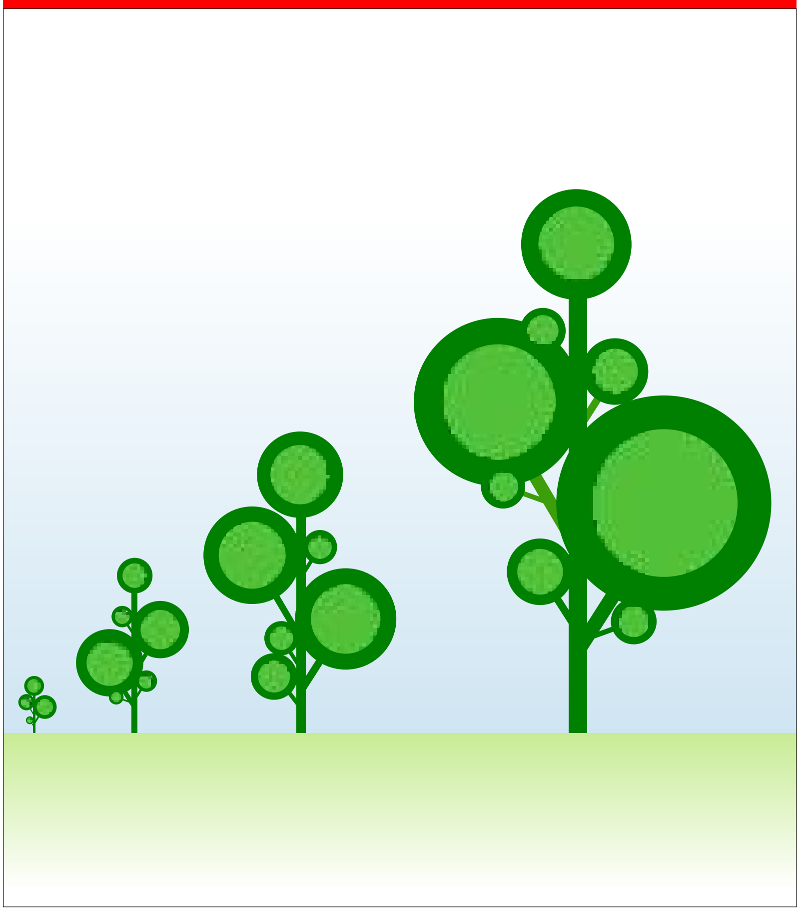
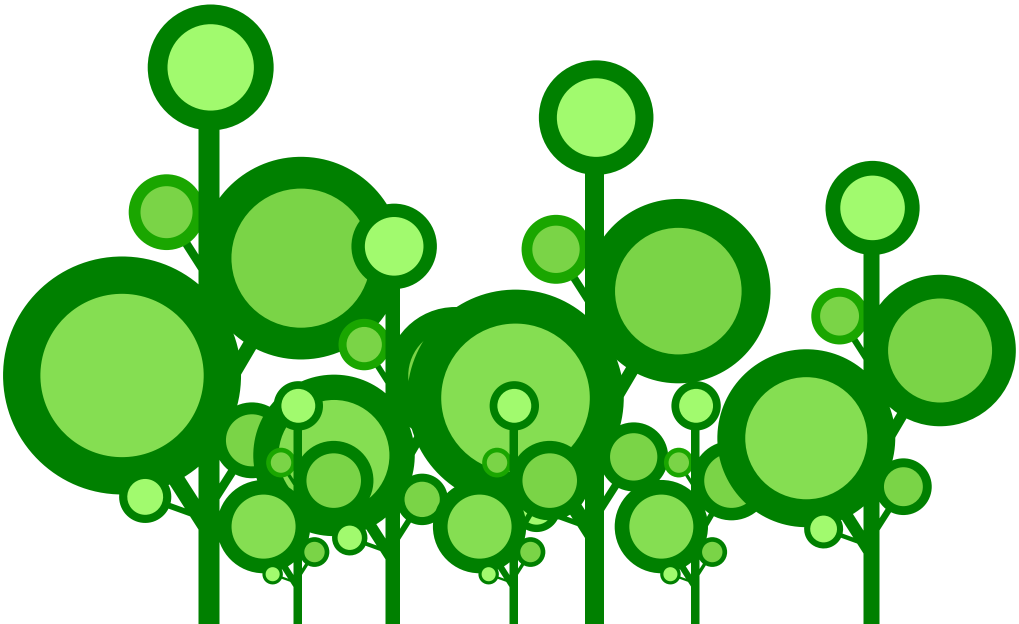
Growing Stronger
Going Greener.



26th Annual Report
2008 - 2009

HAVELLS



Havells India Ltd., a billion-dollar-plus organization and one of the largest & India's fastest growing electrical and power distribution equipment manufacturer with products ranging from Industrial & Domestic Circuit Protection Switchgear, Cables & Wires, Motors, Fans, Power Capacitors, CFL Lamps, Luminaires for Domestic, Commercial & Industrial applications, Modular Switches & Bathfittings covering the entire gamut of household, commercial and industrial electrical needs.

Havells owns some of the prestigious global brands like Crabtree, Sylvania, Concord, Luminance, Linolite & SLI Lighting.

With 91 branches / representative offices and over 8000 professionals in over 50 countries across the globe, the group has achieved rapid success in the past few years. Its 7 state-of-the-art manufacturing plants in India located at Haridwar, Baddi, Noida, Faridabad, Bhiwadi, Alwar, Neemrana, and 9 state-of-the-art manufacturing plants located across Europe, Latin America & Africa churn out globally acclaimed products. Havells is a name synonymous with excellence and expertise in the electrical industry. Its 20000 strong global distribution network is prompt to serve the customers.

The company has acquired a number of International certifications, like BASEC, CSA, KEMA, CB, CE, ASTA, CPA, SEMKO, SIRIUM (Malaysia), SPRING (Singapore), TSE (Turkey), SNI (Indonesia) and EDD (Bahrain) for various products. Today, Havells and its brands have emerged as the preferred choice of electrical products for discerning individuals and industrial consumers both in India and abroad.

The essence of Havells success lies in the expertise of its fine team of professionals, strong relationships with associates and the ability to adapt quickly and efficiently, with the vision to always think ahead.

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Chairman's Letter

Dear Shareholder

As our 25th year anniversary comes to an end, looking back at the road we had travelled uptil here, it has been a wonderful journey since the inception of Havells in 1983, one that might have been fraught with a few challenges but ultimately rich in every possible way.

As the full brunt of the economic downturn swept the United States and subsequently spread into other global economies, many companies struggled the market turmoil that challenged most businesses in 2008, including ours. Still, we experienced steady gains in our business operations, reporting another successive year of record earnings. We concentrated on cash generation mainly through extraction out of working capital. This performance reflects the underlying quality of Havells, which has proved robust across the economic cycle. Havells has weathered the storm reasonably well and remains positive about the year ahead.

Following our expansion over the years with new goals and evolving organization came a new identity. Our new logo that was adopted last year reflects the exciting new path we are pursuing and yet embodies all that our history teaches us. We continued our brand building exercise through extensive media coverage; deepened our distribution network into semi-urban and rural areas; churned out innovative product offerings and expanded manufacturing facilities. The direction the company is on, and will be heading towards, will see us achieve sustained and profitable growth in our business and add value to our shareholders.

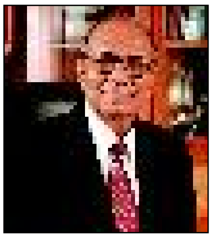
As we moved into new geographical areas following the acquisition of Sylvania, meeting economic and social challenges simultaneously will be an increasingly critical feature of our business. The key objective while integrating Havells and Sylvania will be to ensure that collective strengths are leveraged towards a common shared vision through consolidating manufacturing into global hubs, combining procurement activities in order to gain economies of scale, cross fertilization of research and development capabilities, following best operational practices and consolidating finance and corporate functions.

Chiseling the growth story the most important element of our business has been its human capital, and we consider our employees true partners in the success of our company. We encourage our staff to adopt a more entrepreneurial approach to their day to day activities. To achieve this we constantly endeavour to arm them with the right set of skills and resources.

To conclude, I envisioned a Company that would be among the nation's leading electrical and power distribution equipment organisations and deliver greatest value for our stakeholders whilst maintaining an ethical work environment for our employees. That vision is now a reality, and the principles that guided this Company in the past remain firmly in place today. The coming years will see Havells strengthen its position nationally and expand internationally.

Qimat Rai Gupta
Chairman and Managing Director

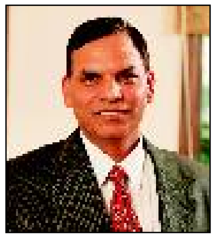
Board of Directors



Qimat Rai Gupta
Chairman & Managing Director

Anil Gupta
Joint Managing Director

Surjit Gupta
Director



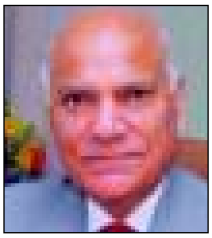
Rajesh Gupta
Director (Finance)

S B Mathur
Director

Dr. Abid Hussain
Director

A P Gandhi
Director

Niten Malhan
Director



Maj. Gen. D N Khurana
Director

V. K. Chopra
Director

Company Secretary	Sanjay Johri
Auditors	M/s V.P. Bansal & Co. Chartered Accountants B-1, Sector-2, Noida
Bankers	Canara Bank, PCB II, Barakhamba Lane, 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, 23, Barakhamba Road, New Delhi - 110001 Union Bank of India, IFB, New Delhi-110001
Registrar and Share Transfer Agent	MCS Limited (Unit Havells India Ltd.) W-40, Okhla Industrial Area, Phase-II New Delhi-110020 Tel: 011-41406149, Website: www.mcsind.com
Listed on	The National Stock Exchange of India Ltd. The Bombay Stock Exchange Ltd.
Registered Office	1/7, Ram Kishore Road, Civil Lines, Delhi-110054
Corporate Office	QRG Towers, 2D, Sector - 126, Expressway, Noida (U.P.) - 201 304 Tel: +91-120-4771000, Fax : +91-120-4772000 Website : www.havells.com

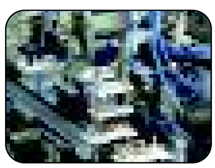
Switchgear Manufacturing Plant at Baddi

An integral part of the Havells umbrella, Havells Switchgear is a leading name in circuit protection devices in India. Catering to the needs of discerning customers, the company is the largest manufacturer of MCBs in the country and amongst the top 10 in the world.

With competent manufacturing unit in Baddi, Himachal, (Dist. Solan), equipped with state-of-the-art machinery. The wide range of products under Switchgear include: MCB, MINI MCB, RCCB, RCBO, Switches, Sockets, Regulators, MCCB, Rewirable Switch, Off Load Changeover, On Load Changeover and Switch Disconnector Fuse (SDF).

The products are approved by international quality bodies such as KEMA, UL, CE, CSA and VDE and are as per IEC standards, taking protection to a new level.

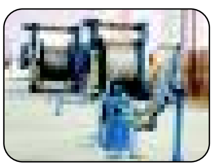


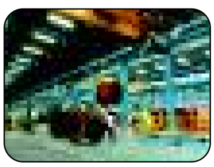



Wire & Cable Manufacturing Plant at Alwar

Carrying forward the winning course with Havells Cables, serving the industry for more than a decade now. Based in Alwar, Rajasthan, the ISO 9001:2000 certified and BASEC approved Havells Cable plant is the largest cable manufacturing unit in India. Its huge infrastructure setup combines the latest technology sourced from around the world with modern machines for manufacturing LT & HT Flame Retardant & Flame Retardant Low Smoke (FLRS) cables, Power & Control cables and Insulated cables up to 66 KV.

Credibility is the best innovation adopted by Havells in its manufacturing process. Right from sourcing raw materials to processing, the company lays great emphasis on safety, durability and uninterrupted power supply.



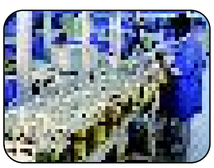


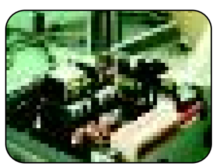

Industrial Switchgear Plant, Faridabad & Capacitor Plant, Noida

Havells is a Power Distribution Equipment major in India, leader in Low Voltage Switchgear, Circuit Breakers, MCBs, ELCBs, and ACBs with approvals from international industry bodies such as KEMA, UL, CSA, and as per IEC standards.

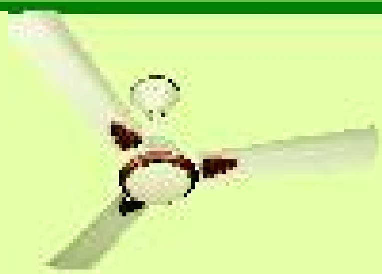
Havells state-of-the-art plant at Faridabad, Haryana churns out controlgear and distribution products including Loadline MCCB, Kompact, SDF9 Switch Disconnector Fuse, Powerline Contactor, Overload Relay and Motor Starter, Installine Auto Transfer Switch, Euroload Changeover Switch, Camlock Fuse Holders, Nylon Fuse Base. These products are poised to perform under critical operations and provide high safety, less down time and low maintenance.

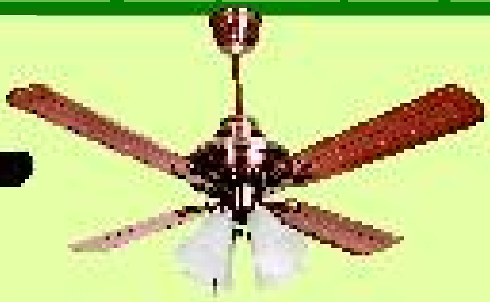
The manufacturing of Capacitors started in February 2007, designed to improve the power factor. These low voltage capacitors improve 'Active Power' and reduce 'Reactive Power' that results in energy saving. Power Capacitor plays a vital role not only in power saving but also helps in improving the quality of power. Havells is committed to manufacturing excellent world class quality products at the manufacturing plant in Noida, UP offering complete, reliable and safe solutions.





Fan Manufacturing Plant at Haridwar

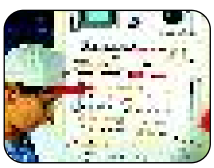
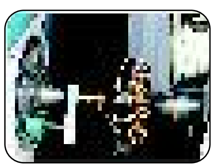




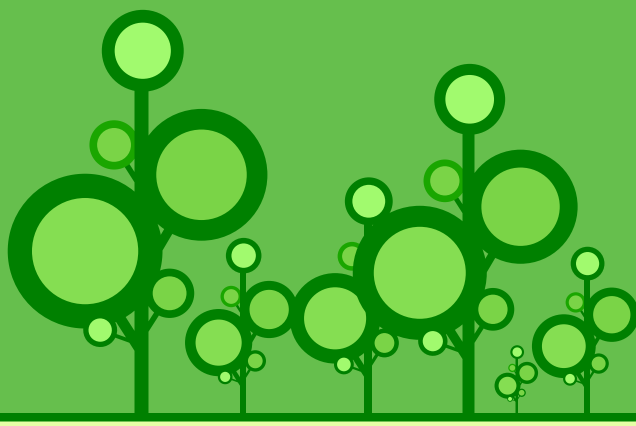
At Haridwar, Havells has set up India's largest integrated fan manufacturing facility, with production capacity of four lakh fans per month. The facility is installed with sleek, state of the art technologies - at scale.

With the modern production techniques used, each Havells Fan stands way above the ordinary for numerous reasons. A coherent quality, strategy that reflects in the products' performance, ensures that our entire core manufacturing activities are in- house – so that we have better control on production processes. Every fan goes through a series of state of the art processes with rigorous quality tests at every stage. All these features give us the ability to churn out new models in very short times.

At every step, we strive to fan our customer's imagination – right from the design labs to the manufacturing machines. Each Havells Fan emerges as an epitome of perfection.

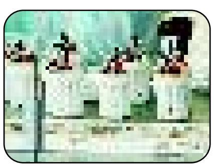

CFL & Motor Manufacturing Plant at Neemrana

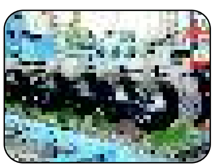


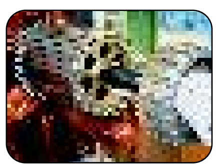
The Neemrana facility is located at RIICO, spread over 42 acres with the Motor & CFL manufacturing plant. It has an installed capacity to produce around 20000 units per month making it the largest motor manufacturing unit in the country with an investment close to Rs.150 crores. 50% of the motor production from this plant is exported to EU countries finding applications in various sectors such as power, steel, sugar, cement, paper, plastic, etc.

Havells CFL unit is equipped with modern automated machines and leading edge technologies to deliver products accepted & admired globally. The company has restructured and consolidated the global CFL operations to generate efficiencies into a single plant based at Neemrana. Post consolidation, the Neemrana plant production capacity has increased to 4.0 million units of CFL from 2.0 million units. Comfortably positioned amongst the top league of lighting industry, it is the second largest manufacturer of CFLs in the domestic arena and the first manufacturer in India to make RoHS Compliant eco-friendly green CFLs.

Incorporating cost-effective technology, the company is going to make a quantum leap in its expansion plan and is now poised to become complete end to end electrical solutions provider.







Directors' Report

To The Members,

Your Directors are pleased to present the 26th Annual Report along with the Audited Accounts of your Company for the financial year ended 31st March, 2009.

Financial Highlights **(Rs. in crores)**

Particulars	Consolidated		Stand Alone	
	2008-09	**2007-08**	**2008-09**	**2007-08**
Net Sales	5,477.49	5,002.93	2,198.36	2,055.57
Operating Profit before Interest, Depreciation, Tax and Amortisation (EBIDTA)	278.34	358.71	203.31	199.14
Less:				
Exceptional Items	198.69	-	-	-
Depreciation	90.50	69.43	17.86	13.06
Interest	108.38	93.92	19.34	20.65
Add: Other Income	2.02	3.25	1.16	0.82
Profit before Tax	(117.21)	198.61	167.27	166.25
Tax	42.91	37.65	22.04	22.71
Net Profit	**(160.12)**	**160.96**	**145.23**	**143.54**
Add : Balance brought forward from previous year	322.72	193.20	305.33	193.23
Profit available for appropriation	**162.60**	**354.16**	**450.56**	**336.77**
Appropriation of Profits				
Transfer to General Reserve	14.55	14.50	14.55	14.50
Proposed Dividend	15.04	14.48	15.04	14.48
Corporate Dividend Tax	2.56	2.46	2.56	2.46
Balance carried over to Balance Sheet	130.45	322.72	418.41	305.33
	162.60	**354.16**	**450.56**	**336.77**

Company Performance

Havells, on a consolidated basis had net sales of Rs. 5,477.49 crores in financial year 2008-09 against Rs. 5,002.93 crores in previous financial year 2007-08.

Havells, on stand-alone basis had net sales of Rs. 2,198.36 crores in financial year 2008-09 against Rs. 2,055.57 crores in financial year 2007-08. The operating profit before interest and depreciation was Rs. 203.31 crores in financial year 2008-09 against Rs. 199.14 crores in financial year 2007-08. During third quarter ended 31st December 2008, sharp and immediate reduction in the general prices of commodities mainly copper and aluminum caused the margins to decline during current financial year 2008-09 as compared to financial year 2007-08. The interest charges for financial year 2008-09 were Rs. 19.34 crores against Rs. 20.65 crores in financial year 2007-08. Profit after tax was Rs. 145.23 crores in financial year 2008-09 against Rs. 143.54 crores in financial year 2007-08.

Sylvania, on stand-alone basis recorded a Net Revenue of Rs. 3,279 crores in financial year 2008-09 against Rs. 2,947 crores in financial year 2007-08. Operating profit/ (loss) before interest and depreciation and exceptional items was Rs. 75 crores.

Dividend

Your Directors recommend payment of a dividend of Rs.2.50 per equity share for the financial year ended March 31, 2009 on 601,68,406 equity shares of Rs 5 each. The proposed dividend, if approved at the ensuing Annual General Meeting, would result in appropriation of Rs. 17.60 crores (including Corporate Dividend Tax of Rs. 2.56 crores) out of the profits thus giving 12% payout from the net profit of the company. The dividend would be payable to all shareholders whose names appear in the Register of Members as on the Book Closure date.

The Register of Members and Share Transfer books shall remain closed from Friday, 14 August 2009 to Friday, 21 August 2009 (both days inclusive).

Transfer to Investor Education and Protection Fund

Pursuant to the provisions of Section 205C of the Companies Act, 1956, your Company has transferred Rs.65,514/- lying unclaimed/unpaid with the Company for a period of seven years from the financial year 2000-01, to the Investor Education and Protection Fund.

Share Capital

During the year under review, the Company had allotted 22,50,000 equity shares upon conversion of warrants at an agreed price of Rs. 690 per warrant to Seacrest Investment Limited, a Warburg Pincus group company. These shares are listed and admitted to dealings on both the Stock Exchanges i.e. National Stock Exchange and Bombay Stock Exchange. Consequently, the issued, subscribed and paid up equity share capital of the Company increased from 5,79,18,406 equity shares as at 31 March 2008 to 6,01,68,406 equity shares as at 31 March 2009.

Out of the total 26,00,000 warrants issued to Seacrest Investment Limited, the balance 350,000 warrants were not exercised and the Company forfeited the 10% advance amounting to Rs. 2.42 crores received upfront against these warrants. There is no further security/ instrument which remain pending conversion into/ allotment of equity shares.

New Corporate Office

Your Company moved its Corporate Headquarters to newer, much larger and swankier premises at
QRG Towers,
2D, Sector – 126
Expressway
Noida (U.P.) – 201304.

Located in a commercially sound area, ergonomically designed, it is an intelligent building equipped with state-of-the-art facilities, serviced by advanced IT & telephony systems with high quality conference rooms et al. The infrastructure, the ambience, an in-house recreational area and cafeteria – all cater to the convenience and comfort of the Company's work force and offer a productive work-environment. The move signifies Havells' growth over the years and highlights its intent to continue the growth at even faster pace.

New Logo

Your company is evolving continuously. Over a period of years, Havells brand has become stronger and is today seen as a benchmark in the industry. Your Company has therefore refreshed its logo reflecting Havells' global and dynamic character. The Global-H is a 3D design representing leadership and an ever expanding breadth and depth of products and services offered by us. The rounded H apparently depicts Havells' footprint on the entire globe and perfectly describes Havells' brand perception – modern, premium and dependable. The vibrant red colour continues to denote the brand's long-cherished values.

HAVELLS

Board of Directors

The Board of Directors at its meeting held on January 30, 2009 appointed Shri Vijay Kumar Chopra as an Additional Director of the Company. As per the provisions of Companies Act, 1956, Shri Vijay Kumar Chopra will vacate his office at the ensuing Annual General Meeting. Shri V K Chopra, professionally a Chartered Accountant has vast experience in finance & banking matters. In his professional career he has held top leadership positions in various prestigious banking organizations viz. Central Bank of India, Punjab & Sindh Bank, Corporation Bank & SIDBI. He was also a wholetime member of SEBI. Presently, he holds directorships in various prestigious organizations.

The Board recommends his appointment as Director liable to retire by rotation. The requisite notice under section 257 of the Companies Act, 1956 along with the prescribed fee has been received from a member proposing the appointment of Shri Vijay Kumar Chopra as Director of the Company.

Shri Abid Hussain and Shri Avinash P. Gandhi, will retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

In the accordance with the provisions of Sections 269, 309 read with Schedule XIII of the Companies Act, 1956, Shri Qimat Rai Gupta, Chairman and Managing Director and Shri Anil Gupta, Joint Managing Director are proposed to be re-appointed at the ensuing Annual General Meeting of the Company on the terms and conditions mentioned in the Notice calling the Annual General Meeting.

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

Auditors

Mr V. P. Bansal, Proprietor of existing statutory audit firm namely M/s V.P. Bansal & Co. has informed the Board that the existing audit firm may be discontinued and it has been proposed that a partnership firm with the name M/s V.R. Bansal & Associates wherein Mr. V. P. Bansal is the senior partner along with Mr Rajan Bansal as another partner, may be appointed as Statutory Auditors of the Company.

The Company has received a notice u/s 224(2)(b) from the retiring auditors M/s V. P. Bansal & Co., Chartered Accountants informing their intention to discontinue as Auditors and also a requisite certificate from M/s V. R. Bansal & Associates confirming that their appointment, if made, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956. The Board of Directors has thus recommended appointment of M/s V. R. Bansal & Associates as Statutory Auditors of the Company.

Comments on Auditors' Report

The Auditors, in their report, have drawn attention to note no 21 of Schedule 20 to the Balance Sheet of the Company regarding diminution in the value of Company's long term investments in its wholly owned subsidiary M/s Havell's Holdings Limited. The Auditors considered the adequacy of disclosures made by the Company in the regard and relied upon the management representations that the diminution in value of investments is temporary in nature. The referred note 21 of Schedule 20 to the Balance Sheet is comprehensive and fully explanatory and does not require any further comments.

Subsidiary Companies

The Company has 58 subsidiaries and as per Section 212(1) of the Companies Act, 1956, the Company is required to attach the Balance

Sheet, Profit and Loss Account and other documents of each of its subsidiary companies with the Balance Sheet of the Company. As the consolidated accounts present a complete picture of the financial results of the Company and its subsidiaries, the Company had applied to the Central Government seeking exemption from attaching the documents referred to in the aforesaid section. In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956 vide letter No. 47/351/2009-CL-III dated 19/06/2009, the documents in respect of the aforementioned subsidiary companies for the year ended March 31, 2009 as set out in sub-section 1 of section 212 of the Companies Act have not been attached with the Balance Sheet of the Company. Statement pursuant to the approval under Section 212(8) of the Companies Act, 1956, is included elsewhere in the Annual Report. The Annual Accounts of these subsidiary companies, along with the related information, are available for inspection at the Company's registered office and copies will be made available to shareholders of Havells India and its subsidiary companies upon request.

On 20th April, 2007, Havell's Netherlands B.V., a step subsidiary of Havells India Limited completed the acquisition of "Sylvania". The consolidated results of financial year 2007-08 include the financial statements of Sylvania from 20th April, 2007. Consequently, the data of the previous year is not comparable.

The Sylvania group of companies generally experienced good market conditions for the first half of 2008, the second half of the year being more challenging following the beginning of the European recession. Sylvania grew at a pace above market rate and the Directors believe the Group gained overall market share in 2008. This was mainly driven by expansion into new markets and the offering of new energy efficient products. Despite the increase in market share the total market has seen a decline in the latter half of 2008 and this has adversely affected the operating results of 2008. As a result of this the Group has implemented a variety of cost reduction measures to manage the costs effectively and offset this trend. These initiatives include lean manufacturing, outsourcing of manufacturing to low cost countries, further cost reduction initiatives on materials and an in-depth analysis of selling and administration expenses.

At 30 September 2008 Sylvania breached covenants set out in the funding agreement with banking group led by Barclays Capital. The Banks continued to extend the waivers and the most recent waiver dated 28 May 2009 waives the defaults until 30 June 2009. The Sylvania group of companies has implemented a restructuring plan in late 2008 including the closure of manufacturing and warehousing facilities as well as selling and administration expenses and working capital reductions. The restructuring plan is being executed in line with expectation. As part of the covenant renegotiation process, we are working closely with Alvarez & Marsal, a specialist consultancy firm, with a view to restore profitability.

Corporate Governance

As required under Clause 49 of the Listing Agreement of stock exchanges, a Report on Corporate Governance along with Certificate of Auditors confirming compliance with the requirements of Corporate Governance form part of the Annual Report. In accordance with the Listing Agreement requirements, the Management Discussion and Analysis report and CEO/CFO Certificate on discharge of finance function is presented in the separate section forming part of the Annual Report.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge hereby state and confirm that:

i) in the preparation of the annual accounts of the Company, the applicable accounting standards had been followed along with proper explanations relating to material departures;

ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period;

iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of 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 of the Company on a going concern basis.

Environment, Health and Safety

Your Company lays great emphasis on environment, occupational health and safety. We seek to meet leading health, safety and wellness standards to enhance our business performance while optimizing employee health. Our facility policies are designed to continually reduce the risk of occupational injury and illness while promoting employee health and well-being. The Company's units and offices are equipped with modern amenities to meet strict requirements of efficient servicing and smooth functioning at all times. The Company follows strict compliance of pollution and commercial norms in carrying out the manufacturing activities and in establishments of plants and offices. The Company has a system in place which ensures congenial and aesthetic atmosphere for working.

Human Resources

Our people are key to our success. Their skills, knowledge, ideas and enthusiasm drive our business. We have high-quality, diverse workforce and employees who fulfill their potential. We have achieved this by giving them development and advancement opportunities along with competitive compensation and benefits that appropriately reward performance.

We communicate widely with employees to demonstrate how their efforts contribute to our success and listen their concerns. We also encourage them to align with our vision. We are committed to open communications and a workplace where everyone's voice is heard.

We use several channels to communicate with employees, including an internal web portal and company website along with communication sessions with the top management of the company. These sessions provide assessment of employee satisfaction and are inputs for business planning, management decision-making and company strategy development. They also help employees implement company policies, meet high standards of conduct and ensure that their behavior reflects company values and policies.

