giants and will be driven by domestic demand, differ from outsourcing software exports in 2000, and there is sufficient momentum here to keep it in driving seat for the next couple of years. With relatively insulated economy against the vagaries of global economic volatility, Indian growth projections will stay intact with very few points here and there. Paradoxically high economic growth requires huge infrastructure but in case of Indian economy building infrastructure will further fuel the growth. The responsiveness of the Private sector to economic liberalization and increased international integration has imparted tremendous resilience to the economy. Increased per capita income, per capita private consumption expenditure, reduction of poverty, increased employment opportunities, increased savings & investment and urgent need for the development of the physical and social infrastructure are indicators of the addition to productive capacity which is likely to support growth of the economy.

The strong fundamental character of Indian Economy indicating increase in the production activities acts as a fuel for the growth of your company. Your company with adequate infrastructure and an active eye on the emerging opportunities at domestic and international level, is poised to grow and enhance its shareholder value.

### Golden Jubilee year of QRG Group

QRG Group is a conglomeration of companies namely – Havells India Limited, Standard Electricals Limited, TTL Ltd, QRG Enterprises Limited and QRG Central Hospital & Research Centre Limited which share common goals and vision.

The QRG Group under the able leadership and guidance of its founder Shri Qimat Rai Gupta has completed 50 years of its existence. Shri Qimat Rai Gupta has started this journey with a mere capital of Rs.10,000/- in 1958 and today group's flagship company 'Havells India Limited' after acquisition of SLI Sylvania business worldwide has become one of the largest company in the Indian Electrical Industry with a turnover of over Rs.5000 crores or more. Group's vision is to be globally recognized as one of the best electrical, power distribution and lighting solutions provider. Group with its diversified portfolio of electrical products, touches the lives of millions of people, every single day and is committed to surpass the consumer expectations and setting standards in business and transactions based on mutual trust. The Group's foundation is laid on cohesive alignment of people's need and values with aims and purpose of the organization. It fosters an environment that is open and transparent where everyone is heard. The strong internal communications ensures every employee is well informed and often provides feedback to management. The Group firmly believes that its diversity, technology, strategic focus, geographic reach, and above all its culture and values will make it stand out and produce consistent results in the future.

### Diversification into Healthcare Business

QRG Group is committed to grow by exploring the business opportunities which the changing economy will bring forth, for the business communities. Forecasting growth and superior business prospects in healthcare services, the Group has acquired a majority stake in Central Hospital and Research Centre, a Faridabad based super speciality hospital which offers care in neurosurgery, plastic surgery, non-invasive cardiology, knee & joint replacement surgery, orthopedics, radiology with CT scan amongst many services.

## Management Discussion And Analysis Report

The hospital is well equipped with ICUs, operation theatres, blood bank and high quality diagnostic facilities

With commitment to provide effective and superior healthcare services to its countrymen who are facing enormous challenges in meeting their healthcare needs, the Group is poised to establish a medical hub with world class healthcare facilities and services.

### Overall Review

Like Golden Jubilee year for QRG Group, the year 2008 is also the Silver Jubilee for Havells India Limited.

During the year under review despite the slowdown in the growth of Industry Havells growth momentum continued and it registered sales amounting to Rs.2231.17 crores as compared to Rs.1681.06 crores during the previous year, posting growth of over 32%. The details of the performance are provided later in the Report.

During the year, the Company undertook following major initiatives to enhance its value proposition:

### Acquisition of SLI-Sylvania

With a vision to spread its wings abroad, Havells in the year 2007 acquired SLI Sylvania worldwide. Sylvania is one of the world's largest manufacturers of artificial light sources with a strong presence in Europe and Latin America while expanding rapidly in fast growth markets in Asia. Sylvania is one of the most globally recognized brands in the industry and has been there for over a century. The US\$ 600 mn acquisition in April 2007 has taken the Company to the league of a billion dollar club.

After acquisition of SLI Sylvania business worldwide, the first global meet was organized at Havells Corporate Office as a first step towards integration of Havells and Sylvania business. This integration rested on the management belief of participative management wherein, leaders at all levels are driven by the renewed Havells ethos. The two companies will continue to keep their separate brand identity for as long as needed, to create self confidence at all levels. The new Havells - Sylvania combine will progress to strengthen its position in the markets it already serves with large product offerings, while actively pursuing new possibilities in almost every part of the World. The integration would take best of this fantastic blend we have between the size and market position of Sylvania and low cost operations and strong product mix of Havells with its unique positioning which serves all facets of economic activities.

The global meet served as an excellent platform for exchange of ideas and views which would be useful in the furtherance and progress of Havells and Sylvania business. The message "Havells and Sylvania combination offers tremendous global opportunities for both companies" went loud and clear through out the meet. The senior officials of both teams expressed their willingness to work in co-operation and co-ordination with each other to make this combination a grand success in the near future.

### Brand Positioning by Promotional Campaigns

#### Change of name

For better administration purposes and to make the Havells brand clearly visible in Indian as well as in International market, the members of the Company at the previous AGM held on July 05, 2007 approved the change in the name of the Company by deleting 'apostrophe' from the word 'Havell's'. Apostrophe in the name also gives misleading results in case of any Joint Venture / Collaboration with the company because of its literal meaning.

With the approval of the Central Government, new name of the company, i.e. "Havells India Limited" has become effective from 28th day of July, 2007.

#### Promotional Campaigns

Brand 'Havells' is well entrenched in trade and institutional markets but the need to have top of the mind recall for consumers not only in India but across the globe, have prompted your company to rethink and revise brand promotional strategies. During the year your company increased the reach of its products to more consumers by earmarking an increased budget towards advertisement and sales promotion activities.

Cricket has traditionally been a great sport in India grabbing the largest numbers of eyeballs, where cricketers have been icons who have fascinated and captivated our imagination for decades. Cricket sponsorship has been the magic formula for brands to get instant recognition in an otherwise overcrowded market for both established and aspiring brands. Recognizing the fact that in India cricket commands largest number of viewership, your company associated with the sport by being the 'Co-presenting Sponsor' of India Vs England – Nat West Series and by being partner of T20 World Cup. Havells association with the sport still continues by featuring in the Indian Premier League (IPL) the first T20 tournament organized by the Board of Cricket Control of India (BCCI). Havells promotional advertisements are also featuring during the breaks of quiz programme "Kya Aap Paanchvi Pass Se Tez Hain".

Aggressive promotional campaigns, correct timing and use of media power has paid dividends and established Havells as a brand representing myriad electrical products with durability, innovative designs and superior quality. As on date, Havells as a brand enjoys wide recognition among the domestic & industrial consumers.

## Management Discussion And Analysis Report

### Tapping Overseas Business Opportunities

Havells in a continued effort to mark its global presence has ventured into new markets like Kazakhstan, Ukraine, Lithuania & Morocco. With offices in Dubai, Lagos, & Colombo the company is well poised to take advantage of these fast growing markets locally. Also with the present Sylvania infrastructure in markets like Middle East, Russia, Latin America the Company has better opportunities to grow on a larger scale in all product categories. Exports to other regions have also continued to grow & this growth has been brought about by the young & energetic team of International Business Division (IBD). Company's IBD team of professionals specialized in sales, marketing, sourcing, technical support and services is all set to face intense competition in global electrical industry and to scale new heights for the Company.

The focus of the company continues to be on strengthening presence in existing markets & to this extent extensive sales & brand building efforts have been taken. High growth markets like Russia, Middle East, Africa and East Europe continue to be strengthened. The visibility of the group was enhanced considerably through participation in prestigious fairs in Romania, Russia, Turkey, Germany and Dubai. This is being complemented by the efforts of our Product Development teams to modify and develop the current switchgear range in order to manufacture world class products that are certified by stringent organizations like VDE (Germany). These Certifications will enable a swift entry of company's products into the sophisticated and quality conscious markets of Europe.

In an attempt to fasten the integration process with SLI Sylvania, a dedicated team from IBD has been formed to work in close coordination with the various regional teams in Europe, America and S.E. Asia. This team aims to support their respective regions most optimally and achieve the profitability goals in the most beneficial manner. One of the earliest successes as a part of the above exercise is in Latin America, where we have already launched switchgear products under Sylvania brand in some countries and shall be following it up in some other countries as well. The LATAM team is also acting as a sourcing/central supply chain unit for the America, leading to cost savings and better control over suppliers. Such a synergy will allow Havells Sylvania to compete in the global markets and emerge as a leading player worldwide.

The coming year will witness the entry of our range of customized Switchgear products in S.E. Asia, mainly Thailand where the product is currently being test marketed before being extended to other countries like Malaysia, Phillipines, Vietnam etc.

Another area of high growth continues to be the African market where our company enjoys a strong brand equity. Sustained efforts are being made to target new markets like South Africa, Malawi, Congo, Tunisia, Rwanda, Senegal, Azerbaijan, Armenia, Georgia, Bulgaria, Estonia, Latvia etc.

### Expansion and Other Projects

As part of our expansion plans, a new manufacturing plant dedicated to Industrial Products was inaugurated at Baddi, Himachal Pradesh, India with an initial investment of Rs.30 crores. Capacity of this plant stands at Rs.100 crores in value terms. The Company intends to meet 50% of its industrial switchgear requirements from this plant. The first phase of this production has already started with manufacturing of Euroload Changeovers, FSUs( Fuse Switch Units) and conventional switchgear products. The plant is under process to obtain ISO:14001 and OHSAS Certifications. Efforts are also being made to incorporate fully integrated fabrication / powder coating / assembly at this plant.

During the year another manufacturing plant for producing Power Capacitors was inaugurated at Noida, U.P., India with an initial capital outlay of approx Rs.10 crores. Continuing on the expansion spree the QRG Group inaugurated a manufacturing plant dedicated to domestic and industrial switchgear under the brand name of 'Standard Electricals' with an investment of approx Rs.30 crores.

The Company's state of the art plant for manufacturing 'Energy Efficient Electric Motors' is situated at Neemrana in the state of Rajasthan. The initial plan is to start with LV induction motors where the present market is of more than Rs. 2000 crores. To introduce the complete range and to put up an advanced technology based manufacturing facility, Havells acquired the plant of AEG Electric Motors in Spain and shifted it to Neemrana. The motor plant, with a built up area of approx. 2 Lac sq.ft., has a unique impregnation, and high automation, apart from having one of the largest capacity in the country for manufacture of Induction Motors. Automatic winding machines will be used for motors upto 100 HP. These facilities would be the only one of its kind in the country. The plant is expected to be fully operational by the end of second quarter of this year.

To meet the growing demand of CFL, the Company's new state of the art plant with integrated and world class manufacturing facilities at Neemrana, Rajasthan, India is under construction and production roll out is expected by mid of the year 2008. The estimated CFL production capacity of this plant of over 0.5 crores CFLs per month will cater to the growing Indian market besides the large requirement of Sylvania worldwide.

To meet the growing demand of its cables, Company has acquired additional space area of around 30 acres adjacent to its existing plant at Alwar. The constructions for the additional plant has started and order for the machinery has been placed.

As part of our continuous improvement, some enhancement done at our facilities include:

- Fully automatic online data acquisition system for routine tests in mass production items like MCB, RCCB, RCBO, MCCBs and Fans.
- Quality and Document management system through SAP at all facilities.

## Management Discussion And Analysis Report

### Lighting Portfolio Enhancement

With continued quest for quality improvement and enhancement and with commitment to serve our customers with lighting solutions that match their needs, Havells has enhanced its portfolio and range of lighting products. Many new products with unique concepts have been introduced in the consumer luminaires and other luminaires segment - commercial luminaires, architectural luminaires, street light luminaires. New lighting products under the abovesaid segments which Havells recently launched are Electra, Estilo, Elite, Innova, Athena 4 and 5 (Post Top Lanterns), Gama Series, Kometa, Orion Nova etc.

### ECO Friendly Green CFLs

With commitment to provide improved, innovative and environment friendly products, the company during the year has launched eco friendly Green CFLs. The Green CFLs are manufactured using new Pill Dosing Technology (PDT) in which pills weigh only 4.5 mg and contain lead and mercury well within the prescribed RoHS limits. Launch of eco-friendly Green CFLs reflects Havells initiative in contributing towards preserving environment.

### Capital Re-organisation

During the year, the company has issued and allotted 41,60,000 Equity Shares of Rs.5/- each at an issue price of Rs.625/- per share and 26,00,000 Convertible Warrants at an issue price of Rs.690/- per warrant on preferential allotment basis to M/s Seacrest Investment Limited, Mauritius based company. Due to this, issued, subscribed and paid up equity share capital increased from 5,37,58,406 shares to 5,79,18,406 shares as on March 31, 2008. Consequently, the present shareholding of Seacrest Investment Limited is 7.18 % (without conversion of warrants into equity shares) and would be 11.17% (with conversion of warrants into equity shares).

Against the allotment of these securities, the Company received Rs.277.94 crores being the full amount of equity shares and 10% of the issue price of warrants. The balance money pursuant to allotment of warrants would be received at the time of their conversion into shares.

Objective of the preferential issue was to payoff the existing debts of the company and/or its subsidiaries, to meet capital expenditure for new products and to carry expansion / modernization of existing businesses of the Company. The abovesaid funds have been invested by the company in its wholly owned subsidiary company namely, Havell's Holdings Limited for repayment of the debts raised in the aforesaid subsidiary company to give effect to acquisition of SLI Sylvania business. There is no money lying unutilized out of the preferential issue.

### Strength & Opportunities

During the year under review Havells banked upon following areas:

#### Product Range

Havells provides a wide range of premium quality electrical products catering to the need of domestic and industrial consumers. With advent of Sylvania, Havells has varied range of lighting fixtures to offer to its customers. The company's endeavour is to add more and more new products in its existing bouquet.

#### Technology

Havells has 8 state-of-the art manufacturing facilities in India having the best technologies to produce the premium quality products. All Havells 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.

#### Brand

'Havells' is known in the industry for its premium quality electrical products whether Switchgear, Cables & Wires, Fans, CFLs or otherwise. The other brand 'Crabtree' is also well known for its Modular Switches and bath fitting products. Aggressive promotional campaigns during Indian Cricket Team matches and other T.V. advertisements have given 'Havells' and 'Crabtree' brands wider recognition among consumers.

#### CFI

Havells has set up a Central R & D facility at its Corporate Office premises at Noida which is equipped with the latest equipments for testing, developing, prototyping etc. The Centre with its team of young, dynamic engineering professionals, will be expanded this year. The Company is spending huge sums in R&D to ensure that it is abreast with the latest technologies and developments and is amongst the first to introduce new technologies.

This centralized R & D Centre of Havells is recognized by Department of Scientific & Industrial Research, Ministry of Science & Technology and has ISO:9000 accreditation. The Centre's main emphasis is on new product introduction, upgrade of existing products / processes, quality value engineering, adequate support to marketing and meeting special customer requirements.

#### Channel Partners

Havells today has the largest and strongest trade network in the electrical industry in India. Our dealers are our 'Partners in Progress'. Havells on the strength of its IBD team has established distribution networks and alliances with reputable overseas partners. With

## Management Discussion And Analysis Report

advent of SLI Sylvania the overseas distribution network of Havells has strengthened manifolds.

### Manpower

Havells has always prided itself in being a totally professional company for its human resource. Havells is consistently using the best practices to attract and retain the best of minds.

### Threats & Challenges

#### Competition

Competition whether domestic or international is always a challenge and transforming challenges into opportunities has been a practice at Havells.

#### Product life cycle

The life cycle of any product in this modernized world and fast changing requirement of customers is always a threat.

#### Imports

Low custom duties, expected to decline further. Rising incidence of dumping from China and other countries.

#### Cost of Raw material

Metal being a major raw material for almost all of our products, its fluctuating prices may affect our contribution margins. Havells is opting various measures to minimize the effect of escalating prices of raw material.

#### Inflation

Surging price level poses a major threat to the Company and the economy as a whole. Rising prices reduce the value of money leaving consumers with low purchasing power. Low purchasing power disturbs the demand supply chain which causes serious threat to production rollout.

### Segment Wise Performance

After acquisition of SLI Sylvania business your company has regrouped its products in segments namely : Switchgears, Cables & Wires, Lighting & Fixtures and Electrical Consumer Durables.

The company's segment wise performance is outlined below:

Name of the Segment	Segment Contribution to Revenue	Turnover (Rs. in crores)
Switchgears	25%	553.76
Cables & Wires	48%	1054.58
Lighting and Fixtures	13%	290.07
Electrical Durable Products	11%	240.70
Others	3%	71.10
<b>TOTAL</b>	<b>100%</b>	<b>2210.21</b>

### Cost Competitiveness

With rising material cost and no indications for stability in prices, Company is opting for various measures to minimise the effects of escalating material cost to the total cost of production. The Company has enhanced its cost competitiveness through improvements in processes using tools like Six Sigma, 5-S, TQM, Kaizen at all units of the Company. During the year under review Company has replaced its existing ERP - BaaN technology by more user and customer friendly ERP - SAP technology. The ERP-SAP became operational in August 2007.

### Financial Management

Fund management is crucial and important for the Company's growth. The financial system of the Organisation is responsible for the management of funds. At Havells, team of senior management periodically review organization's funds requirement. Operational and Finance team monitors the manufacturing operations and implementations of the projects and ensures that budgetary provisions are strictly adhered to.

The Company's financial management has held it in good stead over the years and has given it the unbeatable reputation of being one of the most profitable electrical manufacturing company in the country.

The Company had initiated moves in its right earnest for repaying and swapping the high interest borrowings with low interest rate funds. Currently the total borrowings of Rs.35.80 crores comprise term loans of Rs.19.63 crores and working capital and other loans of Rs.16.17 crores.

## Management Discussion And Analysis Report

### Risk Management

In the present business scenario carrying on business has become more challenging & complex with increasing globalization, intensified competition and complex technologies.

Risk may be defined as the probability of unpreceded or uncertain events which can adversely affect the achievement of Company's goals and objectives. Business risks may adversely affect the organisation's ability to achieve its goals and objectives. These need to be cohesively addressed by establishing a system which can identify and assess such risks and suggest measures to mitigate the probable risk. Hence risk management is a sine qua non in this complex business environment.

Risk management is a structured, consistent and continuous process, applied across the organization for identification and assessment of risks, control assessment and exposure monitoring.

Company's risk management system is based upon following underlying objectives:

- a) Identification and assessment of key risks in the context of the Company's risk appetite.
- b) Accurate, complete and timely escalation of risk information to support management decision making at all levels.
- c) Active involvement of all employees in the risk management process within their own areas of responsibility.
- d) Continuous monitoring and management to an acceptable level of the potential impact.
- e) Integration of risk management into the Company's day-to-day operations.

Broadly, the Company categorizes the risks into the following categories:

**Financial:** Foreign currency, funding, receivable management, working capital etc.

**Operational:** Cost competitiveness, quality, obsolescence, force majeure etc.

**Strategic:** Competition, substitution, business segment etc.

**Knowledge:** Legal & regulatory compliance, information technology etc.

The Company has formulated a Risk Management Committee, which is responsible for broadening and strengthening the Company's risk management; it comprises of Business, Units and Commercial Heads, Chief Financial Officer, Compliance Officer etc. The Company's framework on risk management and internal control has been framed by the reputed professional firm Ernst & Young team. The framework designed by Ernst & Young will soon be assimilated and integrated into the operations of the Company.

### Internal Control Systems and their adequacy

Commensurating with the size and nature of business, Havells has proper, adequate and extensive system of internal controls which ensures optimum utilization of resources, accurate and reliable financial reporting system, IT security and compliance with bye-laws, rules and regulations. The Company also has well defined organization structure, authority levels and predefined policies, internal rules and regulations.

The key elements of the Company's internal control systems comprise of:

- An adequately structured organisation with a clear definition of authority & responsibility of functions at each level.
- Clearly defined and articulated key result areas and performance indicators with appropriate information throughout the organisation to analyse team and individual performances.
- Well-defined policies with teams to monitor, covering areas such as financial reporting, accounting, information security, project appraisal and corporate governance.

The internal control systems have been fine-tuned in line with the global practices and have been adapted keeping in mind our environment. The internal control systems and processes are continually reviewed for their effectiveness by qualified members and a strong internal audit program to ensure strict adherence to principles. These controls pervade all the departments such as accounts and finance, manufacturing, operations, human resource development, marketing & purchase, material handling etc. Quarterly internal audit is conducted by the team of Internal Auditors. Their reports and replies of the management are placed before the Audit Committee.

Use of ERP and other software systems as financial and operational backbone, comprehensive MIS reporting system, documentation of processes and authority structures have strengthened the internal control within the organization. Data processing and its availability are prompt and has helped in quick decision making. Policies and procedures are reviewed from time to time and updated to meet the changing needs.

Qualified, experienced and independent Audit Committee of the Board of Directors regularly reviews plans, significant audit findings, internal control adequacy, compliance with accounting standards and other legal requirements relating to financial statements.

## Management Discussion And Analysis Report

### Material Developments in Human Resources / Industrial Relations

Havells with multi cultural employees spread across the country gives due respect to its human resource power. At Havells the team shares a common vision of achieving excellence in every sphere of business. The human resource function and initiatives of the Company are driven by strong set of values, policies and philosophy. Performance orientation and ethics are the cornerstones of our human resource philosophy. Our 'Code of Conduct' clearly defines our ethics for performance, behaviour at work and our relationships. To promote competent and conducive working environment company follows following set of practices:

- A flat organization;
- Competency mapping at the time of joining to ensure right person at the right job and to enhance productivity;
- An entrepreneurial mindset by delegating responsibility and allowing members to take full project control and ownership;
- Open to ideas, suggestions and communications for accelerated decision making;
- Recognition and rewards for performers.

Relations between employees and management have remained cordial through out the year. Initiatives are being taken to enhance the productivity of employees. Total employee strength of the QRG Group is about 4000, employed in several manufacturing plants and branch offices spread all over the country. Employees are professionals who are experts in their respective fields.