Corporate Social Responsibility

While it acquires companies and builds internally, Havells never loses sight of its responsibility as a good corporate citizen. Havells believes that serving people with meager or no means is the duty of every well-to-do person. It consistently puts that philosophy into action and has initiated several projects for social causes. Corporate Social Responsibility (CSR) at Havells portrays the deep symbiotic relationship that the group enjoys with the communities it is engaged with. As a responsible corporate citizen, we try to contribute for social and environmental causes on a regular basis:

-Mid day Meals

Being a responsible and concerned corporate citizen, Havells undertakes welfare activities in and around its plant locations. In Alwar, Rajasthan the company is providing mid-day meals close to 15000 students of primary schools. This has greatly increased the number of children attending school regularly and also alleviated hunger.

-Medical Aid

With the objective of upliftment of quality of life of underprivileged people, Havells 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 provide free medical check-ups and medicines to needy people.

Havells in furtherance to CSR initiatives also organizes blood donation camps, medical checkup camps and had also given donation to flood-affected areas in Bihar.

Contribution to Exchequer

The Company is a regular payer of taxes and other duties to the Government. During the year under review your Company paid Rs. 22.04 crores towards Income Tax as compared to Rs.22.71 crores paid during the last financial year. The Company also paid Excise Duty of Rs. 135.46 crores, Sales Tax & Service Tax of Rs. 138.34 crores, contribution to PF, ESI etc. of Rs.4.87 crores totaling Rs.300.71 crores during financial year 2008-09 as compared to Rs. 326.96 crores paid during last financial year.

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 read with the Companies (Particulars of Employees) Rules, 1975 as amended, form part of this report and are attached herewith as Annexure – A.

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

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

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 take 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 Board of Directors of
Havells India Limited

(Qimat Rai Gupta)
Chairman and Managing Director

Noida, June 27, 2009

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, 2009

Persons employed for full / part of the year ended March 31, 2009 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. No.	Name of Employee	Designation Nature of Job	Age (Yrs)	Qualification	Experience (Yrs)	Date of Joining	Gross Remuneration (Rs.)	Last employment held
1	Ajay Kapila**	President– Crabtree Switches	46	MBA	23	30-09-2008	20,62,972/-	Jumbo Electronics
2	Anil Khandelwal**	President – Global Business Finance	54	CA	26	18-05-2007	1,14,21,735/-	Ranbaxy Laboratories Ltd.
3	Himanshu V Dalvi	Vice President – Corporate Affairs	54	B.E.	29	10-07-2003	27,97,452/-	Arklite - SPL Lamps Limited
4	Mahesh Jain	Vice President – Finance & Accounts	39	C.A., LLB	16	11-06-2007	31,54,205/-	Bharti Teletech Ltd.
5	Mohamed Aslam*	Vice President - Legal	53	LLB	25	25-08-2008	16,26,076/-	ITC Limited
6	Paritosh Bhardwaj	Vice President - CRI	49	Diploma in Engineering	39	16-08-1995	24,11,150/-	Controls & Switchgears Company Limited
7	Rajesh Bhatia	Vice President - IT	49	B.Tech	27	01-06-2006	29,56,336/-	Accenture Inc.
8	Rajesh Gupta	Director – Finance	52	C.A.	28	01-12-1980	1,54,14,425/-	N.A.
9	Sunil Sikka	President – Corporate Affairs	54	B.E.	30	03-05-2000	31,29,690/-	Bajaj Electricals Ltd.
10	Vijay Malik	Vice President – Internation-al Business Developme-nt	56	B.E.	30	15-06-2005	29,80,614/-	MTZ Polyfilms Ltd.
11	Vivek Khanna	Vice President - IT	46	CA	22	01-09-1989	33,34,473/-	S.S.Kothari & Co.

**Persons employed during the year ended March 31, 2009*
*** Persons resigned during the year ended March 31, 2009*

Notes :

1. None of the employees are the relative of any Director of the Company.
2. Gross Remuneration includes basic salary, allowances, taxable value of the perquisites etc. The term remuneration has the meaning assigned to it in the Explanation to Section 198 of the Companies Act, 1956.
3. All the employees have adequate experience to discharge the responsibility assigned to them.
4. The nature of employment is contractual in all the above cases.
5. None of the above employee holds more than 2% of the paid up capital of the Company.

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, 2009 is as follows.

1. CONSERVATION OF ENERGY

Energy Conservation Measures

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 as follows:

- Installation of Servo Voltage Stabilizers on machines to control power fluctuations
- Replacement of higher rating motors with optimum rated motors on machines
- Replacement of pneumatic cylinders with electrical actuators in auto calibration benches
- Introduction of power saving jackets around the moulding machines
- Installation of temperature compensation factor in auto calibration bench to replace air-condition system in calibration room.
- Installation of additional Storage Tank and Dryer near paint shop operations.
- Control on compressed air leakages and wastages
- Awareness of energy saving steps amongst employees

The energy conservative measure taken has reduced the consumption of electricity and diesel as compared to the previous year.

2. RESEARCH & DEVELOPMENT

2.1 New Products Development

- Brake Motors, Inverter Duty Motors, Crane Duty Motors and Dual speed Motors
- Two Pole version of Mini MCB
- Two Pole Mini Isolator
- Type 'S' RCCB & Type 'A' RCCB
- ACBs 3200 – 4000A
- Load Break Switches upto 100A
- Change over switches upto 100A
- Submersible Starters
- New Models Ceiling Fans viz Fusion II, Fiesta, Spark, Spark Deco
- Wall Fan models viz Swing Platina, Swing Platina High speed.

2.2 Product Improvements

- Introduction of Glue (resin) in 63A MCBs improved consistency in thermal tripping of circuit breaker.
- Introduction of parallel circuit in 63Amp breaker to reduce temperature rise of the breaker
- Upgradation of RCCB from electromechanical design to PCB based electronic design
- Upgradation of MCCBs with reverse feed applications
- Enhanced repeatability of thermal tripping of MCB

2.3 Process Improvement

- Change in strip layout of the die in manufacturing of moving contact reduced the copper scrap generation by 1 Gms per component.
- Reduced nylon scrap by reducing length runner
- Increased number of cavity in MCB chassis cover mould from 2+2 to 3+3

2.4 Benefits as a result of R & D Activities

The ongoing benefits accrue to the company as a result of R & D activities are

- Approval of ES-50 energy saving ceiling fan for 5 star rating under energy labeling scheme launched by Bureau of Energy Efficiency, Ministry of Power, Govt. of India
- Strengthening of technical base
- Improved product quality and reliability
- Increased acceptance of products local as well as global

- Enhance brand image
- Automation of manufacturing process
- Reduction in Cost of production
- Saving in consumption of energy and heat
- Reduction in scrap generation

2.5 Expenditure on Research and Development

S. No.	Particulars	(Rs. in Crores)	(Rs. in Crores)
		2008 - 09	**2007 - 08**
A	Capital Expenditure	0.24	1.08
B	Revenue Expenditure	6.56	4.34
C	Total	6.80	5.42
D	Total R&D Expenditure as a percentage of Turnover	0.3%	0.2 %

3. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

3.1 Technology Absorption / Adoption, Adaptation and Innovation

- Absorption of technology from Lafert SpA, Italy to develop complete range of 3 phase motors ("Standard Motors")
- Absorption of fully automated MCB Assembly System & Zera Caliberation System
- Absorption of fully automated silver Tip Welding System, Latch Assembly System and Knob printing SPM
- Implementation of Real Time Data acquisition system in RCCB / RCBO bench for complete traceability
- Absorption of automated computerized ceiling fans' motor testing line.
- Absorption of automated computerized air delivery measurement system for ceiling fans.
- Absorption of automated computerized ceiling fan testing system for various performance parameters
- Automation of calibration process
- Adoption of automatic product testing bench for testing of higher rating MCBs & RCCBs
- Adoption of Windchill PDM Link – Data Management System

3.2 Information on technology imported during last five years reckoned from the beginning of the financial year:

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 plans of actions.
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	Yes	N.A
Ceiling fan motor testing line	2008-09	Yes	N.A
Air delivery measurement system for ceiling fans	2008-09		N.A
MCB assembly system	2008-09	Yes	N.A
Zera Calibration System	2008-09	Yes	N.A

4. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

The Company is continuously increasing its market share in the export market. Several strategies adopted in past few years have resulted in significant growth in export revenues. During financial year 2008-09 the exports have grown by 47% from Rs. 141 crores in financial year 2007-08 to Rs. 207 crores in current financial year.

The visibility of the group has enhanced considerably through participation in prestigious international fairs. In collaboration with Sylvania, the Company has great opportunity to expand in the international market with the entire range of electrical products and a young and energetic team of International Business Division will further strengthen its global presence.

(b) Total foreign exchange used and earned

		(Rs. in Crores)
	2008-09	**2007-08**
Foreign exchange earned	206.76	141.48
Foreign exchange used	137.57	304.99

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

(Qimat Rai Gupta)
Chairman and Managing Director

Noida, June 27, 2009

Statement Pursuant to Section 212(1)(e) of the the Companies Act, 1956, relating to Subsidiary Companies

(Rs. in crores)

Sr. No.	Name of the Subsidiary Company	Financial year of the Subsidiary ended on	Extent of Interest of Holding Company in the Subsidiary as at 31st March, 2009			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:	
			No. of Shares held by Havells India Ltd.	Nature of Interest: Subsidiary/Step Subsidiary	Extent of Interest (%)	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 Sylvania Argentina S.A.	31/12/2008	-	Step Subsidiary	100%	3.91	2.10	Nil	Nil
2	Havells Sylvania Brasil Iluminação Ltda.	31/12/2008	-	Step Subsidiary	100%	(30.34)	(1.14)	Nil	Nil
3	Havells Sylvania Costa Rica S.A.	31/12/2008	-	Step Subsidiary	100%	(8.64)	0.52	Nil	Nil
4	Havells Sylvania El Salvador S.A. de C.V.	31/12/2008	-	Step Subsidiary	100%	0.44	0.62	Nil	Nil
5	Havells Sylvania Guatemala S.A.	31/12/2008	-	Step Subsidiary	100%	(0.89)	0.16	Nil	Nil
6	Havells SLI de México S.A. de C.V.	31/12/2008	-	Step Subsidiary	100%	2.28	3.45	Nil	Nil
7	Havells SLI Servicios Generales México S.A. de C.V.	31/12/2008	-	Step Subsidiary	100%	0.00	0.00	Nil	Nil
8	Havells Sylvania Panama S.A.	31/12/2008	-	Step Subsidiary	100%	1.54	0.69	Nil	Nil
9	Havells Sylvania Colombia S.A.	31/12/2008	-	Step Subsidiary	100%	18.18	8.26	Nil	Nil
10	Havells Sylvania Venezuela C.A.	31/12/2008	-	Step Subsidiary	100%	6.36	0.62	Nil	Nil
11	Havells Sylvania N.V.	31/12/2008	-	Step Subsidiary	100%	5.59	2.20	Nil	Nil
12	Havells Sylvania Export N.V.	31/12/2008	-	Step Subsidiary	100%	0.00	0.00	Nil	Nil
13	SLI Lighting Products Inc.	31/12/2008	-	Step Subsidiary	100%	(11.07)	(7.64)	Nil	Nil
14	Havells Sylvania (Guangzhou) Enterprises Ltd	31/12/2008	-	Step Subsidiary	100%	(0.61)	(0.27)	Nil	Nil
15	Havells Sylvania Asia Pacific Limited	31/12/2008	-	Step Subsidiary	100%	(2.79)	2.11	Nil	Nil
16	Havells Sylvania Belgium B.V.B.A.	31/12/2008	-	Step Subsidiary	100%	0.36	0.35	Nil	Nil
17	Havells Sylvania Lighting Belgium N.V.	31/12/2008	-	Step Subsidiary	100%	(33.32)	(23.10)	Nil	Nil
18	Havells Sylvania Finland OY	31/12/2008	-	Step Subsidiary	100%	(0.22)	(0.04)	Nil	Nil
19	Havells Sylvania France S.A.S.	31/12/2008	-	Step Subsidiary	100%	2.31	0.15	Nil	Nil
20	Havells Sylvania Lighting France S.A.S.	31/12/2008	-	Step Subsidiary	100%	(33.20)	(6.66)	Nil	Nil
21	Havells Sylvania Germany GmbH	31/12/2008	-	Step Subsidiary	100%	(32.00)	(8.18)	Nil	Nil
22	Havells Sylvania Greece A.E.E.E.	31/12/2008	-	Step Subsidiary	100%	0.84	(1.37)	Nil	Nil
23	Havells Sylvania Italy S.p.A.	31/12/2008	-	Step Subsidiary	100%	(3.15)	(1.79)	Nil	Nil
24	Havells Sylvania Norway AS	31/12/2008	-	Step Subsidiary	100%	(5.26)	(1.61)	Nil	Nil
25	Havells Sylvania Portugal Lda	31/12/2008	-	Step Subsidiary	100%	(0.01)	0.51	Nil	Nil
26	Havells Sylvania Spain S.A.	31/12/2008	-	Step Subsidiary	100%	(0.93)	(2.30)	Nil	Nil
27	Havells Sylvania Spain Logistics S.L.	31/12/2008	-	Step Subsidiary	100%	0.10	(0.02)	Nil	Nil
28	Havells Sylvania Sweden AB	31/12/2008	-	Step Subsidiary	100%	(0.44)	1.50	Nil	Nil
29	Havells Sylvania Switzerland AG	31/12/2008	-	Step Subsidiary	100%	(1.82)	(0.88)	Nil	Nil
30	Havells Sylvania Fixtures Netherlands B.V.	31/12/2008	-	Step Subsidiary	100%	22.48	1.74	Nil	Nil
31	Havells Sylvania UK Limited	31/12/2008	-	Step Subsidiary	100%	(14.11)	(8.93)	Nil	Nil
32	Havells Sylvania Fixtures UK Limited	31/12/2008	-	Step Subsidiary	100%	18.29	(0.07)	Nil	Nil
33	Havells Sylvania Europe Ltd	31/12/2008	-	Step Subsidiary	100%	(40.67)	21.46	Nil	Nil
34	Sylvania Gesellschaft m.b.H.	31/12/2008	-	Step Subsidiary	100%	0.00	0.00	Nil	Nil
35	Sylvania Lighting International B.V.	31/12/2008	-	Step Subsidiary	100%	19.62	20.29	Nil	Nil
36	SLI Europe B.V.	31/12/2008	-	Step Subsidiary	100%	(13.79)	(14.81)	Nil	Nil
37	Badalex Limited	31/12/2008	-	Step Subsidiary	100%	(7.76)	(6.33)	Nil	Nil
38	Concord Lighting Limited	31/12/2008	-	Step Subsidiary	100%	0.00	0.00	Nil	Nil
39	Marlin Lighting Limited	31/12/2008	-	Step Subsidiary	100%	0.00	0.00	Nil	Nil
40	Linolite Limited	31/12/2008	-	Step Subsidiary	100%	0.00	0.00	Nil	Nil
41	Flowil International Lighting (Holding) B.V.	31/12/2008	-	Step Subsidiary	100%	(38.58)	(261.80)	Nil	Nil
42	Havells Sylvania Tunisia S.A.R.L.	31/12/2008	-	Step Subsidiary	100%	(16.44)	(4.43)	Nil	Nil
43	Precision Materials SARL	31/12/2008	-	Step Subsidiary	100%	0.00	0.00	Nil	Nil
44	Havells Sylvania Holdings (BVI-2) Ltd	31/12/2008	-	Step Subsidiary	100%	0.00	0.00	Nil	Nil
45	Havells Sylvania Holdings (BVI -1) Ltd	31/12/2008	-	Step Subsidiary	100%	0.00	0.00	Nil	Nil
46	Havells Sylvania (Thailand) Limited	31/12/2008	-	Step Subsidiary	100%	3.24	4.68	Nil	Nil
47	Havell's Netherlands Holding B.V.	31/12/2008	-	Step Subsidiary	100%	(16.26)	(16.27)	Nil	Nil
48	Havell's Netherlands B.V.	31/12/2008	-	Step Subsidiary	100%	(75.87)	(7.23)	Nil	Nil
49	Havell's Holdings Inc.	31/12/2008	-	Step Subsidiary	100%	(1.19)	(0.02)	Nil	Nil
50	Havells Sylvania Dubai FZCO	31/12/2008	-	Step Subsidiary	100%	1.17	Nil	Nil	Nil
51	Havells Sylvania (Shanghai) Ltd	31/12/2008	-	Step Subsidiary	100%	(7.57)	Nil	Nil	Nil
52	Havells Sylvania Peru S.A.C.	31/12/2008	-	Step Subsidiary	100%	(0.64)	Nil	Nil	Nil
53	Havells Sylvania Iluminación (Chile) Limitada	31/12/2008	-	Step Subsidiary	100%	0.00	Nil	Nil	Nil
54	Havells Sylvania (Malaysia) Snd. Bhd	31/12/2008	-	Step Subsidiary	100%	(0.16)	Nil	Nil	Nil
55	Hampshire Holdings Ltd	31/12/2008	-	Step Subsidiary	100%	0.00	Nil	Nil	Nil
56	Havell's Malta Limited	31/12/2008	-	Step Subsidiary	100%	(22.09)	0.28	Nil	Nil
57	Havell's Cyprus Limited	31/12/2008	1,000	Subsidiary	100%	0.00	(0.14)	Nil	Nil
58	Havell's Holdings Limited	31/03/2009	50,859,030	Subsidiary	100%	(9.35)	(15.62)	Nil	Nil

For and on behalf of the Board of Directors

Qimat Rai Gupta
Chairman and Managing Director
Noida, June 27, 2009

Surjit Gupta
Director

Mahesh Jain
Vice President-Finance & Accounts

Sanjay Johri
General Manager-Accounts & Company Secretary

Management Discussion and Analysis Report

The Financial Year 2008-09…….

- Amidst a challenging business environment, Havells has registered a growth of 10% during financial year 2008-09.
- The current global business environment is under significant financial strain owing to the turmoil and uncertainty of the economic environment globally. In response, we proactively expanded and accelerated restructuring programmes across all regions and stepped up our focus on cost and cash management.
- Indian business grew faster in the first half of the year with 18% growth in the revenue and 24% growth in the profit. However, due to sharp decline in the value of commodity prices in the third quarter, revenue growth for full year was 7% and profit margin growth was 1%.
- Sylvania shows a decline of 2% in revenue in Euro in the financial year 2008-09 as compared to financial year 2007-08. Operating profit before exceptional items declined by 310 bps. A restructuring plan has been implemented at Sylvania aimed at further increasing organizational effectiveness in the changed economic environment and reducing the fixed cost base.
- Integration process between Havells and Sylvania has further crystallized by forming Management Committees including the senior persons from both the organizations led by Shri Qimat Rai Gupta, Chairman and Managing Director. The key objective is to ensure that collective strengths are leveraged towards a common shared vision through consolidating manufacturing into global hubs, combining procurement activities in order to gain economies of scale, cross fertilization of research and development capabilities and operational best practices and consolidating finance and corporate functions.
- Havells generated strong cash flows from operating activities both in Indian business and Sylvania of Rs. 220 crores despite lower earnings, driven by rigorous working capital management. In addition we completed the raising of capital through conversion of 2,250,000 warrants into similar number of equity shares at an agreed price of Rs. 690 per share. The conversion substantiates the confidence of Warburg Pincus, the Investor, in the business of your company.

Highlights of Financial Results **(Rs. in crores)**

Particulars	Havells		Sylvania		Consolidated	
	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
Net Revenue	**2,056**	**2,198**	**2,948**	**3,279**	**5,003**	**5,477**
EBITDA	200	203	159	75	359	278
Less: Depreciation	13	18	56	72	69	90
Less: Interest	21	19	73	89	94	108
Less: Exceptional Items	-	-	-	199	-	199
Add: Other Income	0.8	1.2	2.5	0.8	3.3	2.0
PBT	**167**	**167**	**32**	**(284)**	**199**	**(117)**
Less: Tax	23	22	15	21	38	43
PAT	**144**	**145**	**17**	**(305)**	**161**	**(160)**

Industry Overview

With unprecedented economic turbulence in the world economy, Indian industry faced its most difficult challenge in the history to continue to show signs of growth. The industry that started 2008 with massive expansion and acquisition drive felt the pinch of the downturn more than anybody and is quick in responding with large scale retrenchments, write backs in the books. Jolts of world economic crisis were felt in India in October, prompting the government and industrialists to go for course correction to prevent the economy from collapsing. Investment decisions were delayed for ongoing large scale projects in infrastructure, power and real-estate developments. Electrical industry witnessed slower growth, surprised reduction in the prices of major metals, fading capital with increased cost of funding.

European economic conditions deteriorated progressively over the course of 2008. Output growth, which had begun to weaken in 2007, continued to decline, with the slowdown becoming increasingly exacerbated by the effects of the international financial market crisis. As of third quarter of 2008, the Euro zone entered the first technical recession in its history. Latin America on the other side shows a mixed trend with correction in the economic activities shown in the end of 2008; some economies have already started to show signs of recovery and have even forecasted growth in 2009. The impact of overall economy on Lighting and Fixture markets became increasingly obvious during 2008.

Both global and domestic demand will increasingly benefit from the effects of the significant economic stimulus under way and the enormous efforts undertaken to restore confidence and the functioning of the financial system inside and outside.

2009 promises to be a year of challenges, with the change in market dynamics, strong brand and distribution channel, strong capital base, profuse product mix and capable team of professionals will ensure Havells' profitable growth. Managing earnings volatility is more vital than ever before as stability is greatly valued by investors. Havells' philosophy of collective growth with values and ethics will drive its way forward.

Havells India Performance (standalone entity in India)

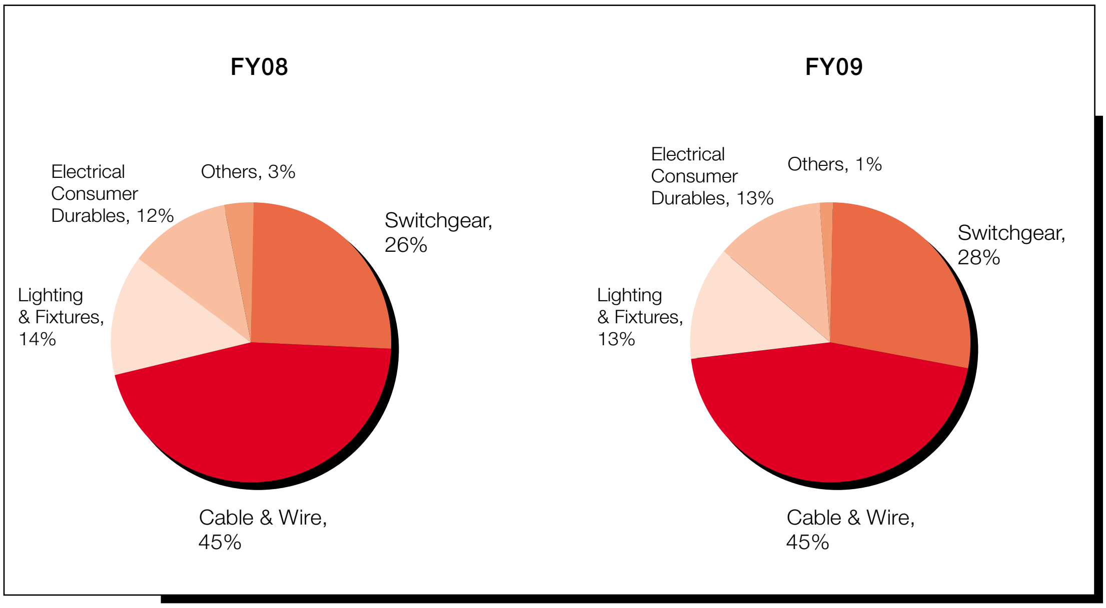
During financial year 2008-09 (FY09) Havells India has shown a growth of 7% in Net Revenue from Rs. 2,056 crores to Rs. 2,198 crores in the financial year 2007-08. Operating Profit (Earnings before interest, depreciation, tax and amortization) was up marginally from Rs 200 crores in FY08 to Rs. 203 crores in FY09. Profit After Tax was up marginally from Rs. 144 crores in FY08 to Rs. 145 crores in FY09.

(Rs. in crores)

Particulars	FY08	FY09	Change	Change(%)
Net Revenue	2,056	2,198	143	7%
Operating Profit (EBIDTA)	200	203	3	2%
Less: Depreciation	13	18	5	38%
Less: Interest	21	19	-2	-10%
Add: Other Income	0.8	1.2	.4	50%
Profit before Tax	167	167	0	-1%
Less: Tax	23	22	-1	-
Profit after Tax	144	145	1	1%

Segment wise Revenue

The results achieved by major business segments of the Group are as given below:



Net Revenue of each product

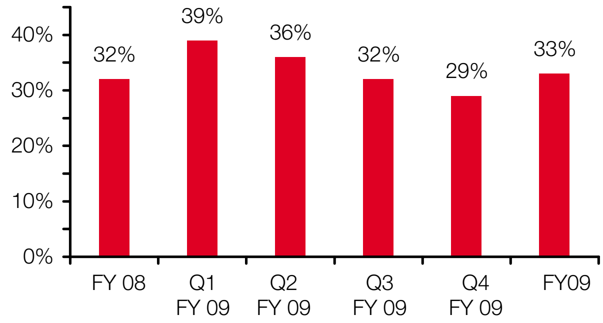
(Rs. in crores)

Name of the Segment	FY08	FY09	Change	Change(%)
Switchgears	543	609	66	12%
Cables & Wires	924	991	67	7%
Lighting and Fixtures	284	277	(7)	-
Electrical Consumer Durable	240	277	37	15%
Others	78	50	(28)	-
TOTAL (Including other income)	**2,069**	**2,204**	**135**	**7%**

Switchgears

12% y-o-y growth in Switchgear segment with Net Revenue of Rs. 609 crores in FY09 as compare to Rs. 543 crores in FY08. Switchgear margin improved during FY09 at 33.3% as compared to 31.9% during FY08. Switchgear segment includes Domestic Switchgears with Miniature Circuit Breakers, Distribution Boards, HRC Fuses, Industrial Switchgears, Electrical Wire Accessories, Capacitors and Motors. Havells, the Indian power distribution equipment major is one of the market leaders in Low Voltage Switchgear, Circuit Breakers, MCBs , ELCBs, MCCBs and Air Circuit Breakers.

Segment Results (%)

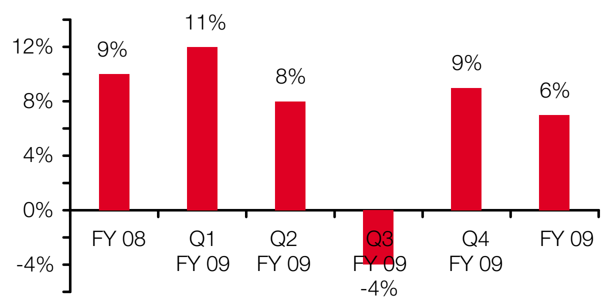


Havells is one of the top 10 manufacturers of MCB in the world and one of the leading market brand in India's Switchgear market. Havells manufactures a wide range of MCBs, RCCBs, and distribution board suitable for every application and need. The quality and process systems ensure that Havells not only remains the market leader in India but also 40% of its production is exported mainly to European countries. Its state-of–the-art manufacturing plant at Baddi, Himachal Pradesh having fully automated production lines of calibration, testing, printing and packing is at par with the best facilities world wide. Neemrana (Rajasthan) is one of the largest LV Motor Plant in Asia spread over 42 acres and will manufacture energy efficient motors ranging from 0.12 HP to 300 HP. The plant and machinery has been imported from AEG, Spain. Havells' Industrial Switchgears is synonymous with the best international technology standards; it includes control gear and distribution products like Loadline MCCB, Kompact, SDF9 Switch Disconnector Fuse, Powerline Contactor, Overload Relay and Motor Starter, Instaline Auto Transfer Switch and Euro load Changeover Switch.

CABLE & WIRES

Despite one time loss due to sharp fall in commodity prices during third quarter of this financial year, the cable & wires division registered a growth of 7% with net revenue of Rs. 991 crores in FY09 as compared to Rs. 924 crore in FY 08. The division shows a marginal drop in margin percentage at 6% in FY09 for the same reason Havells' cables are available with aluminum and copper conductor and polymer insulation to ensure the highest quality standard and safety. The Company is recognized as quality manufacturer of cable & wires and offers a complete range of low and high voltage PVC and XLPE cables besides domestic FR/FRLS wires, Co-Axial TV and telephone cables. Havells' world class manufacturing plant, located at Alwar, Rajasthan is an ISO 9001 certified facility. Havells' wires ensure longer life and are the safest domestic wires in the industry.

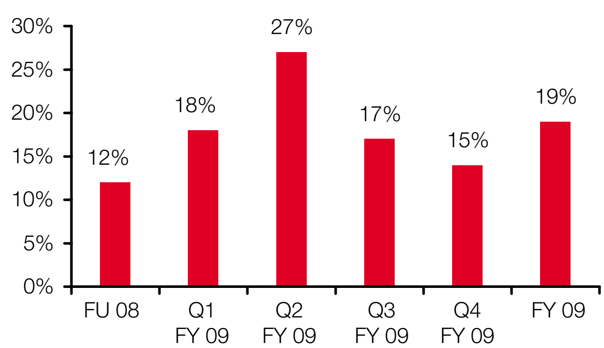
Segment results (%)



LIGHTING & FIXTURES

Lighting and Fixtures division shows a marginal drop of 2% with revenue at Rs. 277 crores in FY09 from Rs. 284 crores in FY08 due to detoriating market conditions for Compact Fluorescent Lamps (CFL). Luminaries division on the other side shows improvement in both revenue and margins. Lighting and Fixtures margin improved at 19% during FY09 as compared to 12% during FY 08. Havells had also started selling its CFLs produced in India through the Sylvania channel in Europe.

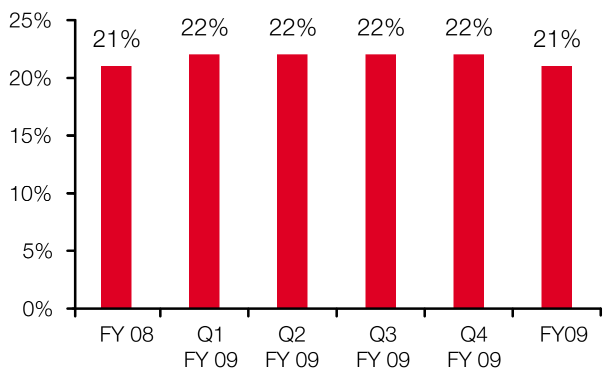
Segment results (%)



Electrical Consumer Durables

Havells continues to gain its market position in the consumer segment of its fans with 15% growth in FY 09 at Rs. 277 crores as compared to Rs. 240 crores in FY08. Margins shows the same trend during FY09 at 21% as compared to 21% in FY08. Havells entered fan business in mid-2003 and has emerged as one of the fastest growing fan brand in the Indian market. Havells has captured the customer's fancy with innovative designs and excellent finishes. From premium fans in exquisite antique finishes to fans specially designed for kids to dual color fans and super speed fans, Havells offers a complete range to meet varied individual needs. Innovation and technical upgradation has been a constant part of Havells production processes. The company has set up India's largest integrated fan plant with a capacity of 4.8 million fans per annum located at Haridwar, Uttarakhand. The state-of-the-art manufacturing plant includes in-house CNC machining facility, electrostatic conveyorised paint shop, automatic stator winding machines, conveyorised assembly lines & computerized testing facility.

Segment results (%)



Sylvania performance (stand alone)

Acquired in April 2007, Sylvania lighting business worldwide (excluding Australia, Canada, Mexico, New Zealand and the United States) is now owned by Havells India Ltd. The Havells Sylvania Group ("Group") is a leading global designer and provider of lighting systems. The Group has a leading presence in selected markets across Europe and Latin America with a focus on growth in LATAM, Asia, the Middle East and North America. The Group's key strengths include:

- design and engineering capabilities;
- breadth of lighting product offerings;
- supply chain management expertise
- the *Sylvania* brand.

The Group markets fixtures, lamps and other lighting products to targeted high value customers, including architects, designers, electrical distributors and wholesalers, select retailers, installers / end-users, original equipment manufacturers and other lighting manufacturers (together "OEMs"). Its product portfolio includes a diverse selection of fixtures (architectural / accent and industrial / commercial ("I/C") and a comprehensive range of lamps (fluorescent, incandescent, compact fluorescent ("CFL"), high intensity discharge ("HID"), halogen and light emitting diode ("LED"). The combination of its portfolio of lighting technology and its *Sylvania* brand positions the Group to compete effectively with all other global and local lighting companies. The Group participates in all segments of the lighting industry, with a focus on specialty and niche segments, where it competes primarily on the basis of brand strength and design / service capabilities to develop and grow its market shares. Sylvania Lighting leverages its developed supply chain practices to achieve cost advantages throughout the global markets.

The year 2007-08, first year after acquisition, showed a growth of 7% in Net Revenue. However 2008-09 was affected due to the worldwide economic slowdown. The Net Revenue although increase by 11% in FY09 to Rs. 3,279 cr from Rs 2,948 cr in FY 08 but in Euro term the same has declined marginally by 2% from Euro 504 in FY09 as compared to Euro 515 in FY08. Adjusted EBITDA was Euro 12 mn in FY 09 as compared to Euro 28 mn in FY08.

In response to slowdown we have worked out a plan for performance streamlining. Major actions are being taken to correct the costs and infrastructure to ensure that we are lean and efficient. The process will require investments but with a payback of maximum one year and once the full year effect of all these actions start showing, the company should show a healthy bottom line.

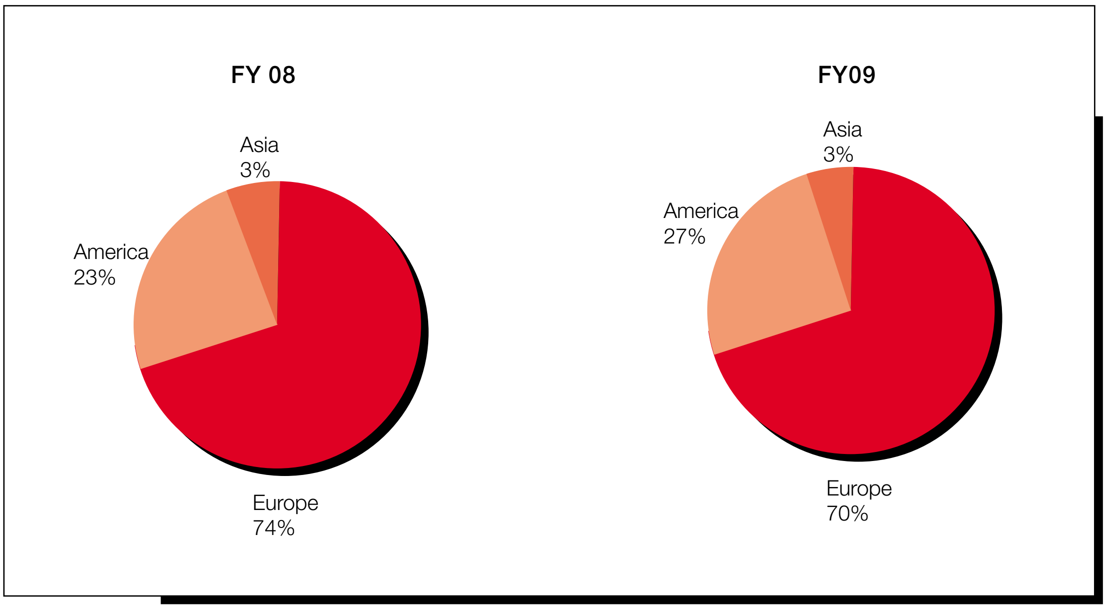
Highlights in Indian rupees (figures in crores)

Particulars	FY08	FY09	Change
Net Revenue	2,948	3,279	331
Net Revenue (in Euro million)	515	504	(11)
Operating Profit (EBITDA)	159	75	(84)
Less: Depreciation	56	72	16
Less: Interest	73	89	16
Less: Exceptional Items	-	199	-
Add: Other Imcome	2.5	0.8	(1.7)
Profit before Tax	32	(284)	(316)
Less: Tax	15	21	6
Profit after Tax	17	(305)	(322)

Area wise sales breakup

During FY09 Europe contribution to the Net revenue was 70% as compared to 74% in FY08. America's contribution to Net Revenue was 27% in FY09 as compared to 23% in FY08. America's region mainly includes Latin America. Asia's contribution to Net revenue was 3% in FY09 and 3% in FY08.

Area wise Net Revenue



Due to sales decline in Europe, its contribution in total revenue has dropped from 74% in FY08 to 70% in FY 09. Decline in Europe revenue is due to economic slowdown and exchange rate fluctuations majorly GBP vs Euro. Despite general economic challenges, the America's region has grown during FY 09 as compared to FY 08. This growth is mainly driven by growing economy countries such as Argentina, Mexico, Ecuador and Venezuela.

Consolidated Debt position as at 31 March 2009

The structure of consolidated debt as on 31 March 2009 is as follows:

(Rs. in crores)

Company Name	Nature of Financing	Amount outstanding as on 31 March 2009
Havells India Limited – stand alone	Term Loan	15.61
	Working Capital loan	5.21
	Other Secured Loans	3.54
	Unsecured Loans	45.92
	Sub-Total	**70.28**
Havell's Netherlands Holding B. V. Step Subsidiary of Havells India Ltd.	Term Loan guaranteed by Havells India Ltd.	157.45 (Euro 23.33 mn)
Sylvania – without any guarantee from Havells India Limited	Term Loan	512.84 (Euro 76 mn)
	Working Capital	267.59 (Euro 40 mn)
	Other secured loans	100.14
	Unsecured Loans	119.53
	Sub-Total *	**1157.55**
Grand Total		**1227.83**

*Deutsche Bank has provided various credit facilities to Sylvania for an amount equivalent to Euro 14 million, the payment of which is obligation of Sylvania, and has been guaranteed by Havells India Limited.

Total guaranteed financial obligation of Havells India Limited as at 31 March 2009 was Euro 37.33 mn (Euro 23.33 mn + Euro 14 mn) as against Euro 72 mn standing as at 31 March 2008. During the financial year 2008-09 Rs. 226.25 crores was invested by Havells India Limited in the shares of the subsidiary company to repay the guaranteed obligation.

ISSUE OF EQUITY SHARES TO WARBURG PINCUS

Havells India Limited had issued 41,60,000 Equity Shares to Seacrest Investment Ltd (A Warburg Pincus Group Company) at an issue price of Rs. 625/- per share on 26th November 2007 aggregating Rs. 260 crores. The proceeds so received were used to repay the Euro 50 mn Bridge facility taken for the acquisition of Sylvania.

Havells India Ltd. in addition to equity also issued 26,00,000 warrants convertible into same number of equity shares at Rs. 690/- per warrant.

During the year 2008-09 Secreast Invetment Ltd. had converted 22,50,000 warrants into similar number of equity shares at an agreed price of Rs. 690 per warrant on 4 February 2009 aggregating Rs. 155.25 crores. The proceeds so received have been used to payoff the existing debts of the company and/ or its subsidiaries taken for the purpose of CAPEX in India.

After these allotments Seacrest Investment Ltd. holds 64,10,000 shares representing 10.7% of the total paid up share capital. Along with Secreast Investment, Warburg Pincus Group now holds 87,13,800 equity shares representing 14.5% of the total paid up share capital. There are no further warrants or any other instruments pending for allotment.

The Company had cancelled the unexercised 350,000 warrants on 26 May 2009 that were not exercised by Secreast Investment Ltd within 18 months from the date of their allotment and forfeited the 10% advance equivalent to Rs. 2.41 crores paid in advance by Secreast Investment Ltd. at the time of allotment thereof in accordance with the provisions of the SEBI (Disclosure and Investor Protection) Guidelines 2000.

WORKING CAPITAL CYCLE

HAVELLS INDIA LIMITED – STAND ALONE

(Rs. in crores)

Particulars	FY 08		FY 09	
	Amount	No. of days to Net Revenue	Amount	No. of days to Net Revenue
Debtors	66	12	87	14
Inventories				
- Raw Materials	139	25	87	14
- Finished Goods	291	52	120	20
Less: Creditors	353	63	277	46
Total Working Capital	143	26	17	2

Total Working Capital of Havells India Limited shows a major drop of 88% to Rs. 17crores in FY09 as compared to Rs. 143 crores in FY08, due to major drop in Inventories in FY09. Total Inventory shows a drop of 52% with an amount of Rs. 207 crores in FY09 as compared to Rs. 430 crores in FY08 which includes raw material dropping by 37% with an amount of Rs. 87 crores in FY09 as compared to Rs. 139 crores in FY08 and finished goods dropping by 59% with an amount of Rs. 120 crores in FY09 as compare to Rs. 291crores in FY08. Debtors show a growth of 32% with an amount of Rs.87crores in FY09 as compared to Rs. 66 crores in FY08.Creditors show a drop of 22% with an amount of Rs. 277 crores in FY09 as compared to Rs. 353 crores in FY08.

SYLVANIA – STAND ALONE

(Euro in mm)

Particulars	FY 08		FY 09	
	Amount	No. of days to Net Revenue	Amount	No. of days to Net Revenue
Debtors	120	85	99	72
Inventories				
- Raw Materials	22	16	19	14
- Finished Goods	75	53	68	49
Less: Creditors	62	44	51	37
Total Working Capital	155	110	135	98

Total Working Capital of Sylvania standalone in Euro shows a drop of 13% with Euro 135 mn in FY09 as compared to Euro 155 mn in FY08. Total Inventory shows a drop of 10% with Euro 87 mn in FY09 as compared to Euro 97mn in FY08,which includes raw material shows a drop of 14% with Euro 19mn in FY09 as compare to Euro 22mn in FY08 and Finished Goods showing a drop of 9% with Euro 68mn in FY09 as compared to Euro 75mn in FY08.Debtors show a drop of 18% with Euro Rs. 99 mn in FY09 as compared to Euro120 mn in FY08.Creditors show a drop of 18% with Euro 51 mn in FY09 as compared to Euro 62 mn in FY08.

OPPORTUNITIES & THREATS

The scope for opportunities is wide ranging in that a company will try to make better use of finance, marketing and other resource based aspects of the business work more smoothly and efficiently. Threats include where a company has a successful product on the market or product concept, then the threats would be that someone else would try to copy that concept and market it at a similar or at a lower cost.

We believe our competitive strengths include:

GROWTH OF ENERGY EFFICIENT ELECTRICAL PRODUCTS

Energy efficient lighting solutions market witnessed impressive growth in the current arena. Lighting majors are charting out new investment plans to launch new lighting solutions, adding more capacities apart from increasing distribution reach in order to meet the growing future demand. Lighting is now looking at continuing investments in introducing new lighting solutions that cater to the lifestyle aspirations of people apart from creating awareness around energy efficiency in the year 2009.Havells has captured a high premium position in the fan segment, by providing the market with innovative designs , premium finishes and energy efficient performance.

GREEN PRODUCTS

Havells recently launched its revolutionary Green CFL in the Indian market, which heralds innovation in CFLs by making them more environment friendly. 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 compare to the conventional use of liquid mercury in CFLs thereby contributing towards prevention of global warming and use of energy saving products.

EMERGING MARKETS

The current adjustment period of the world economy for the markets may extend until the third quarter of 2009 as some of the LATAM economies have already started showing signs of recovery and have even forecasted growth in 2009. Africa, Asia and more particularly

India have almost been a standout. Global investors have made a judgment that among all emerging markets, they are bullish on India as it seems relatively more attractive.

INCREASED INFRASTRUCTURAL INVESTMENTS

A slower economy provides advantages for infrastructure investment. Work can be done more cheaply because of lower interest rates and labor costs. Improvements in infrastructure position the economy for future growth. At the same time, there have also been proposals at the national level to create infrastructure investment banks designed to improve or enhance the financing streams of infrastructure projects.

THREATS

A slowdown of the World Economy coupled with Indian economy is quite possible for the short term due to current global developments. Due to the strong linkage of the manufacturing industry to the economy, such an event would adversely impact growth in the short term for the company.

COMPETITION

Competition whether domestic or international is always a challenge and transforming challenges into opportunities has been a practice at Havells. We believe that the principal competitive factors in our business include the ability to:

- attract and retain high quality technology professionals
- maintain financial strength to make strategic investments in human resources and physical infrastructure through business cycles.
- increase scale and breadth of service offerings to provide one–stop solutions.

We believe we compete favourably with respect to these factors.

COST OF RAW MATERIAL

Metal being a major raw material to almost all of our products, may affect our contribution margins. Havells had adopted various measures to minimize the effect of volatile prices of raw material.

INTEGRATION RISK

Havells India recognizes that there could be considerable risk emanating from a possible lack of adequate alignment of management of Havells and Sylvania on strategic issues and in common functional areas. Havells India has therefore taken some substantive measures to mitigate the above risks:-

a) An Operating Model has been instituted to govern management collaboration and decision making in areas such as Marketing, Finance, Strategy, IT, Continuous Improvement. A Joint Executive Committee comprising executive leadership of both entities, provides high level direction and guidance.

b) To ensure that synergies in operations are identified and implemented for pre-defined bottom line impact, the following enabling mechanisms have been set up:-

   - Focused integration teams
   - Setting up an Integration Programme Office to facilitate synergy identification

RISK MANAGEMENT

The risk classification frame work of Havells India Limited provides a comprehensive categorization of business risks. The risk classification framework has been divided into four broad risk categories as under:

- **Strategic Risks:** are associated with the primary long term purpose, objectives and direction of the business – these risks may arise from the actions of other participants in the market place and/or the opportunities selected and decisions made by the business
- **Operational Risks:** are associated with the on-going , day to day operation of the business. These include the risks concerned with the business processes employed to meet the objectives
- **Financial Risks :** are related specifically to the processes, techniques and instruments utilized to manage the finances of the organization as well as those processes involved in sustaining effective financial relationships with customers and third parties
- **Knowledge Risks :** are associated with the management and protection of knowledge and information.

Risk Mitigation

To mitigate the above risks Ernst & Young as our co partner in Risk Management has developed a Risk Management and Internal Control framework. In addition to that we have deployed a technology tool "Risk Manager" that would perform as a repository of all risk related information and would also provide relevant and timely information to risk management owners and the Board relating to risk assessment and mitigation.

Internal control

Havells India Ltd. has adequate internal control systems, which foster reliable financial reporting, safeguard assets, encourage adherence to management policies as well as international agreements and conventions – as far as they are applicable – and promote ethical conduct. Havells' well defined organization structure, documented policy guidelines, defined authority matrix and internal controls ensures efficiency of operations, compliance with internal policies and applicable laws and regulations, protection of resources and accurate reporting of financial transactions.

The Board has responsibility for the Group's system of internal control and for monitoring and reviewing its effectiveness. Any system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. The system can only provide reasonable, and not absolute, assurance against material financial misstatement or loss. The Board reviewed the effectiveness of internal control procedures during 2009. The principal features of the Group's systems of internal control are:

Monitoring

The Board reviews the effectiveness of established internal controls through the Audit Committee which receives reports from management, the Risk Committee, the Group's internal audit function and the external auditor on the systems of internal control and risk management arrangements. The internal audit department reviews the effectiveness of internal controls and risk management through a work program which is based on the Group's objectives and risk profile and is agreed with the Audit Committee. Findings are reported to operational and executive management and the Audit Committee.

Business unit managers provide half yearly self-certification statements of compliance with procedures. These statements give assurance that controls are in operation and confirm that programs are in place to address any weakness in internal control. The certification process embraces all areas of material risk. The internal audit department reviews the statements on behalf of the Committee and reports any significant issues to the Audit Committee. This department is responsible for conducting internal audits of the company as well as its group & subsidiary companies in India & abroad.

Control procedures

Control procedures have been established in each of the Group's operations to safeguard the Group's assets from loss or misuse and to ensure appropriate authorization and recording of financial transactions. All acquisition and investment decisions are subject to disciplined investment appraisal processes.

Material Developments in Human Resources / Industrial relations

The concept of industrial relations has a very wide meaning and connotation in Havells India Limited. It means that the employer, employee relationship confines itself to the relationship that emerges out of the day to day association of the management and the employee. Industrial relations include the relationship between an employee and an employer in the course of the running of an industry and may project it to spheres, which may transgress to the areas of quality control, marketing, price fixation and disposition of profits among others.

At Havells the team shares a common vision of achieving excellence in every sphere of business. Our 'Code of Conduct' clearly defines our ethics for performance, behavior 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
- Open to ideas, suggestions and communications for accelerated decision making;
- Recognition and rewards for performers.

Disclaimer clause

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities 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 and other statutes and incidental factors .

Corporate Governance Report

I. GOVERNANCE PHILOSOPHY

Havells defines corporate governance strategically, which encompasses not only what we do as a company with our profits, but also how we make them. It goes beyond philanthropy and compliance and addresses how your company manages its economic, social, and environmental impacts, as well as its relationships in all key spheres of influence: the workplace, the market, the supply chain, the community, and the public policy realm.

An implicit sense of ethical business conduct has been the cornerstone of Havells' way on corporate governance. On issues ranging from customer care and business excellence to financial propriety and more, explicit rules and regulations supplement the traditional values on which your company has been shaped. This is what we have endeavored to do in the 50 years of our existence. Our values of understanding, trust, integrity and ethics have served us in good stead.

Corporate governance as practiced by your company translates into being fair and civic-minded, fulfilling its duties to the entire spectrum of stakeholders, and, most importantly, making integrity an article of faith across all its operations. We started on sound and straightforward business principles, considering the interests of our stakeholders and welfare of our employees as foundation of our long term success.

In addition to unwavering adherence to its philosophy and values, the Company has also complied with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges that deals with the compliance of Corporate Governance requirements. The same are detailed below:

II. BOARD OF DIRECTORS

A. Size and Composition of the Board

The Company's Board of Directors consists of a judicious mix of Executive, Non-Executive as well as Independent Directors. Over two third of the Board of Directors comprises Non-Executive Directors. The Chairman being an Executive Director, one-half of the Board of Directors of the Company consists of Independent Directors. The Directors possess rich experience in varied fields ranging from business, finance, public services and public enterprises.

Composition of the Board and directorships held during financial year 2008-09

Director	Category	Directorship(s) / Committee Membership(s) / Committee Chairmanship(s) in other companies*			Attendance		
		Directorship(s)	Committee Membership(s)	Committee Chairmanship(s)	No. of Board Meetings held	No. of Board Meetings Attended	Last AGM Attendance
EXECUTIVE							
Shri Qimat Rai Gupta(Chairman and Managing Director)	Non-Independent	5	Nil	Nil	4	3	Yes
Shri Anil Gupta(Joint Managing Director)	Non-Independent	5	1	1	4	4	Yes
Shri Rajesh Gupta(Director-Finance)	Non-Independent	1	Nil	Nil	4	4	Yes
NON-EXECUTIVE							
Shri Surjit Gupta	Non-Independent	4	Nil	Nil	4	4	Yes
Shri Sunil Behari Mathur	Independent	12	6	3	4	4	Yes
Shri Avinash P. Gandhi	Independent	9	4	2	4	4	No
Maj Gen D. N. Khurana	Independent	3	2	Nil	4	4	Yes
Shri Abid Hussain	Independent	10	4	Nil	4	2	No
Shri Vijay Kumar Chopra**	Independent	13	9	3	4	-	-
Shri Niten Malhan	Non-Independent-Representative of Warburg Pincus as Investor	3	4	Nil	4	2	No
Ms Josephine Price@	Independent	-	-	-	4	Nil	No

**Excludes Directorships in private limited companies, foreign companies, companies under section 25 of the Companies Act, 1956 and Havells India Limited. Committees considered for the purpose are those prescribed under clause 49(I)(C)(ii) of the Listing Agreement viz. Audit Committee and Shareholders'/ Investors' Grievance Committee of Indian public limited companies excluding that of the Company.*

***Appointed as Additional Director w.e.f. 30th January, 2009*

@Resigned effective 4th August, 2008

During the year under review four Board Meetings were held on 22nd May 2008, 28th July 2008, 31st October, 2008 and 30th January, 2009. The period between any two meetings did not exceed four months.

As required under Annexure I to Clause 49 of the Listing Agreement with the Stock Exchanges, all the necessary information was placed before the Board from time to time.

B. Non executive Director's compensation

The Company pays its Non-Executive Independent Directors sitting fees of Rs. 20,000 per meeting for attending meetings of the Board of Directors, Audit Committee and Remuneration Committee. The payment of sitting fees is within the limits prescribed under the Companies Act, 1956.

C. Code of Conduct

The Board has adopted a Code of Ethics for its Members, the senior management personnel and also for all other employees of the Company. The Code is posted on the website of the Company www.havells.com.

Declaration as required under Clause 49 of the Listing Agreement

All Directors and senior management of the Company have affirmed compliance with the Code of Ethics for the financial year ended 31 March 2009.

Qimat Rai Gupta
Noida, June 27, 2009 — Chairman and Managing Director

The company has also formulated a Policy for Prohibition of Insider Trading to deter the insider trading in the securities of the Company based on the unpublished price sensitive information. The policy envisages procedures to be followed and disclosures to be made while dealing in the securities of the company. The policy is available on the website of Company.

III. AUDIT COMMITTEE

A. Terms of Reference of the Audit Committee

The Company has set up an Audit Committee as mandated under section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement(s) with the Stock Exchanges.

The role of the Audit Committee includes:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and removal of statutory auditor, fixation of audit fee and also approval for repayment for any other services.
- Reviewing with the management the financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement as featured in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - Any changes in accounting policies and practices and reasons thereof
  - Major accounting entries based on the exercise of judgment by management
  - Significant adjustments made in the financial statements arising out of audit findings
  - Compliance with listing and other legal requirements relating to financial statements
  - Any related party transaction
  - Qualifications in the draft audit report
- Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter
- Reviewing with management, statutory and internal auditors, the adequacy of internal control systems and internal audit function
- Reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- Discussion with internal auditors on any significant findings and follow up thereon
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board
- Discussion with external/ statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern
- Reviewing the Company's financial and risk management policies
- Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors
- Reviewing the functioning of Whistle Blower mechanism in the Company.

- Considering such other matters the Board may specify
- Reviewing other areas that may be brought under the purview of role of Audit Committee as specified in Listing Agreement and Companies Act, as and when amended.

The ambit of powers of the Audit Committee is extensive and it has access to all requisite information from & within the Company. With the approval of the Audit Committee, your company has appointed M/s Ernst & Young, Consultant Firm, to assist the Company in development of a risk management framework and a framework and process for evaluating its internal controls over financial reporting in line with the requirements of Clause 49 of Listing Agreement.

B. Composition, Meetings held during the year and Attendance thereat

The composition of the Audit Committee of the Company is in conformity with the requirements of Section 292A of the Companies Act, 1956, and of the Listing Agreement(s) with Stock Exchanges. The Committee comprises five Non-Executive Directors with majority being Independent Directors. The Company Secretary acts as the Secretary to the Committee.

During the financial year ended March 31,2009, four Audit Committee Meetings were held on 22nd May, 2008, 28th July, 2008, 31st October, 2008 and 30th January, 2009. The period between any two meetings did not exceed four months.

Audit Committee attendance during financial year 2008 - 09

Member	Category	Number of Meetings attended
Shri Sunil Behari Mathur (Chairman)	Independent	4
Maj Gen D N Khurana	Independent	4
Shri Abid Hussain	Independent	2
Shri Surjit Gupta	Non-Independent	4
Shri Niten Malhan	Non-Independent	2

All the above meetings were also attended by the Joint Managing Director, Director (Finance), Head of Internal Audit, the Statutory Auditor and Company Secretary of the Company. The Internal Auditors of the Company were also present in all the meetings.

Shri Sunil Behari Mathur, Chairman of the Audit Committee, was also present at the Annual General Meeting of the Company held on July 11, 2008.

IV. REMUNERATION COMMITTEE

A. Terms of Reference and Remuneration Policy

The Remuneration Committee of your Company determines on behalf of Board and on behalf of the shareholders, the Company's policy governing remuneration payable to Executive Directors including pension rights and compensation payment.

The remuneration to the Managing Director and Whole-time Director is paid on the scale determined by the Remuneration Committee and approved by Board of Directors and Shareholders at a general meeting. Non-Executive Directors are not entitled to remuneration and are paid only sitting fees as per the policy of the Company.

B. Composition, Meetings held during the year and Attendance thereat

The composition of Remuneration Committee is in consonance with the requirement of Clause 49 of Listing Agreement. The committee comprises three Non-Executive Directors, the Chairman being Non-executive and Independent. The Remuneration Committee did not meet during the year under review.

Remuneration Committee composition during financial year 2008-09

Member	Category
Shri Abid Hussain(Chairman)	Independent
Shri Surjit Gupta	Non- Executive
Shri Avinash P Gandhi	Independent

C. Details of remuneration paid during the financial year 2008-09

(Rs. in Lacs)

Director	Service Term	No. of share held	Sitting Fee (A)	Salary & Perks (B)	Commission (C)	Total (A+B+C)
Executive						
Shri Qimat Rai Gupta (Chairman and Managing Director)	01-11-2005 to 31-03-2010	4767944	-	45.19	Nil	45.19
Shri Anil Gupta (Joint Managing Director)	18-05-2006 to 31-03-2011	1733974	-	18.90	Nil	18.90
Shri Rajesh Gupta(Director – Finance)	01-04-2006 to 31-03-2011	119840	-	70.15	83.99*	154.14
Non-Executive						
Shri Surjit Gupta	-	3265080	-	-	-	-
Shri Sunil Behari Mathur	-	-	1.8	-	-	1.8
Maj Gen D N Khurana	-	-	1.8	-	-	1.8
Shri Abid Hussain	-	-	0.8	-	-	0.8
Shri Avinash P. Gandhi	-	-	0.8	-	-	0.8
Shri Niten Malhan	-	-	-	-	-	-
Shri Vijay Kumar Chopra	-	-	-	-	-	-
Ms. Josephine Price@	-	-	-	-	-	-

**As per the approved terms, Shri Rajesh Gupta is also entitled for Commission at 0.50% of the net profit before tax.*
@Resigned from the directorship of the Company effective 4th September, 2008

D. Service Contract, Severance Fee and Notice Period of the Executive Directors

The appointment of the Executive Directors is governed by resolutions passed by the Board and the Shareholders of the Company, which cover the terms and conditions of such appointment, read with the service rules of the Company. A separate Service Contract is not entered into by the Company with Executive Directors. The Company has no scheme for stock options. No notice period or severance fee is payable to any director. The statutory provisions will however apply.