### Acknowledgement

This chapter will not be complete without recognizing the efforts put in by employees and business associates of Havells. With miles to go and thirst for more, your Management places on record its appreciation for the sincere services rendered by the employees and colleagues at all levels, who have put in their best efforts and have extended unstinted cooperation without which this growth would not have been possible. The Management looks forward to this continued support as it strives to fulfill its vision of making Havells globally recognised, as one of the best electrical, power distribution and lighting solutions provider.



## Auditors' Report

To  
The Members  
Havells India Limited

We have audited the attached Balance Sheet of Havells India Limited, as at 31st March 2008 and also the Profit and Loss Account of the Company 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 misstatement. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order 2004 issued by the Central Government in terms of subsection (4A) of section 227 of the Companies Act, 1956, we give 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, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv) in our opinion, the Balance sheet, the Profit and loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section 3(C) of section 211 of Companies Act, 1956;
- v) on the basis of written representations received from the directors, as on 31st March, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2008 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 said accounts read together with the significant accounting policies and other 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, 2008;
  - (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 of the company for the year ended on that date.

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

**(V.P. BANSAL)**  
Proprietor  
Membership No. 8843

Noida, May 22, 2008

## Auditors' Report

### ANNEXURE TO THE AUDITORS' REPORT

(This is the Annexure referred to in 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 the physical verification is reasonable having regard to the size of the company and the nature of its business. We have been informed that no material discrepancies were noticed on such physical verification.  
c) In our opinion, the fixed assets disposed off during the year do not constitute substantial part of fixed assets of the company and such disposal has, in our opinion, not affected the going concern status of the company.
2. a) 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 within the books of account.
3. In our opinion and as per the information given to us, the company has not 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. Hence clauses 3 a, b, c, d, e, f and g are not applicable to the company.
4. In our opinion, there is an adequate internal control system 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 and services. In our opinion, there is no continuing failure to correct major weaknesses in internal control system.
5. a) As per 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 in the register in pursuance of section 301 of the Act have been so entered.  
b) In our opinion and according to the information and explanations given to us, the transactions made during the year, aggregating in value of Rupees five lakhs or more for each party, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not accepted deposits from public. Therefore, directives issued by the Reserve Bank Of India and the provisions of section 58A and 58AA or any other relevant provisions of the companies Act, 1956 and rules framed there under are not applicable for the year under audit.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Company is engaged in the manufacturing 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, Service 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 2008, 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 441A of the Companies Act, 1956, since the required notification has not been issued by the Central Government in this regard.

## Auditors' Report

- b) The cases of dues of Sales Tax/Income Tax/Custom Duty/Wealth Tax/Service Tax/Excise Duty/Cess which have not been deposited on account of any dispute are referred to in point nos. 17 of Schedule No. 20 of the balance sheet.
10. The Company has no accumulated losses. The Company has not incurred any cash losses in the financial year under report and in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to a financial institution and banks. 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. In our opinion, the Company is not a chit fund, nidhi or mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. The Company is not dealing in shares, debentures and other investments.
15. According to the information and explanation given to us, the company has given following guarantees for loan taken by others from various banks and institutions:
  - a) Corporate guarantee of 34 millions (Rs. 214.51 crores) for and on behalf of wholly owned subsidiary company Havell's Netherlands Holding B.V., Netherlands in respect of Asian Terms Facility Agreement entered with Barclays Capital and State Bank of India on 13th March, 2007.
  - b) An unconditional and irrevocable financial commitment in respect of US\$ 40 million (Rs.159.88 crores) loan facility taken by its wholly owned subsidiary Havells Holding Limited, Isle of Man from ABN Amro Bank, Singapore.
  - c) An irrevocable and unconditional corporate guarantee in respect of credit facilities and other financial accommodation availed by Havells Sylvania Europe Limited up to the amount of Euro 10 millions (Rs. 63.09 crores).In our opinion, the terms and conditions on which such guarantees have been given are not prima facie prejudicial to the interest of the Company, since the guarantees are on account of commercial expediency.
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.
18. The company has not made any preferential allotment of shares to parties and companies covered under register maintained under section 301 of the Act during the year.
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 information made available to us, any fraud on or by the company has not been noticed or reported during the year under report.

Noida, May 22, 2008

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

**(V.P. BANSAL)**  
Proprietor  
Membership No. 8843

## Balance Sheet

	Schedule No.	As at 31.03.08	As at 31.03.07
<b>I. SOURCES OF FUNDS</b>			
<b>1. SHARE CAPITAL</b>			
Share capital	1	28.96	26.88
Reserves and surplus	2	<u>620.07</u>	<u>235.55</u>
		<u>649.03</u>	<u>262.43</u>
<b>2. Equity warrants issued and subscribed</b>		17.94	-
<b>3. LOAN FUNDS</b>			
Secured loans	3	31.48	45.93
Unsecured loans	4	<u>4.32</u>	<u>10.13</u>
		<u>35.80</u>	<u>56.06</u>
<b>4. DEFERRED INCOME TAX (NET)</b>		13.62	11.83
<b>Total</b>		<u><b>716.39</b></u>	<u><b>330.32</b></u>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. FIXED ASSETS</b>			
Gross block	5	344.52	244.35
Less: Accumulated depreciation		<u>42.63</u>	<u>31.36</u>
Net block		<u>301.89</u>	<u>212.99</u>
Add: Capital work-in-progress		<u>83.36</u>	<u>29.26</u>
Total fixed assets		<u>385.25</u>	<u>242.25</u>
<b>2. INVESTMENTS</b>	6	164.79	3.48
<b>3. CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	7	430.29	239.50
Sundry debtors		66.07	30.96
Cash and bank balances		64.91	33.17
Other current assets		2.93	3.76
Loans and advances		<u>76.10</u>	<u>58.75</u>
		<u>640.30</u>	<u>366.14</u>
<b>Less: Current Liabilities and Provisions</b>	8	436.28	249.94
Current liabilities		<u>37.77</u>	<u>31.75</u>
Provisions		<u>474.05</u>	<u>281.69</u>
<b>NET CURRENT ASSETS</b>		166.25	84.45
<b>4. MISCELLANEOUS EXPENDITURE</b>	9	0.10	0.14
<b>Total</b>		<u><b>716.39</b></u>	<u><b>330.32</b></u>
<b>Accounting policies, contingent liabilities and notes on accounts</b>	20		

For and on behalf of the Board of Directors

As per attached Auditors' Report of even date

**Qimat Rai Gupta**  
Chairman & Managing Director

**Surjit Gupta**  
Director

**For V.P.Bansal & Co.**  
Chartered Accountants

**Ritu Mehrotra**  
Company Secretary  
Noida, May 22, 2008

**Mahesh Jain**  
Vice President-Finance & Accounts

**V.P. Bansal**  
Proprietor  
Membership No. 8843

## Profit and Loss Account

	Schedule No.	Year ended 31.03.08	Year ended 31.03.07
<b>1. INCOME</b>			
Turnover -Gross	10	2231.17	1681.06
Less: Excise duty		<u>176.31</u>	<u>133.84</u>
Turnover -Net		2054.86	1547.22
Other Income	11	<u>14.54</u>	<u>5.42</u>
		<u>2069.40</u>	<u>1552.64</u>
<b>2. EXPENDITURE</b>			
Materials cost	12	1311.49	986.17
Manufacturing	13	134.26	99.41
Personnel	14	72.17	51.46
Office and administration	15	48.31	37.53
Selling and distribution	16	296.20	225.19
Interest and financial	17	25.42	20.94
Managerial remuneration	18	2.20	1.62
Miscellaneous expenditure written off	19	0.04	0.04
Depreciation		<u>13.06</u>	<u>9.74</u>
		<u>1903.15</u>	<u>1432.10</u>
<b>3. PROFIT BEFORE TAX</b>		<u><b>166.25</b></u>	<u><b>120.54</b></u>
Income tax expense		19.21	14.60
Current tax		1.66	1.45
Fringe benefit tax		1.79	2.30
Deferred tax		0.05	0.04
Wealth tax		<u>22.71</u>	<u>18.39</u>
<b>4. PROFIT AFTER TAX</b>		<u><b>143.54</b></u>	<u><b>102.15</b></u>
<b>5. PROFIT FOR APPROPRIATION</b>			
Brought forward from previous year		193.23	117.80
Profit for the year		<u>143.54</u>	<u>102.15</u>
<b>Profit available for appropriation</b>		<u><b>336.77</b></u>	<u><b>219.95</b></u>
<b>APPROPRIATIONS</b>			
Transfer to general reserve		14.50	11.00
Proposed dividend		14.48	13.44
Corporate dividend tax		2.46	2.28
Balance carried over to Balance Sheet		<u>305.33</u>	<u>193.23</u>
		<u><b>336.77</b></u>	<u><b>219.95</b></u>
Earning per share - Basic and Diluted (in Rs.)		26.00	19.00
<b>Accounting policies, contingent liabilities and notes on accounts</b>	20		

For and on behalf of the Board of Directors

As per attached Auditors' Report of even date

**Qimat Rai Gupta**  
Chairman & Managing Director

**Surjit Gupta**  
Director

**For V.P.Bansal & Co.**  
Chartered Accountants

**Ritu Mehrotra**  
Company Secretary  
Noida, May 22, 2008

**Mahesh Jain**  
Vice President-Finance & Accounts

**V.P. Bansal**  
Proprietor  
Membership No. 8843

## Cash Flow Statement

	(Rs. in crores)	
	Year ended 31.03.2008	Year ended 31.03.2007
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	166.25	120.54
Adjustments for		
Depreciation	13.06	9.74
Loss on sale of fixed assets	0.80	1.28
Profit on sale of fixed assets	(2.39)	(0.00)
Interest Income	(0.77)	(1.28)
Interest paid	20.65	16.15
Miscellaneous expenditure written off	0.04	0.04
<b>Operating Profit before working capital changes</b>	197.64	146.47
Adjustments for		
Trade and other receivables	(40.20)	80.52
Inventories	(190.79)	(48.89)
Trade payables	171.56	24.21
Other liabilities	14.77	14.44
Cash generated from operations	152.98	216.75
Direct taxes paid	(23.96)	(14.74)
<b>Cash Flow Before Extraordinary Items</b>	129.02	202.01
<b>Net Cash received (+) / used (-) from Operating Activities</b>	<b>129.02</b>	<b>202.01</b>
<b>B. CASH FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(45.00)	(72.56)
Addition in capital work-in-progress	(116.29)	(29.22)
Investment in shares	(161.30)	(0.30)
Sale of fixed assets	6.82	1.71
Interest received	0.77	1.28
<b>Net Cash used in Investing Activities</b>	<b>(315.00)</b>	<b>(99.09)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity shares on preferential basis	260.00	-
Proceeds from issue of equity warrants	17.94	-
Repayment of short term borrowings	(4.61)	(42.23)
Repayment of long term borrowings	(15.00)	(9.81)
Repayment of fixed deposits	-	(1.30)
Repayment of motor car loans	(0.65)	(0.44)
Increase in expenditure on increase in capital	-	(0.13)
Interest paid	(20.65)	(16.15)
Dividends paid	(13.44)	(6.72)
<b>Net Cash received (+) / used (-) from Financing Activities</b>	<b>223.59</b>	<b>(76.78)</b>

## Cash Flow Statement

	(Rs. in crores)	
	Year ended 31.03.2008	Year ended 31.03.2007
<b>Net increase (+) / decrease (-) in cash and cash equivalents (A+B+C)</b>	37.61	26.14
Cash and cash equivalents as at the beginning of the year	26.61	0.47
Cash and cash equivalents as at the close of the year	64.22	26.61

Note: Cash and cash equivalents as at the close of the year does not include Rs.0.69 crore (previous year 6.56 crores) on account of fixed deposit under margin money and pledged with government departments, unclaimed dividend account and interest accrued on fixed deposit.

### For and on behalf of the Board of Directors

**Qimat Rai Gupta**  
Chairman & Managing Director

**Ritu Mehrotra**  
Company Secretary  
Noida, May 22, 2008

**Surjit Gupta**  
Director

**Maresh Jain**  
Vice President-Finance & Accounts

### AUDITORS' CERTIFICATE

We have examined the above cash flow statement of Havells India Limited for the year ended 31st March 2008. 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, 2008 and 31st March, 2007, covered by our report dated May 22, 2008 and May 15, 2007 respectively to the members of the Company.

Noida, May 22, 2008

**For V.P.Bansal & Co.**  
Chartered Accountants

**V.P. Bansal**  
Proprietor  
Membership No. 8843

## Schedules

	(Rs. in crores)	
	As at 31.03.08	As at 31.03.07
<b>SCHEDULE NO. 1 SHARE CAPITAL</b>		
<b>Authorised</b> 80,000,000 (Previous Year 80,000,000) Equity Shares of Rs.5/- each	40.00	40.00
<b>Issued, Subscribed and Paid Up</b> 57,918,406 (Previous Year 53,758,406) Equity Shares of Rs.5/- each fully paid up	28.96	26.88
	<u>28.96</u>	<u>26.88</u>
<b>Out of the above:-</b> 3,613,359 (Previous year 3,613,359) equity shares allotted as fully paid up pursuant to a contract without payments being received in cash. 40,800,402 (Previous year 40,800,402) equity shares issued as fully paid up bonus shares by capitalisation of Securities Premium Account and General Reserve. 854,545 (Previous year 854,545) equity shares issued as fully paid up pursuant to conversion of 4% fully convertible debentures.		
<b>SCHEDULE NO. 2 RESERVES AND SURPLUS</b>		
<b>Capital reserve</b>	5.19	5.19
	<u>5.19</u>	<u>5.19</u>
<b>Securities premium account</b> As per last Balance Sheet Add: Additions during the year Less: Capitalized by way of issue of Bonus Shares	9.63 257.92 -	23.07 - 13.44
	<u>267.55</u>	<u>9.63</u>
<b>General reserve</b> As per last Balance Sheet Add: Transfer from Profit and Loss account	27.50 14.50	16.50 11.00
	<u>42.00</u>	<u>27.50</u>
<b>Profit and loss account</b> Balance as per Profit and Loss account	305.33	193.23
	<u>620.07</u>	<u>235.55</u>

## Schedules

	(Rs. in crores)	
	As at 31.03.08	As at 31.03.07
<b>SCHEDULE NO. 3 SECURED LOANS</b>		
<b>Working capital loans from banks</b> Cash Credit accounts Bills discounted	3.51 -	- 2.31
<b>Term Loans from Banks</b> External Commercial Borrowings Term loan Against hypothecation of Motor Cars	19.24 - 0.39	28.53 11.03 1.04
<b>Deferred Payment Credits</b> Against purchase of Industrial land	8.34	3.02
	<u>31.48</u>	<u>45.93</u>
[Due within a year Rs.12.18 crores (previous year Rs.13.49 crores)]		
<b>Notes:-</b>		
1 Working Capital Limits are under consortium of Canara Bank, Corporation Bank, Union Bank of India, IDBI Bank Limited, State Bank of India and Yes Bank Limited.		
2 Working capital limits from consortium banks are secured by way of: * pari-passu first charge on stocks of raw materials, semi-finished, finished goods, stores and spares, bills receivables, book debts and all movable and other current assets of the Company. * pari-passu first charge on land and building at 14/3, Mathura Road, Faridabad (Haryana). * pari-passu second charge on land and building at A-461/462, MIA Alwar ( Rajasthan) * pari-passu second charge on plant and machinery, generators, furniture and fixtures, electric fans and installations in respect of which first charge is held with term lenders.		
3 External Commercial Borrowings (ECB) are from ICICI Bank Limited, Singapore and in secured by way of pari-passu first charge on all the assets of the Company except those charged against working capital limits.		
<b>SCHEDULE NO. 4 UNSECURED LOANS</b> <b>Short term loans and advances</b> From Bank - Bills discounted	4.32	10.13
	<u>4.32</u>	<u>10.13</u>

SI No.	Description	Gross Block			Depreciation			Net Block		
		As at 01.04.2007	Additions During The year	Sales/ Adjustment	As at 31.03.2008	For The Year	Sales/ Adjustment	To Date	As at 31.03.2008	As at 31.03.2007
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	Industrial land Freehold Leasehold	16.91 9.76	23.94 0.29	- 0.11	40.85 9.94	- -	- -	- -	40.85 9.94	16.91 9.76
2	Factory buildings	62.90	14.78	1.52	76.16	2.29	0.22	6.57	69.59	58.40
3	Office premises	0.20	11.02	-	11.22	0.15	-	0.19	11.03	0.16
4	Plant and machinery	108.63	30.87	2.09	137.41	5.85	0.68	18.73	118.68	95.07
5	Generators	4.87	0.17	-	5.04	0.23	-	0.98	4.06	4.12
6	Furniture and fixtures	6.69	4.70	0.36	11.03	0.78	0.17	3.16	7.87	4.14
7	Electric fans and installations	10.63	3.92	0.11	14.44	0.62	0.05	2.10	12.34	9.10
8	Water supply installations	0.21	0.06	0.00	0.27	0.01	0.00	0.07	0.20	0.15
9	Weighing scale	0.22	0.08	0.01	0.29	0.01	0.00	0.06	0.23	0.17
10	EDP Equipments	8.55	6.32	0.37	14.50	1.52	0.23	6.51	7.99	3.33
11	Office equipments	2.33	0.77	0.09	3.01	0.18	0.04	0.77	2.24	1.70
12	Airconditioners	2.44	2.77	1.50	3.71	0.15	0.06	0.54	3.17	1.99
13	Vehicles	6.28	2.36	0.86	7.78	0.68	0.34	1.80	5.98	4.82
14	R & D Equipments	3.56	1.08	-	4.64	0.28	-	0.80	3.84	3.04
15	Intangible Assets Computer Software Technical know-how	0.17 -	3.75 0.31	- -	3.92 0.31	0.31 0.00	- -	0.35 0.00	3.57 0.31	0.13 0.00
16	Add:Capital work-in-Progress	244.35	107.19	7.02	344.52	13.06	1.79	42.63	301.89	212.99
	Total-current year	29.26	77.53	23.43	83.36	-	-	-	83.36	29.26
	Previous year	273.61	184.72	30.45	427.88	13.06	1.79	42.63	385.25	242.25
		175.64	108.52	10.55	273.61	9.74	0.83	31.36	242.25	92.33

Notes: -

- Depreciation has been provided on rates as per 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 GENVAT credit. Depreciation in respect of assets for a value not exceeding Rs.5000/- has been provided at the rate of 100%.
- Factory building at Badli (Delhi) is on rented premises.
- Office premises include Rs. 0.05 crore and Rs. 0.02 crore 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.
- Leasehold land includes industrial plots (2 Nos.) at Bawana Industrial area in respect of which possession has not been taken as yet.
- Addition in freehold and leasehold industrial land includes interest of Rs.0.27 crore (previous year Rs. Nil) and Rs.0.29 crore (previous year Rs. 0.38 crore) respectively capitalised.
- Capital work-in-progress include a sum of Rs.2.88 crore (previous year Rs.0.13 crore) on account of pre-operative expenses in respect of Neemrana Project which is under implementation.
- The title deeds in respect of freehold land purchased at Neemrana and at Alwar, Rajasthan is yet to be executed.