V. FINANCE COMMITTEE

In an endeavor to decide business matters of routine nature expeditiously, your company has constituted a Finance Committee comprising one Non-Executive and two Executive Directors of the Company with Chairman being Non-Executive. Shri Surjit Gupta is the acting Chairman of the Committee and Shri Anil Gupta and Shri Rajesh Gupta are the other two members. The Company Secretary of the Company acts as the Secretary to the Committee. Committee met thirty times during the year under review.

The primary role of the Finance Committee is to conduct regular business activities within the Board approved direction/ framework. Summary of Finance Committee meetings are placed before the Board for its information.

VI. SHARE TRANSFER & SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

Composition

The Company's Share Transfer & Share Holders' / Investors' Grievance Committee comprises Shri. Surjit Gupta, Shri Anil Gupta and Shri Rajesh Gupta. Shri Surjit Gupta is the acting Chairman of the Committee.

The Share Transfer & Share Holders'/Investors' Grievance Committee meets weekly to consider requests of share transfer/ transmission/ transposition/ split/ consolidation/ sub-division etc. and also to attend to the investor grievances. The Committee met fifty two times during the financial year ended March 31, 2009.

The number of grievances received and resolved during financial year 2008-09 is given below:

S. No.	Nature of Grievance	Received	Resolved	Maximum Period of Reply (in days)
1	Change of Address	18	18	1
2	Change in Bank Details	4	4	1
3	Request for issue of Duplicate Share Certificate(s)	12	12	1
4	Dividend related queries	142	142	2
5	Annual Report	71	71	5
6	Transposition/ Transmission requests	6	6	1
7	Non-receipt of Share Certificate(s) after transfer	6	6	1
8	Request for New Share Certificate(s) on account of split of shares	16	16	1
9	Bonus	8	8	1
10	Others	40	40	4
	TOTAL	**323**	**323**	

Out of these 323 requests, there were 6 complaints for Non receipt of share certificates after transfer, all of which were resolved to the satisfaction of the shareholder. No transfer/transmission of shares was pending as on March 31, 2009.

Compliance Officer

Shri Sanjay Johri, Company Secretary is the Compliance Officer under clause 47 of the Listing Agreement.

VII. GENERAL BODY MEETINGS (AGM & EGM)/ COURT CONVENED MEETINGS HELD DURING THE PAST 3 YEARS

Type of Meeting	Date of Meeting	Time	Place	Detail of Special Resolution(s) passed, if any
YEAR 2006-07				
Extra Ordinary General Meeting (Court Convened)	3 February 2006	10:30 am	Shah Auditorium Raj Niwas Marg Civil Lines Delhi - 110 054	Approving the arrangement embodied in the Scheme of Amalgamation between Crabtree India Limited and Havells India Limited
Annual General Meeting	27June 2006	10:00 am	-do-	1. Issue of Bonus Shares (1:1). 2. Authorising the Board to issue securities under QIP/ FCCB/GDR/ ADR etc. 3. Amendment of Memorandum of Association for increase in authorized share capital from Rs 20 crores to Rs 30 crores
YEAR 2007-08				
Extraordinary General Meeting	20 January 2007	11:30 am	FICCI Auditorium Tansen Marg New Delhi- 110 001	1. Authorising the Board to issue securities under QIP/ FCCB/ GDR/ ADR etc. 2. Amendment of Memorandum of Association for increase in authorized share capital from Rs 30 crores to Rs 40 crores 3 Deletion of Article Nos 76 to 86 (both inclusive) from the Article of Association of the Company
Annual General Meeting	5 July 2007	4:30 pm	-do-	Change of name of Company by deleting 'Apostrophe' from the word 'Havell's' ie to Havells India Limited
Extraordinary General Meeting	19th November 2007	4:30 pm	-do-	Issue of equity shares/ warrants on preferential basis to Seacrest Investment Limited, Mauritius
Extraordinary General Meeting	7 February 2008	12:00 noon	Shah Auditorium Raj Niwas Marg Civil Lines New Delhi - 110 054	Amendment in Articles of Association wrt insertion of Article nos. 76 to 83 (both inclusive)
YEAR 2008-09				
Annual General Meeting	11July 2008	11.30 am	FICCI Auditorium Tansen Marg New Delhi-110 001	—

No postal ballot was conducted in the year 2008-09. No special resolution requiring a postal ballot is being proposed for the ensuing AGM.

VIII. DISCLOSURES

(a) **Disclosures on materially significant related party transactions.**

During the financial year 2008-09, there was no materially significant related party transaction that may have potential conflict with the interests of the Company at large. For reference, the details of related party transactions in accordance with AS–18 are given in Notes to Annual Accounts of the Annual Report.

(b) **Details of non-compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authorities on any matter related to capital markets during the last three years.**

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

(c) **Whistle Blower Policy and affirmation that no personnel have been denied access to the Audit Committee.**

The Company has in addition to Whistle Blower Policy adopted a scheme named 'Idea & Satark' Policy. The scheme has been implemented to promote a culture of innovative thinking, creativity and vigilance in all corners of its business. 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 aspect that 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.

No person has been denied access to the Audit Committee for any grievances.

(d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause.

- The Company has fully complied with the mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges.
- The Company has adopted two non-mandatory requirements of the Clause 49 of the Listing Agreement viz. Remuneration Committee of the Board which has been constituted to determine the remuneration package of the Executive Directors and Whistle Blower Policy wherein a mechanism has been established for the employees to report to the management about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

IX. MEANS OF COMMUNICATION

(I) Quarterly Financial Results

The quarterly/ half-yearly/ annual financial results are published in Business Standard (English Daily) and Hindustan (Hindi Daily). The financial results and the official news releases are also placed on the Company's website www.havells.com. The Company's Financial Results and Shareholding Pattern are regularly posted on SEBI EDIFAR website at www.sebiedifar.nic.in.

(ii) The Company has an exclusive email id - investors@havells.com dedicated for prompt redressal of shareholders' queries, grievances etc.

(iii) The Company holds analysts calls in each quarter, to apprise and make public the information relating to the Company's working and future outlook.

X. GENERAL SHAREHOLDER INFORMATION

(i) Annual General Meeting (Financial Year 2008-09)

Day:	Tuesday
Date :	25 August, 2009
Time:	11.30 A.M.
Venue:	FICCI Auditorium, Federation House Tansen Marg, New Delhi- 110 001

(ii) Financial Year

The financial year of the Company starts from 1st April of a year and ends on 31st March of the following year.

(iii) Financial Calendar

Financial Reporting for

Quarter ending June 30, 2009	:	July 2009
Quarter ending September 30, 2009	:	October 2009
Quarter ending December 31, 2009	:	January 2010
Year ending March 31, 2010	:	May 2010

Note: The above dates are indicative and subject to change.

(iv) Dates of Book Closure

The books will remain closed from Friday, 14 August 2009 to Friday, 21 August 2009 (both days inclusive) for the purpose of Dividend.

(v) Dividend Payment Date

The Board of Directors of your Company has recommended a dividend of Rs. 2.5/- per equity share of Rs. 5/- each i.e. @ 50% for the financial year 2008-09. Date of payment of dividend would be 27th August, 2009.

(vi) Listing on Stock Exchanges

The equity shares of the Company are listed at The National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE).

(vii) Stock Code

National Stock Exchange	Bombay Stock Exchange	ISIN
HAVELLS	517354	INE176B01026 (Shares) INE176B13013 (Warrants)

(viii) Annual Listing and Custodial Fees

The listing fees and custodial fees for the financial year 2009-10 has been paid by your Company within the stipulated time.

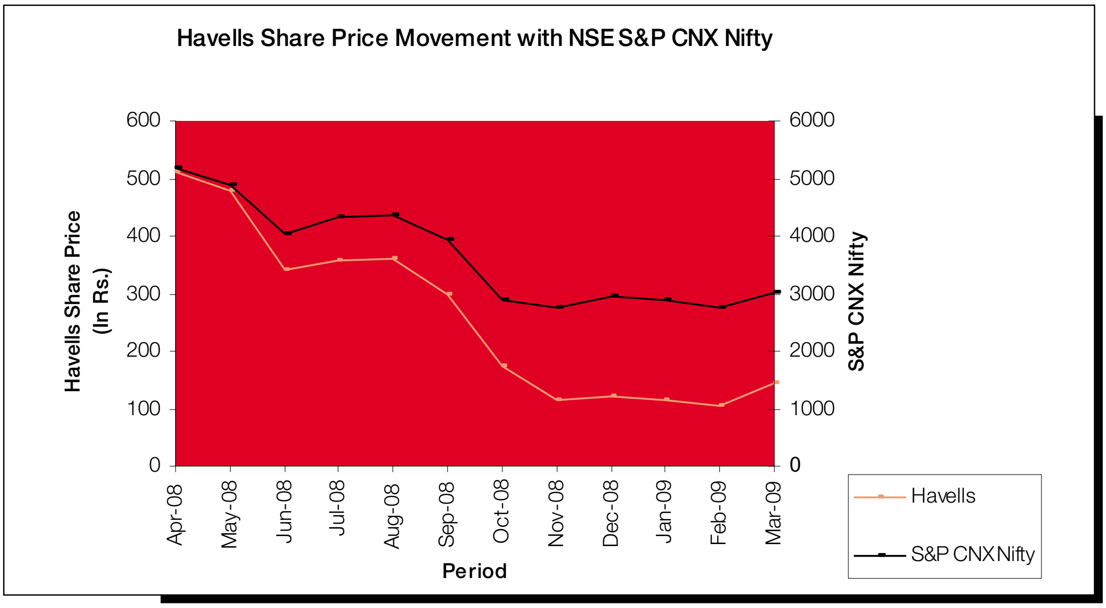
(ix) Market Price Data

Monthly high & low prices of equity shares of your Company at National Stock Exchange of India Limited (Nifty) and Bombay Stock Exchange Limited (Sensex) during Financial Year 2008-09 were as follows:

	NSE		BSE	
Period	High (Rupees)	Low (Rupees)	High (Rupees)	Low (Rupees)
April 2008	523.00	456.00	524.80	457.20
May 2008	523.00	424.50	520.95	443.25
June 2008	488.00	335.05	484.75	336.00
July 2008	449.90	310.00	423.95	309.00
August 2008	402.00	345.30	401.95	346.10
September 2008	375.00	272.00	389.90	262.00
October 2008	310.00	136.25	305.00	137.20
November 2008	197.00	113.60	199.75	114.95
December 2008	139.90	105.05	145.00	100.00
January 2009	145.90	107.05	147.00	107.20
February 2009	128.95	104.40	129.30	104.40
March 2009	160.00	100.00	159.95	101.00

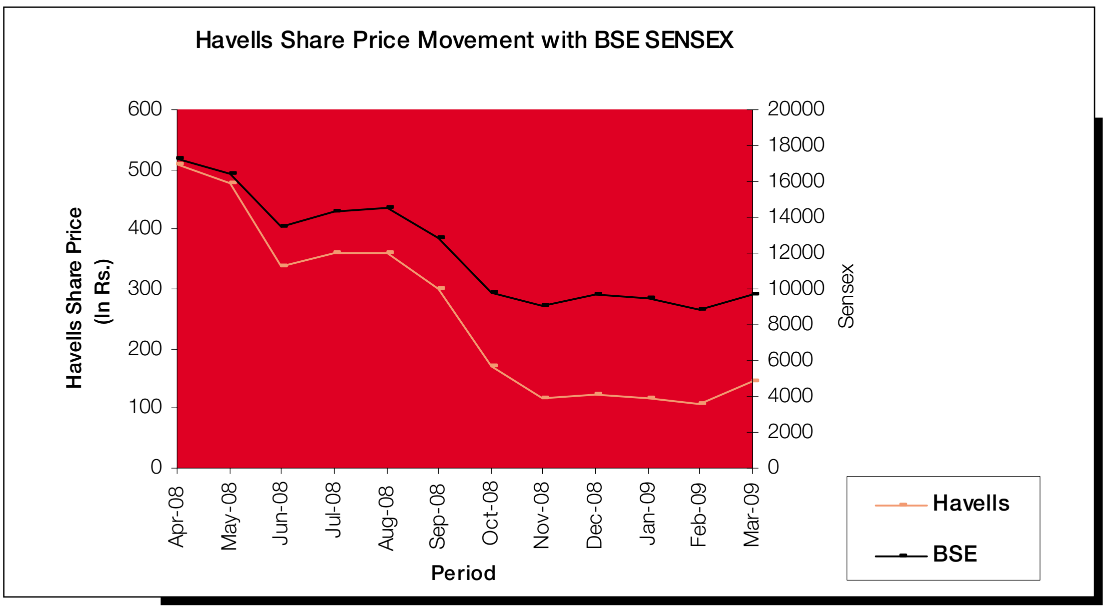
(x) Stock Performance

The performance of your company's stock relative to the NSE Sensitive Index (S&P CNX Nifty Index) is given in the chart below:



The graph depicts monthly closing positions

The performance of your company's stock relative to the BSE Sensitive Index (SENSEX) is given in the chart below:



The graph depicts monthly closing positions

(xi) Registrar & Share Transfer Agents

M/s MCS Limited
F-65, Okhla Industrial Area, Phase - I, New Delhi – 110 020
Telephone No.: 011 – 41406149/51/52, Fax No. : 011- 41709881, Email : admin@mcsdel.com

(xii) Share Transfer System

Trading in equity shares of the Company through recognized Stock Exchanges can be done only in dematerialized form.

In case of shares held in physical form, the transferred share certificates are despatched within 10 days from the date of receipt of documents, provided documents are valid and complete in all respects. In compliance of the provisions of Listing Agreement, the share transfer system of the company is audited every six months by a Practicing Company Secretary and the certificate to that effect is issued by him.

(xiii)Distribution of Shareholding as on March 31, 2009

Shareholding of nominal value of of Rs. 5/- each	Share holders (Number)	% of Total Shareholders	No. of Shares	Nominal Value (in Rs.)	% of Nominal Value
Upto 5,000	24964	97.09	2791860	13959300	4.64
5,001 — 10,000	430	1.67	669570	3347850	1.11
10,001 — 20,000	181	0.70	542304	2711520	0.90
20,001 — 30,000	39	0.15	197869	989345	0.33
30,001 — 40,000	20	0.08	145575	727875	0.24
40,001 — 50,000	14	0.05	131344	656720	0.22
50,001 — 100,000	26	0.10	367410	1837050	0.61
100,001 & Above	37	0.14	55322474	276612370	91.95
Grand Total	**25711**	**100.00**	**60168406**	**300842030**	**100.00**

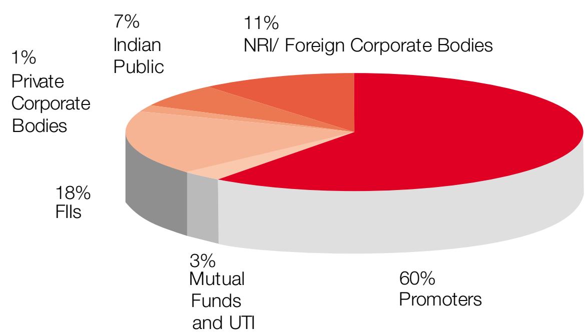
Ownership Pattern As On March 31, 2009

Promoters			
Indian Promotores	13	36187426	60.14
Institutional Investors			
Mutual Funds and UTI	2	1444771	2.40
Bank, Financial Institiution and Insurance Companies	6	166223	0.28
FII	10	10669925	17.73
Others			
Private Corporate Bodies	646	688707	1.14
Indian Public	24496	4188682	6.97
NRI/Foreign Corporate Bodies	538	6822672	11.34
Grand Total	**25711**	**60168406**	**100.00**

List of Shareholders other than Promoters holding more than 1% as on March 31, 2009

1	SBI Mutual Fund A/C Magnum Global Fund	647795	1.08
2	SBI Mutual Fund - Magnum Tax Gain 1993	796976	1.32
3	Citigroup Global Markets Mauritius Private Limited	1705026	2.83
4	Sloane Robinson LLP A/C Sr Global (Mauritius) Limited (Class B - Asia)	1737833	2.89
5	Sloane Robinson LLPA/C Sr Global (Mauritius) Limited (Class G - Emerging)	1390856	2.31
6	Warburg Pincus International Llc A/C Woodcrest Investment Ltd	2303800	3.83
7	SAIF III Mauritius Company Limited	2904249	4.83
8	Seacrest Investment Ltd	6410000	10.65
	TOTAL	**17896535**	**29.74**

HAVELLS OWNERSHIP PATTERN AS ON 31ST MARCH, 2009



(xiv) Dematerialization of shares and liquidity

98.91% of the Company's paid up capital is held in the dematerialized form. Majority of demat shares are with National Securities Depository Limited. The status of shares held in demat and physical format is given below in Table. The Company's shares are liquid and actively traded shares on the NSE and BSE. During the year under review the shares were admitted for F&O trading at NSE terminals.

Particulars	As on March 31, 2009		As on March 31, 2008	
	Number of Shares	Percentage	Number of Shares	Percentage
Shares in Demat Form	**59510778**	**98.91**	**57208770**	**98.77**
NSDL	58741794	97.63	56593575	97.71
CDSL	768984	1.28	615195	1.06
Shares in Physical Form	**657628**	**1.09**	**709636**	**1.23**
Total	**60168406**	**100.00**	**57918406**	**100.00**

(xv) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

Conversion of warrants into equity shares

The Company had issued 26,00,000 Warrants to Secreast Investment Ltd during the financial year 2007-08, convertible into same number of equity shares on or before 25 May 2009 i.e. within 18 months from the date of issue. During the financial year 2008-09 the Company had converted 22,50,000 warrants into same number of equity shares @ Rs.690/- per warrant on 4th February, 2009 resulting in an increase in total number of equity shares of Rs. 5/- each from 57918406 shares to 60168406 shares.

As on 31st March, 2009, 350,000 Warrants were outstanding with conversion option exercisable till 25th May, 2009. There are no other ADRs/GDRs/Warrants or any Convertible instruments outstanding at the end of the financial year 2008-09.

On 26 May 2009 the Company had cancelled these 350,000 warrants which were not exercised and also forfeited Rs 241.50 Lacs received as advance against these warrants.

(xvii)Units / Plant Locations

The units or plants of your Company are situated at following addresses:

Switchgear Division

Domestic Switchgear: Distt. Solan, Baddi, Himachal Pradesh
Industrial Switchgear: 14/3, Mathura Road, Faridabad 121 002
Capacitor: D-6, Sector –8, Noida, (U.P.)
Motor: SP-181 – 189, Phase II, Neemrana, Rajasthan.

Cable and Wire Division

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

Lighting and Fixture Division

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

Electrical Consumer Durable - Fan Division

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

Bath Fittings

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

Centre for Research & Innovation (CRI)

QRG Towers, 2D, Sector – 126, Expressway, Noida – U.P. - 201 304

(xviii) Address for Correspondence with the Company

The Company Secretary
Havells India Limited
(Secretarial Department)
QRG Towers, 2D, Sector – 126,
Expressway, Noida – U.P.
Pin – 201304
Telephone No.: 0120 – 4771000, Fax No.: 0120 – 4772000

Address for Correspondence with the Registrar and Transfer Agents

MCS Limited
F-65, Okhla Industrial Area, Phase - I
New Delhi – 110 020
Telephone No.: 011 – 41406149/51/52
Fax No. : 011- 41709881, Email id: admin@mcsdel.com

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

(Qimat Rai Gupta)
Chairman and Managing Director

Noida, June 27, 2009

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 31st March, 2009 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) that there were no 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

For Havells India Limited

(Rajesh Gupta)
Director (Finance)

Noida, June 27, 2009

AUDITOR'S CERTIFICATE

TO WHOMSOEVER IT MAY CONCERN

We have examined the compliance of conditions of Corporate Governance by Havells India Limited, having its Registered Office at 1/7, Ram Kishore Road, Civil Lines, Delhi – 110 054 for the year ended 31st March, 2009 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that the Shareholders/ Investors' Grievance Committee has maintained records to show the investor grievances and certified that as at 31st March, 2009 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, June 27, 2009

Financial Statements

To
The Members
Havells India Limited

We have audited the attached Balance Sheet of Havells India Limited, as at 31st March 2009 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 statements 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 (3C) of section 211 of Companies Act, 1956. We draw your attention to note no 21 of schedule 20 to the Balance Sheet regarding diminution in the value of its long term investments in its wholly owned subsidiary company "M/s Havells Holdings Limited". We have considered the adequacy of the disclosures made in this regard and relied upon the management representations that the diminution in the value of investments is of temporary in nature.

v) on the basis of written representations received from the directors, as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 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 polices and 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, 2009 and

(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

Dated: June 27, 2009
Place: NOIDA

(V.P BANSAL)
Proprietor
Membership No. 8843

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 the quantitative details and situation of its fixed assets.

   (b) The fixed assets have been physically verified by the management during the year. Discrepancies noticed on physical verification of fixed assets have been properly dealt with in the books of accounts and they were not material in relation to the size and nature of fixed assets. 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.

   (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 informations 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 the 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 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 thereunder 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, electric motors, 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 2009, 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.

   (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 Note No. 24 of Schedule 20 to 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 subsidiaries from various banks and institutions:

    (a) The company has given a corporate guarantee of Rs. 229.43 crores (Euro 34 millions) 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, against a loan of Rs.202.44 crores (Euro 30 million) taken by the said subsidiary. The loan outstanding as on 31.03.2009 is Rs.157.46 crores (Euro 23.33 million).

    (b) The company has given a irrevocable and unconditional corporate guarantee to Deutsche Bank in respect of credit facilities and other financial accomodation availed by step-down subsidiary company M/s Havells Sylvania Europe Limited upto the amount of Rs. 80.98 crores (Euro 12 millions).

    (c) The company has given a irrevocable and unconditional corporate guarantee to Deutsche Bank in respect of credit facilities and other financial accomodation availed by step down subsidiary company M/s Havells Sylvania Brasil Iluminacao Lda upto the amount of Rs. 13.50 crores (Euro 2 millions).

    In our opinion, the terms and conditions on which such guarantees and commitments have been given are not prima facie prejudicial to the interests of the Company, since the same 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 investments.

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.

For V.P BANSAL & CO.
Chartered Accountants

Dated: June 27, 2009
Place: NOIDA

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

Balance Sheet

(Rs. in crores)

	Schedule No.	As at 31.03.09	As at 31.03.08
I. SOURCES OF FUNDS			
1. SHARE CAPITAL			
Share capital	1	30.08	28.96
Reserves and surplus	2	901.83	620.07
		931.91	649.03
2. Equity warrants issued and subscribed		2.42	17.94
3. LOAN FUNDS			
Secured loans	3	24.36	31.48
Unsecured loans	4	45.92	4.32
		70.28	35.80
4. DEFERRED INCOME TAX (NET)		14.69	13.62
Total		**1019.30**	**716.39**
II. APPLICATION OF FUNDS			
1. FIXED ASSETS	5		
Gross block		507.62	344.52
Less: Accumulated depreciation		57.93	42.63
Net block		449.69	301.89
Add: Capital work-in-progress		15.79	83.36
Total fixed assets		465.48	385.25
2. INVESTMENTS	6	387.87	164.79
3. CURRENT ASSETS, LOANS AND ADVANCES	7		
Inventories		207.53	430.29
Sundry debtors		86.74	66.07
Cash and bank balances		157.37	64.91
Other current assets		7.94	2.93
Loans and advances		91.79	76.10
		551.37	640.30
Less: Current Liabilities and Provisions	8		
Current liabilities		347.37	436.28
Provisions		38.10	37.77
		385.47	474.05
NET CURRENT ASSETS		165.90	166.25
4. MISCELLANEOUS EXPENDITURE	9	0.05	0.10
Total		**1019.30**	**716.39**
Accounting policies, contingent liabilities and notes on accounts	20		

For and on behalf of the Board of Directors

As per attached Auditor's Report of even date

Qimat Rai Gupta
Chairman & Managing Director

Surjit Gupta
Director

For V. P. Bansal & Co.
Chartered Accountants

Sanjay Johri
General Manager-Accounts & Company Secretary
Noida, June 27, 2009

Mahesh Jain
Vice President-Finance & Accounts

V. P. Bansal
Proprietor
Membership No. 8843

Profit and Loss Account

(Rs. in crores)

	Schedule No.	Year ended 31.03.09	Year ended 31.03.08
1. INCOME			
Turnover (Gross)	10	2333.82	2231.89
Less: Excise duty		135.46	176.32
Turnover (Net)		2198.36	2055.57
Other Income	11	7.56	14.54
		2205.92	2070.11
2. EXPENDITURE			
Materials cost	12	1408.72	1311.49
Manufacturing	13	129.09	134.27
Personnel	14	85.96	72.65
Office and administration	15	67.56	48.53
Selling and distribution	16	302.29	296.20
Interest and financial	17	25.03	25.42
Managerial remuneration	18	2.18	2.20
Miscellaneous expenditure written off		0.05	0.04
Depreciation		17.86	13.06
		2038.74	1903.86
3. PROFIT BEFORE TAX AND PRIOR PERIOD ITEMS		**167.18**	**166.25**
Add: Prior period items (net) (note no.15)		0.09	-
4. PROFIT BEFORE TAX		**167.27**	**166.25**
Income tax expense			
Current tax		19.14	19.21
Fringe benefit tax		1.76	1.66
Deferred tax		1.07	1.79
Wealth tax		0.07	0.05
		22.04	22.71
5. PROFIT AFTER TAX		**145.23**	**143.54**
6. PROFIT FOR APPROPRIATION			
Brought forward from previous year		305.33	193.23
Profit for the year		145.23	143.54
Profit available for appropriation		**450.56**	**336.77**
APPROPRIATIONS			
Transfer to general reserve		14.55	14.50
Proposed dividend		15.04	14.48
Corporate dividend tax		2.56	2.46
Balance carried over to Balance Sheet		418.41	305.33
		450.56	**336.77**
Basic and diluted earning per share (note no. 34) (Rs. Per equity share of Rs. 5/- each)		24.93	26.00
Accounting policies, contingent liabilities and notes on accounts	20		

For and on behalf of the Board of Directors

As per attached Auditor's Report of even date

Qimat Rai Gupta
Chairman & Managing Director

Surjit Gupta
Director

For V. P. Bansal & Co.
Chartered Accountants

Sanjay Johri
General Manager-Accounts & Company Secretary
Noida, June 27, 2009

Mahesh Jain
Vice President-Finance & Accounts

V. P. Bansal
Proprietor
Membership No. 8843

Cash Flow Statement

(Rs. in Crores)

		Year ended 31.03.2009	Year ended 31.03.2008
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before tax and extraordinary items	167.27	166.25
	Adjustments for		
	Depreciation	17.86	13.06
	Loss on Sale of Fixed Assets	1.00	0.80
	Profit on Sale of Assets	(0.13)	(2.39)
	Income on sale of Investment	(0.08)	-
	Interest Income	(0.89)	(0.77)
	Interest Paid	19.34	20.65
	Miscellaneous Expenditure Written Off	0.05	0.04
	Operating Profit before working capital changes	204.42	197.64
	Adjustments for		
	Trade and Other Receivables	(41.95)	(40.20)
	Inventories	222.76	(190.79)
	Trade Payables	(76.26)	171.56
	Other Liabilities	(12.64)	14.77
	Cash generated from operations	296.33	152.98
	Direct taxes paid	(23.16)	(23.96)
	CASH FLOW BEFORE EXTRAORDINARY ITEMS	273.17	129.02
	Net Cash received (+) / used (-) from Operating Activities	**273.17**	**129.02**
B.	**CASH FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(91.22)	(45.00)
	Addition in Capital Work in Progress	(10.87)	(116.29)
	Investment in Shares	(226.25)	(161.30)
	Sale of investment	3.25	-
	Sale of fixed assets	1.85	6.82
	Interest Received	0.89	0.77
	Net Cash used in Investing Activities	**(322.35)**	**(315.00)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issue of Equity Warrants	-	17.94
	Proceeds from issue of preferential Equity Shares	1.12	2.08
	Receipt of share premium on preferential allotment	138.61	257.92
	Proceeds from short term borrowings	1.70	1.20
	Repayment from long term borrowings	(8.44)	(15.00)
	Repayment of motor car loans	(0.38)	(0.65)
	Proceeds from unsecured advances	41.60	(5.81)
	Interest Paid	(19.34)	(20.65)
	Dividends paid	(14.48)	(13.44)
	Net Cash received (+) / used (-) from Financing Activities	**140.39**	**223.59**
	Net increase (+) / decrease (-) in cash and cash equivalents (A+B+C)	91.21	37.62
	Cash and Cash Equivalents as at the beginning of the year	64.22	26.61
	Cash and cash equivalents as at the close of the year	155.43	64.22

Note: Cash and cash equivalents as at the close of the year does not include Rs. 1.94 crores on account of fixed deposit under margin money and pledged with govt. 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

Surjit Gupta
Director

Sanjay Johri
General Manager-Accounts & Company Secretary

Mahesh Jain
Vice President-Finance & Accounts

Noida, June 27, 2009

AUDITOR'S CERTIFICATE

We have examined the above cash flow statement of Havells India Limited for the year ended 31st march 2009. 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, 2009 and 31st March, 2008, covered by our report dated June 27, 2009 and May 22,2008 respectively to the members o f the Company

For V.P. Bansal & Co.
Chartered Accountants

V.P.Bansal
Proprietor
Membership No. 8843

Noida, June 27, 2009

Schedules

	As at 31.03.09	As at 31.03.08
		(Rs. in crores)
Schedules No. 1		
SHARE CAPITAL		
Authorised		
80,000,000 (Previous Year 80,000,000) Equity Shares of Rs.5/- each	40.00	40.00
Issued, Subscribed and Paid Up		
60,168,406 (Previous Year 57,918,406) Equity Shares of Rs.5/- each fully paid up	30.08	28.96
	30.08	**28.96**

Out of the above:-

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.

2,250,000 (Previous year Nil) equity shares issued as fully paid up pursuant to conversion of convertible warrants.

	As at 31.03.09	As at 31.03.08
SCHEDULE NO. 2		
RESERVES AND SURPLUS		
Capital reserve	5.19	5.19
	5.19	5.19
Securities premium account		
As per last Balance Sheet	267.55	9.63
Add: Received during the year	154.13	257.92
	421.68	267.55
General reserve		
As per last Balance Sheet	42.00	27.50
Add: Transfer from Profit and Loss account	14.55	14.50
	56.55	42.00
Profit and loss account		
Balance as per Profit and Loss account	418.41	305.33
	901.83	**620.07**

Schedules

(Rs. in crores)

	As at 31.03.09	As at 31.03.08
SCHEDULE NO. 3		
SECURED LOANS		
Working capital loans from banks		
Cash Credit accounts	5.21	3.51
Term Loans from Banks		
External Commercial Borrowings	15.60	19.24
Against hypothecation of Motor Cars	0.01	0.39
Deferred Payment Credits		
Against purchase of Industrial Land	3.54	8.34
	24.36	**31.48**

[Due within a year Rs.11.71 crores (Previous year Rs.12.18 crores)]

Notes:-

1. Working Capital Limits are under consortium of Canara Bank, Corporation Bank, Union Bank of India, IDBI Bank Limited, State Bank of India, Standard Chartered Bank 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, bill 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 plant and machinery, generators, furniture and fixtures, electric fans and installation on which first charge is held with term lenders.
3. External Commercial Borrowings (ECB) are from ICICI Bank Limited, Singapore and is secured by way of first pari-passu charge on all movable the assets of the Company except those charged against working capital limits and further secured by way of first pari-passu mortagage over the following immovable fixed assets:

   a) A-461/462, MIA Alwar, Rajasthan

   b) SP-215, MIA Alwar, Rajasthan

   c) Land at village Dharampur, Tehsil Nalagarh District Solan (H.P.); and

   d) Plot No. 2A, Sector - 10 IIE Ranipur, Haridwar

	As at 31.03.09	As at 31.03.08
SCHEDULE NO. 4		
UNSECURED LOANS		
Short term loan and advances		
From Banks:-		
Bills discounted	—	4.32
Packing credit foreign currency loan	45.92	—
(against promissory notes)	**45.92**	**4.32**

SCHEDULE NO. 5
FIXED ASSETS

(Rs. in Crores)

		GROSS BLOCK				DEPRECIATION				NET BLOCK	
Sl. No.	Description	As At 01.04.2008	Additions During the Year	Sales/ Adjustment	As At 31.03.2009	up to last year	For the year	Sales/ Adjustment	To Date	As at 31.03.2009	As at 31.03.2008
1	Industrial land										
	Freehold	2.73	8.86	-	11.59	-	-	-	-	11.59	2.73
	Leasehold	48.06	0.76	1.28	47.54	-	-	-	-	47.54	48.06
2	Factory buildings	76.16	57.47	-	133.63	6.57	3.38	-	9.95	123.68	69.59
3	Office premises	11.22	0.33	-	11.55	0.19	0.19	-	0.38	11.17	11.03
4	Plant and machinery	137.41	76.84	1.52	212.73	18.73	8.05	0.92	25.86	186.87	118.68
5	Generators	5.04	2.37	0.10	7.31	0.98	0.29	0.08	1.19	6.12	4.06
6	Furniture and fixtures	11.03	7.61	0.05	18.59	3.16	1.07	0.03	4.20	14.39	7.87
7	Electric fans and installations	14.44	6.17	0.21	20.40	2.10	0.76	0.17	2.69	17.71	12.34
8	Water supply installations	0.27	0.09	0.06	0.30	0.07	0.01	0.04	0.04	0.26	0.20
9	Weighing scale	0.29	0.11	0.01	0.39	0.06	0.02	0.01	0.07	0.32	0.23
10	EDP Equipments	14.50	1.77	1.01	15.26	6.51	1.86	0.68	7.69	7.57	7.99
11	Office equipments	3.01	3.14	0.27	5.88	0.77	0.26	0.15	0.88	5.00	2.24
12	Airconditioners	3.71	0.90	-	4.61	0.54	0.20	-	0.74	3.87	3.17
13	Vehicles	7.78	2.56	0.94	9.40	1.80	0.82	0.35	2.27	7.13	5.98
14	R & D Equipments	4.64	0.24	0.06	4.82	0.80	0.36	0.01	1.15	3.67	3.84
15	Intangible Assets										
	Computer Software	3.92	0.25	1.06	3.11	0.35	0.51	0.12	0.74	2.37	3.57
	Technical know-how	0.31	0.20	-	0.51	0.00	0.08	-	0.08	0.43	0.31
		344.52	**169.67**	**6.57**	**507.62**	**42.63**	**17.86**	**2.56**	**57.93**	**449.69**	**301.89**
16	Add:Capital Work-in-Progress	83.36	10.87	78.44	15.79	-	-	-	-	15.79	83.36
	Total - Current Year	**427.88**	**180.54**	**85.01**	**523.41**	**42.63**	**17.86**	**2.56**	**57.93**	**465.48**	**385.25**
	Previous Year	**273.61**	**184.72**	**30.45**	**427.88**	**31.36**	**13.06**	**1.79**	**42.63**	**385.25**	**242.25**

Notes: - 1 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 CENVAT credit. Depreciation in respect of Assets for a value not exceeding Rs. 5000/- has been provided at the rate of 100%

2 Factory Buildings at Badli (Delhi) is on rented premises.

3 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.

4 Leasehold land includes two nos. industrial plots at Bawana Industrial area and a industrial land at Greater Noida Industrial Development Authority in respect of which possession has not been taken as yet.

5 Addition in land includes Rs.0.75 crore (previous year Rs.0.56 crore) represents of interest payable to Greater Noida Industrial Development Authority and RIICO, Rajasthan in respect of industrial land allotted to the company.

6 Sale/adjustment of Rs.1.28 crore in leasehold land represents claim made with RIICO, Rajasthan in respect of entitlement of 10% on cost of land at Neemrana, Rajasthan.

7 The title deeds in respect of leasehold land at Neemrana measuring 37820 sq mtrs. and at Alwar, Rajasthan measuring 116090 sq mtrs , are yet to be executed.

Schedules

(Rs. in crores)

	As at 31.03.09	As at 31.03.08
SCHEDULE NO. 6		
INVESTMENTS		
(Long term, trade, unquoted, at cost)		
Subsidiary Companies (Wholly owned):		
Havell's Cyprus Limited		
1000 (Previous year 1000) Equity Shares of 1 Cyprus Pound each fully paid up.	0.01	0.01
Share application money pending allotment	0.16	0.06
Havell's Holdings Limited		
50.859,030 (Previous year 20,133,056) Ordinary Shares of 1 GBP each fully paid up.	387.70	161.55
Others:		
G.S.Lighting Private Limited	—	3.17
Nil (Previous year 44210) Equity Shares of Rs. 100/- each fully paid up.		
Aggregate value of unquoted investments	**387.87**	**164.79**
SCHEDULE NO. 7		
CURRENT ASSETS, LOANS AND ADVANCES		
Inventories (as taken, valued and certified by the management)		
Raw materials and components	48.56	99.49
Semi finished goods	18.04	20.61
Finished goods	120.22	291.44
Consumable Stores, tools and spare parts	1.81	1.12
Dies and fixtures	14.86	13.75
Packing materials	3.38	3.30
Fuel and Gases	0.17	0.13
Scrap materials	0.49	0.45
	207.53	**430.29**
Sundry debtors (unsecured)		
Debts outstanding for a period exceeding six months		
considered good	1.90	7.42
considered doubtful	2.12	1.46
	4.02	8.88
Less: Provision for doubtful debts	2.12	1.46
	1.90	7.42
Other debts -considered good	84.84	58.65
	86.74	**66.07**
Cash and bank balances		
Cash in hand	0.13	0.19
With scheduled banks :		
Current accounts	32.10	1.18
Cash credit accounts	22.20	11.02
Unclaimed dividend account	0.21	0.16
Fixed deposit account		
Margin money	1.66	0.33
Pledged with government departments	0.03	0.03
Other fixed deposits	101.00	51.50
Interest accrued on fixed deposits	0.04	0.17
With non-scheduled banks :		
Current accounts	0.00	0.33
	157.37	**64.91**
Other current assets - (considered good)		
Export incentives receivable	1.55	0.99
DEPB licences in hand	0.13	0.39
Capital investment subsidy receivable	1.20	1.20
Claims and other debts	5.06	0.35
	7.94	**2.93**

Schedules

(Rs. in crores)

	As at 31.03.09	As at 31.03.08
Loans and advances (unsecured- considered good)		
Advances recoverable in cash or in kind or for value to be received	38.97	41.62
Earnest money and security deposits	23.75	7.89
Balance with excise department:		
Excise duty	8.02	3.57
Service tax	2.75	3.30
Balance of VAT with sales tax department	0.15	0.96
Advance income tax, tax at source and fringe benefit tax	18.15	18.76
	91.79	**76.10**
	551.37	**640.30**

SCHEDULE NO. 8
CURRENT LIABILITIES AND PROVISIONS

	As at 31.03.09	As at 31.03.08
CURRENT LIABILITIES		
Acceptances	42.70	163.31
Sundry creditors:		
Total outstandings dues of Micro and Small enterprises	6.38	—
Total outstandings dues of creditors other than Micro and Small enterprises	227.42	189.45
Unclaimed dividend	0.21	0.16
Trade deposits and advances	22.23	20.18
Other liabilities	47.51	61.61
Interest accrued but not due	0.92	1.57
	347.37	**436.28**
*Investor Protection and Education Fund is being credited by the amount of unclaimed		
PROVISIONS		
Income tax	18.81	19.12
Fringe benefit Tax	1.62	1.66
Wealth tax	0.07	0.05
Proposed dividend	15.04	14.48
Corporate dividend tax	2.56	2.46
	38.10	**37.77**
	385.47	**474.05**

SCHEDULE NO. 9
MISCELLANEOUS EXPENDITURE

	As at 31.03.09	As at 31.03.08
(to the extent not written off or adjusted)		
Expenditure on increase in capital		
As per last Balance Sheet	0.10	0.14
Less: written off	0.05	0.04
	0.05	**0.10**

Schedules

(Rs. in crores)

	Year ended 31.03.09	Year ended 31.03.08
SCHEDULE NO. 10		
TURNOVER (GROSS)		
Sales of goods	2314.50	2210.21
Scrap materials	11.30	17.78
Export Incentives	3.21	2.81
Export of Services	4.78	0.72
Job charges	0.03	0.37
	2333.82	**2231.89**
SCHEDULE NO. 11		
OTHER INCOME		
Interest on deposits and from customers [TDS Rs. 0.14 crore, Previous year Rs.0.13 crore]	0.89	0.77
Exchange fluctuations (Net)	0.51	6.95
Miscellaneous receipts	4.70	3.91
Profit on sale of fixed assets	0.13	2.39
Profit on sale of long term, trade unquoted investments	0.08	—
Excess provision of income/fringe benefit tax written back	0.19	0.05
Excess provisions of bad debts/sales incentives written back	1.06	0.47
	7.56	**14.54**
SCHEDULE NO. 12		
MATERIALS		
Raw materials and components consumed	1074.07	1146.73
Packing material (primary) consumed	42.44	46.07
Purchase of traded goods	123.21	247.60
Add:Opening 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
	312.50	**183.18**
Less:Closing stocks		
Traded goods	46.87	97.18
Finished goods	73.35	194.26
Semi finished goods	18.04	20.61
Scrap materials	0.49	0.45
	138.75	**312.50**
Add: Excise duty on Increase/decrease in Finished Goods	(4.75)	0.41
	1408.72	**1311.49**

Schedules

(Rs. in crores)

	Year ended 31.03.09	Year ended 31.03.08
SCHEDULE NO. 13		
MANUFACTURING EXPENSES		
Factory rent	0.01	0.01
Rates and taxes	0.27	0.12
Job charges	48.09	53.91
Power, fuel and water	21.64	21.00
Consumable stores and tools consumed	23.80	26.23
Trade mark fees and royalty	18.59	17.56
Repairs and Maintenance		
Machinery	4.45	5.37
Building	1.09	1.47
Others	1.06	2.27
Research and development expenses	6.56	4.34
Other manufacturing expenses	3.53	1.99
	129.09	**134.27**
SCHEDULE NO. 14		
PERSONNEL EXPENSES		
Salaries, wages, bonus and other benefits	77.64	64.79
Contribution towards PF and ESI	3.77	3.47
Contribution towards gratuity and gratuity paid	1.10	1.05
Employees welfare	3.45	3.34
	85.96	**72.65**
SCHEDULE NO. 15		
OFFICE AND ADMINISTRATION EXPENSES		
Rent	19.02	5.28
Rates and taxes	0.06	0.15
Printing and stationary	1.67	1.92
Postage, telephone and communications expenses	4.90	5.05
Electricity and water charges	2.69	2.01
Travelling, conveyance and vehicle maintenance	23.51	22.73
Legal and professional	5.97	2.25
Auditor's remuneration		
Audit fee	0.23	0.23
Taxation matters	0.04	0.03
Out of pocket expenses	0.00	0.00
Insurance	1.89	2.64
Donation	0.54	0.50
Loss on sale/discard of fixed assets	1.00	0.80
Director's sitting fees	0.05	0.06
Miscellaneous office expenses	5.99	4.88
	67.56	**48.53**

Schedules

(Rs. in crores)

	Year ended 31.03.09	Year ended 31.03.08
SCHEDULE NO. 16		
SELLING AND DISTRIBUTION EXPENSES		
Advertisement and Sales promotion	50.14	53.50
Freight, Packing, insurance and cartage outward	60.21	62.52
Discount, commission and sales incentives	161.43	152.71
Debtors factoring charges	16.64	18.71
Bad debts, liquidity damages and short recoveries	5.78	3.87
Provision for doubtful debts	1.13	0.27
Sales tax and Service tax paid	4.51	1.70
Miscellaneous selling expenses	2.45	2.92
	302.29	**296.20**
SCHEDULE NO. 17		
INTEREST AND FINANCIAL EXPENSES		
Interest		
On fixed loans	5.29	2.60
On non-fixed loans	14.05	18.05
Bank charges	4.03	3.61
Miscellaneous financial expenses	1.66	1.16
	25.03	**25.42**
SCHEDULE NO. 18		
MANAGERIAL REMUNERATION		
Managing Director's remuneration	0.64	0.66
Wholetime Director's remuneration	1.54	1.54
	2.18	**2.20**
SCHEDULE NO. 19		
MISCELLANEOUS EXPENDITURE WRITTEN OFF		
Miscellaneous expenditure written off	0.05	0.04
	0.05	**0.04**

SCHEDULE NO. 20

ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDING 31ST MARCH,2009

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 and 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, such changes are suitably incorporated. 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

a) Fixed assets are stated at their original cost of acquisition including taxes, duties, freight, and other incidental expenses related to acquisition and installation of the concerned assets 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.

b) Capital work-in-progress comprises cost of fixed assets that are not yet ready for their intended use at the balance sheet date.

c) 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 over their useful life. 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/- acquired during the year is provided at the rate of 100%.

d) 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.

e) Project under commissioning/ installations and other capital work in progress are carried at cost comprising direct cost, related incidental expenses and interest on borrowings there against.

f) 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.

6 Inventories

a) 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 (Domestic) and Haridwar Units of the Company which are exempted from payment of excise duty.

b) The inventories are valued on the basis of moving weighted average method.

c) 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.

d) The stocks of scrap materials have been taken at net realisable value.

e) 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 liablities 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 with Life Insurance Corporation of India. 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. Cost incurred on development projects (relating to the design of new or improved products) are recognised as an expense when incurred as the criteria for capitalisation is not fulfilled.

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 returns and trade discount. Sales include excise duty but are exclusive of value added tax. Sales do not include inter-divisional transfers.

b) **Export Incentives**

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

c) **Interest**

Interest income is recognised on a time proportion basis.

d) **Claims**

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

11 **Prior period Items/ Exceptional 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 amortised 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 Earnings Per Share

The earnings considered in ascertaining the Company's Earnings 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.

B CONTINGENT LIABILITIES (Rs.in crores)

		2009	2008
a	Estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	15.60	27.89
b	Bank guarantees and letter of credits opened with bank (net of margin money)	66.07	84.41
c	Bonds to excise department against export of excisable goods/purchase of goods without payment of duty (net of margin money)without payment of duty (net of margin money)	21.95	17.16
d	Custom duty payable against export obligation	19.46	22.90
e	Suits filed against the company not acknowledged as debts	2.10	1.96
f	Receivables assigned with banks	14.33	18.02
g	Disputed tax liabilities in respect of pending cases before Appellate Authority	7.71	5.58
h	Corporate Guarantee given on behalf of subsidiary companies (to the extent of outstanding obligation)	251.94	437.48
i	Export bills discounted with banks	Nil	15.27

C NOTES

1 (a) The company has the following foreign subsidiaries as on 31st March, 2009.

Name of Subsidiary	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%

(b) Havells Holding limited has 56 wholly owned subsidiaries/step-down 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 had, 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 2600000 Warrants convertible into equity shares at Rs. 690/- per warrant (" warrant price") aggregating to Rs. 179.40 crores, against which the Company had received an amount equivalent to 10% of the warrant price i.e. Rs. 69/- per warrant. The Company had received the approval from Foreign Investment Promotion Board (FIPB) on 5th June,2008 in respect of the aforesaid preferential issue of shares and warrants.

b. Out of 2600000 Warrants convertible into equity, M/s Seacrest Investment Limited exercised their right to convert 2250000 Warrants into equity shares of Rs. 5/- each fully paid up at a premium of Rs. 685/- per share on 4th February, 2009 and a sum of Rs. 139.72 crores was received on account of balance amount on the said Warrants. 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, M/s Havells Holdings 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 on the Balance Sheet date.

c. The balance 350000 Warrants are convertible into equity shares at the agreed price of Rs. 690/- per share on or before the expiry of 18 (eighteen) months from the date of allotment i.e. on or before 25th day of May, 2009. Subsequent to the Balance sheet date, the investor M/s Seacrest Investment Limited has opted not to convert the remaining 350000 warrants into equity shares and a sum of Rs. 2.42 crores representing 10% of the subscription amount paid by the said investor has been forfeited by the Company.

3 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 and the bankers have recourse on the company to the extent of 5% of claim amount or Rs.0.02 crore, whichever is higher. As on the date of Balance Sheet, total debtors assigned to the bankers are at Rs. 188.45 crores (previous year Rs.238.57 crores). With the result, the debtors at the end of the year stand reduced by the said amount. A sum of Rs. 16.64 crores (previous year Rs.18.71 crores) on account of charges paid for this facility has been debited to debtors factoring charges account.

4 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.

5 The company has transferred and deposited a sum of Rs. 0.006 crore (previous year Rs. 0.01 crore) out of unclaimed dividend pertaining to the year 2000-01 to Investor Education and Protection Fund of Central Government in accordance with the provisons of Section 205C of the Companies Act, 1956.

6 a) The Company has started commercial production of Electric Motors and Compact Fluorescent Lamps (CFLs) at its unit at Neemrana (Rajashthan) during the year. Pre-operative expenses amounting to Rs. 6.31 crores and Rs. 1.86 crores for Electric Motors and Compact Fluorescent Lamps respectively till the date of start of commercial production have been capitalised to the carring cost of fixed assets on pro-rata basis.

b) The company's manufacturing units at Baddi, (Himachal Pradesh) and Haridwar (Uttarakhand) 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 (other than 100%EOU) 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.

7 The Company has made a provision of excise duty amounting to Rs.1.85 crores (previous year Rs. 6.60 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. 6 (c) above. Excise duty

is considered as an element of cost at the time of manufacture of goods.

8 The Company had 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 millions (Rs.24.97 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 and facility is due for repayment on 10th August, 2010.

9 The Company has entered into an agreement dated 30th January, 2009 for sale of its entire holding of 44210 equity shares of Rs. 100/- each held in M/s G.S.Lighting Private Limited for a consideration of Rs. 3.25 crores. The Company has recognised the sale of said investments during the year and received a sum of Rs. 1.00 crore against sale consideration of the shares of the investee company. The shares have not been transferred as on the balance sheet date in the name of buyers.

10 Sundry debtors include a sum of Rs. 17.98 crores (previous year Rs.8.91 crores) due from susbsidiaries and companies under the same management as under :

(Rs.in crores)

Name of the Company	Relationship	Amount due	Maximum Amount
Standard Electricals	Company under same management	Nil (0.06)	0.00 (7.30)
Havells Sylvania UK Limited	Step down Subsidiary company	Nil (0.04)	0.00 (4.32)
Havells Sylvania Colombia S.A.	Step down Subsidiary company	0.48 (0.00)	0.52 (0.003)
Havells Sylvania Europe Limited	Step down Subsidiary company	16.51 (8.09)	16.83 (18.59)
Havells Holding Inc	Step down Subsidiary company	0.25 (0.72)	0.72 (0.72)
Havells Sylvania (Thailand) Limited	Step down Subsidiary company	0.26 (0.004)	1.88 (0.004)
Havells Sylvania Argentina S.A.	Step down Subsidiary company	0.48 (Nil)	0.53 (Nil)
Havells Sylvania (Guangzhou) Enterprises Ltd	Step down Subsidiary company	0.003 (Nil)	0.01 (Nil)

11 Security Deposits include a sum of Rs. 15.60 crores (Previous year Nil) due from M/s QRG Enterprises Limited, a company under the same management, towards usage changes of office premises (Maximum due Rs.15.60 Crores) (Previous Year due and maximum Rs. Nil).

12 Balance with non-scheduled banks include:

		Amount in		Maximum balance in	
		2009	2008	2009	2008
National Bank of Dubai	Rs.(in crores)	Nil	0.24	0.37	0.24
	Dhirams	Nil	211986	3,17,201.73	218507
Bank of China	Rs.(in crores)	0.00007	0.10	0.12	0.14
	CNY	90.96	174329	1,93,111.42	251845

13 a) Information required to be furnished as per Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006(MSMED Act) for the year ended 31st March, 2009 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

(Rs. in Crores)

Sl. No.	Particular	Year ended 31st March, 2009	Year ended 31st March, 2008
1	Principal amount and interest due thereon remaining unpaid to any supplier		
	Principal (refer table (b) below)	6.38	Nil
	Interest	0.30	Nil
2	The amount of interest paid by the buyer in terms of Section16, of the Micro Small and Medium Enterprise Development Act, 2006 along the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
3	The amount of interest due and payable for the period of delay in making payment (Which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	0.29	Nil
4	The amount interest accrued and remaining unpaid at the end of each accounting year.	0.01	Nil
5	The amount of interest further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditre under section 23 of the MSMED Act.	Nil	Nil

b) Vendor-Wise Outstanding Principal Amount: (Rs. in Crores)

Sr. No.	Name of the Vendor	Year ended 31st March, 2009	Year ended 31st March, 2008
1	Ameeja Enterprises	0.39	Nil
2	Century Metal Recycling Pvt. Ltd.	0.42	Nil
3	Dinesh Print-O-Pac	0.08	Nil
4	Excel Industries	0.25	Nil
5	Hind Chemisales	0.45	Nil
7	Khanna Traders and Engineers	0.06	Nil
7	Kirpekar Engineering Pvt. Ltd.	0.01	Nil
8	K.R. Thermopack Pvt. Ltd.	0.05	Nil
9	Mohindera Products	0.06	Nil
10	Nana Udyog	0.34	Nil
11	Plastomet	1.58	Nil
12	Pooja Metal Processors Pvt.Ltd.	0.17	Nil
13	Quality Circles	0.47	Nil
14	Ravikiran Ceramics Pvt. Ltd.	0.07	Nil
15	Ramji Press	0.72	Nil
16	Saboo Coatings Ltd.	0.55	Nil
17	Shri Radhey Enterprises	0.62	Nil
18	U. S. Metal Products	0.08	Nil
19	Paras Enterprises	0.01	Nil
	Total	6.38	Nil

14 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. As on the date of Balance Sheet, the Company is under obligation to export goods worth Rs. 82.21 crores (previous year Rs.109.78 crores) within the stipulated time as specified in the respective licences. Out of the said obligation of Rs. 82.71 crores, the company has fulfilled the export obligation of Rs. 22.18 crores, However export obligation disclosure certificate (EODC) is yet to be obtained from Director General Foreign Trade (DGFT) in respect of said export obligation fulfiled.

15 Prior Period Items:

a) The Company is entitled to refund of additional custom duty paid on imported goods as per Notification No. 102/2007 dated 14/09/07 issued by Ministry of Finance(Departmetnt of Revenue), Government of India. A sum of Rs. 3.63 crores has been accounted for in respect of said duty for the period from Sept, 2007 to March, 2009. The said amount includes a sum of Rs. 0.89 crores relating to financial year 2007-08.

b) Service tax amounting to Rs. 0.80 crores debited during the year relates to financial year 2007-08 on account of distribution of service tax to excise exempted units at Baddi and Haridwar.

16 Companies (Accounting Standards) Amendment Rules, 2009 issued by Ministry of Corporate Affairs vide notification no.G.S.R.225 (E) dated March 31, 2009, has amended the Accounting Standard - 11 on "The Effect of Changes in Foreign Exchange Rates" and given an option to the companies to adopt the treatment prescribed in the said notification in reference to its foreign currency transactions. The Company has consistently following the provisions of AS-11 as in the past, chosen not to adopt the alternate treatment prescribed under the above notification. In accordance with the accounting policy of the company, a sum of Rs. 0.51 crores has been recognised as exchange gain (net) and credited to the profit and loss account.

17 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 increased by Rs. 3.36 crores (previous year decreased by Rs.1.68 crores).The Company has incurred exchange loss of Rs. 4.62 crores (previous year exchange gain of Rs. 1.68 crores) during the year, Out of the said amount, a sum of Rs 1.24 crores (previous year Nil) has been treated as finance cost in accordance with Accounting Standard-16 (AS-16) ' Borrowing Costs' issued by the Institute of Chartered Accountants of India and the balance has been debited to the exchange fluctuation 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. 1.62 crores (previous year Rs.2.79 crores). Out of the said amount, a sum of Rs. 1.40 crores (previous year 2.33 crores) has been treated as preoperative expenditure and capitalised in Neemrana unit of the Company and a sum of Rs.0.50 crore (previous Year 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.The balance sum of Rs. 0.28 crores (previous year Nil) on account of exchange gain has been credited to exchange fluctuation account.

c) Packing credit Foreign Currency Loan of USD 9 million from The Bank of Nova Scotia, has been translated at the 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 increased by Rs. 0.90 crores (previous year nil). The said exchange loss has been adjusted against the exchange gain arising from the foreign exchange hedging contract entered into with Deutsche Bank as stated in para 18 (a) below.

d) The Company has entered into currency swap deal with Kotak Mahindra 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 an exchange fluctuation of Rs. 0.17 crore (previous year income Rs. 0.71 crore) and credited the same to profit and loss account.