## Schedules

### SCHEDULE NO. 6 INVESTMENTS

(Long term, trade, unquoted, at cost)

#### Subsidiary Companies (Wholly owned):

Havells Cyprus Limited  
1000 (Previous year 1000) Equity Shares of 1 Cyprus Pound each  
Share application money pending allotment  
Havells Holdings Limited  
20,133,056 (Previous year 34,042) Ordinary Shares of 1 GBP each

#### Others:

G.S.Lighting Private Limited  
44210 Equity Shares of Rs. 100/- each. (purchased at Rs.712.51 per share, including share transfer stamps)  
Aggregate value of unquoted investments

	As at 31.03.08	As at 31.03.07
Havells Cyprus Limited	0.01	0.01
Share application money pending allotment	0.06	0.01
Havells Holdings Limited	161.55	0.29
G.S.Lighting Private Limited	3.17	3.17
<b>Total</b>	<b>164.79</b>	<b>3.48</b>

### SCHEDULE NO. 7 CURRENT ASSETS, LOANS AND ADVANCES

#### Inventories (as taken, valued and certified by the management)

Raw materials and components  
Semi finished goods  
Finished goods  
Consumable Stores, tools and spare parts  
Dies and fixtures  
Packing materials  
Fuel and Gases  
Scrap materials

	As at 31.03.08	As at 31.03.07
Raw materials and components	99.49	43.59
Semi finished goods	20.61	19.58
Finished goods	291.44	163.18
Consumable Stores, tools and spare parts	1.12	0.96
Dies and fixtures	13.75	9.15
Packing materials	3.30	2.48
Fuel and Gases	0.13	0.14
Scrap materials	0.45	0.42
<b>Total</b>	<b>430.29</b>	<b>239.50</b>

#### Sundry debtors (unsecured)

Debts outstanding for a period exceeding six months  
considered good  
considered doubtful  
  
Less: provision for doubtful debts  
  
Other debts -considered good

	As at 31.03.08	As at 31.03.07
Debts outstanding for a period exceeding six months	7.42	10.73
considered good	1.46	1.68
considered doubtful	8.88	12.41
Less: provision for doubtful debts	1.46	1.68
Other debts -considered good	7.42	10.73
<b>Total</b>	<b>66.07</b>	<b>30.96</b>

#### Cash and bank balances

Cash in hand  
**With scheduled banks :**  
Current accounts  
EEFC account  
Cash credit accounts  
Unclaimed dividend account  
Fixed deposits account  
Margin money  
Pledged with government departments  
No lien account  
Interest accrued on fixed deposits

	As at 31.03.08	As at 31.03.07
Cash in hand	0.19	0.13
<b>With scheduled banks :</b>		
Current accounts	1.18	0.61
EEFC account	-	0.00
Cash credit accounts	11.02	7.80
Unclaimed dividend account	0.16	0.14
Fixed deposits account		
Margin money	0.33	6.14
Pledged with government departments	0.03	0.05
No lien account	51.50	18.00
Interest accrued on fixed deposits	0.17	0.23

#### With non-scheduled banks :

Current accounts

	As at 31.03.08	As at 31.03.07
Current accounts	0.33	0.07
<b>Total</b>	<b>64.91</b>	<b>33.17</b>

#### Other current assets - (Unsecured - Considered good)

Export incentives receivable  
DEPB licences in hand  
Capital investment subsidy receivable  
Claims receivable

	As at 31.03.08	As at 31.03.07
Export incentives receivable	0.99	1.17
DEPB licences in hand	0.39	1.33
Capital investment subsidy receivable	1.20	1.20
Claims receivable	0.35	0.06
<b>Total</b>	<b>2.93</b>	<b>3.76</b>

## Schedules

	(Rs. in crores)	
	As at 31.03.08	As at 31.03.07
<b>Loans and advances (unsecured- considered good)</b>		
Loans and advances to subsidiary companies	-	4.85
Advances recoverable in cash or in kind or for value to be received	41.62	30.42
Earnest money and security deposits	7.89	5.63
Balance with excise department:		
Excise duty	3.57	2.55
Service tax	3.30	0.81
Balance of VAT with sales tax department	0.96	1.29
Advance income tax, tax at source and fringe benefit tax	18.76	13.20
	<u>76.10</u>	<u>58.75</u>
	<u>640.30</u>	<u>366.14</u>
<b>SCHEDULE NO. 8 CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Acceptances	163.31	77.65
Sundry creditors - due to SSI undertakings	4.20	12.53
- due to other than SSI undertakings	185.25	91.02
Unclaimed dividend	0.16	0.14
Trade deposits and advances	20.18	25.71
Other liabilities	61.61	42.19
Interest accrued but not due	1.57	0.70
	<u>436.28</u>	<u>249.94</u>
*Investor Protection and Education Fund is being credited by the amount of unclaimed dividend after seven years from the due date.		
<b>PROVISIONS</b>		
Income tax	19.12	14.60
Fringe benefit Tax	1.66	1.39
Wealth tax	0.05	0.04
Proposed dividend	14.48	13.44
Corporate dividend tax	2.46	2.28
	<u>37.77</u>	<u>31.75</u>
	<u>474.05</u>	<u>281.69</u>
<b>SCHEDULE NO. 9 MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted)		
Expenditure on increase in capital		
As per last Balance Sheet	0.14	0.05
Add: paid during the year	-	0.13
	0.14	0.18
Less: written off	0.04	0.04
	<u>0.10</u>	<u>0.14</u>

## Schedules

	(Rs. in crores)	
	Year ended 31.03.08	Year ended 31.03.07
<b>SCHEDULE NO. 10 TURNOVER (GROSS)</b>		
Sales of goods	2210.21	1665.74
Scrap materials	17.78	11.97
Export incentives	2.81	3.25
Job charges	0.37	0.10
	<u>2231.17</u>	<u>1681.06</u>
<b>SCHEDULE NO. 11 OTHER INCOME</b>		
Interest on deposits and from customers [TDS Rs.0.13 crore, previous year Rs.0.06 crore]	0.77	1.28
Exchange fluctuations (Net)	6.95	1.88
Miscellaneous receipts	3.91	1.28
Profit on sale of fixed assets	2.39	0.00
Excess provision of income/fringe benefit tax written back	0.05	0.32
Excess provision of bad debts written back	0.47	0.66
	<u>14.54</u>	<u>5.42</u>
<b>SCHEDULE NO. 12 MATERIALS COST</b>		
Raw materials and components consumed	1146.73	877.90
Packing materials consumed	46.07	28.32
Purchase of traded goods	247.60	137.12
Add: Opening stocks		
Traded goods	35.43	21.68
Finished goods	127.75	89.02
Semi finished goods	19.58	15.99
Scrap materials	0.42	0.17
	<u>183.18</u>	<u>126.86</u>
Less: Value of stocks destroyed/damaged due to fire/flood (Net of Salvage Value)	-	2.67
Less: Closing stocks		
Traded goods	97.18	35.43
Finished goods	194.26	127.75
Semi finished goods	20.61	19.58
Scrap materials	0.45	0.42
	<u>312.50</u>	<u>183.18</u>
Add: Excise duty on increase/decrease in finished goods and scrap materials	0.41	1.82
	<u>1311.49</u>	<u>986.17</u>

## Schedules

	Year ended 31.03.08	Year ended 31.03.07
<b>SCHEDULE NO. 13 MANUFACTURING EXPENSES</b>		
Factory rent	-	0.02
Rates and taxes	0.12	0.09
Job charges	53.91	36.38
Power, fuel and water	21.00	17.55
Consumable stores and tools consumed	26.23	19.00
Trade mark fees	17.56	13.74
Repairs and Maintenance		
Machinery	5.37	4.93
Building	1.47	0.59
Others	2.27	1.74
Research and development expenses	4.34	3.74
Other manufacturing expenses	1.99	1.63
	<b><u>134.26</u></b>	<b><u>99.41</u></b>
<b>SCHEDULE NO. 14 PERSONNEL EXPENSES</b>		
Salaries, wages, bonus and other benefits	64.31	45.26
Contribution towards PF and ESI	3.47	2.47
Contribution towards Gratuity fund and gratuity paid	1.05	1.35
Employees welfare	3.34	2.38
	<b><u>72.17</u></b>	<b><u>51.46</u></b>
<b>SCHEDULE NO. 15 OFFICE AND ADMINISTRATION EXPENSES</b>		
Rent	5.28	3.52
Rates and taxes	0.15	0.10
Printing and stationery	1.92	1.58
Postage, telephone and communication expenses	5.05	4.26
Electricity and water charges	2.01	1.46
Travelling, conveyance and vehicle maintenance	22.50	16.35
Legal and professional	2.25	2.26
Auditor's remuneration		
Audit fee	0.23	0.13
Taxation matters	0.03	0.03
Out of pocket expenses	0.00	0.00
Insurance	2.64	2.56
Donation	0.50	0.38
Loss on sale of assets	0.80	1.28
Director's sitting fees	0.06	0.03
Miscellaneous office expenses	4.89	3.54
Loss due to fire/flood	0.00	0.05
	<b><u>48.31</u></b>	<b><u>37.53</u></b>

## Schedules

	Year ended 31.03.08	Year ended 31.03.07
<b>SCHEDULE NO. 16 SELLING AND DISTRIBUTION EXPENSES</b>		
Advertisement and Sales promotion	53.50	31.58
Freight, Packing and insurance	62.52	49.64
Discount, commission and sales incentives	152.71	121.59
Debtors factoring charges	18.71	12.75
Bad debts, liquidity damages and short recoveries	3.87	5.21
Provision for doubtful debts	0.27	0.78
Sales tax and Service tax paid	1.70	1.57
Miscellaneous selling expenses	2.92	2.07
	<b><u>296.20</u></b>	<b><u>225.19</u></b>
<b>SCHEDULE NO. 17 INTEREST AND FINANCIAL EXPENSES</b>		
Interest		
on fixed loans	2.60	3.31
on non-fixed loans	18.05	12.84
Bank charges	3.61	3.52
Miscellaneous financial expenses	1.16	1.27
	<b><u>25.42</u></b>	<b><u>20.94</u></b>
<b>SCHEDULE NO. 18 MANAGERIAL REMUNERATION</b>		
Managing Directors remuneration	0.66	0.58
Wholtime Directors remuneration	1.54	1.04
	<b><u>2.20</u></b>	<b><u>1.62</u></b>
<b>SCHEDULE NO. 19 MISCELLANEOUS EXPENDITURE WRITTEN OFF</b>		
Miscellaneous expenditure written off	0.04	0.04
	<b><u>0.04</u></b>	<b><u>0.04</u></b>



## Schedules

### SCHEDULE NO. 20

#### Accounting Policies, Contingent Liabilities And Notes On Accounts For The Year Ending 31st March,2008

##### A. SIGNIFICANT ACCOUNTING POLICIES

###### 1. Accounting Convention

The accounts have been prepared on historical cost convention as a going concern on accrual basis, in accordance with the requirements of the Companies Act, 1956 and in accordance with the accounting principles generally accepted in India, and comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The management evaluates all recently issued or revised accounting standards on an ongoing basis.

###### 2. Use of Estimates

The preparation of financial statements under generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that effect the reported statements of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenue and expenses during the year. The actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

###### 3. Fixed Assets, Capital work-in-progress and Depreciation

- 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 less accumulated depreciation and impairment losses, if any. Fixed assets are further adjusted by the amount of CENVAT credit and VAT credit wherever applicable and subsidy directly attributable to the cost of fixed assets. Interest and other borrowing costs during construction period on borrowings to finance fixed assets is capitalised.
- Capital work-in-progress comprises cost of fixed assets that are not yet ready for their intended use at the balance sheet date.
- 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 fixed assets added/dropped off during the year is provided on pro-rata basis. Depreciation on assets for a value not exceeding Rs.5000/- acquired during the year is provided at the rate of 100%
- The cost and the accumulated depreciation for fixed assets sold or otherwise disposed off are removed from the stated values and resulting gain and losses are recognised in profit and loss account.
- 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.
- Preoperative expenditure and trial run expenditure accumulated as capital work in progress is allocated on the basis of prime cost of fixed assets in the year of commercial production.

###### 4. Intangible assets

Intangible assets are recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the company and cost of the assets can be measured reliably. Intangible assets are amortised on a straight line basis over six years being estimated useful life of the assets.

###### 5. Investments

Investments are long term and are stated at cost less provision, if any, for diminution in value which is other than temporary. Cost of investments includes acquisition charges such as brokerage, fees, duties and other incidental charges related to the acquisition. Any exchange income/(loss) arising on disposal of investments in a foreign subsidiary is credited/debited to the profit and loss account under exchange rate variation.

###### 6. Inventories

- Raw materials and components, semi finished goods, finished goods, stores and spare parts and packing materials have been taken at lower of cost or net realisable value. Excise duty has been added in the value of inventory of finished goods and scrap material, except at Baddi and Haridwar Units of the Company which are exempted from payment of excise duty.
- The inventories are valued on the basis of moving weighted average method.
- Cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition excluding duties and taxes subsequently recoverable from the taxing authorities in case of input materials.
- The stocks of scrap materials have been taken at net realisable value.

## Schedules

- The stocks of dies and fixtures have been taken at the residual effective life as certified by the respective factory heads.

### 7. Foreign currency transactions

#### a) Initial Recognition

Transactions in foreign currency are recorded at exchange rate prevailing on the date of transaction.

#### b) Conversion and Exchange Differences

Monetary assets and liabilities denominated in foreign currency are translated at the rate of exchange at the balance sheet date and resultant gain or loss is recognized in the profit and loss account. Non monetary assets and liabilities denominated in foreign currency are carried at historical cost using the exchange rate at the date of transaction.

#### c) Foreign Branches

The operations of foreign branches of company are integral in nature and financial statements of these branches are translated using the same principles and procedures as of its head office.

#### d) Forward Exchange Contracts

The company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The company does not enter into any derivative instruments for trading or speculative purposes. Any gain or loss arising from remeasuring the hedging instrument at fair value as at the balance sheet date is recognised in the statement of profit and loss account and the gain or loss on the hedged item attributable to the hedged risk is adjusted to the carrying amount of hedged item.

### 8. Retirement Benefits

#### a) Gratuity

The gratuity liability in respect of employees of the company is covered through a policy taken by a trust established under the Group Gratuity Scheme of ING Vysya Fund. The liabilities with respect to the gratuity plan are determined by actuarial valuation as on the Balance Sheet date, based upon which, the company contributes to the Employees Group Gratuity Scheme. The contribution towards the premium of the policy paid to the trust is treated as revenue expenditure.

#### b) Provident and other Fund

Contribution to Provident fund and Employees State Insurance Scheme is made in accordance with the relevant fund/scheme and is treated as revenue expenditure.

#### c) Leave Encashment

Leave encashment is provided on the basis of earned leave standing to the credit of the employees and the same is discharged by the company by the year end.

### 9. Research and Development

Intangible Assets arising from development are recognized if the asset is identifiable and future economic benefits from the assets are probable. Expenditure on research is recognized as an expense when it is incurred. Research and development costs include salaries and other related cost of personnel, cost of material and services consumed.

### 10. Revenue Recognition

The principles of revenue recognition are given below:

#### a) Sale of Goods

Revenue from sales are recognised when significant risks and rewards of ownership of the goods have passed to the buyer which coincides with delivery and are recorded net of trade discount. Sales include excise duty but are exclusive of value added tax. Sales do not include inter-divisional transfers.

#### b) Export Incentive

Export incentives such as DEPB benefits are recognised on post export basis on entitlement rates. DEBP License in hand are carried at cost.

#### c) Interest

Interest income is recognised on a time proportion basis.

#### d) Others

Insurance claims are recognised when there exists no significant uncertainty with regard to the amounts to be realised and the ultimate collection thereof.

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### 11. Prior period Items

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

### 12. 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 costs are recognized as an expense in the period in which they are incurred. Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

### 13. Miscellaneous Expenditure

Expenditure on increase in capital is being amortized over a period of five years.

### 14. Segment Information - Basis of Information

The accounting policies adopted for segment reporting are in line with accounting policies used in the preparation of financial statements of the Company. The company identifies its business segment as primary reporting segment and geographical segment as a secondary reporting segment. Revenue, expense, assets and liabilities, which relate to the Company as a whole and do not relate to any segment, are not allocated.

### 15. Earning Per Share

The earnings considered in ascertaining the Company's earning per share (EPS) comprises the net profit after tax. The number of shares used in computing Basic and diluted EPS is weighted average number of shares outstanding during the year. The number of shares and dilutive shares are adjusted on issue of bonus shares, if any.

### 16. Taxes on Income

Tax expense for the year comprises of current tax, deferred tax and fringe benefit tax.

#### a) Current Tax

Current tax is determined on the amount of tax payable in respect of taxable income for the period, using the applicable tax rates and tax laws in accordance with the provisions of Indian Income Tax Act, 1961.

#### b) Deferred Tax

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being difference between taxable and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

#### c) Fringe Benefit Tax

Fringe Benefit tax is provided in accordance with the provisions of Income Tax Act, 1961.

### 17. Impairment of assets

At each Balance Sheet date an assessment is made whether there is any indication of impairment of the carrying amount of the company's assets. The recoverable amount of such assets are estimated, if any indication exists. Impairment loss is recognised wherever the carrying amount of the assets exceeds its recoverable amount.

### 18. Contingent Liabilities and Provisions

#### Contingent Liabilities

Contingent liabilities are disclosed by way of notes and are not recognised as an item of expense in the profit and loss account. Contingent gains are not recognised.

#### Provisions

Provisions are recognised as liability only when these can be measured by using a substantial degree of estimation and where present obligations of the enterprise arise from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits. Provisions are not discounted to its present value and are determined based on management estimate to settle the obligation at the balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

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### B. CONTINGENT LIABILITIES

	<u>2008</u>	<u>2007</u>
a) Estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	27.89	60.80
b) Bank guarantees and letter of credits opened with bank (net of margin money)	84.41	58.71
c) Bonds to excise department against export of excisable goods/purchase of goods without payment of duty (net of margin money)	17.16	3.58
d) Custom duty payable against export obligation	13.75	6.06
e) Suits filed against the company not acknowledged as debts	3.08	2.61
f) Receivables assigned with banks.	18.02	13.29
g) Disputed tax liabilities in respect of pending cases before Appellate Authorities	5.58	3.90
h) Corporate Guarantee given on behalf of subsidiary companies	529.96	520.83
l) Export bills discounted with banks	15.27	4.43

### C. NOTES

- a) The company has the following foreign subsidiaries as on 31st March, 2008.

Name of Subsidiaries	Country of incorporation	Date of Control	Nature	Extent of Control
1. Havell's Cyprus Limited	Cyprus	20.07.2006	Wholly Owned Subsidiary	100%
2. Havell's Holdings Limited	Isle of Man	09.03.2007	Wholly Owned Subsidiary	100%
3. Havell's Malta Limited	Malta	13.03.2007	Wholly Owned Subsidiary of Havell's Holdings Ltd	100%
4. Havell's Netherlands Holding B.V.	Netherlands	13.03.2007	Wholly Owned Subsidiary of Havell's Malta Ltd	100%
5. Havell's Netherlands B.V.	Netherlands	13.03.2007	Wholly Owned Subsidiary of Havell's Netherlands Holding B.V.	100%
6. SLI Europe B.V.	Netherlands	20.04.2007	Wholly Owned Subsidiary of Havell's Netherlands B.V.	100%
7. Havells Sylvania Holdings BVI-1 Limited	British Virgin Islands	20.04.2007	Wholly Owned Subsidiary of Havell's Netherlands B.V.	100%
8. Havells SLI Lighting Products Inc.	Delaware, USA	20.04.2007	Wholly Owned Subsidiary of Havell's Netherlands B.V.	100%

## Schedules

- b) Havells Netherlands B.V., a step down subsidiary of the company has acquired the entire share capital of Havells SLI Europe B.V., Netherlands, Havells Sylvania Holdings BVI-1 Limited, British Virgin Islands and Havells SLI Lighting Products Inc., Delaware as per the share purchase agreement dated 13th March, 2007. The acquisition was completed on 20th April, 2007, by virtue of which the said companies have become step down subsidiaries of the company.
- c) The above companies namely Havells SLI Europe B.V., Netherlands, Havells Sylvania Holdings BVI-1 Limited, British Virgin Islands and Havells SLI Lighting Products Inc., Delaware, U.S.A have 45 subsidiaries as on the balance sheet date.
2. In accordance with the Shareholders' Approval in the Extra Ordinary General meeting of the company held on 19th November, 2007 the company has, on a preferential basis issued and allotted the following securities to M/s Seacrest Investment Limited, a Warburg Pincus group company, in accordance with the provisions of Chapter XIII of SEBI ( Disclosure and Investor Protection) Guidelines, 2000.
- a) 4,160,000 Equity Shares of Rs. 5/- each fully paid up at price of Rs. 625/- per share aggregating to Rs. 260 crores, and
- b) 2,600,000 Warrants convertible into equity shares at Rs. 690/- per warrant (" warrant price") aggregating to Rs. 179.40 crores, against which the Company has received an amount equivalent to 10% of the warrant price i.e. Rs. 69/- per warrant. The said warrants are convertible into equity shares on or before the expiry of 18 months from the date of their allotment in one or more tranches. The company has applied for approval for the said issue to Foreign Investment Promotion Board (FIPB) and the approval has not been received as yet.
3. As per the terms of the preferential issue, the object of the issue was to payoff the existing debts of the company and/ or its subsidiaries, capital expenditure for new products, modernisation/ expansion of existing businesses of the company. The said funds have been invested by the company in its wholly owned subsidiary company namely, Havells Holding Limited for repayment of debts raised by the said subsidiary company. There are no monies lying unutilised out of the proceeds of the preferential issue as at the Balance Sheet date.
4. The IDBI Bank Limited has sanctioned a receivable buyout facility of Rs.250 crores to the company. As per the terms with the bankers, the debtors are insured to the extent of 95% and for the balance the said bankers have recourse on the company to the extent of 5% of each debt or Rs.0.02 crore, whichever is higher. As on the date of Balance Sheet total debtors assigned to the bankers are at Rs. 238.57 crores (previous year Rs.199.79 crores). With the result, the debtors at the end of the year stand reduced by the said amount. A sum of Rs.18.71 crores (previous year Rs.12.75 crores) on account of charges paid for this facility has been debited to debtors factoring charges account.
5. The CENVAT credit and VAT credit in respect of capital goods has been adjusted @ 100% to the cost of fixed assets. The CENVAT credit 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. The VAT credit has been availed as per the VAT rules applicable in the respective states.
6. The company has transferred and deposited a sum of Rs. 0.01 crore (previous year Rs. 0.01 crore) out of unclaimed dividend pertaining to the year 1999-2000 to Investor Education and Protection Fund of Central Government in accordance with the provisions of Section 205C of the Companies Act, 1956.
7. a) The company is setting up a new unit at Neemrana, Rajasthan for the manufacture of electric motors and compact florescent lamps (CFL) and has invested a sum of Rs.100.90 crores (previous year Rs.16.03 crores) in the project as on the balance sheet date.
- b) The company's manufacturing units at Baddi, (Himachal Pradesh) and Hardwar (Uttaranchal) are exempted from excise duty vide Notification No. 49 and 50/2003 issued by Government of India, Ministry of Finance, Department of Revenue, Central Board of Excise and Customs, New Delhi and the profit of the said units are eligible for deduction under section 80 IC of the Income Tax Act, 1961.
- c) In respect of Baddi and Hardwar units, the CENVAT credit against fixed assets has not been adjusted and provision for excise duty payable on finished goods and scrap materials has not been made since the units are exempted from payment of excise duty.
8. The Company has made a provision of excise duty amounting to Rs. 6.60 crores (previous year Rs. 6.19 crores) payable on stocks of finished goods and scrap material at the end of year except at Baddi and Hardwar units as stated in note no. 7 (c) above. Excise duty is considered as an element of cost at the time of manufacture of goods.
9. The Company has imported a plant for its motor unit at Neemrana from Spain (Europe) against which the company has obtained a Buyers' Credit facility from Canara Bank, London for Euro 3.7 million (Rs. 23.34 crores). The said facility is secured by way of hypothecation of said plant and machinery including stocks, furnitures, computers and other moveable assets awarded in the public auction.
10. Sundry debtors include a sum of Rs.8.91 crores (previous year Rs.3.20 crores) due from subsidiaries and companies under the same management as under :

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Name of the company	Relationship	Amount due	(Rs.in crores)
			Maximum Amount
Standard Electricals Limited	Company under the same management	0.06 (3.20)	7.30 (9.84)
Havells Sylvania UK Limited	Step down Subsidiary company	0.04 (nil)	4.32 (nil)
Havells Sylvania Colombia S.A.	Step down Subsidiary company	0.00 (nil)	0.003 (nil)
Havells Sylvania Europe Limited	Step down Subsidiary company	8.09 (nil)	18.59 (nil)
Havells Holding Inc	Step down Subsidiary company	0.72 (nil)	0.72 (nil)
Havells Sylvania (Thailand) Limited	Step down Subsidiary company	0.004 (nil)	0.004 (nil)

11. a) Balance with scheduled banks in current accounts include Rs.Nil with State Bank of India, Dhaka [previous year Rs. 0.0005 crore ( US\$ 10.77)]

b) Balance with other banks include:

Name of the bank	Amount		Maximum balance	
	Rs. (in crore)	Dhirams	Rs. (in crore)	Dhirams
National Bank of Dubai	0.24 (0.05)	211986 (41299)	0.24 (0.17)	218507 (142952)
Bank of China, Shanghai	0.10 (0.02)	174329 (32783)	0.14 (0.09)	251845 (161284)

12. a) Sundry creditors include a sum of Rs.10.74 crores (previous year Rs.12.53 crores) due to small scale industries.

b) The list of small scale industries to whom the company owes any sum, which is outstanding for more than 30 days is as under :

A.V.Fastner Pvt.Ltd, Aakriti Engineers, Accurate Industries, Ameerje Enterprises, Arihant Engg.Industries, Arun Enterprises, A t c o Controls (i) Pvt.Ltd, Aum Techno Ceramics, Balaji Aluminium Alloys Pvt.Ltd, Capital Packaging Industries, Chandra Electrical Industries, Chetan Cabletronics, Dinesh Printing Press, Empire Fastners, G. S. Lighting Pvt. Ltd, Genuine Electric Co., H y p e r Industries, Indian Die Casting industries, Indo Transferable co., Industrial Components, Integ Electronics, K. K. G. Industries, K.R.ThermopackPvt.Ltd, Krishna Engg.Industries, MEC Bearing Pvt.Ltd, Mega Packers, Mohindera Products, National Adhesiv, Norell, Packform Industries, Pearl Strips Pvt.Ltd, Pinaki Industries, Prayag Sands, Prem Udyog, R.N.Diecasting, R.N.G.Packaging Pvt.Ltd, Royal Pressing and components, Rupam Conductors Pvt.Ltd, Salwan Plastomers, Sankhya Shafts and Spendils P. Ltd., Sonya Insulators, Special Springs (India) Pvt.Ltd, Super Engineering works, Tech Plast India Pvt.Ltd, Thriaarr Ploymers Pvt.Ltd, Trikuta Metals, Victor Paints, Wheels Polymers Pvt.Ltd

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.

e) The unpaid overdue amounts as of March 31, 2008 due to micro, small scale and medium enterprises is Rs. Nil (previous year Rs. Nil). This information has been compiled in respect of parties to the extent they could be identified as Micro, Small-Scale and Medium Enterprises on the basis of information available.