18 a) The Company has taken foreign exchange contract with Deutsche Bank to hedge its exposure in respect of Packing Credit Foreign Currency loan of USD 9 million from the Bank of Nova Scotia. The exchange gain of Rs. 0.50 crore (net of foreign exchange liability on restatement of loan) has been credited to foreign exchange fluctuation account.

b) Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise as at 31st March, 2009 are as under:

(Rs. in crores)

	GBP		USD		EURO	
	Foreign Currency	Indian Currency	Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
Receivables						
Current Year	0.47	34.24	0.27	13.76	0.26	17.54
Previous Year	0.23	18.29	0.21	8.39	0.14	8.83
Payables						
Previous Year	0.0004	0.03	0.40	20.50	0.50	33.80
Previous Year	-	-	0.04	1.79	0.027	1.74

19 As per Accounting Standard 15 “Employee Benefits”, the disclosures of Employee benefits as defined in the Accounting Standard are given below:

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as expense for the year are as under:

(Rs. in crores)

	2008-09	2007-08
Employer's Contribution to Provident Fund	2.22	1.52
Employer's Contribution to Pension Scheme	1.48	1.30

Defined Benefit Plan

The employee's Gratuity Fund Scheme, which is defined benefit plan, is managed by Trust maintained with Life Insurance Corporation of India (LIC). The present value of obligation is determined based on acturial valuation using Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for compensated absences is recognized in same manner as gratuity.

	Gratuity (Funded)	
	2008-09	**2007-08**
a) Reconciliation of opening and closing balances of Defined Benefit obligation		
Defined Benefit obligation at beginning of the year	5.14	4.03
Current Service Cost	0.77	0.71
Interest Cost	0.31	0.24
Actuarial (gain) / loss	(0.22)	0.32
Benefit paid	(0.47)	(0.16)
Defined Benefit obligation at year end	5.53	5.14
b) Reconciliation of opening and closing balances of fair value of plan assets		
Fair value of plan assets at beginning of the year	5.14	3.69
Expected return on plan assets	0.31	0.30
Actuarial (gain) / loss	(0.22)	-
Employer contribution	0.77	1.31
Benefits paid	(0.47)	(0.16)
Fair value of plan assets at year end	5.53	5.14
c) Reconciliation of fair value of assets and obligations		
Fair value of plan assets	5.53	5.14
Present value of obligation	5.53	5.14
Amount recognised in Balance Sheet- (Asset) / Liability	-	-
d) Expenses recognised during the year		
Current Service Cost	0.77	0.71
Interest Cost	0.31	0.24
Voluntary Contribution	-	-
Expected return on plan assets	(0.31)	(0.30)
Actuarial (gain) / loss	-	0.32
Net Cost debited to profit and loss account	0.77	0.97
e) Actuarial assumptions		
Mortality Table (LIC)	**1994-96** (Ultimate)	**1994-96** (Ultimate)
Discount rate (per annum)	6%	6%
Expected rate of return on plan assets (per annum)	6%	8%
Rate of escalation in salary (per annum)	4%	4%

The estimates of rate of escalation in salary considered in actuarial valuation, taken into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information as certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for the plan assets management. The company has no unfunded obligation as on the Balance sheet date.

20 Interest and other borrowing costs amounting to Rs 1.57 crores (previous year Rs.1.63 crores) 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.

21 The Company has invested a sum of Rs. 387.70 crores in its wholly owned subsidiary companies M/s Havells Holding Limited as on the balance sheet date. Consequent to a net loss of Rs. 305.35 crores in the consolidated financsidiary companies, there is a decline in the value of investments. In the opinion of the management, the decline in the value of investment is temporary in nature due to the following reasons:

a) The control over Sylvania group of companies was acquired in April,2007 with a long term view and was a strategic decision. A sum of Rs. 303.49 crores (Euro 53.04 millions) was paid as premium towards the said acquisition in the light of tangible and intangible benefits accruing to the company in the future. The company has further made an investment of Rs. 226.15 crores for purchase of 30,725,974 ordinary shares of GBP one each at par in its wholly owned subsidiary company M/s Havell's Holding Limited on 4th February 2009.

b) The subsidiary companies generally experienced good market conditions till June, 2008; and the period thereafter being more challenging following the begining of the European recession. Despite this, the subsidiary companies grew at a pace above market rate and gained overall market share. This was mainly driven by expansion into new markets and the offering of new energy efficient products. The total market shrunk in the latter half of 2008 and despite the market share gains, this adversely affected the operating results for the year. As a result of this the Group has implemented a variety of cost reduction measures to manage the costs effectively and offset this trend. These initiatives include lean manufacturing, outsourcing of manufacturing to low cost countries, further cost reduction initiatives on materials and are in-depth analysis of selling and administration expenses.

A sum of Rs. 106.18 crores has been incurred by the subsidiary companies towards severance and restructuring costs during the year which will yield tangible benefits in future.

A series of further restructuring measures have been announced in Germany, Brazil, UK, Tunisia and other sites, which are expected to adjust the Group's operations and provide a competitve basis for future operations. The restructuring envisages the elimination of 600 to 800 positions in 2009-10, and is expected to reduce costs by Rs. 80.98 crores (Euro 12 million) in 2009 with a full year effect of Rs. 148.46 (Euro 22 million) going forward.

c) The Group companies have been provided with funding from a banking group led by Barclays Capital in the form of a term loan of Rs. 512.85 crores (Euro 76,000,000) and a revolving facility of Rs. 265.31 crores (Euro 39,317,000). The terms of these loan agreements include covenants related to the Group companies performance any breach of which could result in the funding becoming repayable on demand.

At 30th September 2008 the Group companies breached the covenants set out in the funding agreement. The Group obtained a waiver for the existing defaults for the quarter ending 30 September 2008 up to 27 February 2009. Subsequent to this waiver, the Group companies has continued to suffer from the effects of the recession and have continued to breach the covenants, despite implementing a restructuring plan in late 2008. This restructuring plan, included the closure of manufacturing and warehousing facilities as well as reorganisation of selling and administration expenses and working capital reductions. The plan included a headcount reduction of over 600-800, with annualised saving in excess of Euro 22 million (148.46 crores). The restructuring plan is being executed in line with expectation. The banks have continued to extend the waivers on a monthly basis and the most recent waiver, dated 28 May 2009, waives the defaults until 30 June 2009. Further there are no defaults on repayments.

The Group companies have reviewed it's forecasts for 2009-10 and as part of the covenant renegotiation process, the Group is working closely with Alvarez & Marsal, a specialist consultancy, on a more aggressive restructuring plan to restore profitability.

Despite the current volatile and uncertain economic circumstances, the directors believe that the revised forcast for the future as presented to the banks is achievable and is an appropriate basis for the new covenant setting. The directors of the Group companies are satisfied that, provided the current facilities remain in place, the Group companies have sufficient levels of cash to operate the business on a going concern basis for the foreseeable future.

In view of the above factors, the management is of the opinion that no provision for impairment in the value of its investments in subsidiary companies, is called for.

22 The company has a system of obtaining periodic confirmations from debtors and creditors. Necessary entires have been passed on reconciliation of accounts wherever required.

23 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.

24 That the company has disputed various tax liabilities before the appellate authorities, the details and the forum where said liablities are 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.	**Excise Duty**				
	Central Excise Act, 1944	Demand/	1998 to 2002	0.13	CESTAT, Delhi
		Penalty	2004-05	0.22	CESTAT, Delhi
			1994 to 1997	0.37	The Commissioner (Appeals), Central Excise, Delhi
			2006-07	0.15	The Commissioner (Appeals), Central Excise, Jaipur
			2004-05	0.12	The Commissioner (Appeals), Delhi
			2002-03	0.39	The Commissioner (Appeals), Central Excise, Delh
B.	**Income Tax**				
	Income tax	Demand/	2004-05	0.13	The Commissioner of Income tax
		Interest			(Appeals), New Delhi
			2005-06	0.43	The Commissioner of Income tax (Appeals), New Delhi
			2006-07	1.94	The Commissioner of Income tax (Appeals), New Delhi
			2004-05	0.09	Income Tax Appellate Tribunal (ITAT), New Delhi
			2003-04	0.03	Income Tax Appellate Tribunal (ITAT), New Delhi
C.	**Sales Tax/VAT**				
	Sales Tax/Value Added Tax	Demand/	2005-06	0.63	High Court, Delhi
		Interest	2005-06	1.35	High Court, Kerala
			1997-98	0.004	VAT Tribunal, Delhi
			2003-04	0.11	VAT Tribunal, Cochin
			2006-07	0.01	Commercial Tax Tribunal, Noida
			2003-04	0.05	Deputy Commissioner (Appeals), Bharatpur
			2005-06	0.14	Commissioner (Appeals), Cochin
			2006-07	0.12	Commissioner (Appeals), Cochin
			2004-05	0.01	Assessing Authority, Bhubneshwar
			2004-05	0.04	Joint Commissioner (Appeals), Faridabad
D.	**Others**				
1	Local Area Development Tax	Demand/	2001-02	0.12	The Joint Excise and Taxation
		Interest		0.12	Commissioner- (Appeals), Haryana
2	Customs Act	Demand/	2006-07	0.21	CESTAT, Delhi
		Interest	2004-05	0.80	The Commissioner of Custom(Appeals), Delhi
			Total	**7.71**	

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

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.

25 a) The company has given a corporate guarantee of Rs. 229.43 crores (Euro 34 millions) {previous year Rs. 214.51 crores (Euro 34 millions)}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, aganist an outstanding loan of Rs. 157.46 crores (Euro 23.33 Million) taken by the said subsidiary. The Company has further provided security by way of pari-passu charge on all the moveable fixed assets of the company (except for those charged against working capital) limits and further secured by way of pari-passu mortgage over the immovable fixed assets situated at A-461/462, MIA Alwar (Rajasthan), SP - 215, MIA Alwar (Rajasthan), Land at village Dharampur, Tehsil Nalagarh, Distirct Solan (Himachal Pradesh) and Plot no. 2A, Sector - 10, IIE Ranipur, Haridwar. The documentation for creation of charge is under process.

b) The company has given a irrevocable and unconditional corporate guarantee to Deutsche Bank in respect of credit facilities and other financial accomodation availed by step down subsidiary company M/s Havells Sylvania Europe Limited upto the amount of Euro 12 millions (Rs. 80.98 crores) (previous year Euro 10 millions).

c) The company has given a irrevocable and unconditional corporate guarantee to Deutsche Bank in respect of credit facilities and other financial accomodation availed by step down subsidiary company M/s Havells Sylvania Brasil Iluminacao Lda upto the amount of Euro 2 millions (Rs. 13.50 crores) (Previous year - Nil)

26 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 2009, 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 Haridwar (Uttranchal), Capacitor Division at Noida (Uttar Pradesh), Electric Motor and CFL Division at Neemrana (Rajasthan) 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.

27 **Deferred Tax and current Tax**

Current Tax

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

Deferred Tax

Deferred tax resulting from timing differences between book profit and taxable income is accounting for using the current tax rate. In respect of the companies units under tax holiday period u/s 80 IC of the Income Tax act, 1961. Deferred tax assets/liablities for timing differences which are capable of reversal after the tax holiday period have been recognised during the year, in accordance with Accounting Standard Interpretation (ASI 3)(Revised) issued by The Institute of Chartered Accountant of India, the break-up of deferred tax assets and deferred tax liabilities is as under:

(Rs. in crores)

			2009	2008
			Deferred Tax Liability	
1		Deferred Tax Liability		
	a)	on account of difference in rates and method of depreciation	34.18	17.98
	b)	on account of different treatment of certain payments under Income Tax act.	4.58	2.66
			38.76	20.64
2		Deferred Tax Assets		
	a)	on account of different treatment of certain payments under Income Tax act.	1.24	2.89
	b)	on account of provision for leave encashment and bonus	1.69	1.47
	c)	on account provision for doubtful debts not treated as expense under Income Tax act.	0.72	0.50
	d)	on account of Minimum Alternative Tax credit	20.42	2.16
			24.07	7.02
3		Deferred income tax liability (Net)		
	a)	at the end of the year	14.69	13.62
	b)	for the year	1.07	1.79

28 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:	2009			2008 (Rs. in crores)		
	Sales Incentive	Bad Debts	Others	Sales Incentive	Bad Debts	Others
Carrying amount at the beginning of the year	10.10	1.46	0.76	6.13	1.68	0.56
Additional provisions made during the year	5.68	1.13	0.74	5.02	0.27	0.76
Amount used during the year	2.61	0	0.75	1.05	0.02	0.50
Unused amounts reversed during the year	0.59	0.47	0.01	0.00	0.47	0.06
Carrying amount of provisions as on 31.03.2009	12.58	2.12	0.74	10.10	1.46	0.76

29 a) Break-up of remuneration paid to Managing/Wholetime Directors' is as under :

	2009	**(Rs in crores) 2008**
Salary	1.31	1.31
Mediclaim insurance	0.01	0.005
Leave salary	0.03	0.05
Commission	0.83	0.84
	2.18	2.20

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

Sh Surjit Gupta, Director of the Company has been paid a remuneration of Rs. 0.18 crores (previous year Rs. 0.20 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

		2009	2008
Net profit as per profit and loss account		145.23	143.54
Add:	Income tax, Deferred tax and Fringe benefit tax	21.97	22.66
	Wealth Tax	0.07	0.05
	Managing / Whole-time Director's Remuneration	2.18	2.20
	Director's sitting fee	0.05	0.06
	Depreciation charged in accounts	17.86	13.06
	Provision for doubtful debts	1.13	0.27
	Loss on Sale of Assets	1.00	0.80
		189.49	182.64
Less:	Depreciation as per section 350 of the Companies Act, 1956	17.86	13.06
	Profit on Sale of Assets	0.13	2.39
	Excess Provision of Income Tax written back	0.19	0.05
	Excess Provision of Bad Debts written back	0.47	0.47
	Net profit as per section 349 of the Companies Act, 1956	170.84	166.67
	Maximum remuneration payable @10% of net profit	17.08	16.67
	Maximum remuneration payable @5% of net profit to each director	8.54	8.33

30 The Company has proposed dividend for the year @ 50% on its equity capital and a provision for corporate dividend tax including surcharge and education cess thereon has been made in accordance with the Finance Act 2009. The said amount is not subject to tax deducted at source (TDS).

31 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.

32 The details of Investments as per Schedule 6 are as under:

(Rs in crores)

Name of the Company	2009 Face Value	2009 Number	2009 Amount	2008 Face Value	2008 Number	2008 Amount
Long Term Trade Investment-Subsidiary Companies						
Havells Cyprus Limited	1 Cyp Pound	1000	0.01	1 Cyp Pound	1000	0.01
Havells Holdings Limited						
Opening	1 GBP	20133056	161.55	1 GBP	34042	0.29
Purchased during the year	1 GBP	30725974	226.15	1 GBP	35522067	283.58
Redemption during the year	-	-	-	1 GBP	15423053	122.31
Closing	1 GBP	50859030	387.70	1 GBP	20133056	161.55
Long Term Trade Investment-Other Companies						
G.S. Lighting Private Limited						
Opening	100 (Rs.)	44210	3.17	100 (Rs.)	44210	3.17
Purchased during the year	-	-	-	-	-	-
Sale during the year	100 (Rs.)	44210	3.17	-	-	-
Closing	Nil	Nil	Nil	100 (Rs.)	44210	3.17

33 **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 liablities 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)

	2009	2008
(i) Primary- Business Segment		
A. Revenue		
Segment Revenue (Gross)		
Switchgears	623.37	568.18
Cable and wires	1106.58	1064.29
Lighting and fixtures	280.46	289.44
Electrical consumable durables	276.92	240.02
Others	54.05	84.50
	2341.38	2246.43
B. Results		
Segment Results		
Switchgears	203.07	178.05
Cable and wires	62.95	96.44
Lighting and fixtures	51.89	37.41
Electrical consumable durables	59.29	51.71
Others	8.52	6.60
	385.72	370.21
Unallocated expenses net of income	199.20	183.31
Operating Profit	**186.52**	**186.90**
Interest Expenses	19.34	20.65
Profit before prior period items and tax	**167.18**	**166.25**
Prior period items	0.09	-
Profit before tax	**167.27**	**166.25**
Income tax expense and wealth tax	22.04	22.71
Profit after tax	**145.23**	**143.54**

C. Other Information

Segment Assets		
Switchgears	331.96	369.21
Cable and wires	199.84	258.09
Lighting and fixtures	121.82	125.26
Electrical consumable durables	68.56	85.14
Others	682.54	352.64
	1404.72	1190.34
Segment Liabilities		
Switchgears	99.34	84.68
Cable and wires	113.31	197.51
Lighting and fixtures	25.82	16.00
Electrical consumable durables	27.17	22.79
Others	119.83	153.07
	385.47	474.05
Capital Expenditure		
Switchgears	98.84	109.60
Cable and wires	16.50	36.47
Lighting and fixtures	43.07	5.37
Electrical consumable durables	6.40	5.71
Others	15.73	27.57
	180.54	184.72
Depreciation		
Switchgears	6.36	3.89
Cable and wires	4.22	3.40
Lighting and fixtures	1.53	1.13
Electrical consumable durables	1.26	1.16
Others	4.49	3.48
	17.86	13.06
Non-cash expenses other than depreciation		
Switchgears	0.31	0.08
Cable and wires	0.56	0.15
Lighting and fixtures	0.14	0.04
Electrical consumable durables	0.14	0.03
Others	0.03	0.01
	1.18	0.31

(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	2128.64	2105.69
Revenue-Overseas Market	212.74	140.02
	2341.38	2245.71
Fixed assets located (Including Capital work-in-progress)		
Within India	465.41	385.16
Outside India	0.07	0.09
	465.48	385.25

34 **Earnings per share**

Basic and Diluted Earnings per share			
Numerator for earning per share			
Profit before taxation and Prior period items		167.18	166.25
Provision for deferred tax, Income tax, Wealth tax and FBT		(22.04)	(22.71)
Adjustment to net earnings:			
Prior period Adjustment		0.09	-
Profit after taxation and Prior period items		145.23	143.54
Denominator for earning per share			
Weighted number of equity shares outstanding during the period	Nos.	58,263,611	55,205,858
Earning per share-Basic and Diluted (Rs. per equity share of Rs. 5/- each)	Rs.	24.93	26.00

The issue of 3,50,000 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 then prevailing fair price of the equity shares.

35 **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.
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 Illuminacao 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 MexicoS.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 Colombia S.A.
Marlin Lighting Limited	WOS of Havells Sylvania Fixtures UK Limited
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 Geschaft 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
Havells Sylvania (Shanghai) Ltd	WOS of Havells Sylvania Asia Pacific Limited
Havells Sylvania Peru S. A. C.	WOS of Havells Sylvania Colombia S.A.
Havells Sylvania Iluminacion (Chile) Limitada	WOS of Sylvania Lighting International B.V.
Havells Sylvania (Malaysia) Snd. Bhd	WOS of Havells Sylvania Asia Pacific Limited
Hamshire Holdings Ltd	WOS of Havells Sylvania Holdings (BVI - 1) Limited

*Wholly owned subsidiary

2 **Associates**

QRG Enterprises Limited
TTL Limited
Standard Electricals Limited
Guptajee & Company
QRG Foundation
QRG Central Hospital and Research Centre Limited

3 **Key Management Personnel**

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

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

Particulars	Subsidiaries Step Down Subsidiaries	Associates	Key Management	Total
Purchase of goods				
Standard Electricals Limited	-	5.19	-	5.19
	(-)	(0.71)	(-)	(0.71)
TTL Limited	-	3.91	-	3.91
	(-)	(12.07)	(-)	(12.07)
QRG Enterprises Limited	-	0.06	-	0.06
	(-)	(-)	(-)	(-)
Havells Sylvania Costa Rica S.A.	0.20	-	-	0.20
	(-)	(-)	(-)	(-)
Havells Sylvania Fixture UK Limited	0.10	-	-	0.10
	(-)	(-)	(-)	(-)
Havells Sylvania Lighting Belgium	0.20	-	-	0.20
	(0.74)	(-)	(-)	(0.74)
Sylvania Belgium	0.03	-	-	0.03
	(-)	(-)	(-)	(-)
Sylvania S.A.	-	-	-	-
	(0.12)	(-)	(-)	(0.12)
Sylvania Zona IND Rohrmoser	-	-	-	-
	(0.07)	(-)	(-)	(0.07)
	0.53	9.16	-	9.69
	(0.93)	(12.78)	(-)	(13.71)
Purchase of Consumables				
Standard Electricals Limited	-	0.06	-	0.06
	(-)	(-)	(-)	(-)
TTL Limited	-	0.54	-	0.54
	(-)	(-)	(-)	(-)
	-	0.60	-	0.60
	(-)	(-)	(-)	(-)
Sale of goods				
Standard Electrical Limited	-	22.87	-	22.87
	(-)	(35.74)	(-)	(35.74)
TTL Limited	-	0.02	-	0.02
	(-)	(3.32)	(-)	(3.32)
QRG Enterprises Limited	-	1.24	-	1.24
	(-)	(1.36)	(-)	(1.36)
Q. R. G. Foundation	-	0.06	-	0.06
	(-)	-	(-)	
QRG Central Hospital and Research Centre Limited	-	0.004	-	0.004
	(-)	(-)	(-)	(-)
Havells Sylvania (Thailand) Limited	2.09	-	-	2.09
	(0.004)	(-)	(-)	(0.004)

(Rs. in crores)

Particulars	Subsidiaries Step Down Subsidiaries	Associates	Key Management	Total
Havells Sylvania Europe Limited	29.73	-	-	29.73
	(23.41)	(-)	(-)	(23.41)
Havells Sylvania Colombia S.A.	0.90	-	-	0.90
	(0.003)	(-)	(-)	(0.003)
Havells Sylvania Argentina S. A.	0.54	-	-	0.54
	-	(-)	(-)	(-)
Havells Sylvania (UK) Limited	-	-	-	-
	(5.67)	(-)	(-)	(5.67)
Havells Sylvania U.K. Limited	-	-	-	-
	(0.008)	(-)	(-)	(-)
	33.26	24.19	-	57.45
	(29.09)	(40.42)	(-)	(69.51)
Sales incentives, discounts and commission paid				
Guptajee and Co	-	3.87	-	3.87
	(-)	(3.50)	(-)	(3.50)
Havells Sylvania Europe Limited	0.20	-	-	0.20
	(-)	(-)	(-)	(-)
Standard Electricals Limited	-	-	-	-
	(-)	(3.32)	(-)	(3.32)
	0.20	3.87	-	4.07
	(-)	(6.82)	(-)	(6.82)
Purchase of fixed assets				
Standard Electricals Limited	-	0.73	-	0.73
	(-)	(-)	(-)	(-)
TTL Limited	-	0.52	-	0.52
	(-)	(0.003)	(-)	(0.003)
QRG Enterprises Limited	-	0.54	-	0.54
	(-)	-	(-)	(-)
	-	1.79	-	1.79
	(-)	(0.003)	(-)	(0.003)
Sales of fixed assets				
Havells Sylvania Europe Limited	1.06	-	-	1.06
	(-)	(-)	(-)	(-)
Standard Electricals Limited	-	0.01	-	0.01
	(-)	-	(-)	(-)
TTL Limited	-	0.02	-	0.02
	(-)	(1.22)	(-)	(1.22)
QRG Enterprises Limited	-	-	-	-
	(-)	(1.53)	(-)	(1.53)
	1.06	0.03	-	1.09
	(-)	(2.75)	(-)	(2.75)
Usage Charges				
Guptajee and Co.	-	0.01	-	0.01
	(-)	(0.01)	(-)	(0.01)
TTL Limited	-	1.36	-	1.36
	(-)	(0.92)	(-)	(0.92)
QRG Enterprises Limited	-	11.50	-	11.50
	(-)	(0.25)	(-)	(0.25)
		-		-
	-	12.87		12.87
	(-)	(1.18)	(-)	(1.18)
Reimbursement for rent				
Standard Electricals Limited	-	0.04	-	0.04
	(-)	(0.14)	(-)	(0.14)

(Rs. in crores)

Particulars	Subsidiaries Step Down Subsidiaries	Associates	Key Management	Total
Trade mark fee paid				
QRG Enterprises Limited	-	18.49	-	18.49
	(-)	(17.56)	(-)	(17.56)
Donation paid				
Q. R. G. Foundation	-	0.35	-	0.35
	(-)	(0.35)	(-)	(0.35)
Recovery of Expenses				
Standard Electricals Limited	-	-	-	-
	(-)	(0.07)	(-)	(0.07)
TTL Limited	-	-	-	-
	(-)	(0.02)	(-)	(0.02)
Havells Holding Inc.	-	-	-	-
	(0.72)	(-)	(-)	(0.72)
	-	-	-	
	(0.72)	(0.09)	(-)	(0.81)
DEPB Purchase				
Standard Electricals Limited	-	0.01	-	0.01
	(-)	(0.007)	(-)	(0.007)
TTL Limited	-	0.006	-	0.006
	(-)	-	(-)	(-)
QRG Enterprises Limited	-	0.0007	-	0.0007
	(-)	-	(-)	(-)
	-	0.0167	-	0.0167
	(-)	(0.007)	(-)	(0.007)
Medical Expenses				
QRG Central Hospital and Research Centre Limited	-	0.08	-	0.08
	(-)	(-)	(-)	(-)
Export of Services				
Havells Sylvania Europe Limited	4.23	-	-	4.23
	(-)	(-)	(-)	(-)
Havellls Holding Inc.	0.56	-	-	0.56
	(-)	(-)	(-)	(-)
Guangzhou Sylvania Enterprises Limited	0.01	-	-	0.01
	(-)	(-)	(-)	(-)
	4.80	-	-	4.80
	(-)	(-)	(-)	(-)
Reimbursement of Expenses				
Standard Electricals Limited	-	0.10	-	0.10
	(-)	(-)	(-)	(-)
TTL Limited	-	0.02	-	0.02
	(-)	(-)	(-)	(-)
	-	0.12	-	0.12
	(-)	(-)	(-)	(-)
Share application Money				
Havell's Cyprus Limited	0.10	-	-	0.10
	(0.05)	(-)	(-)	(0.05)
Investments in equity shares				
Havell's Holding Limited	226.15	-	-	226.15
	(-)	(-)	(-)	(-)
Security Deposits given				
QRG Enterprises Limited	-	15.60	-	15.60
	(-)	(-)	(-)	(-)

(Rs. in crores)

Particulars	Subsidiaries Step Down Subsidiaries	Associates	Key Management	Total
Directors remuneration				
Sh. Q. R. Gupta	-	-	0.45	0.45
	(-)	(-)	(0.47)	(0.47)
Sh. Anil Gupta	-	-	0.19	0.19
	(-)	(-)	(0.19)	(0.19)
Sh. Rajesh Gupta	-	-	1.54	1.54
	(-)	(-)	(1.54)	(1.54)
	-	-	2.18	2.18
	(-)	(-)	(2.20)	(2.20)
Total- Current Year	280.98	87.21	2.18	370.38
-previous Year	(269.14)	(82.10)	(2.20)	(354.44)

(C) Balances at the year end

Receivables				
Standard Electricals Limited	-	-	-	-
	(-)	(0.06)	(-)	(0.06)
Havells Sylvania UK Limited	-	-	-	-
	(0.04)	(-)	(-)	(0.04)
Havells Sylvania Colombia S. A.	0.48	-	-	0.48
	(-)	(-)	(-)	(-)
Havells Sylvania Europe Limited	16.51	-	-	16.51
	(8.09)	(-)	(-)	(8.09)
Havells Holding Inc	0.25	-	-	0.25
	(0.72)	(-)	(-)	(0.72)
Havells Sylvania (Thailand) Limited	0.26	-	-	0.26
	(0.004)	(-)	(-)	(0.004)
Havells Sylvania Argentina S.A.	0.48	-	-	0.48
	(-)	(-)	(-)	(-)
Havells Sylvania (Guangzhou) Enterprises Limited	0.003	-	-	0.003
	(-)	(-)	(-)	(-)
Havell's Cyprus Limited	0.10	-	-	0.10
	(-)	(-)	(-)	(-)
Payables				
Havells Sylvnia Fixture UK Limited	0.03	-	-	0.03
	(-)	(-)	(-)	(-)
Havells Sylvania Lighting Belgium	-	-	-	-
	(0.02)	(-)	(-)	(0.02)
TTL Limited	-	-	-	-
	(-)	(0.71)	(-)	(0.71)

Notes: Figures in brackets relate to previous year.

36 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)

(Rs. in Crores)

	UNIT	2009 QTY	2009 Amount	2008 QTY	2008 Amount
(i) Turnover					
Finished Goods					
Switchgears	Nos	47,485,420	615.18	52,479,373	553.76
Cable and Wires	Km	415,581	1,097.34	391,374	1,054.58
Lighting and fixtures	Nos	18,393,425	278.38	22,369,007	290.06
Electrical Consumer Durables	Nos	2,239,632	275.28	2,012,296	240.70
Others	Nos	720,365	48.32	1,297,473	71.11
			2,314.50		2,210.21

(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.

	UNIT	2009 QTY	2009 Amount	2008 QTY	2008 Amount (Rs. in Crores)
(iii) Purchases and Stocks					
Purchases-Traded Goods					
Switchgears	Nos	9,073,177	18.15	14,038,794	27.01
Lighting and fixtures	Nos	4,447,065	71.54	9,137,466	143.51
Electrical Consumer Durables	Nos	422,676	29.69	590,169	44.03
Others	Nos	195,927	3.83	809,401	33.05
			123.21		247.60
Opening Stocks					
Traded Goods					
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
			97.18		35.43
Finished Goods					
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
			194.26		127.75
Semi-Finished Goods			20.61		19.58
Closing Stocks					
Traded Goods					
Switchgears	Nos	1,952,109	5.10	5,073,975	11.53
Lighting and fixtures	Nos	1,550,150	26.47	3,917,843	58.48
Electrical Consumer Durables	Nos	68,485	6.09	156,564	11.64
Others	Nos	204,186	9.21	374,346	15.53
			46.87		97.18
Finished Goods					
Switchgears	Nos	5,315,079	32.82	13,153,451	70.56
Cable and Wires	Km.	19,466	25.55	45,513	81.43
Lighting and fixtures	Nos	796,933	3.35	2,619,479	13.90
Electrical Consumer Durables	Nos	129,474	8.41	252,943	19.26
Others	Nos	91,264	3.22	187,677	9.11
			73.35		194.26
Semi-Finished Goods			18.04		20.61
(iv) Capacity and Production					
LICENSED CAPACITY #					
INSTALLED CAPACITY (PER ANNUM) @		**2,009**		**2,008**	
Switchgears	Nos	83,100,000		76,900,000	
Cable and Wires	Km.	932,500		705,000	
Lighting and fixtures	Nos	60,000,000		30,000,000	
Electrical Consumer Durables	Nos	4,800,000		3,000,000	
Others	Nos	2,340,000		2,340,000	
(v) Actual Production					
Switchgears	Nos	27,596,307		51,009,075	
		(144,307)		(202,768)	
Cable and Wires	Km.	390985		416317	
		(1,449)		(1,261)	
Lighting and fixtures	Nos	9,777,842		16,406,432	
		(21,723)		(15,987)	
Electrical Consumer Durables	Nos	1,605,984		1,546,014	
		(4,422)		(680)	
Others	Nos	258,995		698,695	
		(1,132)		(3,588)	

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.

			(Rs. in crores)
		2009	**2008**
37	**CIF value of Imports**		
	Raw materials and components	122.57	244.87
	Machinery and other fixed assets	7.87	55.89
	Spare parts	0.06	0.19
	R&D Equipments	-	0.01
	Dies and Tools	0.59	-
38	**Expenditure in foreign currency**		
	Travelling	2.44	1.86
	Research and Development	0.36	0.02
	Advertisement and Publicity Material	0.02	-
	Testing charges	0.83	0.11
	Seminar and Exhibition	0.06	0.35
	Overseas Branch Expenses	1.65	1.52
	Merchant Trade Purchases	1.12	0.17

39	**Dividend in foreign currencies**			
	Year to which relates		2007-08	2006-07
			Final	Final
(a)	Number of non-resident shareholder's		514	437
(b)	Number of shares held		1,42,24,527	9,997,438
(c)	Amount of dividends	(in Rupees)	3.55	2.27
		(in Foreign Currency)	Nil	0.23

40	**Earnings in foreign exchange**		
	F.O.B. value of exports *	206.76	141.48
	Merchant Trade Sales	0.63	0.23
	Remibursement of Expenses	4.79	(-)

*excluding export of Rs. 4.52 crores made through merchant exporters (previous year Rs. 5.22 crores)

41 **Value of imported/Indigenous materials and components consumed and percentage thereof**

	(%)	(Rs.in crores)	(%)	(Rs.in crores)
Indigenous	91.10	978.49	85.37	978.96
Imported	8.90	95.58	14.63	167.77
	100.00	1,074.07	100.00	1,146.73

42 **BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE**

I) Registration Details		
Registration No	16304	16304
Code No	55	55
Balance sheet date	31.03.2009	31.03.2008
ii) Capital raised during the year		
	Rs in crores	Rs in crores
Public issue	-	-
Right issue	-	-
Bonus issue	-	-
Private placement	1.13	2.08
iii) Position of mobilisation and deployment of funds		
Total liabilities	1019.30	716.39
Total assets	1019.30	716.39
Sources of funds		
Paid up capital	30.08	28.96
Equity warrants issued and subscribed	2.42	17.94
Reserves and surplus	901.83	620.07
Secured loans	24.36	31.48
Unsecured loans	45.92	4.32
Deferred tax liability	14.69	13.62

Application of funds		
Net fixed assets	465.48	385.25
Investments	387.87	164.79
Net current assets	165.90	166.25
Miscellaneous expenditure	0.05	0.10

iv) Performance of Company

Turnover	2198.36	2054.86
Other income	7.56	14.54
Total expenditure	2038.74	1903.15
Prior Period (Net)	0.09	-
Profit before tax	167.27	166.25
Profit after tax	145.23	143.54
Weighted No of equity shares	58,263,611	55,205,858
Earning per share (basic and diluted)	24.93	26.00
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

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

44 The figures have been rounded off to the nearest million rupees upto two decimal places.

45 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 Auditor's Report of even date

Qimat Rai Gupta
Chairman and Managing Director

Surjit Gupta
Director

FOR V.P.BANSAL & CO.
Chartered Accountants

Sanjay Johri
General Manager-Accounts & Company Secretary
Noida: June 27, 2009

Mahesh Jain
Vice President-Finance & Accounts

V.P. Bansal
Proprietor
Membership No.8843

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Consolidated Financial Statements

AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL, STATEMENT

Auditor's report to the shareholders of Havells India Limited on the Consolidated financial statements of Havells India Limited (the company) and its subsidiaries

1. We have audited the attached Consolidated Balance Sheet of Havells India limited ("the company") and its subsidiaries, as at 31st March, 2009 and also the consolidated Profit & 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 misstatements. 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 audited financial statements of of Havells Holding Limited, a subsidiary company whose financial statements reflect total assets of Rs. 378.67 crore as at 31st March 2009 ,total revenue Rs. 0.03 crores for the year ended 31st March 2009 and cash flows amounting to Rs.(22.09) crores for the year then ended. These financial statements and other financial information has been audited by other auditors whose reports have been furnished to us and our report in so far as it relates to the amounts included in respect of the said subsidiary is based solely on the report of other auditors.

   (ii) We have relied on the unaudited financial statements of Havells Cyprus Limited, a subsidiary company, whose consolidated financial statements reflect total assets of Rs. NIL as at 31st March 2009 and total revenue of Rs. NIL for the year ended 31st March 2009 and cash flows amounting to Rs.(0.02) crores for the year then ended. These financial statements have been audited by other auditors upto the period ending 31st December 2008. The financial statements for the year ending 31st March 2009, as approved by the respective Board of Directors of the company, have been furnished to us by the Management and our report in so far as it relates to the amounts included in respect of the subsidiary is based solely on such approved unaudited financial statements.

   (iii) We have relied on the unaudited financial statements of Havells Malta Limited alongwith its 55 step down subsidiaries, whose financial statements reflect total assets of Rs. 2284.40 crore as at 31st March 2009 and total revenue of Rs. 3312.57 crores for the year ended 31st March 2009 and cash flows amounting to Rs. (63.46) crores for the year then ended. An "Independent Auditors' report on special purpose Consolidated Financial Statement" for the year ending 31st December 2008 has been furnished to us. The financial statements for the year ending 31st March 2009, as approved by the respective Board of Directors of the company, have been furnished by the Management and our report in so far as it relates to the amounts included in respect of the subsidiary is based solely on such approved unaudited financial statements.

4. We draw your attention to note no. 4 of Schedule 20 to the financial statements concerning the group companies ability to continue as a going concern. We have relied upon management representations in this regards and considered the adequacy of the disclosures made in the aforesaid note to the financial statements in forming our opinion on the consolidated financial statements.

5. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.

6. Based on our audit as aforesaid, and on consideration of unaudited consolidated financial statements of the subsidiaries as explained in paragraph 3(ii) and (iii) 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) the consolidated Balance-Sheet, of the consolidated state of affairs of the company and its subsidiaries as at 31st March, 2009;

   b) the consolidated Profit & Loss account, of the consolidated results of the operations of the company and its subsidiaries for the year ended on that date; and

   c) in the case of Consolidated Cash Flow Statements, of the consolidated cash flows of the company and its subsidiaries for the period ended on that date.

For V.P BANSAL & CO.
Chartered Accountants

Dated: June 27, 2009
Place: NOIDA

(V.P BANSAL)
Proprietor
Membership No. 8843

Consolidated Balance Sheet

(Rs. in Crores)

	Schedule	As at 31.03.09	As at 31.03.08
I. SOURCES OF FUNDS			
1. SHARE CAPITAL			
Share capital	1	30.08	28.96
Reserves and surplus	2	582.23	643.34
		612.31	672.30
2. Equity warrants issued and subscribed		2.42	17.94
3. LOAN FUNDS			
Secured loans	3	1062.39	1228.29
Unsecured loans	4	165.44	67.92
		1227.83	1296.21
Total		**1842.56**	**1986.45**
II. APPLICATION OF FUNDS			
1. FIXED ASSETS	5		
Gross block		2896.09	2726.18
Less: Accumulated depreciation		2042.71	1994.42
Net block		853.38	731.76
Add: Capital work-in-progress		30.80	100.54
Total fixed assets		884.18	832.30
2. GOODWILL		357.90	334.61
3. INVESTMENTS	6	—	3.17
4. DEFERRED INCOME TAX (NET)		9.72	7.57
5. CURRENT ASSETS, LOANS AND ADVANCES	7		
Inventories		794.74	1041.92
Sundry debtors		757.34	822.70
Cash and bank balances		247.33	242.90
Other current assets		7.94	2.93
Loans and advances		233.47	212.42
		2040.82	2322.87
Less: Current Liabilities and Provisions	8		
Current liabilities		1393.43	1465.21
Provisions		56.68	48.96
		1450.11	1514.17
NET CURRENT ASSETS		590.71	808.70
6. MISCELLANEOUS EXPENDITURE	9	0.05	0.10
Total		**1842.56**	**1986.45**
Accounting policies, contingent liabilities and notes on accounts	20		

For and on behalf of the Board of Directors

Qimat Rai Gupta
Chairman & Managing Director

Surjit Gupta
Director

For V. P. Bansal & Co.
Chartered Accountants

Sanjay Johri
General Manager-Accounts & Company Secretary
Noida, June, 27, 2009

Mahesh Jain
Vice President-Finance & Accounts

V. P. Bansal
Proprietor
Membership No. 8843

Profit and Loss Account

(Rs. in crores)

	Schedule	Year ended 31.03.09	Year ended 31.03.08
1. INCOME			
Turnover (Gross)	10	5612.96	5179.24
Less: Excise duty		135.47	176.31
Turnover (Net)		5477.49	5002.93
Other Income	11	8.61	25.03
		5486.10	5027.96
2. EXPENDITURE			
Materials cost	12	3007.01	2712.65
Manufacturing	13	266.59	279.85
Personnel	14	845.23	761.28
Office and administration	15	301.88	211.00
Selling and distribution	16	765.67	687.25
Interest and financial	17	125.27	103.59
Managerial remuneration	18	2.51	2.30
Miscellaneous expenditure written off	19	0.05	2.00
Depreciation		90.50	69.43
		5404.71	4829.35
3. PROFIT BEFORE TAX, PRIOR PERIOD AND EXCEPTIONAL ITEMS		**81.39**	**198.61**
Add : Prior period items (net) (note no.15 (a & b)		0.09	-
Less: Exceptional items (note no.15 (c))		198.69	-
4. PROFIT/(LOSS) BEFORE TAX		**(117.21)**	**198.61**
Income tax expense			
Current tax		41.68	30.39
Fringe benefit tax		1.76	1.66
Deferred tax		(0.60)	5.55
Wealth tax		0.07	0.05
		42.91	37.65
5. PROFIT/(LOSS) AFTER TAX		**(160.12)**	**160.96**
6. PROFIT FOR APPROPRIATION			
Brought forward from previous year		322.72	193.20
Profit/(Loss) for the year		(160.12)	160.96
Profit available for appropriation		**162.60**	**354.16**
APPROPRIATIONS			
Transfer to general reserve		14.55	14.50
Proposed dividend		15.04	14.48
Corporate dividend tax		2.56	2.46
Balance carried over to Balance Sheet		130.45	322.72
		162.60	**354.16**
Basic and diluted earning per share (EPS) (note no. 28) (Rs per equity shares of Rs.5/- each)			
EPS before exceptional items		6.61	29.16
EPS after exceptional items		(27.48)	29.16
Accounting policies, contingent liabilities and notes on accounts	20		

For and on behalf of the Board of Directors

Qimat Rai Gupta
Chairman & Managing Director

Surjit Gupta
Director

For V.P.Bansal & Co.
Chartered Accountants

Sanjay Johri
General Manager-Accounts & Company Secretary
Noida, June 27, 2009

Mahesh Jain
Vice President-Finance & Accounts

V. P. Bansal
Proprietor
Membership No. 8843

Cash Flow Statement

			(Rs. in Crores)
		Year ended	Year ended
A.	**CASH FLOW FROM OPERATING ACTIVITIES**	**31.03.2009**	**31.03.2008**
	Net Profit before tax and extraordinary items	(117.21)	198.61
	Adjustments for Depreciation	90.50	69.43
	Loss on Sale of Fixed Assets	1.00	0.80
	Profit on Sale of Assets	(0.32)	(2.44)
	Foreign currency translation reserve	(37.52)	5.88
	Income on sale of Investment	(0.08)	—
	Interest Incom	(1.75)	(3.20)
	Interest Paid	108.38	93.92
	Miscellaneous Expenditure Written Off	0.05	2.00
	Operating Profit before working capital changes	43.05	365.00
	Adjustments for		
	Trade and Other Receivables	41.42	(169.11)
	Inventories	247.19	(291.78)
	Trade Payables	(123.21)	183.68
	Other Liabilitie	51.43	(72.62)
	Cash generated from operations	259.88	15.17
	Direct taxes paid	(39.99)	(39.09)
	CASH FLOW BEFORE EXTRAORDINARY ITEMS	219.89	(23.92)
	Net Cash received (+) / used (-) from Operating Activities	**219.89**	**(23.92)**
B.	**CASH FROM INVESTING ACTIVITIES**		
	Net assets acquired in pursuance of acquisitions of subsidiaries	-	(583.70)
	Purchase of fixed assets	(140.33)	(121.26)
	Addition in Capital Work in Progress	(9.27)	(77.53)
	Sale of investments	3.25	-
	Addition of Goodwill due to exchange variation	(23.29)	-
	Sale of fixed assets	5.26	9.98
	Interest Received	1.75	3.20
	Net Cash used in Investing Activities	**(162.63)**	**(769.31)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issue of Equity Warrants	-	17.94
	Proceeds from banks for assets	-	105.44
	Proceeds from issue of preferential Equity Shares	1.12	260.00
	Share premium on preferential allotment	138.60	-
	Proceeds from short term borrowings	21.74	248.75
	Proceeds from long term borrowings	(187.26)	337.33
	Repayment of motor car loans	(0.38)	(0.65)
	Repayment of unsecured advances	97.52	57.79
	Interest Paid	(108.38)	(93.92)
	Dividends paid	(14.48)	(13.45)
	Net Cash received (+) / used (-) from Financing Activities	**(51.52)**	**919.23**
	Net increase (+) / decrease (-) in cash and cash equivalents (A+B+C)	5.74	126.00
	Cash and Cash Equivalents as at the beginning of the year	235.78	29.91
	Cash and cash equivalents transfer in pursuance of acquisition of subsidiaries	-	79.87
	Cash and Cash Equivalents as at the close of the year	241.52	235.78

Note: Cash and cash equivalents as at the close of the year does not include Rs.5.81 crores (Previous year Rs.7.12 crores) on account of fixed deposit under margin money and pledged with govt. departments, unclaimed dividend account and interest accrued on fixed deposit.

For and on behalf of the Board of Directors

Qimat Rai Gupta
Chairman and Managing Director

Surjit Gupta
Director

Sanjay Johri
General Manager-Accounts & Company Secretary
Noida, June 27, 2009

Mahesh Jain
Vice President-Finance & Accounts

AUDITOR'S CERTIFICATE

We have examined the above cash flow statement of Havells India Limited for the year ended 31st March 2009. 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 deived from the corresponding profit an loss account and balance sheet of the company for the period ended 31st March, 2009 and 31st March, 2008, covered by our report dated June 27, 2009 and May 22, 2008 respectively to the members of the company.

For V.P. Bansal & Co.
Chartered Accountants

V. P. Bansal
Proprietor
Membership No. 8843

Noida, June 27, 2009

Schedules

	As at 31.03.09	(Rs. in crores) As at 31.03.08
SCHEDULE NO. 1		
SHARE CAPITAL		
Authorised		
80,000,000 (Previous Year 80,000,000) Equity Shares of Rs.5/- each	40.00	40.00
Issued, Subscribed and Paid Up		
60,168,406 (Previous Year 57,918,406) Equity Shares of Rs.5/- each fully paid up	30.08	28.96
	30.08	**28.96**

Out of the above:-
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.
2,250,000 (Previous year Nil) equity shares issued as fully paid up pursuant to conversion of convertible warrants

	As at 31.03.09	As at 31.03.08
SCHEDULE NO. 2		
RESERVES AND SURPLUS		
Capital reserve	5.19	5.19
	5.19	5.19
Securities premium account		
As per last Balance Sheet	267.55	9.63
Add: Received during the year	154.13	257.92
	421.68	267.55
General reserve		
As per last Balance Sheet	43.74	29.24
Add: Transfer from Profit and Loss account	14.55	14.50
	58.29	43.74
Foreign currency translation reserve	(33.38)	4.14
Profit and loss account		
Balance as per Profit and Loss account	130.45	322.72
	582.23	**643.34**

Schedules

	As at 31.03.09	(Rs. in crores) As at 31.03.08
SCHEDULE NO. 3		
Secured Loans		
Working capital loans from banks		
Cash Credit accounts	272.80	251.06
Term Loans from Banks		
External Commercial Borrowings	15.60	19.24
Term loan from Barclays Bank, London and State Bank of India, London	670.30	693.99
Term loan from ABN Amro Bank, Singapore	-	149.83
Against hypothecation of Motor Cars	0.01	0.39
Deferred Payment Credits		
Against purchase of Industrial Land	3.54	8.34
Assets Acquired under lease	100.14	105.44
	1062.39	1228.29

[Due within a year Rs.150.22 crores (Previous year Rs.79.43 crores)]

Notes:-

1 Working Capital Limits are under consortium of Canara Bank, Corporation Bank, Union Bank of India, IDBI Bank Limited, State Bank of India, Standard Chartered Bank 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, bill 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 plant and machinery, generators, furniture and fixtures, electric fans and installation on which first charge is held with term lenders.

3 Cash credit limits availed from Deutsche Bank in Havells Sylvania Europe Limited, United Kingdom and Brazil are secured by Corporate Guarantee of Rs. 94.47 crores (Euro 14 million) given by Havells India Limited, parent company.

4 Term loans and working capital limits from Barclays Bank, London and State Bank of India, London led consortium 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 parent company, Havells India Limited to the extent of Rs. 229.43 crores (Euro 34 million)

5 External Commercial Borrowings (ECB) are from ICICI Bank Limited, Singapore and is secured by way of pari-passu charge on all movable fixed assets of the Company except those charged against working capital limits and further secured by way of first pari-pasu mortgage over the following immovable fixed assets:

a) A-461/462, MIA Alwar, Rajasthan

b) SP - 215, MIA Alwar, Rajasthan

c) Land at village Dharampur, Tehsil Nalagarh District Solan (H.P.); and

d) Plot No. 2A, Sector - 10, IIE Ranipur, Haridwar

6 Asset acquired under lease are secured by way of respective assets taken on loan.

SCHEDULE NO. 4		
UNSECURED LOANS		
Short term loan and advances		
From Banks:-		
Bills discounted	63.25	29.13
Working Capital	56.27	38.79
Packing credit foreign currency loan	45.92	-
(against promissory notes)	165.44	67.92

SCHEDULE NO. 5
FIXED ASSETS

(Rs. in Crores)

		GROSS BLOCK					**DEPRECIATION**						**NET BLOCK**	
Sl. No.	Description	As at 01.04.2008	Foreign currency realignment	Additions during the year	Sales / Adjustment	As at 31.03.2009	Upto last year	Foreign currency realignment	For the year	Impairment	Sales/ Adjust-ment	To date	As at 31.03.2009	As at 31.03.2008
1	Industrial land													
	Freehold	47.94	2.78	8.86	-	59.58	-	-	-	-	-	-	59.58	47.94
	Leasehold	51.70	0.39	1.54	1.28	52.35	-	-	-	-	-	-	52.35	51.70
2	Factory buildings	389.87	6.44	60.71	-	457.02	213.30	2.69	19.89	-	-	235.88	221.14	176.57
3	Office premises	11.22	-	0.33	-	11.55	0.18	-	0.19	-	-	0.37	11.18	11.04
4	Plant and machinery	1,560.56	36.89	88.75	1.52	1,684.68	1,256.61	31.20	38.36	5.62	0.92	1,330.87	353.81	303.95
5	Dies & Tools	263.70	0.86	3.98	26.36	242.18	247.68	1.41	5.83	-	26.36	228.56	13.62	16.02
5	Generators	5.04	-	2.37	0.10	7.31	0.98	-	0.29	-	0.08	1.19	6.12	4.06
6	Furniture and fixtures	87.20	(0.51)	15.05	18.16	83.58	70.74	(1.37)	4.60	0.96	17.03	57.90	25.68	16.46
7	Electric fans and installations	117.04	6.11	6.93	40.92	89.16	83.41	5.89	5.31	-	40.89	53.72	35.44	33.63
8	Water supply installations	0.26	-	0.09	0.06	0.30	0.07	-	0.01	-	0.03	0.05	0.25	0.20
9	Weighing scale	0.29	-	0.11	0.01	0.39	0.06	-	0.02	-	0.01	0.07	0.32	0.23
10	EDP Equipments	76.83	(0.98)	19.08	24.05	70.88	67.40	(0.77)	9.33	-	21.87	54.09	16.79	9.43
11	Office equipments	3.01	-	3.14	0.27	5.88	0.77	-	0.26	-	0.15	0.88	5.00	2.24
12	Airconditioners	3.71	-	0.90	-	4.61	0.54	-	0.20	-	-	0.74	3.87	3.17
13	Vehicles	16.39	0.12	3.31	2.53	17.29	8.58	(0.13)	1.52	-	1.67	8.30	8.99	7.81
14	R & D Equipments	4.63	-	0.27	0.05	4.85	0.80	-	0.36	-	0.01	1.15	3.70	3.83
15	Intangible Assets													
	Computer Software	3.92	-	0.25	1.06	3.11	0.35	-	0.51	-	0.12	0.74	2.37	3.57
	Technical know-how and Trade Marks	82.86	18.00	0.51	-	101.37	42.95	21.43	3.82	-	-	68.20	33.17	39.91
		2,726.18	**70.10**	**216.18**	**116.37**	**2,896.09**	**1,994.42**	**60.35**	**90.50**	**6.58**	**109.14**	**2,042.71**	**853.38**	**731.76**
16	Add:Capital Work-in-Progress	100.54	(1.59)	10.87	79.02	30.80	-	-	-	-	-	-	30.80	100.54
	TOTAL-CURRENT YEAR	**2,826.72**	**68.50**	**227.05**	**195.39**	**2,926.89**	**1,994.42**	**60.35**	**90.50**	**6.58**	**109.14**	**2,042.71**	**884.18**	**832.30**
	TOTAL-PREVIOUS YEAR	**2,638.06**	**-**	**226.94**	**38.28**	**2,826.72**	**1,926.78**	**-**	**69.43**	**-**	**1.79**	**1,994.42**	**832.30**	**242.25**

Notes: -
1. 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 CENVAT credit. Depreciation in respect of assets for a value not exceeding Rs. 5000/- has been provided at the rate of 100%
2. Factory Buildings at Badli (Delhi) is on rented premises.
3. 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.
4. Leasehold land includes two nos. industrial plots at Bawana Industrial area and a industrial land at Greater Noida Industrial Development Authority in respect of which possession has not been taken as yet.
5. Addition in land includes Rs.0.75 crore (previous year Rs.0.56 crore) on account of interest payable to Greater Noida Industrial Development Authority and RIICO, Rajasthan in respect of industrial land allotted to the company.
6. Sale/adjustment of Rs.1.28 crore in leasehold land represents claim made with RIICO, Rajasthan in respect of entitlement of 10% on cost of land at Neemrana, Rajasthan.
7. The title deeds in respect of leasehold land at Neemrana measuring 37820 sq mtrs. and at Alwar, Rajasthan measuring 116090 sq mtrs , are yet to be executed.
8. Foreign currency realignment relates to converesion of opening balances in reporting currency.
9. The carrying value of assets is reduced by Rs. 5.77 crores (Euro 0.86 million) due to government grants received.

Schedules

	As at 31.03.09	(Rs. in crores) As at 31.03.08
SCHEDULE NO. 6		
INVESTMENT		
(Long term, trade, unquoted, at cost)		
G.S.Lighting Private Limited	-	3.17
Nil (Previous year 44210) Equity Shares of Rs. 100/- each fully paid up.		
Aggregate value of unquoted investments	-	3.17

	As at 31.03.09	As at 31.03.08
SCHEDULE NO. 7		
CURRENT ASSETS, LOANS AND ADVANCES		
Inventories (as taken, valued and certified by the management)		
Raw materials, components and packing materials	161.39	216.66
Semi finished goods	36.88	48.24
Finished goods	579.14	761.51
Consumable Stores, tools and spare parts	1.81	1.12
Dies and fixtures	14.86	13.81
Fuel and Gases	0.17	0.13
Scrap materials	0.49	0.45
	794.74	**1041.92**
Sundry debtors (unsecured)		
Debts outstanding for a period exceeding six months		
considered good	31.15	22.09
considered doubtful	26.32	22.45
	57.47	44.54
Less: Provision for doubtful debts	26.32	22.45
	31.15	22.09
Other debts -considered good	726.19	800.61
	757.34	**822.70**
Cash and bank balances		
Cash in hand	1.23	1.34
With scheduled banks :		
Current accounts	32.10	1.18
Cash credit accounts	22.20	11.02
Unclaimed dividend account	0.21	0.16
Fixed deposit account		
Margin money	5.53	6.67
Pledged with government departments	0.03	0.03
Other fixed deposits	103.78	60.32
Interest accrued on fixed deposits	0.04	0.26
With non-scheduled banks :		
Current accounts	82.21	161.92
	247.33	**242.90**
Other current assets - (considered good)		
Export incentives receivable	1.55	0.99
DEPB licences in hand	0.13	0.39
Capital investment subsidy receivable	1.20	1.20
Claims and other debts	5.06	0.35
	7.94	**2.93**

Schedules

	As at 31.03.09	(Rs. in crores) As at 31.03.08
Loans and advances (unsecured- considered good)		
Advances recoverable in cash or in kind or for value to be received	120.64	113.90
Earnest money and security deposits	43.23	31.28
Balance with excise department:		
Excise duty	8.02	3.57
Service tax	2.75	3.30
Balance of VAT with sales tax department	39.48	40.54
Advance income tax, tax at source and fringe benefit tax	19.35	19.83
	233.47	**212.42**
	2040.82	**2322.87**
SCHEDULE NO. 8		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Acceptances	42.70	163.32
Sundry creditors:		
Total outstandings dues of Micro and Small enterprises	6.38	-
Total outstandings dues of creditors other than Micro and Small enterprises	573.15	582.12
Unclaimed dividend	0.21	0.16
Trade deposits and advances	22.23	20.89
Other liabilities	746.90	692.47
Interest accrued but not due	1.86	6.25
	1393.43	**1465.21**
*Investor Protection and Education Fund is being credited by the amount of unclaimed dividend after seven years from the due date.		
PROVISIONS		
Income tax	37.39	30.31
Fringe benefit Tax	1.62	1.66
Wealth tax	0.07	0.05
Proposed dividend	15.04	14.48
Corporate dividend tax	2.56	2.46
	56.68	**48.96**
	1450.11	**1514.17**
SCHEDULE NO. 9		
MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Expenditure on increase in capital		
As per last Balance Sheet	0.10	2.10
Less: written off	0.05	2.00
	0.05	**0.10**

Schedules

(Rs. in crores)

	Year ended 31.03.09	Year ended 31.03.08
SCHEDULE NO. 10		
TURNOVER (GROSS)		
Sales of goods	5593.64	5156.87
Scrap materials	11.30	18.47
Export Incentives	3.21	2.81
Export of Services	4.78	0.72
Job charges	0.03	0.37
	5,612.96	**5,179.24**
SCHEDULE NO. 11		
OTHER INCOME		
Interest on deposits and from customers	1.75	3.20
[TDS Rs. 0.14 crore, Previous year Rs.0.13 crore]		
Exchange fluctuations (Net)	0.51	14.96
Miscellaneous receipts	4.70	3.91
Profit on sale of fixed assets	0.32	2.44
Profit on sale of long term, unquoted investments	0.08	-
Excess provision of income/fringe benefit tax written back	0.19	0.05
Excess provisions of bad debts/sales incentives written back	1.06	0.47
	8.61	**25.03**
SCHEDULE NO. 12		
MATERIAL		
Raw materials and components consumed	1911.21	2073.75
Purchase of traded goods	906.86	825.72
Add:Opening stocks		
Finished goods	761.51	578.31
Semi finished goods	48.24	44.24
Scrap materials	0.45	0.42
	810.20	622.97
Less:Closing stocks		
Finished goods	579.14	761.51
Semi finished goods	36.88	48.24
Scrap materials	0.49	0.45
	616.51	810.20
Add: Excise duty on Increase/decrease in Finished Goods	(4.75)	0.41
	3007.01	**2712.65**

Schedules

	Year ended 31.03.09	Year ended 31.03.08
		(Rs. in crores)
SCHEDULE NO. 13		
MANUFACTURING EXPENSES		
Factory rent	21.55	19.08
Rates and taxes	13.09	10.70
Job charges	54.72	63.79
Power, fuel and water	41.98	31.91
Consumable stores and tools consumed	25.04	27.45
Trade mark fees and royalty	18.59	22.27
Repairs and Maintenance		
Machinery	25.34	35.73
Building	7.71	8.60
Others	5.35	7.17
Research and development expenses	40.69	43.26
Other manufacturing expenses	12.53	9.89
	266.59	**279.85**
SCHEDULE NO. 14		
PERSONNEL EXPENSES		
Salaries, wages, bonus and other benefits	673.52	614.23
Contribution towards PF and ESI	150.14	128.98
Contribution towards gratuity and gratuity paid	1.10	-
Employees welfare	20.47	18.07
	845.23	**761.28**
SCHEDULE NO. 15		
OFFICE AND ADMINISTRATION EXPENSES		
Rent	34.22	19.15
Rates and taxes	4.81	1.88
Printing and stationary	17.86	6.72
Postage, telephone and communications expenses	26.88	24.38
Electricity and water charges	5.52	3.70
Travelling, conveyance and vehicle maintenance	94.41	78.59
Legal and professional	56.79	35.65
Auditor's remuneration		
Audit fee	8.75	6.57
Taxation matters	1.21	1.36
Out of pocket expenses	-	-
Insurance	16.10	15.57
Donation	0.54	0.51
Loss on sale/discard of fixed assets	1.00	0.80
Director's sitting fees	0.05	0.06
Miscellaneous office expenses	33.74	16.06
	301.88	**211.00**

Schedules

	Year ended 31.03.09	(Rs. in crores) Year ended 31.03.08
SCHEDULE NO. 16		
SELLING AND DISTRIBUTION EXPENSES		
Advertisement and Sales promotion	112.00	103.38
Freight, Packing, insurance and cartage outward	208.05	191.25
Discount, commission and sales incentives	401.41	354.16
Debtors factoring charges	16.64	20.88
Bad debts, liquidity damages and short recoveries	5.78	6.10
Provision for doubtful debts	8.35	0.27
Sales tax and Service tax paid	4.51	1.70
Miscellaneous selling expenses	8.93	9.51
	765.67	**687.25**
SCHEDULE NO. 17		
INTEREST AND FINANCIAL EXPENSES		
Interest		
On fixed loans	83.20	74.65
On non-fixed loans	25.18	19.27
Bank charges	15.22	6.95
Miscellaneous financial expenses	1.67	2.72
	125.27	**103.59**
SCHEDULE NO. 18		
MANAGERIAL REMUNERATION		
Managing Director's remuneration	0.64	0.66
Wholetime Director's remuneration	1.87	1.64
	2.51	**2.30**
SCHEDULE NO. 19		
MISCELLANEOUS EXPENDITURE WRITTEN OFF		
Miscellaneous expenditure written off	0.05	2.00
	0.05	**2.00**

Havells India Limited

Consolidated Financial Statements

SCHEDULE NO. 20

ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDING 31ST MARCH, 2009

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, such changes are suitably incorporated. 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:

a) 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.

b) 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.

c) 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 from to individual financial statements.

d) The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

iii) all resulting exchange differences are accumulated in foreign currency translation reserve until the disposal of net investment.