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13. The company is under obligation to export goods within a period of eight years from the date of issue of EPCG licences issued in terms of para 5.2/5.7 of Export and Import Policy 2002-2007. The company is under obligation to export goods worth Rs. 109.78 crores (previous year Rs.48.22 crores) within the stipulated time as specified in the respective licences.
14. Pursuant to the adoption of Accounting Standards as prescribed by Companies (Accounting Standard) Rules, 2006 issued by Ministry of Corporate Affairs vide notification no.G.S.R.739 (E) dated December 7, 2006, as required by Accounting Standard - 11 on "The Effect of Changes in Foreign Exchange Rates", the company has recognised net loss arising on account of foreign exchange fluctuations amounting to Rs.0.08 crore and gain of Rs.0.04 crore for the year ended March 31st, 2008, in the profit and loss account relating to acquisition of fixed assets. This has resulted in profit before tax for the year being lower by Rs. 0.04 crore.
15. The company has implemented SAP w.e.f. 01.08.2007 and consequent to this, the inventories have been valued on moving weighted average as against FIFO basis which was being adopted in earlier years. Due to such change, the impact on profit is not significant as estimated by the management.
16. 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.
17. That the company has disputed various tax liabilities before the appellate authorities, the details of said liabilities and the forum where pending are as under:

Sl. No	Statute	Nature of Dues	Period to which relates	Disputed Amount (Rs. in crores)	Forum where disputes are pending
A. 1	<b>Excise Duty</b> Central Excise Act, 1944	Demand/Penalty	1998 to 2002 and	0.35	CESTAT, Delhi
			2004-05 1994 to 1997	0.37	The Commissioner (Appeals), Central Excise, Delhi
B. 1	<b>Income Tax</b> Income tax	Demand	2002-03 and 2004-05	0.80	The Commissioner of income tax (Appeals), New Delhi
C. 1	<b>Sales Tax/VAT</b> Sales Tax/Value Added Tax	Demand Demand/Penalty/ Interest	2005-06	2.22	High Court
			2003-04 to 2005-06	1.49	The Joint/ Deputy Commissioner (Appeals)
D. 1 2	<b>Others</b> Local Area Development Tax	Demand Interest	2001-02	0.12	The Joint Excise and Taxation Commissioner- (Appeals), Haryana
				0.12	
	Customs Act	Custom Duty	2006-07	0.11	CESTAT, Delhi
<b>Total</b>				<b>5.58</b>	

No provision in respect of the above amount has been made since the company expects no liability on this account.

Besides the above show cause notices from various departments have been received by the company in respect of which provisions have not been made since the company has adequately represented to the concerned departments

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18. a) The company has given a corporate guarantee of Euro 34 million (Rs 214.51 crores) for and on behalf of wholly owned subsidiary company Havell's Netherlands Holding B.V., Netherlands in respect of Asian Terms Facility Agreement entered with Barclays Capital and State Bank of India on 13th March, 2007, which is secured by way of pari-passu first charge on all the assets of the company except those charged against working capital. The documents for creation of charge is pending for want of RBI permission.
- b) The company has undertaken an unconditional and irrevocable financial commitment in respect of loan of US\$ 40 million (Rs. 159.88 crores) availed by its wholly owned subsidiary company Havells Holding Limited, Isle of Man from ABN Amro Bank, Singapore.
- c) The company has given a irrevocable and unconditional corporate guarantee in respect of credit facilities and other financial accommodation availed by Havells Sylvania Europe Limited upto the amount of Euro 10 million (Rs. 63.09 crores).
19. a) Foreign Currency Loan from ICICI Bank Limited, Singapore has been translated at the prevailing rate of exchange as on the date of balance sheet .Consequent to realignment of the value of foreign currency loan, the rupee liability of the company has decreased by Rs.1.68 crores (previous year Rs.0.91 crore). The said exchange gain of Rs.1.68 crores has been credited to the profit and loss account.
- b) Buyers' Credit Facility from Canara Bank, London has been translated at the prevailing rate of exchange as on the date of balance sheet. Consequent to realignment, the value of credit facility has increased by Rs.2.79 crores (previous year Rs. nil). The said exchange loss has been treated as preoperative expenditure pending capitalisation in Neemrana unit of the company to the extent of Rs.2.33 crores and the balance sum of Rs.0.46 crore has been treated as financing cost in accordance with requirements of (AS-16) "Borrowing Costs" issued by the Institute of Chartered Accountants of India.
- c) The Company has entered into currency swap deal with IDBI Bank Limited, Yes Bank Limited, Canara Bank, Kotak Mahindra Bank Limited and DBS Bank Limited in order to reduce the cost of existing term loans. In accordance with the accounting policy of the company, the company has recognised a exchange fluctuation of Rs.0.71 crore (previous year income Rs.1.28 crores) and credited to the profit and loss account.
- d) The company has earned income on account of exchange fluctuation of Rs.2.56 crores on part redemption of its investments in the subsidiary company Havells Holding Limited and has been credited to profit and loss account.

The above treatments have been done in accordance with the requirements of Accounting Standard (AS-11) revised "The effects of changes in foreign exchange rates" issued by the Institute of Chartered Accountants of India.

20. The company uses Foreign Exchange Contracts to hedge its exposure for movements in foreign exchange rates in case of underlying assets being imports in case of the Company. Pursuant to announcement of AS-30, "Accounting for Derivatives" issued by the Institute of Chartered Accountants of India, the value of Rs.12.05 crores based on "Mark to Market", as on balance sheet date has been adjusted to the carrying cost of underlying assets.
21. Interest and other borrowing costs amounting to Rs.1.63 crores (previous year Rs.0.38 crore) 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.
22. In accordance with accounting standard - AS-28 "Impairment of Assets" issued by the Institute of Chartered accountant of India and made applicable w.e.f 1st April 2004, the company has identified its divisions into cash generating units. The cash generating units have been identified on the basis of group of assets that includes the asset that generates cash inflows from continuing use that are largely independent of other assets or group of assets. As on 31st March 2008, the company has identified its principal cash generating units into MCB Division(Badli, Delhi), Industrial Switchgear Division and CFL Division (Faridabad), Cable Division (Alwar, Rajasthan), EOU Division and Switchgear Division (Baddi, Himachal Pardesh), Fan, CFL and Luminaries Division at Hardwar (Uttanchal), Capacitor Division at Noida (Uttar Pradesh) and company's Head Office and branches at various locations.

Each of the aforesaid cash generating units have been assessed at the balance sheet date and tested for impairment. The company has generally considered external factors influencing impairment of assets such as significant changes in market value of the assets, changes in technological, market, economic or legal environment, return on investment etc. and internal factors such as obsolescence, physical damage, changes at operation level etc. for assessment of impairment conditions existing in the cash generating units as on the Balance Sheet date. Further, where production line itself is not impaired, impairment conditions are not recognised in individual machine if any. After due consideration to above factors it is established that no impairment conditions exist in any of the cash generating units as on the Balance Sheet date.

### 23. Deferred Tax and Current Tax

#### Current Tax

The company has made a provision for current tax in accordance with the provisions of section 115 JB of the Income Tax Act 1961.

## Schedules

### Deferred Tax

In accordance with the Accounting Standard (AS-22) relating to taxes on income, the break-up of deferred tax assets and deferred tax liabilities is as under:

	(Rs. in crores)	
	2008	2007
<b>Deferred Tax Liability</b>		
1 Deferred Tax Liability		
a) on account of difference in rates and method of depreciation	17.98	14.14
b) on account of different treatment of certain payments under I.T. Act.	2.66	1.57
	<u>20.64</u>	<u>15.71</u>
2 Deferred Tax Assets		
a) on account of different treatment of certain payments under I.T. Act.	2.89	2.26
b) on account of provision for leave encashment and bonus	1.47	1.06
c) on on account provision for doubtful debts not treated as expense under I.T. Act.	0.50	0.57
d) on account of tax credit for MAT( Minimum Alternate Tax)	2.16	
	<u>7.02</u>	<u>3.88</u>
3 Deferred income tax liability (Net)		
a) at the end of year	13.62	11.83
b) for the year	1.79	2.30

### 24. Disclosures required by Accounting Standard (AS- 29) relating to ' Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised such as bad debts, sales incentives and other expenses of commercial nature. The provisions are recognised on the basis of past events and the probable settlement of the present obligation as a result of the past events during the year.

The movement in provisions are as under:

Carrying amount at the beginning of the year	6.69	5.48
Additional provisions made during the year	5.78	4.40
Amount used during the year	1.55	3.12
Unused amounts reversed during the year	0.06	0.07
Carrying amount of provisions at the close of the year	<u>10.86</u>	<u>6.69</u>

## Schedules

(Rs. in crores)

### 25. a) Break-up of remuneration paid to Managing/Whole time Directors' is as under :

Salary and bonus	1.31	0.97
Mediclaim insurance	0.005	0.004
Leave salary	0.05	0.04
Commission	0.84	0.61
	<u>2.20</u>	<u>1.62</u>

Sh Anil Gupta, Director of the Company has been paid a remuneration of Rs. 0.20 crores (previous year Rs. 0.19 crores) by Standard Electricals Limited and Rs. nil ( previous year Rs 0.008 crores) by TTL Limited, companies under the same management.

Sh Surjit Gupta, Director of the Company has been paid a remuneration of Rs.0.20 crores (previous year Rs. 0.18 crores) by TTL Limited, a company under the same management.

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

Net profit as per profit and loss account	143.54	102.15
Add: Income tax, Deferred tax and Fringe benefit tax	22.66	18.35
Wealth tax	0.05	0.04
Managing/Whole-time Director's remuneration	2.20	1.62
Director's sitting fee	0.06	0.03
Depreciation charged in accounts	13.06	9.74
Provision for doubtful debts	0.27	0.78
Loss on sale of Assets	0.80	1.28
	<u>182.64</u>	<u>133.99</u>
Less: Depreciation as per section 350 of the Companies Act, 1956	13.06	9.74
Profit on sale of Assets	2.39	0.00
Excess Provision of Income Tax written back	0.05	0.32
Excess Provision of Bad Debts written back	0.47	0.66
Net profit as per section 349 of the Companies Act, 1956	<u>166.67</u>	<u>123.27</u>
Maximum remuneration payable @10% of net profit	16.67	12.33
Maximum remuneration payable @5% of net profit to each director	8.33	6.16

26. The Company has proposed a dividend @ 50% on its equity capital for the year and a provision for corporate dividend tax including surcharge and education cess thereon has been made in accordance with the Finance Act 2008. The said amount is not subject to tax deducted at source (TDS).

27. 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.

28. The details of Investments as per Schedule No. 6 are as under:

(Rs. in crores)

Name of the Company	2008			2007		
	Face Value	Number	Amount	Face Value	Number	Amount
<b>Long Term Investment-Subsidiary Companies</b>						
Havells Cyprus Limited	1 Cyprus pound	1000	0.01	1 Cyprus pound	1000	0.01
Havells Holdings Limited						
Opening	1 GBP	34042	0.29	0	0	0
Purchased during the year	1 GBP	35522067	283.58	1 GBP	34042	0.29
Redemption during the year	1 GBP	15423053	122.31	0	0	0
Closing	1 GBP	20133056	161.55	1 GBP	34042	0.29
<b>Long Term Investment-Other Companies</b>						
G.S.Lighting Private Limited	100 (Rs.)	44210	3.17	100 (Rs.)	44210	3.17

## Schedules

### 29. Segment Reporting

The segment reporting of the Company has been prepared in accordance with Accounting Standard (AS-17), "Accounting for Segment Reporting" issued by the Institute of Chartered Accountants of India.

#### Segment Reporting Policies

##### a) Identification of Segments:

Primary- Business Segment

The company has identified four reportable segments viz. Switchgears, Cable and wires, Lighting and fixtures and Electrical Consumer Durables on the basis of the nature of products, the risk return profile of individual business and the internal business reporting systems.

Secondary- Geographical Segment

The analysis of geographical segment is based on geographical location of the customers.

b) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocated".

c) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investment, tax related assets and other assets and liabilities that can not be allocated to a segment on reasonable basis have been disclosed as "Others".

#### (i) Primary- Business Segment

##### A. Revenue

###### Segment Revenue (Gross)

	(Rs. in crores)	
	2008	2007
Switchgears	568.18	428.87
Cable and wires	1064.29	777.99
Lighting and fixtures	289.44	238.73
Electrical consumable durables	240.02	169.88
Others	83.78	71.01
	<u>2245.71</u>	<u>1686.48</u>

##### B. Results

###### Segment Results

Switchgears	178.05	127.70
Cable and wires	96.44	90.88
Lighting and fixtures	37.41	25.14
Electrical consumable durables	51.71	25.22
Others	6.60	1.53
	<u>370.21</u>	<u>270.47</u>

Unallocated expenses net of income

	183.31	133.78
<b>Operating Profit</b>	<b>186.90</b>	<b>136.69</b>
Interest Expenses	20.65	16.15
<b>Profit before tax</b>	<b>166.25</b>	<b>120.54</b>
Income tax expense and wealth tax	22.71	18.39
<b>Profit after tax</b>	<b>143.54</b>	<b>102.15</b>

##### C. Other Information

###### Segment Assets

Switchgears	369.21	167.79
Cable and wires	258.09	188.92
Lighting and fixtures	125.26	52.80
Electrical consumable durables	85.14	47.59
Others	352.64	154.77
	<u>1190.34</u>	<u>611.87</u>

## Schedules

(Rs. in crores)

### Segment Liabilities

	2008	2007
Switchgears	84.68	46.50
Cable and wires	197.51	92.16
Lighting and fixtures	16.00	27.53
Electrical consumable durables	22.79	13.60
Others	153.07	101.90
	<u>474.05</u>	<u>281.69</u>

### Capital Expenditure

Switchgears	109.60	27.24
Cable and wires	36.47	26.80
Lighting and fixtures	5.37	6.20
Electrical consumable durables	5.71	12.60
Others	27.57	35.68
	<u>184.72</u>	<u>108.52</u>

### Depreciation

Switchgears	3.89	2.74
Cable and wires	3.40	2.49
Lighting and fixtures	1.13	0.95
Electrical consumable durables	1.16	1.12
Others	3.48	2.44
	<u>13.06</u>	<u>9.74</u>

### Non-cash expenses other than depreciation

Switchgears	0.08	0.02
Cable and wires	0.15	0.02
Lighting and fixtures	0.04	0.01
Electrical consumable durables	0.03	0.00
Others	0.01	0.77
	<u>0.31</u>	<u>0.82</u>

#### (ii) Secondary- Geographical Segments

The following is the distribution of Company's consolidated revenue by geographical market, regardless of where the goods were produced.

Revenue-Domestic Market	2105.69	1582.22
Revenue-Overseas Market	140.02	104.26
	<u>2245.71</u>	<u>1686.48</u>

#### Fixed assets located (Including Capital work-in-progress)

Within India	385.16	242.14
Outside India	0.09	0.11
	<u>385.25</u>	<u>242.25</u>

#### 30. Earning per share

##### Basic and Diluted Earning per share

Numerator for earning per share				
Profit after Taxation	Rs. in crores	143.54		102.15
Denominator for earning per share				
Weighted number of equity shares outstanding during the period	Nos.	55,205,858		53,758,406
Earning per share-Basic and Diluted	Rs.	26.00		19.00

The issue of 26,00,000 warrants convertible into equity shares at Rs.690/- per share on or before expiry of 18 months from the date of their allotment has not been considered dilutive since the issue price is greater than prevailing fair price of the equity shares.

## Schedules

### 31. Related party transactions

As per Accounting Standard (AS-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 Companies

	Relationship
Havell's Cyprus Limited	WOS*
Havell's Holdings Limited	WOS
Havell's Malta Limited	WOS of Havell's Holdings Limited
Havell's Netherlands Holding B.V.	WOS of Havell's Malta Limited
Havell's Netherlands B.V.	WOS of Havell's Netherlands Holding B.V.
SLI Europe B.V.	WOS of Havell's Netherlands B.V.
Havells Sylvania Holdings BV1 Limited	WOS of Havell's Netherlands B.V.
Havells SLI Lighting Products Inc.	WOS of Havell's Netherlands B.V.
Flowil International Lighting (Holding) B.V.	WOS of SLI Europe BV
Sylvania Lighting International B.V.	WOS of SLI Europe BV
Havells Sylvania (Thailand) Limited	WOS of Flowil International Lighting (Holding) B.V.
Havells Sylvania (Guangzhou) Enterprises Ltd	WOS of Flowil International Lighting (Holding) B.V.
Havells Sylvania Asia Pacific Limited	WOS of Flowil International Lighting (Holding) B.V.
Havells Sylvania Sweden A.B.	WOS of Flowil International Lighting (Holding) B.V.
Havells Sylvania Finland OY	WOS of Flowil International Lighting (Holding) B.V.
Havells Sylvania Norway A.S.	WOS of Flowil International Lighting (Holding) B.V.
Havells Sylvania Fixtures Netherlands B.V.	WOS of Flowil International Lighting (Holding) B.V.
Havells Sylvania Lighting Belgium N.V.	WOS of Flowil International Lighting (Holding) B.V.
Havells Sylvania Belgium B.V.B.A.	WOS of Flowil International Lighting (Holding) B.V.
Havells Sylvania Lighting France S.A.	WOS of Flowil International Lighting (Holding) B.V.
Havells Sylvania France S.A.S.	WOS of Havells Sylvania Lighting France SA
Havells Sylvania Italy S.P.A.	WOS of Flowil International Lighting (Holding) B.V.
Havells Sylvania Portugal Lda	WOS of Flowil International Lighting (Holding) B.V.
Havells Sylvania Greece A.E.E.E.	WOS of Flowil International Lighting (Holding) B.V.
Havells Sylvania Spain S.A.	WOS of Flowil International Lighting (Holding) B.V.
Havells Sylvania Spain Logistics S.L.	WOS of Flowil International Lighting (Holding) B.V.
Havells Sylvania Germany GmbH	WOS of Flowil International Lighting (Holding) B.V.
Havells Sylvania Switzerland S.A.	WOS of Flowil International Lighting (Holding) B.V.
Havells Sylvania Brasil Iluminacao Lda.	WOS of Sylvania Lighting International B.V.
Havells Sylvania Argentina S.A.	WOS of Sylvania Lighting International B.V.
Havells Sylvania S.A.N.V.	WOS of Sylvania Lighting International B.V.
Havells Sylvania Colombia S.A.	WOS of Havells Sylvania Holdings BVI-1 Limited
Havells SLI de Mexico S.A. de C.V.	WOS of Sylvania Lighting International B.V.
Havells SLI Servicios Generales Mexico S.A. de CV.	WOS of Havells SLI de Mexico SA de CV
Havells Sylvania El Salvador S.A. de C.V.	WOS of Havells Sylvania Export N.V.
Havells Sylvania Guatemala S.A.	WOS of Havells Sylvania Export N.V.
Havells Sylvania Costa Rica S.A.	WOS of Havells Sylvania Export N.V.
Havells Sylvania Panama S.A.	WOS of Havells Sylvania Export N.V.
Havells Sylvania Venezuela C.A.	WOS of Havells Sylvania Columbia S.A.
Marlin Lighting Limited	WOS of Havells Sylvania Fixtures UK Limited

## Schedules

Linolite Limited	WOS of Havells Sylvania UK Limited
Badalex Limited	WOS of SLI Europe BV
Havells Sylvania Europe Limited	WOS of Flowil International Lighting (Holding) B.V.
Havells Sylvania UK Limited	WOS of Havells Sylvania Europe Limited
Havells Sylvania Fixtures UK Limited	WOS of Havells Sylvania Fixtures UK Limited
Havells Holding Inc	WOS of Havell's Netherlands B.V.
Havells Sylvania Tunisia S.A.R.L.	WOS of Flowil International Lighting (Holding) B.V.
Havells Sylvania Export S.A.N.V.	WOS of Sylvania Lighting International B.V.
Havells Sylvania Holdings BVI-2 Limited	WOS of Havells Sylvania Holdings BVI-1 Limited
Sylvania Geschäft mbh	WOS of Flowil International Lighting (Holding) B.V.
Concord Lighting Limited	WOS of Havells Sylvania Venezuela C.A.
Precision Materials Sarl	WOS of Havells Sylvania Lighting France SA
Havells Sylvania Dubai FZCO	WOS of Havells Sylvania Europe Limited

\* Wholly owned subsidiary

#### 2. Associates

QRG Enterprises Limited  
TTL Limited  
Standard Electricals Limited  
Guptajee & Company  
QRG Foundation

#### 3. Key Management Personnel

Shri Qimat Rai Gupta  
Shri Surjit Gupta  
Shri Anil Gupta  
Shri Rajesh Gupta

## Schedules

(B) Transactions during the year

(Rs. in crores)

Particulars	Subsidiaries	Associates	Key Management Personnel	Total
Purchase of goods	0.93 (-)	12.79 (22.21)	- (-)	13.72 (22.21)
Sale of goods	29.10 (-)	40.43 (34.30)	- (-)	69.53 (34.30)
Sales incentives, discounts and commission paid	- (-)	6.82 (3.66)	- (-)	6.82 (3.66)
Purchase of fixed assets	- (-)	0.003 (0.006)	- (-)	0.003 (0.006)
Sales of fixed assets	- (-)	2.75 (0.01)	- (-)	2.75 (0.01)
Rent paid	- (-)	1.18 (0.09)	- (-)	1.18 (0.09)
Reimbursement for rent	- (-)	0.14 (0.14)	- (-)	0.14 (0.14)
Trade mark fee paid	- (-)	17.56 (13.74)	- (-)	17.56 (13.74)
Donation paid	- (-)	0.35 (0.35)	- (-)	0.35 (0.35)
Recovery of Expenses	0.72 (-)	0.09 (-)	- (-)	0.81 (-)
DEPB Purchase	- (-)	0.007 (0.10)	- (-)	0.007 (0.10)
Loans and advances	- (4.87)	- (-)	- (-)	- (4.87)
Directors remuneration	- (-)	- (-)	2.20 (1.62)	2.20 (1.62)
<b>Total - Current Year</b>	<b>30.75</b>	<b>82.12</b>	<b>2.20</b>	<b>115.07</b>
<b>- Previous Year</b>	<b>(4.87)</b>	<b>(74.61)</b>	<b>(1.62)</b>	<b>(81.10)</b>

(C) Balances at the year end

Receivables	8.86 (4.87)	0.06 (3.20)	- (-)	8.92 (8.07)
Payables	0.02 (-)	0.71 (-)	- (-)	0.73 (-)

Notes : Figures in brackets relates to previous year.

## Schedules

32. Particulars of loans and advances in the nature of loans given to wholly owned subsidiaries :-

(A) Loans and Advances in the nature of loans given to wholly owned subsidiaries

Name of the company	Balance as on date		Maximum outstanding during the year	
	2008	2007	2008	2007
	1 Havell's Netherland B.V.- Loan	-	0.89	0.89
2 Havell's Holdings Limited- Loan	-	3.95	3.95	3.95
	-	4.84	4.84	4.84

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)

	UNIT	2008		2007	
		QTY	Amount	QTY	Amount
<b>(i) Turnover</b>					
Finished Goods					
Switchgears	Nos	52,479,373	553.76	41,291,350	419.60
Cable and Wires	Km	391,374	1,054.58	320,980	772.53
Lighting and fixtures	Nos	22,369,007	290.06	19,535,162	237.53
Electrical Consumer Durables	Nos	2,012,296	240.70	1,477,967	168.71
Others	Nos	1,297,473	71.11	1,315,305	67.37
Miscellaneous (including scrap materials)			17.78		11.97
			<u>2,227.99</u>		<u>1,677.71</u>

**(ii) Raw Materials and Components consumed**

\* 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.

**(iii) Purchases and Stocks**

**Purchases-Traded Goods**

Switchgears	Nos	14,038,794	27.01	3,294,351	8.92
Lighting and fixtures	Nos	9,137,466	143.51	4,440,347	69.55
Electrical Consumer Durables	Nos	590,169	44.03	370,052	27.17
Others	Nos	809,401	33.05	711,139	31.48
			<u>247.60</u>		<u>137.12</u>

**Opening Stocks**

**Traded Goods**

Switchgears	Nos	874,404	3.36	1,480,664	4.03
Lighting and fixtures	Nos	1,435,563	18.86	1,086,247	11.71
Electrical Consumer Durables	Nos	78,578	5.42	36,755	2.50
Others	Nos	214,068	7.79	86,803	3.44
			<u>35.43</u>		<u>21.68</u>

**Finished Goods**

Switchgears	Nos	4,987,294	39.72	3,143,532	24.18
Cable and Wires	Km	21,831	51.30	13,284	30.87
Lighting and fixtures	Nos	1,942,855	14.51	2,077,512	14.60
Electrical Consumer Durables	Nos	207,722	17.05	265,958	10.67
Others	Nos	140,920	5.17	176,192	8.49
Miscellaneous			0.00		0.21
			<u>127.75</u>		<u>89.02</u>

**Semi-Finished Goods**

			19.58		15.99
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## Schedules

		(Rs. in crores)			
		2008		2007	
<b>Stock destroyed/damaged due to fire/floods</b>					
<b>Finished Goods</b>					
Electrical Consumer Durables	Nos	-		21369	
<b>Closing Stocks</b>					
<b>Traded Goods</b>					
Switchgears	Nos	5,073,975	11.53	874,404	3.36
Lighting and fixtures	Nos	3,917,843	58.48	1,435,563	18.86
Electrical Consumer Durables	Nos	156,564	11.64	78,578	5.42
Others	Nos	374,346	15.53	214,068	7.79
			<u>97.18</u>		<u>35.43</u>
<b>Finished Goods</b>					
Switchgears	Nos	13,153,451	70.56	4,987,294	39.72
Cable and Wires	Km.	45,513	81.43	21,831	51.30
Lighting and fixtures	Nos	2,619,479	13.90	1,942,855	14.51
Electrical Consumer Durables	Nos	252,943	19.26	207,722	17.05
Others	Nos	187,677	9.11	140,920	5.17
			<u>194.26</u>		<u>127.75</u>
Semi-Finished Goods		-	20.61	-	19.58
<b>(iv) Capacity and Production</b>					
LICENSED CAPACITY #					
INSTALLED CAPACITY (PER ANNUM) @					
Switchgears	Nos	76900000		69700000	
Cable and Wires	Km.	705000		700000	
Lighting and fixtures	Nos	30000000		30000000	
Electrical Consumer Durables	Nos	3000000		2400000	
Others	Nos	2340000		1590000	
<b>(v) Actual Production</b>					
Switchgears	Nos	51009075		39316052	
		(202768)		(81551)	
Cable and Wires	Km.	416317		331650	
		(1261)		(2124)	
Lighting and fixtures	Nos	16406432		15428235	
		(15987)		(97392)	
Electrical Consumer Durables	Nos	1546014		1092406	
		(680)		(904)	
Others	Nos	698695		706425	
		(3588)		(10266)	

# 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.

## Schedules

		(Rs. in crores)			
		2008		2007	
<b>34. CIF value of Imports</b>					
Raw materials and components		244.87		110.98	
Machinery and other fixed assets		55.89		9.35	
Spare parts		0.19		0.07	
R&D Equipments		0.01		0.01	
<b>35. Expenditure in foreign currency</b>					
Travelling		1.86		1.27	
Research and Development		0.02		0.24	
Advertisement and Publicity Material		0.00		0.03	
Testing charges		0.11		0.26	
Seminar and Exhibition		0.35		0.54	
Overseas Branch Expenses		1.52		1.43	
Merchant Trade Purchases		0.17		0.24	
<b>36. Dividend in foreign currencies</b>					
Year to which relates		<b>2006-07</b>		<b>2005-06</b>	
(a) Number of non-resident shareholder's		437		404	
(b) Number of shares held		9,997,438		4,012,042	
(c) Amount of dividends (in Rupees)		2.27		0.58	
	(in Foreign Currency)	0.23		0.43	
<b>37. Earnings in foreign exchange</b>					
F.O.B. value of exports *		141.48		95.69	
Merchant Trade Sales		0.23		0.35	
* excluding export of Rs. 5.22 crores made through merchant exporters (previous year Rs. 35.71 crores)					
<b>38. Value of imported/Indigenous materials and components consumed and percentage thereof</b>					
	(%)	(Rs.in crores)	(%)	(Rs.in crores)	
Indigenous	85.37	978.96	82.44	723.72	
Imported	14.63	167.77	17.56	154.18	
	<u>100.00</u>	<u>1,146.73</u>	<u>100.00</u>	<u>877.90</u>	

**39. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE**

**i) Registration Details**

Registration No	16304	16304
Code No	55	55
Balance sheet date	31.03.2008	31.03.2007

**ii) Capital raised during the year**

	(Rs. in crores)	(Rs. in crores)
Public issue	-	-
Right issue	-	-
Bonus issue	-	13.44
Private placement	2.08	-

**iii) Position of mobilisation and deployment of funds**

Total liabilities	716.39	330.32
Total assets	716.39	330.32

**Sources of funds**

Paid up capital	28.96	26.88
Equity warrants issued and subscribed	17.94	-
Reserves and surplus	620.07	235.55
Secured loans	31.48	45.93
Unsecured loans	4.32	10.13
Deferred tax liability	13.62	11.83

**Application of funds**

Net fixed assets	385.25	242.25
Investments	164.79	3.48
Net current assets	166.25	84.45
Miscellaneous expenditure	0.10	0.14

**iv) Performance of Company**

Turnover (net)	2054.86	1547.22
Other income	14.54	5.42
Total expenditure	1903.15	1432.10
Profit before tax	166.25	120.54
Profit after tax	143.54	102.15
Weighted No of equity shares	55,205,858	53,758,406
Earning per share (basic)	26.00	19.00
Earning per share (dilute)	26.00	19.00
Dividend Rate	50%	50%

**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
Moulded case circuit breaker	85362020	85362020
Wire	85449000	85449000

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

41. The figures have been rounded off to the nearest crores rupees upto two decimal places.

42. Schedule No.1 to 20 form integral part of the balance sheet and profit and loss account.

**For and on behalf of the Board of Directors**

As per attached Auditors' Report of even date

**Qimat Rai Gupta**  
Chairman & Managing Director

**Surjit Gupta**  
Director

**For V.P.Bansal & Co.**  
Chartered Accountants

**Ritu Mehrotra**  
Company Secretary  
Noida, May 22, 2008

**Mahesh Jain**  
Vice President-Finance & Accounts

**V.P. Bansal**  
Proprietor  
Membership No. 8843

## Consolidated Financial Statements

### AUDITORS' CERTIFICATE

To  
The Board of Directors of Havells India Limited

1. We have audited the attached Consolidated Balance Sheet of Havells India limited ("the company") and its subsidiaries, as at 31st March, 2008 and also the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing of the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. (i) We have relied on the unaudited financial statements of subsidiary companies, whose consolidated financial statements reflect total assets of Rs.2772.51 crores as at 31st March, 2008 and total revenues of Rs.2986.00 crores for the year then ended. These financial statements have been audited by other auditors upto the period ending 31st December 2007, except in case of one subsidiary company 'Havell's Holdings Limited' where financial statements have been audited for the period from 09.02.2007 to 31.03.2008. The financial statements as approved by the respective Board of Directors of these companies have been furnished by the Management and our report in so far as it relates to the amounts included in respect of the subsidiaries is based solely on such approved unaudited financial statements.  
(ii) We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard AS-21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.  
(iii) Based on our audit and on consideration of separate financial statements and on the other financial information of the components and the accounts approved by the Board of Directors as explained in paragraphs 3(i) above and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of consolidated Balance Sheet, of the state of affairs of the company and its subsidiaries as at 31st March, 2008;
  - b) in the case of consolidated Profit and Loss account, of the profit of the Company and its subsidiaries for the year ended on that date and
  - c) in the case of consolidated cash flow statement, of the cash flows of the Company and its subsidiaries for the period ended on that date.

Noida, May 22, 2008

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

**(V.P. BANSAL)**  
Proprietor  
Membership No. 8843

## Consolidated Financial Statements

	Schedule No.	As at 31.03.08	(Rs. in crores) As at 31.03.07
<b>I. SOURCES OF FUNDS</b>			
<b>1. SHARE CAPITAL</b>			
Share capital	1	28.96	26.88
Reserves and surplus	2	643.34	235.53
		<u>672.30</u>	<u>262.41</u>
<b>2. Equity warrants issued and subscribed</b>			
		17.94	-
<b>3. LOAN FUNDS</b>			
Secured loans	3	1228.29	45.92
Unsecured loans	4	67.92	10.13
		<u>1296.21</u>	<u>56.05</u>
<b>4. DEFERRED INCOME TAX (NET)</b>			
		(7.57)	11.83
<b>Total</b>		<b><u>1978.88</u></b>	<b><u>330.29</u></b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. FIXED ASSETS</b>			
Gross block	5	2726.18	244.35
Less: Accumulated depreciation		1994.42	31.36
Net block		731.76	212.99
Add: Capital work-in-progress		100.54	29.26
Total fixed assets		<u>832.30</u>	<u>242.25</u>
<b>2. GOODWILL</b>			
		334.61	-
<b>3. INVESTMENTS</b>			
	6	3.17	3.17
<b>4. CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	7	1041.92	239.50
Sundry debtors		822.70	30.96
Cash and bank balances		242.90	36.47
Other current assets		2.93	3.76
Loans and advances		212.42	53.89
		<u>2322.87</u>	<u>364.58</u>
Less: Current Liabilities and Provisions	8	1465.21	250.06
Current liabilities		48.96	31.75
Provisions		<u>1514.17</u>	<u>281.81</u>
<b>NET CURRENT ASSETS</b>		<u>808.70</u>	<u>82.77</u>
<b>5. MISCELLANEOUS EXPENDITURE</b>			
	9	0.10	2.10
<b>Total</b>		<b><u>1978.88</u></b>	<b><u>330.29</u></b>
<b>Accounting policies, contingent liabilities and notes on accounts</b>	20		

For and on behalf of the Board of Directors

**Qimat Rai Gupta**  
Chairman & Managing Director

**Ritu Mehrotra**  
Company Secretary  
Noida, May 22, 2008

**Surjit Gupta**  
Director

**Mahesh Jain**  
Vice President-Finance & Accounts

As per attached Auditors' Report of even date

**For V.P.Bansal & Co.**  
Chartered Accountants

**V.P. Bansal**  
Proprietor  
Membership No. 8843

## Consolidated Financial Statements

	Schedule No.	Year ended 31.03.08	(Rs. in crores) Year ended 31.03.07
<b>1. INCOME</b>			
Turnover - Gross	10	5178.52	1681.06
Less: Excise duty		176.31	133.84
Turnover - Net		5002.21	1547.22
Other Income	11	25.03	5.43
		<u>5027.24</u>	<u>1552.65</u>
<b>2. EXPENDITURE</b>			
Materials cost	12	2712.65	986.17
Manufacturing	13	279.85	99.41
Personnel	14	760.80	51.46
Office and administration	15	210.76	37.57
Selling and distribution	16	687.25	225.19
Interest and financial	17	103.59	20.94
Managerial remuneration	18	2.30	1.62
Miscellaneous expenditure written off	19	2.00	0.04
Depreciation		69.43	9.74
		<u>4828.63</u>	<u>1432.14</u>
<b>3. PROFIT BEFORE TAX</b>		<b><u>198.61</u></b>	<b><u>120.51</u></b>
Income tax expense		30.39	14.60
Current tax		1.66	1.45
Fringe benefit tax		5.55	2.30
Deferred tax		0.05	0.04
Wealth tax		37.65	18.39
		<u>160.96</u>	<u>102.12</u>
<b>4. PROFIT AFTER TAX</b>			
<b>5. PROFIT FOR APPROPRIATION</b>			
Brought forward from previous year		193.20	117.80
Profit for the year		160.96	102.12
<b>Profit available for appropriation</b>		<b><u>354.16</u></b>	<b><u>219.92</u></b>
<b>APPROPRIATIONS</b>			
Transfer to general reserve		14.50	11.00
Proposed dividend		14.48	13.44
Corporate dividend tax		2.46	2.28
Balance carried over to Balance Sheet		322.71	193.20
		<u>354.16</u>	<u>219.92</u>
Earning per share - Basic and Diluted (in Rs.)		29.16	19.00
<b>Accounting policies, contingent liabilities and notes on accounts</b>	20		

For and on behalf of the Board of Directors

**Qimat Rai Gupta**  
Chairman & Managing Director

**Ritu Mehrotra**  
Company Secretary  
Noida, May 22, 2008

**Surjit Gupta**  
Director

**Mahesh Jain**  
Vice President-Finance & Accounts

As per attached Auditors' Report of even date

**For V.P.Bansal & Co.**  
Chartered Accountants

**V.P. Bansal**  
Proprietor  
Membership No. 8843

## Consolidated Financial Statements

### CASH FLOW STATEMENT

	Year ended 31.03.2008	Year ended 31.03.2007
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	198.61	120.51
Adjustments for		
Depreciation	69.43	9.74
Loss on sale of fixed assets	0.80	1.28
Profit on sale of fixed assets	(2.44)	-
Foreign currency translation reserve	5.88	0.01
Interest income	(3.20)	(1.28)
Interest paid	93.92	16.15
Miscellaneous expenditure written off	2.00	0.04
<b>Operating Profit before working capital changes</b>	<b>365.00</b>	<b>146.45</b>
Adjustments for		
Trade and other receivables	(169.11)	85.38
Inventories	(291.78)	(48.89)
Trade payables	183.68	24.21
Other liabilities	(72.62)	14.57
Cash generated from operations	15.17	221.72
Direct taxes paid	(39.09)	(14.74)
<b>Cash Flow Before Extraordinary Items</b>	<b>(23.92)</b>	<b>206.98</b>
<b>Net Cash received (+) / used (-) from Operating Activities</b>	<b>(23.92)</b>	<b>206.98</b>
<b>B. CASH FROM INVESTING ACTIVITIES</b>		
Net assets acquired in pursuance of acquisitions of subsidiaries	(583.70)	-
Purchase of fixed assets	(121.26)	(72.56)
Addition in Capital work in progress	(77.53)	(29.23)
Sale of fixed assets	9.98	1.71
Interest received	3.20	1.28
<b>Net Cash used in Investing Activities</b>	<b>(769.31)</b>	<b>(98.80)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity warrants	17.94	-
Proceeds from bank for assets	105.44	-
Proceeds from issue of preferential equity shares	260.00	-
Proceeds from short term borrowings	248.75	(42.23)
Proceeds from long term borrowings	337.33	(9.81)
Repayment fixed deposits	-	(1.30)
Repayment of motor car loans	(0.65)	(0.44)
Proceeds from unsecured advances	57.79	-
Increase in expenditure on increase in capital	-	(2.09)
Interest paid	(93.92)	(16.15)
Dividends paid	(13.45)	(6.72)
<b>Net Cash received (+) / used (-) from Financing Activities</b>	<b>919.23</b>	<b>(78.74)</b>

## Consolidated Financial Statements

	Year ended 31.03.2008	Year ended 31.03.2007
<b>Net increase (+) / decrease (-) in cash and cash equivalents (A+B+C)</b>	<b>126.00</b>	<b>29.44</b>
Cash and cash equivalents as at the beginning of the year	29.91	0.47
Cash and cash equivalents transfer in pursuance of acquisition of subsidiaries	79.87	-
Cash and cash equivalents as at the close of the year	235.78	29.91
Note: The following items not considered in reconciliation of Cash & Bank Balance at the close of the year.		
1 Unclaimed dividend	0.16	0.14
2 Margin money	6.67	6.14
3 Pledged with government departments	0.03	0.05
4 Interest accrued on fixed deposits	0.26	0.23
<b>For and on behalf of the Board of Directors</b>	<b>7.12</b>	<b>6.56</b>
<b>Qimat Rai Gupta</b> Chairman & Managing Director		
<b>Surjit Gupta</b> Director		
<b>Ritu Mehrotra</b> Company Secretary Noida, May 22, 2008		
<b>Mahesh Jain</b> Vice President-Finance & Accounts		

### AUDITORS' CERTIFICATE

We have examined the above cash flow statement of Havells India Limited for the year ended 31st March 2008. 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 2008 and 31st March 2007, covered by our report dated 22 May, 2008 and 15th May, 2007 respectively to the members of the Company.

Noida, May 22, 2008

**For V.P.Bansal & Co.**  
Chartered Accountants

**V.P. Bansal**  
Proprietor  
Membership No. 8843

## Consolidated Financial Statements

	(Rs. in crores)	
	As at 31.03.08	As at 31.03.07
<b>SCHEDULE NO. 1 SHARE CAPITAL</b>		
<b>Authorised</b> 80,000,000 (Previous Year 80,000,000) Equity Shares of Rs.5/- each	40.00	40.00
<b>Issued, Subscribed and Paid Up</b> 57,918,406 (Previous Year 53,758,406) Equity Shares of Rs.5/- each fully paid up	28.96	26.88
	<u>28.96</u>	<u>26.88</u>
<b>Out of the above:-</b> 3,613,359 (Previous year 3,613,359) equity shares allotted as fully paid up pursuant to a contract without payments being received in cash. 40,800,402 (Previous year 40,800,402) equity shares issued as fully paid up bonus shares by capitalisation of Securities Premium Account and General Reserve. 854,545 (Previous year 854,545) equity shares issued as fully paid up pursuant to conversion of 4% fully convertible debentures.		
<b>SCHEDULE NO. 2 RESERVES AND SURPLUS</b>		
<b>Capital reserve</b>	5.19	5.19
	<u>5.19</u>	<u>5.19</u>
<b>Securities premium account</b> As per last Balance Sheet Add: Additions during the year Less: Capitalized by way of issue of Bonus Shares	9.63 257.92 -	23.07 - 13.44
	<u>267.55</u>	<u>9.63</u>
<b>General reserve</b> As per last Balance Sheet Add: Transfer from Profit and Loss account	27.50 14.50 42.00	16.50 11.00 27.50
	<u>42.00</u>	<u>27.50</u>
<b>Foreign currency translation reserve</b>	5.88	0.01
<b>Profit and loss account</b> Balance as per Profit and Loss account	322.72	193.20
	<u>643.34</u>	<u>235.53</u>

## SCHEDULE NO. 3 SECURED LOANS

### Working capital loans from banks

Cash Credit accounts  
Bills discounted

251.06  
-

-  
2.31

### Term Loans from Banks

External Commercial Borrowings  
Term loan from Barclays Bank, London and State Bank of India, London  
Term loan from ABN Amro Bank, Singapore  
Term loan from Syndicate Bank  
Against hypothecation of Motor Cars

19.24  
693.99  
149.83  
-  
0.39

28.53  
-  
-  
11.02  
1.04

### Deferred Payment Credits

Against purchase of Industrial Land  
Assets acquired under lease

8.34  
105.44

3.02  
-

[Due within a year Rs.79.43 crores (previous year Rs.13.49 crores)]

1228.29

45.92

### Notes:-

- Working Capital Limits in the Company are under consortium of Canara Bank, Corporation Bank, Union Bank of India, IDBI Bank Limited, State Bank of India and Yes Bank Limited.
- Working capital limits from consortium banks are secured by way of:
  - \* pari-passu first charge on stocks of raw materials, semi-finished, finished goods, stores and spares, bills receivables, book debts and all movable and other current assets of the Company.
  - \* pari-passu first charge on land and building at 14/3, Mathura Road, Faridabad (Haryana).
  - \* pari-passu second charge on land and building at A-461/462, MIA Alwar ( Rajasthan)
  - \* pari-passu second charge on plant and machinery, generators, furniture and fixtures, electric fans and installation on which first charge is held with term lenders.
- External Commercial Borrowings (ECB) are from ICICI Bank Limited, Singapore and is secured by way of first pari-passu charge on all the assets of the Company except those charged against working capital limits.
- Term loans and working capital limits from Barclays Bank, London and State Bank of India, London are secured by way of mortgages on freehold properties and fixed and floating charges on the asset of Group companies assets in France, Germany, Belgium, UK, Netherlands and Columbia and is guaranteed by Havells India Limited to the extent of Euro 34 million (Rs. 214.51 crores)
- Term loan from ABN Amro Bank, Singapore is secured by way of a legal charge over cash deposits of Havell's Netherlands Holding B.V. , a step down subsidiary and is guaranteed by Havells India Limited, the parent company.
- Assets acquired under lease are secured by way of respective assets taken on lease.

## SCHEDULE NO. 4 UNSECURED LOANS

### Short term loan and advances

From Banks - Bills discounted  
- Working Capital

29.13  
38.79

10.13  
-

67.92

10.13

**SCHEDULE NO. 5  
FIXED ASSETS**

Sl. No.	Description	Gross Block			Depreciation			Net Block		
		As at 01.04.2007	Transferred On Acquisition of Subsidiaries	Additions During The Year	Sales/ Adjustment	As at 31.03.08	For the year	Sales/ Adjustment	To date	As at 31.03.2007
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	Industrial land	16.91								16.91
	Freehold	9.76	32.45	23.94	0.00	0.00	0.00	0.00	0.00	73.30
	Leasehold	62.90	0.00	0.29	0.11	0.00	0.00	0.00	0.00	9.94
2	Factory buildings	0.20	327.19	20.24	4.06	406.27	12.69	0.22	213.30	192.97
3	Office premises	108.63	1409.35	44.83	2.25	1560.56	0.14	0.00	11.04	0.16
4	Plant and machinery	0.00	258.92	4.83	0.05	263.70	30.62	0.68	1256.61	303.95
5	Dies & Tools	4.87	0.00	0.17	0.00	263.70	8.79	0.00	247.68	16.02
6	Generators	6.69	73.53	7.36	0.38	5.04	0.23	0.00	0.98	4.06
7	Furniture and fixtures	10.63	92.99	13.60	0.18	87.20	3.01	0.17	70.74	16.46
8	Electric fans and installations	0.21	0.00	0.06	0.00	117.04	4.45	0.05	83.41	33.63
9	Water supply installations	0.22	0.00	0.08	0.01	0.27	0.01	0.00	0.07	0.20
10	Weighing scale	8.55	57.39	11.29	0.40	76.83	5.04	0.23	67.40	9.43
11	EDP Equipments	2.33	0.00	0.77	0.09	3.01	0.18	0.00	0.77	2.24
12	Office equipments	2.44	0.00	2.77	1.50	3.71	0.15	0.06	0.54	3.17
13	Airconditioners	6.28	8.85	2.36	1.10	16.39	0.97	0.34	8.58	7.81
14	Vehicles	3.56	0.00	1.07	0.00	4.63	0.28	0.00	0.80	3.83
15	R & D Equipments	0.17	81.88	4.42	0.00	86.47	2.86	0.00	43.30	43.17
16	Intangible Assets	0.00	0.00	0.31	0.00	0.31	0.00	0.00	0.00	0.31
	Computer software									
	Technical know-how									
		<b>244.35</b>	<b>2342.55</b>	<b>149.41</b>	<b>10.13</b>	<b>2726.18</b>	<b>69.43</b>	<b>1.79</b>	<b>1994.42</b>	<b>731.76</b>
17	Add:Capital Work-in-Progress	29.26	21.90	77.53	28.15	100.54	0.00	0.00	0.00	100.54
	<b>Total-current year</b>	<b>273.61</b>	<b>2364.45</b>	<b>226.94</b>	<b>38.28</b>	<b>2826.72</b>	<b>69.43</b>	<b>1.79</b>	<b>1994.42</b>	<b>832.30</b>
	<b>Previous year</b>	<b>175.64</b>	<b>0.00</b>	<b>108.52</b>	<b>10.55</b>	<b>273.61</b>	<b>9.74</b>	<b>0.83</b>	<b>31.36</b>	<b>242.25</b>
										<b>92.33</b>

Notes: -

- Depreciation has been provided on straight line method at the rates and in the manner as prescribed in Schedule XI of the Companies Act, 1956 and for Group Companies the same have been provided for, based on management estimate of useful economic life.
- Factory building at Badli (Delhi) is on rented premises.
- Office premises include Rs. 0.05 crore and Rs. 0.02 crore 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.
- Leasehold land includes industrial plots (2 Nos.) at Bawana Industrial area in respect of which possession has not been taken as yet.
- Addition in freehold and leasehold industrial land includes interest of Rs. 0.27 crore (previous year Rs. Nil) and Rs. 0.29 crore (Previous year Rs. 0.38 crores) respectively capitalised.
- Capital work-in-progress include a sum of Rs. 2.88 crores (previous year Rs. 0.13 crore) on account of pre-operative expenses in respect of Neemrana Project which is under implementation.
- The title deeds in respect of freehold land purchased at Neemrana and freehold land purchased during the year at Alwar, Rajasthan is yet to be executed.

Consolidated Financial Statements

**SCHEDULE NO. 6  
INVESTMENTS**

(Long term, trade, unquoted, at cost)

**Others:**

G.S.Lighting Private Limited  
44210 Equity Shares of Rs. 100/- each. (purchased at Rs.712.51 per share, including share transfer stamps)

Aggregate value of unquoted investments

	(Rs. in crores)	
	As at 31.03.08	As at 31.03.07
	3.17	3.17
	<b>3.17</b>	<b>3.17</b>

**SCHEDULE NO. 7**

**CURRENT ASSETS, LOANS AND ADVANCES**

**Inventories (as taken, valued and certified by the management)**

Raw materials, components and packing materials  
Semi finished goods  
Finished goods  
Consumable Stores, tools and spare parts  
Dies and fixtures  
Fuel and gases  
Scrap materials

	216.66	46.07
	48.24	19.58
	761.51	163.18
	1.12	0.96
	13.81	9.15
	0.13	0.14
	0.45	0.42
	<b>1041.92</b>	<b>239.50</b>

**Sundry debtors (unsecured)**

Debts outstanding for a period exceeding six months considered good  
considered doubtful

	22.09	10.73
	22.45	1.68
	44.54	12.41
	22.45	1.68
	22.09	10.73
	800.61	20.23

Less: provision for doubtful debts

Other debts -considered good

	<b>822.70</b>	<b>30.96</b>
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**Cash and bank balances**

Cash in hand

	1.34	0.13
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**With scheduled banks :**

Current accounts  
Remittance in transit  
EEFC account (previous year US\$ 375.89)  
Cash credit accounts  
Unclaimed dividend account  
Fixed deposits account  
Margin money  
Pledged with government departments  
No lien account  
Interest accrued on fixed deposits

	1.18	0.61
	-	3.21
	-	0.00
	11.02	7.80
	0.16	0.14
	6.67	6.14
	0.03	0.05
	60.32	18.00
	0.26	0.23

**With non-scheduled banks :**

Current accounts

	161.92	0.16
	<b>242.90</b>	<b>36.47</b>

**Other current assets - (unsecured-considered good)**

Export incentives receivable  
DEPB licences in hand  
Capital investment subsidy receivable  
Claims receivable

	0.99	1.17
	0.39	1.33
	1.20	1.20
	0.35	0.06

	<b>2.93</b>	<b>3.76</b>
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## Consolidated Financial Statements

	(Rs. in crores)	
	As at 31.03.08	As at 31.03.07
<b>Loans and advances (unsecured- considered good)</b>		
Advances recoverable in cash or in kind or for value to be received	113.90	30.41
Earnest money and security deposits	31.28	5.63
Balance with excise department:		
Excise duty	3.57	2.55
Service tax	3.30	0.81
Balance of VAT with sales tax department	40.54	1.29
Advance income tax, tax at source and fringe benefit tax	19.83	13.20
	<u>212.42</u>	<u>53.89</u>
	<u>2322.87</u>	<u>364.58</u>
<b>SCHEDULE NO. 8 CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Acceptances	163.32	77.65
Sundry creditors - due to SSI undertakings	4.20	12.53
- due to other than SSI undertakings	577.92	91.12
Unclaimed dividend	0.16	0.14
Trade deposits and advances	20.89	25.71
Other liabilities	692.47	42.21
Interest accrued but not due	6.25	0.70
	<u>1465.21</u>	<u>250.06</u>
*Investor Protection and Education Fund is being credited by the amount of unclaimed dividend after seven years from the due date.		
<b>PROVISIONS</b>		
Income tax	30.31	14.60
Fringe benefit Tax	1.66	1.39
Wealth tax	0.05	0.04
Proposed dividend	14.48	13.44
Corporate dividend tax	2.46	2.28
	<u>48.96</u>	<u>31.75</u>
	<u>1514.17</u>	<u>281.81</u>
<b>SCHEDULE NO. 9 MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted)		
Expenditure on increase in capital		
As per last Balance Sheet	2.10	0.05
Add: paid during the year	0.00	2.09
	2.10	2.14
Less: written off	2.00	0.04
	<u>0.10</u>	<u>2.10</u>

## Consolidated Financial Statements

	(Rs. in crores)	
	Year ended 31.03.08	Year ended 31.03.07
<b>SCHEDULE NO. 10 TURNOVER (GROSS)</b>		
Sales of goods	5156.87	1665.74
Scrap materials	18.47	11.97
Export Incentives	2.81	3.25
Job charges	0.37	0.10
	<u>5178.52</u>	<u>1681.06</u>
<b>SCHEDULE NO. 11 OTHER INCOME</b>		
Interest on deposits and from customers [TDS Rs.0.13 crore, Previous year Rs.0.06 crore]	3.20	1.28
Exchange fluctuations (Net)	14.96	1.89
Miscellaneous receipts	3.91	1.28
Profit on sale of Fixed assets	2.44	0.00
Excess provision of income/fringe benefit tax written back	0.05	0.32
Excess provision of bad debts written back	0.47	0.66
	<u>25.03</u>	<u>5.43</u>
<b>SCHEDULE NO. 12 MATERIALS COST</b>		
Raw materials, components and packing material consumed	2073.75	906.23
Purchase of traded goods	825.72	137.12
Add: Opening stocks (including stock of acquired entity)		
Finished goods	578.31	110.70
Semi finished goods	44.24	15.99
Scrap materials	0.42	0.17
	<u>622.97</u>	<u>126.86</u>
Less: Value of stocks destroyed/damaged due to fire/flood (Net of Salvage Value)	-	2.68
Less: Closing stocks		
Finished goods	761.51	163.18
Semi finished goods	48.24	19.58
Scrap materials	0.45	0.42
	<u>810.20</u>	<u>183.18</u>
Add: Excise duty on Increase/decrease in Finished Goods	0.41	1.82
	<u>2712.65</u>	<u>986.17</u>



## Consolidated Financial Statements

	(Rs. in crores)	
	Year ended 31.03.08	Year ended 31.03.07
<b>SCHEDULE NO. 13 MANUFACTURING EXPENSES</b>		
Factory rent	19.08	0.02
Rates and taxes	10.70	0.09
Job charges	63.79	36.38
Power, fuel and water	31.91	17.55
Consumable stores and tools consumed	27.45	19.00
Trade mark fees	22.27	13.74
Repairs and Maintenance		
Machinery	35.73	4.93
Building	8.60	0.59
Others	7.17	1.74
Research and development expenses	43.26	3.74
Other manufacturing expenses	9.89	1.63
	<b><u>279.85</u></b>	<b><u>99.41</u></b>
<b>SCHEDULE NO. 14 PERSONNEL EXPENSES</b>		
Salaries, wages, bonus and other benefits	613.75	45.26
Contribution towards PF and ESI and other funds	128.98	3.82
Employees welfare	18.07	2.38
	<b><u>760.80</u></b>	<b><u>51.46</u></b>
<b>SCHEDULE NO. 15 OFFICE AND ADMINISTRATION EXPENSES</b>		
Rent	19.15	3.52
Rates and taxes	1.88	0.10
Printing and stationary	6.72	1.58
Postage, telephone and communication expenses	24.38	4.27
Electricity and water charges	3.70	1.46
Travelling, conveyance and vehicle maintenance	78.35	16.35
Legal and professional	35.65	2.29
Auditor's remuneration		
Audit fee	6.57	0.13
Taxation matters	1.36	0.03
Out of pocket expenses	0.00	0.00
Insurance	15.57	2.56
Donation	0.51	0.38
Loss on sale of assets	0.80	1.28
Director's sitting fees	0.06	0.03
Miscellaneous office expenses	16.06	3.54
Loss due to fire/flood	-	0.05
	<b><u>210.76</u></b>	<b><u>37.57</u></b>

## Consolidated Financial Statements

	(Rs. in crores)	
	Year ended 31.03.08	Year ended 31.03.07
<b>SCHEDULE NO. 16 SELLING AND DISTRIBUTION EXPENSES</b>		
Advertisement and sales promotion	103.38	31.58
Freight, packing and insurance	191.25	49.64
Discount, commission and sales incentives	354.16	121.60
Debtors factoring charges	20.88	12.75
Bad debts, liquidity damages and short recoveries	6.10	5.21
Provision for doubtful debts	0.27	0.78
Sales tax and Service tax paid	1.70	1.58
Miscellaneous selling expenses	9.51	2.05
	<b><u>687.25</u></b>	<b><u>225.19</u></b>
<b>SCHEDULE NO. 17 INTEREST AND FINANCIAL EXPENSES</b>		
Interest		
on fixed loans	74.65	3.31
on non-fixed loans	19.27	12.84
Bank charges	6.95	3.53
Miscellaneous financial expenses	2.72	1.26
	<b><u>103.59</u></b>	<b><u>20.94</u></b>
<b>SCHEDULE NO. 18 MANAGERIAL REMUNERATION</b>		
Managing Directors remuneration	0.66	0.58
Wholetime Directors remuneration	1.64	1.04
	<b><u>2.30</u></b>	<b><u>1.62</u></b>
<b>SCHEDULE NO. 19 MISCELLANEOUS EXPENDITURE WRITTEN OFF</b>		
Miscellaneous expenditure written off	2.00	0.04
	<b><u>2.00</u></b>	<b><u>0.04</u></b>

## Consolidated Financial Statements

### SCHEDULE NO. 20

#### Accounting Policies, Contingent Liabilities And Notes On Accounts For The Year Ending 31st March,2008

#### A. SIGNIFICANT ACCOUNTING POLICIES

##### 1. Accounting Convention

The consolidated financial accounts have been prepared on historical cost convention as a going concern on accrual basis, in accordance with the requirements of the Companies Act, 1956 and in accordance with the accounting principles generally accepted in India, and comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The management evaluates all recently issued or revised accounting standards on an ongoing basis.

##### 2. Use of Estimates

The preparation of financial statements under generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that effect the reported statements of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenue and expenses during the year. The actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

##### 3. Principles of Consolidation

The consolidated financial statements relate to Havells India Limited ('The Company'), and its subsidiary companies ('The Group Companies') collectively referred to as 'The Group'. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the parent and the subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting profits in full. Unrealised profit / losses resulting from intra-group transactions has also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the group.
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.
- The company has disclosed only such policies and notes from the individual financial statements, which fairly present the needed disclosures. Lack of homogeneity and other similar considerations made it desirable to exclude some of them, which in the opinion of the management, could be better viewed, when referred to individual financial statements.

##### 4. Fixed Assets, Capital work-in-progress and Depreciation

- 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 less accumulated depreciation and impairment losses, if any. Fixed assets are further adjusted by the amount of CENVAT credit and VAT credit wherever applicable and subsidy directly attributable to the cost of fixed assets. Interest and other borrowing costs during construction period on borrowings to finance fixed assets is capitalised. Capital work-in-progress comprises cost of fixed assets that are not yet ready for their intended use at the balance sheet date.
- 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 and for Group Companies, based on management estimate of useful economic life as follows:

Assets	Useful life
Building	25-39 years
Plant and machinery	5-10 years
Other assets	3-5 years

The residual values and useful life of assets are reviewed, and adjusted if appropriate, at each balance sheet date.

Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis. Depreciation on assets for a value not exceeding Rs.5000/- (Euro 1000 in case of group companies) acquired during the year is provided at the rate of 100%.

- The cost and the accumulated depreciation for fixed assets sold or otherwise disposed off are removed from the stated values and resulting gain and losses are recognised in profit and loss account.

## Consolidated Financial Statements

- 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.
- Preoperative expenditure and trial run expenditure accumulated as capital work in progress is allocated on the basis of prime cost of fixed assets.

##### 5. Intangible assets

Intangible assets are recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the company and cost of the assets can be measured reliably.

###### a) Goodwill

The excess of cost to the parent of its investment in subsidiaries over its portion of equity in the subsidiaries at the respective dates on which investment in subsidiaries was made is recognised in the financial statements as goodwill. The parent's portion of equity in the subsidiaries is determined on the basis of the value of assets and liabilities as per the financial statements of the subsidiaries as on the date of investment. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the acquisition. Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in the subsequent period unless it is caused by a specific external event of an exceptional nature.

###### b) Computer Software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life being six years in the company and three to five years in the group companies. Computer Software Development costs recognised as assets are amortised over their estimated useful lives (not exceeding three years) in group companies.

###### c) Technical know-how

Technical know-how is amortised on straight line basis over their estimated useful life of six years.

##### 6. Investments

Investments are long term and are stated at cost less provision, if any, for diminution in value which is other than temporary. Cost of investments includes acquisition charges such as brokerage, fees, duties and other incidental charges related to the acquisition. Any exchange income/(loss) arising on disposal of investments in a foreign subsidiary is credited/debited to the profit and loss account under exchange rate variation.

##### 7. Inventories

- 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 has been added in the value of inventory of finished goods and scrap material, except at Baddi and Haridwar units of the company which are exempted from payment of excise duty.
- The inventories are valued on the basis of moving weighted average method.
- Cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition excluding duties and taxes subsequently recoverable from the taxing authorities in case of input materials.
- The stocks of scrap materials have been taken at net realisable value.
- The stocks of dies and fixtures have been taken at the residual effective life as certified by the respective factory head.
- Provisions are made for slow moving and obsolete stock of the direct costs plus the appropriate overhead less any expected net revenue from disposal.

##### 8. Foreign currency transactions

###### a) Initial Recognition

Transactions in foreign currency are recorded at exchange rate prevailing on the date of transaction.

###### b) Conversion and Exchange Differences

Monetary assets and liabilities denominated in foreign currency are translated at the rate of exchange at the balance sheet date and resultant gain or loss is recognized in the profit and loss account except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or foreign currency differences on long-term loans relating to the financing of participating interests. Non monetary assets and liabilities denominated in foreign currency are carried at historical cost using the exchange rate at the date of transaction.

## Consolidated Financial Statements

### c) Foreign Branches

The operations of foreign branches of company are integral in nature and financial statements of these branches are translated using the same principles and procedures as of its head office.

### d) Forward Exchange Contracts

The company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The company does not enter into any derivative instruments for trading or speculative purposes. Any gain or loss arising from remeasuring the hedging instrument at fair value as at the balance sheet date is recognised in the statement of profit and loss account and the gain or loss on the hedged item attributable to the hedged risk is adjusted to the carrying amount of hedged item. In the group companies, the interest rate hedges contracts have been designated as cash flow hedges and gains and losses are recognised in the hedging reserve in equity.

e) All the activities of the foreign subsidiaries are carried out with a significant degree of autonomy from those of the Parent. Accordingly, as per the provisions of (AS-11) "Effect of changes in foreign exchange rates", these operations have been classified as "Non integral operations" and therefore all assets and liabilities, both monetary and non-monetary, are translated at the closing rate while income and expenses are translated at the average exchange rates. The resulting exchange differences are accumulated in the foreign currency translation reserve until the disposal of the net investment.

## 9. Retirement Benefits

### a) Gratuity

The gratuity liability in respect of employees of the company is covered through a policy taken by a trust established under the Group Gratuity Scheme of ING Vysya Fund. The liabilities with respect to the gratuity plan are determined by actuarial valuation as on the Balance Sheet date, based upon which, the company contributes to the employees group gratuity scheme. The contribution towards the premium of the policy paid to the trust is treated as revenue expenditure.

### b) Provident and Other Fund

Contribution to provident fund and employees state insurance scheme is made in accordance with the relevant fund/scheme and is treated as revenue expenditure.

### c) Leave Encashment

Leave encashment is provided on the basis of earned leave standing to the credit of the employees and the same is discharged by the company by the year end.

### d) Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the statement of recognised income and expense in the period in which they arise.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straightline basis over the vesting period.

For defined contribution plans, the Group Companies pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group Companies has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

## Consolidated Financial Statements

## 10. Research and Development

Intangible Assets arising from development are recognized if the asset is identifiable and future economic benefits from the assets are probable. Expenditure on research is recognized as an expense when it is incurred. Research and development costs include salaries and other related cost of personnel, cost of material and services consumed.

## 11. Revenue Recognition

The principles of revenue recognition are given below:

### a) Sale of Goods

Revenue from sales are recognised when significant risks and rewards of ownership of the goods have passed to the buyer which coincides with delivery and are recorded net of trade discount. Sales include excise duty and WEEE levy but are exclusive of value added tax. Sales do not include inter-divisional transfers.

### b) Export Incentive

Export incentives such as DEPB benefits are recognised on post export basis on entitlement rates. DEBP Licence in hand are carried at cost.

### c) Interest

Interest income is recognised on a time proportion basis.

### d) Others

Insurance claims are recognised when there exists no significant uncertainty with regard to the amounts to be realised and the ultimate collection thereof.

## 12. Prior period Items

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

## 13. 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 costs are recognized as an expense in the period in which they are incurred. Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

## 14. a) Financial leases

The Group Companies lease some assets where the risks and rewards incidental to ownership are largely transferred to the Group. These assets are capitalised and recognised in the balance sheet at the lower of the fair value of the asset and the discounted value of the minimum lease instalments. The lease instalments payable are broken down into repayment and interest components, based on a fixed interest rate and equal instalments. The lease commitments are carried under liabilities exclusive of interest. The interest component is recognised in the profit and loss account in accordance with the lease instalments. The relevant assets are depreciated over the remaining useful lives or the lease term, if this is shorter.

## b) Operating leases

Lease contracts for which a large part of the risks and rewards incidental to ownership of the assets does not lie with the Group companies, are recognised as operating leases. Obligations under operating leases are recognised on a straight-line basis in the profit and loss account over the term of the contract.

## 15. Miscellaneous Expenditure

Expenditure on increase in capital is being amortised over a period of five years.

## 16. Segment Information - Basis of Information

The accounting policies adopted for segment reporting are in line with accounting policies of the Group. Revenue, expense, assets and liabilities, which relate to the Group as a whole and do not relate to any segment, are not allocated. The Group identifies its business segment as primary reporting segment and geographical segment as a secondary reporting segment.

## 17. Earning Per Share

The earnings considered in ascertaining the Group's Earning Per Share (EPS) comprises the net profit after tax. The number of shares used in computing Basic and diluted EPS is weighted average number of shares outstanding during the year. The number of shares and dilutive shares are adjusted on issue of bonus shares, if any.

## Consolidated Financial Statements

### 18. Taxes on Income

Tax expense for the year comprises of current tax, deferred tax and fringe benefit tax

#### a) Current Tax

The Current Income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations in subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### b) Deferred tax

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being difference between taxable and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

#### c) Fringe Benefit tax

Fringe Benefit tax is provided in accordance with the provisions of law of respective countries.

### 19. Impairment of assets

At each Balance Sheet date an assessment is made whether there is any indication of impairment of the carrying amount of the company's assets. The recoverable amount of such assets are estimated, if any indication exists. Impairment loss is recognised wherever the carrying amount of the assets exceeds its recoverable amount

### 20. Contingent Liabilities and Provisions

#### Contingent Liabilities

Contingent liabilities are disclosed by way of notes and are not recognised as an item of expense in the profit and loss account. Contingent gains are not recognised.

#### Provisions

Provisions are recognised as liability only when these can be measured by using a substantial degree of estimation and where present obligations of the enterprise arise from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits. Provisions are not discounted to its present value and are determined based on management estimate to settle the obligation at the balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

### B. CONTINGENT LIABILITIES

	(Rs.in crores)	
	<u>2008</u>	<u>2007</u>
a Estimated amount of capital contracts remaining to be executed & not provided for (not of advances)	30.52	60.80
b Bank guarantees and letter of credits opened with bank (net of margin money)	96.93	58.71
c Bonds to excise department against export of excisable goods/purchase of goods without payment of duty (net of margin money)	17.16	3.58
d Custom duty payable against export obligation	13.75	6.06
e Suits filed against the company not acknowledged as debts	8.57	2.61
f Receivables assigned with banks.	18.02	13.29
g Disputed tax liabilities in respect of pending cases before Appellate Authorities	5.58	3.90
h Corporate Guarantee given on behalf of subsidiary companies	529.96	520.83
i Export bills discounted with banks	15.27	4.43

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### C. NOTES

1. a) The list of subsidiaries included in consolidation is as follows:

Sl. No.	Name of Subsidiary	Country of incorporation	Date of Control	Nature and relationship	Extent of Control
1	Havell's Cyprus Limited	Cyprus	20.07.2007	WOS of Havells India Limited	100%
2	Havell's Holdings Limited	Isle of Man	09.03.2007	WOS of Havells India Limited	100%
3	Havell's Malta Limited	Malta	13.03.2007	WOS of Havell's Holdings Limited	100%
4	Havell's Netherlands Holding B.V.	Netherlands	13.03.2007	WOS of Havell's Malta Limited	100%
5	Havell's Netherlands B.V.	Netherlands	13.03.2007	WOS of Havell's Netherlands Holding B.V.	100%
6	SLI Europe B.V.	Netherlands	20.04.2007	WOS of Havell's Netherlands B.V.	100%
7	Havells Sylvania Holdings BV1 Limited	British Virgin	20.04.2007	WOS of Havell's Netherlands B.V.	100%
8	Havells SLI Lighting Products Inc.	Delaware	20.04.2007	WOS of Havell's Netherlands B.V.	100%
9	Flowil International Lighting (Holding) B.V.	Netherlands	20.04.2007	WOS of SLI Europe BV	100%
10	Sylvania Lighting International B.V.	Netherlands	20.04.2007	WOS of SLI Europe BV	100%
11	Havells Sylvania (Thailand) Limited	Thailand	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
12	Havells Sylvania (Guangzhou) Enterprises Ltd	China	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
13	Havells Sylvania Asia Pacific Limited	Hong Kong	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
14	Havells Sylvania Sweden A.B.	Sweden	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
15	Havells Sylvania Finland OY	Finland	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
16	Havells Sylvania Norway A.S.	Norway	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
17	Havells Sylvania Fixtures Netherlands B.V.	Netherlands	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
18	Havells Sylvania Lighting Belgium N.V.	Belgium	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
19	Havells Sylvania Belgium B.V.B.A.	Belgium	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
20	Havells Sylvania Lighting France S.A.	France	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
21	Havells Sylvania France S.A.S.	France	20.04.2007	WOS of Havells Sylvania Lighting France SA	100%
22	Havells Sylvania Italy S.P.A.	Italy	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
23	Havells Sylvania Portugal Lda	Portugal	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
24	Havells Sylvania Greece A.E.E.E.	Greece	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
25	Havells Sylvania Spain S.A.	Spain	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
26	Havells Sylvania Spain Logistics S.L.	Spain	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
27	Havells Sylvania Germany Gmbh	Germany	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
28	Havells Sylvania Switzerland S.A.	Switzerland	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
29	Havells Sylvania Brasil Iluminacao Lda.	Brazil	20.04.2007	WOS of Sylvania Lighting International B.V.	100%
30	Havells Sylvania Argentina S.A.	Argentina	20.04.2007	WOS of Sylvania Lighting International B.V.	100%
31	Havells Sylvania S.A.N.V.	Dutch Antilles	20.04.2007	WOS of Sylvania Lighting International B.V.	100%
32	Havells Sylvania Colombia S.A.	Colombia	20.04.2007	WOS of Havells Sylvania Holdings BVI-1 Limited	100%
33	Havells SLI de Mexico S.A. de C.V.	Mexico	20.04.2007	WOS of Sylvania Lighting International B.V.	100%
34	Havells SLI Servicios Generales Mexico S.A. de CV.	Mexico	20.04.2007	WOS of Havells SLI de Mexico SA de CV	100%
35	Havells Sylvania El Salvador S.A. de C.V.	El Salvador	20.04.2007	WOS of Havells Sylvania Export N.V.	100%
36	Havells Sylvania Guatemala S.A.	Guatemala	20.04.2007	WOS of Havells Sylvania Export N.V.	100%
37	Havells Sylvania Costa Rica S.A.	Costa Rica	20.04.2007	WOS of Havells Sylvania Export N.V.	100%
38	Havells Sylvania Panama S.A.	Panama	20.04.2007	WOS of Havells Sylvania Export N.V.	100%
39	Havells Sylvania Venezuela C.A.	Venezuela	20.04.2007	WOS of Havells Sylvania Colombia S.A.	100%
40	Marlin Lighting Limited	United Kingdom	20.04.2007	WOS of Havells Sylvania Fixtures UK Limited	100%
41	Linolite Limited	United Kingdom	20.04.2007	WOS of Havells Sylvania UK Limited	100%
42	Badalex Limited	United Kingdom	20.04.2007	WOS of SLI Europe BV	100%
43	Havells Sylvania Europe Limited	United Kingdom	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
44	Havells Sylvania UK Limited	United Kingdom	20.04.2007	WOS of Havells Sylvania Europe Limited	100%
45	Havells Sylvania Fixtures UK Limited	United Kingdom	20.04.2007	WOS of Havells Sylvania Fixtures UK Limited	100%
46	Havells Holding Inc	USA	20.04.2007	WOS of Havell's Netherlands B.V.	100%
47	Havells Sylvania Tunisia S.A.R.L.	Tunisia	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
48	Havells Sylvania Export S.A.N.V	Dutch Antilles	20.04.2007	WOS of Sylvania Lighting International B.V.	100%
49	Havells Sylvania Holdings BVI-2 Limited	British Virgin	20.04.2007	WOS of Havells Sylvania Holdings BVI-1 Limited	100%
50	Sylvania Geschaft mbh	Austria	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
51	Concord Lighting Limited	United Kingdom	20.04.2007	WOS of Havells Sylvania Venezuela C.A.	100%
52	Precision Materials Sarl	France	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
53	Havells Sylvania Dubai FZCO	Dubai	20.04.2007	WOS of Havells Sylvania Europe Limited	100%

\*Wholly owned subsidiary

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- b) Havells Netherlands B.V., a step down subsidiary of the company has acquired the entire share capital of SLI Europe B.V. Netherlands Havells Sylvania Holdings BVI-1 Limited, British Virgin Islands and Havells SLI Lighting Products Inc., Delaware as per the share purchase agreement dated 13th March, 2007. The acquisition was completed on 20th April, 2007 and by virtue of this, the company has acquired control of the aforesaid companies along with their 45 subsidiaries.
2. The financial statements of Havells Malta Limited and Havells Cyprus Limited consolidated along with its 50 step down subsidiaries have been audited upto 31st December 2007 and financial statements of Havell's Holding Limited are audited for the period from 09.02.2007 to 31.03.08. For the purpose of consolidation the financial statements of the subsidiaries have been drawn for the period ended 31st March 2008 and certified by the management.
3. The Investment made in G.S.Lightning Private Limited are accounted for in accordance with accounting Standard -13 "Accounting for Investment" since the company does not have any significant influence in the investee company.
4. In accordance with the Shareholders' Approval in the Extra Ordinary General meeting of the Company held on 19th November, 2007 the company has, on a preferential basis issued and allotted the following securities to M/s Seacrest Investment Limited, a Warburg Pincus group company, in accordance with the provisions of Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines, 2000.
  - a) 4160000 Equity Shares of Rs. 5/- each fully paid up at price of Rs. 625/- per share aggregating to Rs. 260 crores, and
  - b) 2600000 Warrants convertible into equity shares at Rs. 690/- per warrant (" warrant price") aggregating to Rs. 179.40 crores, against which the Company has received an amount equivalent to 10% of the warrant price i.e. Rs. 69/- per warrant. The said warrants are convertible into equity shares on or before the expiry of 18 months from the date of their allotment in one or more tranches. The company has applied for approval for this said issue to Foreign Investment Promotion Board (FIPB) and the approval has not been received as yet
5. As per the terms of the preferential issue, the object of the issue was to payoff the existing debts of the company and/ or its subsidiaries, capital expenditure for new products, modernisation/ expansion of existing businesses of the company. The said funds have been invested by the company in its wholly owned subsidiary company namely, Havells Holding Limited for repayment of debts raised by the said subsidiary company. There are no monies lying unutilised out of the proceeds of the preferential issue as at the Balance Sheet date.
6. The IDBI Bank Ltd has sanctioned a receivable buyout facility of Rs.250 crores to the company. As per the terms with the bankers, the debtors are insured to the extent of 95% and for the balance the said bankers have recourse on the company to the extent of 5% of each debt or Rs.0.02 crore, whichever is higher. As on the date of Balance Sheet total debtors assigned to the bankers are at Rs. 238.57 crores (previous year Rs.199.79 crores). With the result, the debtors at the end of the year stand reduced by the said amount. A sum of Rs.18.72 crores (previous year Rs.12.75 crores) on account of charges paid for this facility has been debited to debtors factoring charges account.
7. The company has transferred and deposited a sum of Rs. 0.005 crore (previous year Rs. 0.011 crore) out of unclaimed dividend pertaining to the year 1999-2000 to Investor Education and Protection Fund of Central Government in accordance with the provisions of Section 205C of the Companies Act, 1956.
8. a) The company is setting up a new unit at Neemrana, Rajasthan for the manufacture of electric motors and compact florescent lamps (CFL) and has invested a sum of Rs.100.90 crores (previous year Rs.16.03 crores) in the project as on the balance sheet date.
  - b) The company's manufacturing units at Baddi, (Himachal Pradesh) and Haridwar ( Uttaranchal) are exempted from excise duty vide Notification No. 49 and 50/2003 issued by Government of India, Ministry of Finance, Department of Revenue, Central Board of Excise and Customs, New Delhi and the profit of the said units are eligible for deduction under section 80 IC of the Income Tax Act, 1961.
  - c) In respect of Baddi and Haridwar units, the CENVAT credit against fixed assets has not been adjusted and provision for excise duty payable on finished goods and scrap materials has not been made since the units are exempted from payment of excise duty.
9. The Company has made a provision of excise duty amounting to Rs. 6.60 crores (previous year Rs. 6.19 crores) payable on stocks of finished goods and scrap material at the end of year except at Baddi and Haridwar units as stated in note no. 8 (c) above. Excise duty is considered as an element of cost at the time of manufacture of goods.
10. The Company has imported a plant for its motor unit at Neemrana from Spain (Europe) against which the company has obtained a Buyers' Credit facility from Canara Bank, London for Euro 3.7 million (Rs. 23.34 crores). The said facility is secured by way of hypothecation of said plant and machinery including stocks, furnitures, computers and other moveable assets awarded in the public auction.
11. Sundry debtors include Rs.0.06 crore ( previous year Rs. 3.20 crore ) due from Standard Electricals Limited, a company under the same management ( Maximum due Rs.7.30 crores (previous year Rs. 9.84 crores).
12. Pursuant to the adoption of Accounting Standards as prescribed by Companies (Accounting Standard) Rules, 2006 issued by Ministry of Corporate Affairs vide notification no.G.S.R.739 (E) dated December 7, 2006, as required by Accounting Standard -

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- 11 on "The Effect of Changes in Foreign Exchange Rates", the company has recognised net loss arising on account of foreign exchange fluctuations amounting to Rs.0.08 crore and gain of Rs.0.04 crore for the year ended March 31st, 2008, in the profit and loss account relating to acquisition of fixed assets. This has resulted in profit before tax for the year being lower by Rs.0.04 crore.
13. The company has implemented SAP w.e.f. 01.08.2007 and consequent to this, the inventory has been valued on moving weighted average as against FIFO basis which was being adopted in earlier years. Due to such change, the impact on profit is not significant as estimated by the management.
14. a) The company has given a corporate guarantee of Euro 34 million (Rs.214.51 crores) for and on behalf of wholly owned subsidiary company Havell's Netherlands Holding B.V., Netherlands in respect of Asian Terms Facility Agreement entered with Barclays Capital and State Bank of India on 13th March, 2007, which is secured by way of pari-passu first charge on all the assets of the company except those charged against working capital. The documents for creation of charge is pending for want of RBI permission.
  - b) The company has undertaken an unconditional and irrevocable financial commitment in respect of loan of US\$ 40 million (Rs.159.88 crores) availed by its wholly owned subsidiary company Havells Holding Limited, Isle of Man from ABN Amro Bank, Singapore.
  - c) The company has given a irrevocable and unconditional corporate guarantee in respect of credit facilities and other financial accommodation availed by Havells Sylvania Europe Limited upto the amount of Euro 10 million (Rs.63.09 crores).
15. a) Foreign Currency Loan from ICICI Bank Limited, Singapore taken in the company has been translated at the prevailing rate of exchange as on the date of balance sheet .Consequent to realignment of the value of foreign currency loan, the rupee liability of the company has decreased by Rs.1.68 crores (previous year Rs.0.91 crore). The said exchange gain of Rs.1.68 crores has been credited to the profit and loss account.
  - b) Buyers' Credit Facility from Canara Bank, London taken in the company has been translated at the prevailing rate of exchange as on the date of balance sheet. Consequent to realignment of the value of credit facility has increased by Rs.2.79 crores (previous year Rs. Nil). The said exchange loss has been treated as pre-operative expenditure pending capitalisation in Neemrana unit of the company to the extent of Rs. 2.33 crores and the balance sum of Rs. 0.46 crore has been treated as financing cost in accordance with requirements of Accounting Standards (AS-16) "Borrowing Costs" issued by the Institute of Chartered Accountants of India.
  - c) The Company has entered into currency swap deal with IDBI Bank Limited, Yes Bank Limited, Canara Bank, Kotak Mahindra Bank Limited and DBS Bank Limited in order to reduce the cost of existing term loans. In accordance with the accounting policy of the company, the company has recognised exchange fluctuation of Rs.0.71 crore (previous year income Rs.1.28 crores) and credited to the profit and loss account.
  - d) The company has earned income on account of exchange fluctuation of Rs. 2.56 crores on part redemption of the investments in subsidiary company Havells Holding Limited and credited to profit and loss account.

The above treatments have been done in accordance with the requirements of Accounting Standards (AS-11) revised " The effects of changes in foreign exchange rates" issued by the Institute of Chartered Accountants of India.
16. The company uses Foreign Exchange Contracts to hedge its exposures to movements in foreign exchange rates in case of underlying assets being imports in case of the Company. Pursuant to announcement on AS-30, "Accounting for Derivatives", issued by the Institute of Chartered Accountants of India, the value of Rs.12.05 crores based on "Mark to Market", as on balance sheet date has been adjusted to the carrying cost of underlying assets. In the group companies, the interest rate hedges contracts have been designated as cash flow hedges. Gain and losses recognised in the hedging reserve in equity on interest rate swap contracts as of 31st March 2008 will be continuously released to the income statement until the repayment of the bank borrowings.
17. Interest and other borrowing costs amounting to Rs.1.63 crores (previous year Rs.0.38 crore) 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.
18. Exceptional expenses in Group Companies

	€'000	(Rs.in crores)
		31st March 2008
Severance costs	1,692.00	10.67
Integration costs	236.00	1.49
Total	<u>1,928.00</u>	<u>12.16</u>

Severance costs relate to changes in management following the acquisition of the Group Companies.  
Integration costs relate to non payroll related expenditure incurred after acquisition to align the Group Companies with the corporate identity and culture.

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19. Goodwill has been determined on the basis of excess of cost to the parent over net asset acquired in subsidiary companies.

Movement of Goodwill is as follows :

	Rs. in crores	
	2008	2007
Opening balance as on 01.04.2007	NIL	NIL
Goodwill acquired during the year	334.62	NIL
Closing balance as on 31.03.2008	334.62	NIL

20. The group identifies its divisions into cash generating units for the purpose of testing of impairment of fixed assets and goodwill. The cash generating units have been identified on the basis of group of assets that includes the asset that generates cash inflows from continuing use that are largely independent of other assets or group of assets.

Each of the identified cash generating units have been assessed at the balance sheet date and tested for impairment. The group has generally considered external factors influencing impairment of assets such as significant changes in market value of the assets, changes in technological, market, economic or legal environment, return on investment etc. and internal factors such as obsolescence, physical damage, changes at operation level etc. for assessment of impairment conditions existing in the cash generating units as on the Balance Sheet date. Further, where production line itself is not impaired, impairment conditions are not recognised in individual machine, if any. After due consideration to above factors it is established that no impairment conditions exist in any of the cash generating units as on the Balance Sheet date.

21. Deferred Tax and Current Tax

Current Tax

The group has made a provision for current tax on the basis of the tax laws enacted or substantively enacted at the balance-sheet date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred Tax

In accordance with the Accounting Standard (AS-22) relating to taxes on income, the break-up of deferred tax assets and deferred tax liabilities is as under:

	(Rs. in crores)	
	Deferred Tax Liability	
	2008	2007
1 Deferred Tax Liability		
a) on account of difference in rates and method of depreciation	53.41	14.14
b) on account of different treatment of certain payments under I.T. Act.	<u>2.66</u>	<u>1.57</u>
	<u>56.07</u>	<u>15.71</u>
2 Deferred Tax Assets		
a) on account of different treatment of certain payments under I.T. Act.	25.58	2.25
b) on account of provision for leave encashment and bonus	17.20	1.06
c) on account provision for doubtful debts not treated as expense under I.T. Act.	0.50	0.57
d) on account of tax losses in subsidiaries	18.20	-
e) on account of tax credit for MAT (Minimum Alternate Tax)	<u>2.16</u>	<u>-</u>
	<u>63.64</u>	<u>3.88</u>
3 Deferred income tax liability/assets		
a) at the end of year	(7.56)	11.83
b) for the year	5.55	2.3

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The group companies did not recognise deferred tax assets in respect of losses amounting to Euro15.47 crores (Rs.976.13 crores).

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22. Disclosures required by Accounting Standard (AS- 29) relating to ' Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised such as bad debts, sales incentives and other expenses of commercial nature. The provisions are recognised on the basis of past events and the probable settlement of the present obligation as a result of the past events during the year.

	(Rs. in crores)	
	2008	2007
The movement in provisions are as under:		
Carrying amount at the beginning of the year	6.69	5.48
Amount transferred from acquired entities	159.72	-
Additional provisions made during the year	19.25	4.40
Amount used during the year	40.04	3.12
Unused amounts reversed during the year	0.05	0.07
Carrying amount of provisions at the close of the year	<u>145.57</u>	<u>6.69</u>

23. The Company has proposed a dividend @ 50% on its equity capita for the year and a provision for corporate dividend tax including surcharge and education cess thereon has been made in accordance with the Finance Act 2008. The said amount is not subject to tax deducted at source (TDS).

24. 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.

25. Segment Reporting

The segment reporting of the Company has been prepared in accordance with Accounting Standard (AS-17), " Accounting for Segment Reporting" issued by the Institute of Chartered Accountants of India.

Segment Reporting Policies

a) Identification of Segments:

Primary- Business Segment

The company has identified four reportable segments viz. Switchgears, Cable and wires, Lighting and fixtures and Electrical Consumer Durables on the basis of the nature of products, the risk return profile of individual business and the internal business reporting systems.

Secondary- Geographical Segment

The analysis of geographical segment is based on geographical location of the customers.

b) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as " Unallocated".

c) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investment, tax related assets and other assets and liabilities that can not be allocated to a segment on reasonable basis have been disclosed as " Others".

	(Rs. in crores)	
(i) Primary- Business Segment	2008	2007
A. Revenue		
Segment Revenue (Gross)		
Switchgears	568.18	428.87
Cable and wires	1,064.29	777.99
Lighting and fixtures	3,247.28	238.75
Electrical consumable durables	240.02	169.88
Others	<u>83.78</u>	<u>71.01</u>
	<u>5,203.55</u>	<u>1,686.49</u>

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	(Rs. in crores)	
	2008	2007
<b>B. Results</b>		
<b>Segment Results</b>		
Switchgears	178.05	127.70
Cable and wires	96.44	90.88
Lighting and fixtures	792.60	25.14
Electrical consumable durables	51.71	25.22
Others	6.60	1.53
	<u>1,125.40</u>	<u>270.47</u>
Unallocated expenses net of income	832.87	133.82
<b>Operating Profit</b>	<b>292.53</b>	<b>136.65</b>
Interest Expenses	93.92	16.14
<b>Profit before tax</b>	<b>198.61</b>	<b>120.51</b>
Income tax expense and wealth tax	37.65	18.39
<b>Profit after tax</b>	<b>160.96</b>	<b>102.12</b>
<b>C. Other Information</b>		
<b>Segment Assets</b>		
Switchgears	369.21	167.79
Cable and wires	258.09	188.92
Lighting and fixtures	2,427.87	47.59
Electrical consumable durables	85.14	100.39
Others	352.64	52.80
	<u>3,492.95</u>	<u>557.49</u>
<b>Segment Liabilities</b>		
Switchgears	84.68	46.50
Cable and wires	197.51	92.16
Lighting and fixtures	1,056.13	27.65
Electrical consumable durables	22.79	13.60
Others	153.06	101.90
	<u>1,514.17</u>	<u>281.81</u>
<b>Capital Expenditure</b>		
Switchgears	109.60	27.24
Cable and wires	36.47	26.80
Lighting and fixtures	47.39	6.20
Electrical consumable durables	5.71	12.60
Others	27.57	35.68
	<u>226.74</u>	<u>108.52</u>
<b>Depreciation</b>		
Switchgears	3.89	2.74
Cable and wires	3.40	2.49
Lighting and fixtures	57.50	0.95
Electrical consumable durables	1.16	1.12
Others	3.48	2.44
	<u>69.43</u>	<u>9.74</u>
<b>Non-cash expenses other than depreciation</b>		
Switchgears	0.08	0.02
Cable and wires	0.15	0.02
Lighting and fixtures	2.00	0.01
Electrical consumable durables	0.03	-
Others	0.01	0.77
	<u>2.27</u>	<u>0.82</u>

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### (ii) Secondary- Geographical Segments

The following is the distribution of Company's consolidated revenue by geographical market, regardless of where the goods were produced.

	(Rs. in crores)	
	2008	2007
Revenue-Domestic Market	2105.69	1582.23
Revenue-Overseas Market	3097.86	104.26
	<u>5203.55</u>	<u>1686.49</u>

### Fixed assets located (Including Capital work-in-progress)

	(Rs. in crores)	
	2008	2007
Within India	385.16	242.14
Outside India	447.14	0.11
	<u>832.30</u>	<u>242.25</u>

### 26. Earning per share

	(Rs. in crores)	
	2008	2007
Basic and Diluted Earning per share		
Numerator for earning per share		
Profit after Taxation	Rs. 160.96	102.15
Denominator for earning per share		
Weighted number of equity shares outstanding during the period	Nos. 55,205,858	53,758,406
Earning per share-Basic and Diluted	Rs. 29.16	19.00

The issue of 26,00,000 warrants convertible into equity shares at Rs.690/- per share on or before expiry of 18 months from the date of their allotment has not been considered dilutive since the issue price is greater than prevailing fair price of the equity shares.

### 27. Related party transactions

As per Accounting Standard (AS-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. Associates

QRG Enterprises Limited  
TTL Limited  
Standard Electricals Limited  
Guptajee & Company  
QRG Foundation

#### 2. Key Management Personnel

Shri Qimat Rai Gupta  
Shri Surjit Gupta  
Shri Anil Gupta  
Shri Rajesh Gupta

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### (B) Transactions during the year (Rs. in crores)

Particulars	Associates	Key Management Personnel	Total
Purchase of goods	12.79 (22.21)	- (-)	12.79 (22.21)
Sale of goods	40.43 (34.30)	- (-)	40.43 (34.30)
Sales incentives, discounts and commission paid	6.82 (3.66)	- (-)	6.82 (3.66)
Purchase of fixed assets	0.003 (0.006)	- (-)	0.003 (0.006)
Sales of fixed assets	2.75 (0.01)	- (-)	2.75 (0.01)
Rent paid	1.18 (0.09)	- (-)	1.18 (0.09)
Reimbursement for rent	0.14 (0.14)	- (-)	0.14 (0.14)
Trade mark fee paid	17.56 (13.74)	- (-)	17.56 (13.74)
Donation paid	0.35 (0.35)	- (-)	0.35 (0.35)
Recovery of Expenses	0.09 (-)	- (-)	0.09 (-)
DEPB Purchase	0.007 (0.10)	- (-)	0.007 (0.10)
Directors remuneration	- (-)	2.30 (1.62)	2.306 (1.62)
<b>Total- Current Year</b>	<b>82.12</b>	<b>2.30</b>	<b>84.42</b>
-Previous Year	(74.61)	(1.62)	(76.23)

### (C) Balances at the year end

Receivables	0.06 (3.20)	- (-)	0.06 (3.20)
Payables	0.71 (-)	- (-)	0.71 (-)

Notes: Figures in brackets relates to previous year.

## Consolidated Financial Statements

28. The consolidated financial statements for the current year include financial statements of subsidiaries acquired during the year w.e.f. 20th day of April, 2007. Therefore the figures for the current year may not be comparable with those of the previous year.

29. That the figures for the previous year have been regrouped/rearranged wherever necessary.

30. The figures have been rounded off to the nearest crores rupees upto two decimal places.

31. Schedule No. 1 to 20 form integral part of the balance sheet and profit and loss account.

**For and on behalf of the Board of Directors**

**Qimat Rai Gupta**  
Chairman & Managing Director

**Ritu Mehrotra**  
Company Secretary  
Noida, May 22, 2008

**Surjit Gupta**  
Director

**Mahesh Jain**  
Vice President-Finance & Accounts

As per attached Auditors' Report of even date

**For V.P.Bansal & Co.**  
Chartered Accountants

**V.P. Bansal**  
Proprietor  
Membership No. 8843



(Rs. in crores)

Statement pursuant to exemption granted by Ministry of Company Affairs, GOI under Section 212(8) of the Companies Act, 1956 relating to subsidiary companies							Total Liabilities	Investments other than investments in subsidiaries	Total Assets	Turnover	Profit Before Tax	Provision for Taxation	Profit after taxes	Proposed Dividend
S.No.	Name of the Subsidiary Companies	Subsidiary Company Formerly Known	As Country	Capital	Reserves	Liabilities								
1	Havell's Cyprus Limited		Cyprus	0.01	(0.14)	0.15	0.02	-	0.02	0.00	(0.14)	0.00	(0.14)	-
2	Havell's Holding Limited		Isle of Man	177.02	(5.05)	150.96	322.93	-	322.93	0.26	15.63	0.00	15.63	-
3	Havell's Malta Ltd		Malta	300.66	(0.28)	0.39	300.77	-	300.77	0.00	(0.28)	0.00	(0.28)	-
4	Havell's Netherlands Holdings B.V.		Netherlands	300.57	(11.28)	190.27	479.56	-	479.56	0.00	(11.28)	0.00	(11.28)	-
5	Havell's Netherlands B.V.		Netherlands	473.30	(28.33)	762.10	1207.07	-	1207.07	0.00	(28.33)	0.00	(28.33)	-
6	Havells Sylvania France S.A.S.		Nanterre	49.21	17.82	17.03	84.06	-	84.06	0.00	9.95	4.46	5.49	-
7	Havells Sylvania UK Ltd.		UK	152.76	(157.14)	78.26	73.88	-	73.88	76.80	(8.46)	(2.53)	(5.93)	-
8	Havells Sylvania Germany GmbH		Fürth	226.90	(118.53)	277.60	385.97	-	385.97	325.54	0.85	0.22	0.63	-
9	Havells Sylvania Switzerland S.A.		Meyrin	0.38	10.94	32.26	43.58	-	43.58	(0.00)	(0.09)	0.90	(0.99)	-
10	Havells Sylvania Lighting Belgium N.V.		Tienen	312.41	(106.07)	120.10	326.44	-	326.44	275.35	23.88	0.00	23.88	-
11	Havells Sylvania Belgium B.V.B.A.		Tienen	0.23	0.56	6.11	6.90	-	6.90	0.00	0.86	0.25	0.61	-
12	Havells Sylvania Fixtures Netherlands B.V.		Haarlem	0.00	34.63	8.44	43.07	-	43.07	0.00	4.64	1.44	3.20	-
13	Havells Sylvania Sweden A.B.		Arsta	19.62	(15.18)	5.59	10.03	-	10.03	(0.00)	2.67	0.00	2.67	-
14	Havells Sylvania Norway A.S.		Oslo	31.05	(32.07)	3.45	2.43	-	2.43	(0.00)	(2.11)	0.00	(2.11)	-
15	Havells Sylvania Finland OY		Helsinki	0.02	2.93	2.97	5.92	-	5.92	0.28	0.47	0.16	0.31	-
16	Havells Sylvania Spain S.A.	SLI Sylvania S.A.	Madrid	6.17	34.13	11.84	52.14	-	52.14	(0.00)	0.57	0.12	0.45	-
17	Havells Sylvania Spain Logistics S.L.	Servicios Logísticos Sylvania S.L.	Madrid	0.95	0.23	3.41	4.59	-	4.59	0.00	0.01	0.00	0.01	-
18	Havells Sylvania Portugal Lda.		Lissabon	3.46	5.81	2.32	11.59	-	11.59	0.00	0.73	0.00	0.73	-
19	Havells Sylvania Italy S.p.A.		Milano	21.51	13.60	18.71	53.82	-	53.82	0.00	4.07	2.44	1.63	-
20	Havells Sylvania Greece A.E.E.E.	Sylvania A.E.E.E.	Athens	2.59	(1.82)	37.98	38.75	-	38.75	40.91	(0.86)	0.47	(1.33)	-
21	Havells Sylvania Tunisia S.A.R.L.		Kairouan	0.37	(47.60)	104.62	57.39	-	57.39	61.26	(3.45)	0.00	(3.45)	-
22	Havells Sylvania Fixtures UK Ltd.		UK	138.91	(143.02)	135.07	130.96	-	130.96	342.75	6.72	2.50	4.22	-
23	Havells Sylvania Lighting France SA		Nanterre	86.63	48.56	289.70	424.89	-	424.89	477.21	(0.72)	(0.68)	(0.04)	-
24	Sylvania Lighting International B.V.		Haarlem	143.23	361.75	39.20	544.18	-	544.18	0.00	25.43	0.00	25.43	-
25	Flowil International Lighting (Holding) B.V.		Haarlem	599.27	(349.80)	684.64	934.11	-	934.11	0.00	(296.39)	0.21	(296.60)	-
26	Badalex Ltd.		UK	247.77	(421.35)	173.61	0.03	-	0.03	0.00	(8.95)	0.00	(8.95)	-
27	SLI Europe B.V.		Haarlem	1285.41	(992.80)	420.59	713.20	-	713.20	0.00	(33.26)	(4.77)	(28.49)	-
28	Havells Sylvania Europe Ltd.		UK	435.44	(110.72)	783.87	1108.59	-	1108.59	2208.77	(13.89)	1.54	(15.43)	-
29	Havells Sylvania (Guangzhou)Enterprise Ltd.	Guangzhou Sylvania Enterprise Ltd.	Guangzhou	1.58	0.51	7.79	9.88	-	9.88	13.02	(1.04)	(0.44)	(0.60)	-
30	Havells Sylvania Asia Pacific Ltd.		Kowloon	6.25	10.41	9.71	26.37	-	26.37	48.52	3.68	0.54	3.14	-
31	Havells Sylvania (Thailand) Ltd.		Bangkok	0.14	33.13	21.40	54.67	-	54.67	86.15	10.27	3.07	7.20	-
32	Havells SLI Lighting Products, Inc.	SLI Lighting Products, Inc.	Delaware, USA	9.43	(50.99)	141.31	99.75	-	99.75	151.00	(10.29)	2.00	(12.29)	-
33	Havells Sylvania Argentina S.A.	Sylvania Iluminación S.A.	Buenos Aires	2.02	6.06	6.34	14.42	-	14.42	24.31	4.81	1.55	3.26	-
34	Havells Sylvania Brasil Iluminacao Lda.	Havells Sylvania Brasil Iluminacao Ltda.	São Paulo	131.33	(206.53)	183.58	108.38	-	108.38	161.70	(6.69)	(0.18)	(6.51)	-
35	Havells Sylvania Costa Rica S.A.	Sylvania S.A.	San José	0.18	38.93	60.49	99.60	-	99.60	159.56	0.31	0.58	(0.27)	-
36	Havells Sylvania El Salvador S.A. de C.V.		El Salvador	1.98	5.60	3.60	11.18	-	11.18	15.76	1.32	0.38	0.94	-
37	Havells Sylvania Guatemala S.A.	Sylvania S.A.	Guatemala	0.01	12.39	4.73	17.13	-	17.13	18.89	0.06	0.11	(0.05)	-
38	Havells SLI Mexico S.A. de C.V.		México	11.19	3.53	22.26	36.98	-	36.98	52.95	6.27	1.68	4.59	-
39	Havells SLI Servicios Generales Mexico SA De CV	SLI Servicios Generales S.A. de C.V.	México	0.02	0.12	0.08	0.22	-	0.22	0.00	0.00	0.00	0.00	-
40	Havells Sylvania Panama S.A.		Panama	0.04	2.48	5.78	8.30	-	8.30	18.14	1.14	0.23	0.91	-
41	Havells Sylvania Colombia S.A.		Bogotá	41.67	76.59	35.71	153.97	-	153.97	156.95	12.33	3.43	8.90	-
42	Havells Sylvania Venezuela C.A.		Caracas	0.00	1.94	17.20	19.14	-	19.14	29.25	2.25	0.91	1.34	-
43	Havells Sylvania SA NV	Havells Sylvania N.V.	Caracas	1.86	6.88	6.52	15.26	-	15.26	30.34	4.80	1.22	3.58	-
44	Havells Holdings Inc	Havell's Holding Inc.	USA	0.00	1.45	4.28	5.73	-	5.73	0.00	0.06	0.00	0.06	-
45	Linolite Ltd		UK	6.21	8.01	0.00	14.22	-	14.22	0.00	0.00	0.00	0.00	-
46	Marlin Lighting Ltd		UK	0.00	0.00	0.00	0.00	-	0.00	0.00	0.00	0.00	0.00	-
47	Concord Lighting Ltd		UK	0.00	0.00	0.00	0.00	-	0.00	0.00	0.00	0.00	0.00	-
48	Havells Sylvania Export S.A. N.V.	Havells Sylvania Export N.V.	Curacao	0.52	9.97	(2.27)	8.22	-	8.22	0.00	0.00	0.00	0.00	-
49	Havells Sylvania Holdings (BVI-2) Ltd		British Virgin Islands	0.20	29.49	0.00	29.69	-	29.69	0.00	0.00	0.00	0.00	-
50	Havells Sylvania Holdings (BVI-1) Ltd		British Virgin Islands	0.02	103.09	0.00	103.11	-	103.11	0.00	0.00	0.00	0.00	-
51	Precision Materials Sarl		Nanterre	0.42	(0.28)	0.00	0.14	-	0.14	0.00	0.00	0.00	0.00	-
52	Sylvania Ges.mbH		Viena	0.87	(0.83)	0.00	0.04	-	0.04	0.00	0.00	0.00	0.00	-
53	Havells Sylvania Dubai FZCO		Dubai	0.66	0.00	0.00	0.66	-	0.66	0.00	0.00	0.00	0.00	-

Havells India Limited - Decade at a glance

PARTICULARS	(Rs. in crores)									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Results for the year</b>										
Turnover	82.48	105.13	171.08	222.03	293.08	419.22	665.38	1115.14	1681.06	2231.17
PBDT	4.03	5.47	11.19	14.87	16.51	32.75	47.32	85.02	130.28	179.31
Depreciation	0.89	1.02	1.19	1.91	2.32	2.64	4.09	6.54	9.74	13.06
PBT	3.14	4.45	9.99	12.96	14.19	30.11	43.23	78.49	120.54	166.25
Tax	0.69	1.13	3.78	4.39	5.23	9.14	12.70	15.28	18.39	22.71
PAT	2.45	3.32	6.21	8.57	8.96	20.96	30.53	63.21	102.15	143.54
<b>Year end position</b>										
Gross Block	17.65	20.12	23.85	34.89	41.36	58.23	108.24	175.65	273.61	427.88
Net Block	14.50	15.99	18.56	25.80	30.01	46.31	92.33	153.20	242.25	385.25
Net Current Assets	25.51	31.70	49.65	65.18	94.58	115.98	172.75	138.97	84.47	166.25
Net Worth	15.30	17.48	22.89	33.86	41.00	59.35	86.61	175.96	262.30	648.93
Dividend (in %)	20%	20%	20%	25%	25%	40%	50%	50%	50%	50%
EPS (in Rs.)*	2.51	3.39	6.26	8.59	7.73	18.08	26.34	24.26	19.00	26.00
Share Capital	4.90	4.90	4.98	5.80	5.80	5.80	5.80	13.44	26.88	28.96
Reserves & Surplus	10.66	12.79	19.04	28.15	35.22	53.57	80.82	162.57	235.56	620.07
Book Value (in Rs.)*	15.62	17.86	22.97	29.21	35.37	51.20	74.72	65.46	48.79	112.04

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

NOTES