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

a) Fixed assets are stated at their original cost of acquisition including taxes, duties, freight, and other incidental expenses related to acquisition and installation of the concerned assets 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.

b) Depreciation has been provided on straight line method at the rates and in the manner as prescribed in Schedule XIV of the Companies Act, 1956 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%.

c) The cost and the accumulated depreciation of 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.

d) Project under commissioning/ installations and other capital work in progress are carried at cost comprising direct cost, related incidental expenses and interest on borrowings there against.

e) 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.

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. Intangible assets are amortised as under:-

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 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 carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in the subsequent period unless 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.

d) **Patents and Trademarks**

Patents and trademarks are stated at their historical costs. The various patents and trademarks have been in existence for periods up to 100 years, and there is every intention to continue supporting them. Consequently it is believed that the patents and trademarks have an indefinite life and are not amortised. Instead impairment testing is performed annually and whenever a triggering event has occurred to determine whether the carrying value exceeds the recoverable amount.

6 **Inventories**

a) 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.

b) The inventories are valued on the basis of moving weighted average method.

c) 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.

d) The stocks of scrap materials have been taken at net realisable value.

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

f) Provisions are made for slow moving and obsolete stock of the direct costs plus the appropriate overhead less any expected net revenue from disposal.

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 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.

c) **Foreign Branches and Subsidiaries**

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.

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.

d) **Forward Exchange Contracts and Derivative Instruments**

(i) 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.

(ii) Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The Group utilises derivative financial instruments to reduce fluctuation in interest rates and foreign exchange rates. The fair value of financial instruments is based on information available and provided by financial institutions to management. Financial instruments are not used for trading purposes.

Changes in fair value of those instruments will be reported in the operating result or equity depending on whether the financial instruments is based on information available and provided by financial institutions to management.Financial instruments are not used for trading purposes.

Changes in fair value of those instruments will be reported in the operating result or equity depending on whether the financial instrument qualifies for hedge accounting. The accouting for gains and losses associated with changes in the fair value of the derivative and the effect on the consolidated financial statements will depend on its hedge designation and whether the hedge is highly effective in achieving offsetting changes in the fair value of cash flows of the asset or liablity hedged.

The effective portion of changes in the fair value of derivaties that are designed and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged items affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the income statement 'other expense'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets) the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in case of inventory or in depreciation in case of fixed assets.

When a hedging instument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When the forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

No speculative instruments are allowed by the Treasury Policy.

8 **Government Grants**

Government grants are not recognised until there is reasonable assurance that the group will comply the conditions attached to them and that the grants will be received.

Government grants whose primary condition is that the group should purchase, contract or otherwise acquire non-current assets are recognised by deducting the grant from the asset carrying value and transferred to the profit and loss on a systematic and rational basis over the useful lives of the related assets.

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 with Life Insurance Corporation of India. 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 companies have both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group companies pays fixed contributions into a separate entity. The Group companies have 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 to the profit and loss account 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 have 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.

e) **Other post employment obligations**

Some Group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee completing a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged to profit and loss account in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

f) **Termination benefits**

Termination benefits are payable when employment is terminated by the Group companies before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits are debited to the profit and loss account in accordance with the accounting policy.

g) **Profit-sharing and bonus plans**

The Group recognises a liability and an expense for bonuses and profit-sharing, where contractually obliged or where there is a past practice that has created a constructive obligation.

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. Cost incurred on development projects (relating to the the design of new or improved products) are recognised as an expense when incurred as the criteria for capitalisation is not fulfilled.

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 returns and 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) **Claims**

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

12 **Prior period Items and Exceptional Items**

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

Exceptional items are transactions which due to their size or incidence are separately disclosed to enable a full understanding of the group's financial performance. Items which may be considered exceptional are significant restructuring charges, gains or losses on disposal of investments or subsidiaries, charges relating to the acquisition of subsidiaries and write down of inventories.

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 **Earnings 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.

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 is 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 Contingent Liabilities and Provisions

a) **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.

b) **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)

		2009	2008
a	Estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	17.30	30.52
b	Bank guarantees and letter of credits opened with bank (net of margin money)	89.74	96.93
c	Bonds to excise department against export of excisable goods/purchase of goods without payment of duty (net of margin money)	21.95	17.16
d	Custom duty payable against export obligation	19.46	22.90
e	Suits filed against the company not acknowledged as debts	35.05	8.57
f	Receivables assigned with banks	14.33	18.02
g	Disputed tax liabilities in respect of pending cases before Appellate Authority	25.09	5.58
h	Corporate Guarantee given on behalf of subsidiary companies (to the extent of outstanding obligation)	251.94	437.48
i	Export bills discounted with banks	Nil	15.27

C NOTES

1 (a) The list of subsidiaries included in consolidations is as follows:

S. 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	Britsh 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 Illuminacao 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 MexicoS.A.de CV.	Maxico	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	Britsh 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	07.01.2008	WOS of Havells Sylvania Europe Limited	100%
54	Havells Sylvania (Shanghai) Ltd	China	14.01.2008	WOS of Havells Sylvania Asia Pacific Limited	100%
55	Havells Sylvania Peru S. A. C.	Peru	18.01.2008	WOS of Havells Sylvania Colombia S.A.	100%
56	Havells Sylvania Iluminacion (Chile) Limitada	Chile	10.09.2008	WOS of Sylvania Lighting International B.V.	100%
57	Havells Sylvania (Malaysia) Snd. Bhd	Malaysia	10.09.2008	WOS of Havells Sylvania Asia Pacific Limited	100%
58	Hamshire Holdings Ltd.	Isle of Man	14.02.1992	WOS of Havells Sylvania Holdings (BVI - 1) Limited	100%

*Wholly owned subsidiary

2 The financial statements of wholly owned subsidiary company Havell's Cyprus Limited are audited for the calender year ended 31st December 2008 and Havell's Holdings Limited for the financial year ended 31st March 2009.

In case of Havell's Malta Limited and its 55 step down subsidiaries, an independent auditor's report on special purpose consolidated financial statements for the year ended 31st December 2008, has been forwarded to the statutory auditors of the company. For the purpose of consolidation, financial statements of Havell's Cyprus Limited and Havell's Malta Limited along with its 55 step down subsidiaries have been drawn for the year ended 31st March 2009 and certified by the management.

3 The investment made in G.S. Lighting Private Limited are accounted for in accordance with Accounting Standard - 13 "Accounting of Investments" since the company does not have any significant influence in the investee company.

4 **Going Concern Assumption**

a) At the date of these accounts, the directors have carried out a detailed and comprehensive review of the business and its future prospects. In particular they have compared the forecast future performance of the Group companies and anticipated cash flows with the available facilities and covenants contained in the banking arrangements which underpin the current Group companies, financing structure and have considered the ability of the Group companies meet its obligations as they fall due. In the opinion of the Directors, Group companies are expected to be able to continue trading within the current arrangements and consequently the financial statements are presented on a going concern basis.

The Group companies generally experienced good market conditions till June, 2008; the period thereafter being more challenging following the beginnig of the European recession. Despite this, the group companies grew at a pace above market rate and gained overall market share. This was mainly driven by expansion into new markets and the offering of new energy efficient products. The total market shrunk in the later half of 2008 and despite the market share gains, this adversely affected the operating results for the year. As a result of this the Group has implemented a variety of cost reduction measures to manage the costs effectively and offset this trend. These initiatives include lean manufacturing, outsourcing of manufacturing to low cost countries, further cost reduction initiatives on marterials and are in-depth analysis of selling and administration expenses. Taking into consideration the exceptional expenses mentioned in note 14 (c), the directors find the results for the period acceptable.

Futher, despite concerns about the macro economic situation, the directors expect demand in the main European markets to recover during the next financial year. To increase profitability the Group companies continually seeks to drive product costs lower through a number of cost reduction initiatives and introducing innovative higher margin products. The directors believe that growth in demand will be substaintially outside the Groups current core markets. To address this the Group seeks further expansion in the Eastern European, Middle East and Asian markets through establishment of new offices.

In latin America the restructuring of the Brazilian operations as well as the introduction of fixtures in the Andean and Mercosur regions will add to the overall growth.

Due to the increase in energy prices in recent years and more focus on environmental friendly products, the directors see a development in the market towards more energy efficient lamps. As the manufacturing of the more energy consuming incandescent lamps was scaled back in 2005 the Group companies are benefiting from this trend through significant growth in the sale of compact fluorescent lamps.

b) The Group companies have been provided with funding from a banking group led by Barclays Capital in the form of a term loan of Rs. 512.85 crores (Euro 76,000,000) and a revolving facility of Rs. 265.31 crore (Euro 39,317,000). The terms of these loan agreements include covenants related to the Group companies performance any breach of which could result in the funding becoming repayable on demand.

At 30th September 2008 the Group companies breached the covenants set out in the funding agreement. The Group companies obtained a waiver for the existing defaults for the quarter ending 30th September 2008 up to 27th February 2009. Subsequent to this waiver, the Group companies has continued to suffer from the effects of the recession and has continued to breach the covenants, despite implementing a restructuring plan in late 2008. This restructuring plan, included the closure of manufacturing and warehousing facilities as well as selling and administration expenses and working capital reductions. The plan included a headcount reduction of over 800, with annualised saving in excess of Rs. 148.46 crores (Euro 22 million). The restructuring plan is being executed in line with expectation. The banks have continued to extend the waivers on a monthly basis and has waive off the defaults until 30th June 2009.

The Group companies have reviewed it's forecasts for 2009 and as part of the covenant renegotiation process, the Group is working closely with Alvarez & Marsal, a specialist consultancy, on a more aggressive restructuring plan to restore profitability.

Despite the current volatile and uncertain economic circumstances, the directors believe that the revised forcast for the future as presented to the banks is achievable and is an appropriate basis for the new covenant setting. The directors of the Group are satisfied that, provided the current facilities remain in place, the Group companies have sufficient levels of cash to operate the business on a going concern basis for the foreseeable future and consequently the financial statements have been prepared on a going concern basis.

The carrying value of some assets included in these financial statements would alter significantly should the Group companies not continue to operate as a going concern, No adjustment in relation to the possible effect of this has been reflected in these financial statements.

5 In accordance with the Shareholders' Approval in the Extra Ordinary General meeting of the Company held on 19th November, 2007 the Company had, 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 2600000 Warrants convertible into equity shares at Rs. 690/- per warrant (" warrant price") aggregating to Rs. 179.40 crores, against which the Company had received an amount equivalent to 10% of the warrant price i.e. Rs. 69/- per warrant. The Company had received the approval from Foreign Investment Promotion Board (FIPB) on 5th June,2008 in respect of the aforesaid preferential issue of shares and warrants.

b. Out of 2600000 Warrants convertible into equity, M/s Seacrest Investment Limited exercised their right to convert 2250000 Warrants into equity shares of Rs. 5/- each fully paid up at a premium of Rs. 685/- per share on 4th February, 2009 and a sum of Rs. 139.72 crores was received on account of balance amount on the said Warrants. 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, M/s Havells Holdings 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 on the Balance Sheet date.

c. The balance 350000 Warrants are convertible into equity shares at the agreed price of Rs. 690/- per share on or before the expiry of 18 (eighteen) months from the date of allotment i.e. on or before 25th day of May, 2009. Subsequent to the Balance sheet date, the investor M/s Seacrest Investment Limited has opted not to convert the remaining 350000 warrants into equity shares and a sum of Rs. 2.42 crores representing 10% of the subscription amount paid by the said investor has been forfeited by the Company.

6 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 and the bankers have recourse on the company to the extent of 5% of claim amount or Rs.0.02 crore, whichever is higher. As on the date of Balance Sheet, total debtors assigned to the bankers are at Rs. 188.45 crores (previous year Rs.238.57 crores). With the result, the debtors at the end of the year stand reduced by the said amount. A sum of Rs. 16.64 crores (previous year Rs.18.71 crores) on account of charges paid for this facility has been debited to debtors factoring charges account.

7 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.

8 The company has transferred and deposited a sum of Rs. 0.006 crore (previous year Rs. 0.01 crore) out of unclaimed dividend pertaining to the year 2000-01 to Investor Education and Protection Fund of Central Government in accordance with the provisons of Section 205C of the Companies Act, 1956.

9 a) The Company has started commercial production of Electric Motors and Compact Fluorescent Lamps (CFLs) at its unit at Neemrana (Rajashthan) during the year. The pre-operative expenses amounting to Rs. 6.31 crores and Rs. 1.86 crores for Electric Motors and Compact Fluorescent Lamps respectively till the date of start of commercial production have been capitalised to the carring cost of fixed assets on pro-rata basis.

b) The company's manufacturing units at Baddi, (Himachal Pradesh) and Haridwar (Uttarakhand) 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 (other than 100%EOU) 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.

10 The Company has made a provision of excise duty amounting to Rs.1.85 crores (previous year Rs. 6.60 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. 9 (c) above. Excise duty is considered as an element of cost at the time of manufacture of goods.

11 The Company had 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 millions (Rs.24.97 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 and facility is due for repayment on 10th August, 2010.

12 The Company has entered into an agreement dated 30th January, 2009 for sale of its entire holding of 44210 equity shares of Rs. 100/- each held in M/s G.S.Lighting Private Limited for a consideration of Rs. 3.25 crores. The Company has recognised the sale of said investments during the year and received a sum of Rs. 1.00 crore against sale consideration of the shares of the investee company. The said shares have not been transferred as on the balance sheet date in the name of buyers.

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. As on the date of Balance Sheet, the Company is under obligation to export goods worth Rs. 82.21 crores (previous year Rs.109.78 crores) within the stipulated time as specified in the respective licenses.

14 Prior period Items, exceptional Items and events occuring after the balance sheet date:

a) The Company is entitled to refund of additional custom duty paid on imported goods as per Notification No. 102/2007 dated 14/09/07 issued by Ministry of Finance(Departmetnt of Revenue), Government of India. A sum of Rs. 3.63 crores has been accounted for in respect of said duty for the period from Sept, 2007 to March, 2009. The said amount includes a sum of Rs. 0.89 crores relating to financial year 2007-08.

b) Service tax amounting to Rs. 0.80 crores debited during the year relates to financial year 2007-08 on account of distribution of service tax to excise exempted units at Baddi and Haridwar.

c) Exceptional expenses included in operating income of Group companies

	2009 (Rs. in Crores)
Severance, restructuring and integration cost	106.18
Mark to market on interest rate swaps	31.88
Impairment of fixed assets	6.34
Foreign exchange loss	27.22
Pension liablity	13.06
Write down of Inventories	14.01
Exceptional Expenses included in profit and loss account	198.69

Impairment of assets of Rs. 6.34 crores relate to the closure of factories in Shipley, UK, Tunisia and office in Hongkong.

Severance costs relate to changes in management as a result of the restructuring of the Group and due to closure of above factories.

d) Events Occuring after the Balance Sheet Date

Since 31 March 2009, a series of further restructuring measures were announced in Germany, Brazil, UK, Tunisia and other units, which are expected to adjust the Group's operations and provide a competitive basis for future operations. The restructuring envisages the elimination of 600 to 800 positions in 2009-10, and is expected to reduce costs by Rs. 80.98 crores (Euro 12 million) in 2009 with a full year effect of Rs. 148.46 crores (Euro 22 million) going forward.

No restructuring provisions were made for these plans in the accounts upto 31 March 2009 as the criteria for recognition of these costs were not met. The final costs will depend on ongoing negotiations with union and suppliers, but the total cost of these plans are expected to be in the region of Rs. 107.97 crores (Euro 16 million).

Since 31 March 2009, the Group has continued to breach the covenants attached to the term loan of Rs. 512.85 crores (Euro 76,000,000) and the revolving facility of Rs. 265.31 crores (Euro 39,317,000). The Group has received continuous waivers in relation to these breaches, with the most recent waiver, waiving the default until 30 June 2009.

15 Companies (Accounting Standards) Amendment Rules, 2009 issued by Ministry of Corporate Affairs vide notification no.G.S.R.225 (E) dated March 31, 2009, has amended the Accounting Standard - 11 on "The Effect of Changes in Foreign Exchange Rates" and given an option to the companies to adopt the treatment prescribed in the said notification in reference to its foreign currency transactions. The Company has consistently following the provisions of AS-11 as in the past, chosen not to adopt the alternate treatment prescribed under the above notification. In accordance with the accounting policy of the group, a sum of Rs. 27.73 crores has been recognised as exchange loss (net) and debited to the profit and loss account.

16 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 increased by Rs. 3.36 crores (previous year decreased by Rs.1.68 crores).The group has incurred exchange loss of Rs. 4.62 crores (previous year exchange gain of Rs. 1.68 crores) during the year, Out of the said amount, a sum of Rs 1.24 crores (previous year Nil) has been treated as finance cost in accordance with Accounting Standard-16 (AS-16) ' Borrowing Costs' issued by the Institute of Chartered Accountants of India and the balance has been debited to the exchange fluctuation 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. 1.62 crores (previous year Rs.2.79 crores). Out of the said amount, a sum of Rs. 1.40 crores (previous year 2.33 crores) has been treated as preoperative expenditure and capitalised in Neemrana unit of the Company and a sum of Rs.0.50 crore(previous Year 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.The balance sum of Rs. 0.28 crores on account of exchange gain has been credited to exchange fluctuation account.

c) Packing credit Foreign Currency Loan of USD 9 million from The Bank of Nova Scotia, has been translated at the 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 increased by Rs. 0.90 crores (previous year nil). The said exchange loss has been adjusted against the exchange gain arising from the foreign exchange hedging contract entered into with Deutsche Bank as stated in para 17 (a) below.

d) Exchange Differences arising on elimination of Inter Company loans have been transferred to Foreign Currency Translation Reserve, since the loans are long-term in nature and considered as part of net investments in the subsidiary companies.

17 a) The Company has taken foreign exchange contract with Deutsche Bank to hedge its exposure in respect of Packing Credit Foreign Currency loan of USD 9 million from the Bank of Nova Scotia. The exchange gain of Rs. 0.50 crore (net of foreign exchange liability on restatement of loan) has been credited to foreign exchange fluctuation account.

b) The Company has entered into currency swap deal with Kotak Mahindra 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. 0.17 crore (previous year income Rs. 0.71 crore) and credited the same to profit and loss account.

c) Interest risk exposure in group companies is mainly related to long term loans. The Group companies seeks to limit this risk through the use of derivative instruments which allow it to hedge cash flow changes by swapping floating rates to fixed rates. Gains and losses on interest rate swap contracts as of 31st March 2009 are recognised directly in the profit and loss account. A sum of Rs. 31.88 crores has been debited to profit and loss account on account of interest rate swap in Group companies. The mark to market value recorded in the balance sheet as at 31st March 2009 was a liablity of Rs. 39.85 crores (Euro 5905670). {previous year Rs. 6.40 crores (Euro 1014000)}.

d) Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise as at 31st March, 2009 are as under:

(Rs. In crores)

		GBP		USD		EURO	
		Foreign Currency	Indian Currency	Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
Receivables							
	Current Year	0.47	34.24	0.27	13.76	0.26	17.54
	Previous Year	0.23	18.29	0.21	8.39	0.14	8.83
Payables							
	Current Year	0.0004	0.03	0.40	20.50	0.50	33.80
	Previous Year	-	-	0.04	1.79	0.027	1.74

In Group Companies, the balance sheet date interest rate hedge contracts were open where notional principal amount of the contracts at 31st March, 2009 were Rs. 648.68 (Euro 96129020) {previous year Rs. 742.28 crores (Euro:110000000)}. The interest vary from 4.65%-5.5% based on EURIBOR. If EURIBOR is less than 5.5% then the Group pays either 4.65% or EURIBOR depending on certain criteria. If EURIBOR is over 5.5% then it either pays EURIBOR less a cap or EURIBOR depending on certain criteria. The contracts expire on 21April 2012 and 2013.

18 a) Interest and other borrowing costs amounting to Rs 1.57 crores (previous year Rs.1.63 crores) 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.

b) In group companies, a sum of Rs. 32.31 crores has been treated as deferred financial cost and amortised over the period of repayment of connected borrowings.

19 The group has a system of obtaining periodic confirmations from debtors and creditors. Necessary entires have been passed on reconciliation of accounts wherever required.

20 a) The company has given a corporate guarantee of Rs. 229.43 crores (Euro 34 millions) {previous year Rs. 214.51 crores (Euro 34 millions) 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, against an outstanding loan of Rs. 157.96 crores (Euro 23.33 millions) taken by said subsidiary. The Company has further provided security by way of pari-passu Ist charge on all the movable fixed assets of the company (except for those charged against working capital) limits and further secured by way of Ist pari-passu mortgage over the immovable fixed assets situatd at A-461/462, MIA, Alwar (Rajasthan), SP - 215, MIA Alwar (Rajasthan), Land at village Dharampur, Tehsil Nalagarh, District Solan (Himachal Pradesh) and Plot no 2A, Sector - 10, IIE Ranipur, Haridwar. The documentation for creation of charge is under process.

b) The company has given a irrevocable and unconditional corporate guarantee to Deutsche Bank in respect of credit facilities and other financial accomodation availed by step down subsidiary company M/s Havells Sylvania Europe Limited upto the amount of Euro 12 millions (Rs. 80.98 crores) (previous year Euro 10 millions).

c) The company has given a irrevocable and unconditional corporate guarantee to Deutsche Bank in respect of credit facilities and other financial accomodation availed by step down subsidiary company M/s Havells Sylvania Brasil Iluminacao Lda upto the amount of Euro 2 millions (Rs. 13.50 crores) (Previous year - nil)

21 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)

	2009	**2008**
Opening balance as on 01.04.2008	334.62	NIL
Goodwill Acquired during the year	-	334.62
Realignment effect of Foreign exchange fluctuation	23.28	-
Closing balance as on 31.03.2009	357.90	334.62

22 Impairment test of Assets

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 intechnological, 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.

a) **Goodwill**

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to economic area of operation segment.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets and projections approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the lighting business in which the CGU operates.

The key assumptions used for each of the above CGU's value-in-use calculations are gross margins of 27%, growth rate of 2.1% and discount rate of 9.1%.

Management determined budgets gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the business. The calculations performed indicate that there is no impairment of intangible assets and that there is a significant headroom of approximately Rs. 998.56 crores (Euro 147.98 millions).

b) **Fixed Assets**

In group companies, impairments of land and building, plant and machinery and other assets were recognised due to changes in economic conditions and company restructuring resulting in recoverable values being less than the carrying value. Of the recognised impairment, Rs. 0.60 crores (Euro 0.09 million) is as a result of the closure of the factory in Shipley, UK, Rs. 5.09 crores (Euro 0.78 million) relates to the write down of plant and machinery in Tunisia and Rs. 0.65 crores (Euro 0.10 million) due to closure of office in Hongkong.

23 Deferred Tax and current Tax

Current Tax

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

The Current income tax of group companies is calculated on the basis of the tax laws enacted or substaintively 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 is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities

Deferred Tax

Deferred tax resulting from timing differences between book profit and taxable income is accounting for using the current tax rate. In respect of the companies units under tax holiday period u/s 80 IC of the Income Tax act, 1961, deferred tax assets/liablities for timing differences which are capable of reversal after the tax holiday period have been recognised during the year, in accordance with Accounting Standard Interpretation (ASI 3)(Revised) issued by The Institute of Chartered Accountant of India, The break-up of deferred tax assets and deferred tax liabilities is as under :

			(Rs. In crores)	
			2009	**2008**
			Deferred Tax Liability	
1	Deferred Tax Liability			
	a)	on account of difference in rates and method of depreciation	73.76	53.41
	b)	on account of different treatment of certain payments under I.T. Act.	7.38	2.66
			81.14	56.07
2	Deferred Tax Assets			
	a)	on account of different treatment of certain payments under I.T. Act.	1.24	25.58
	b)	on account of provision for leave encashment and bonus	48.28	17.20
	c)	on account provision for doubtful debts not treated as expense under I.T. Act.	0.72	0.50
	d)	on account of tax losses in subsidiaries	20.20	18.20
	d)	on account of MAT credit	20.42	2.16
			90.86	63.64
3	Deferred income tax liability (Net) at the end of year		(9.72)	(7.57)

In group companies, deferred tax assets 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 Rs. 1240.65 crores (Euro 183,854,000) {previous year Rs. 976.18 crores (Euro 154728000)}

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, restructuring costs, environmental costs 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:

2009 (Rs. in crores)

	Sales Incentive	Bad Debts	Restructuring	Environmental	Others
Carrying amount at the beginning of the year	10.10 (6.13)	22.45 (1.68)	9.34 (-)	17.11 (-)	88.03 (0.56)
Amount transferred from acquired entitites		(-) (20.97)			(-) (159.72)
Additional provisions made during the year	5.67 (5.02)	8.35 (0.27)			0.74 (14.23)
Amount used during the year	2.61 (1.05)	4.00 (-)	2.74 (-)	2.79 (-)	66.28 (38.99)
Unused amounts reversed during the year	0.58 (-)	0.48 (0.47)			0.01 (0.05)
Carrying amount of provisions as on 31.03.2009	12.58 (10.10)	26.32 (22.45)	6.60 (-)	14.32 (-)	22.48 (135.47)

25 The Company has proposed dividend for the year @ 50% on its equity capital and a provision for corporate dividend tax including surcharge and education cess thereon has been made in accordance with the Finance Act 2009. The said amount is not subject to tax deducted at source (TDS). No dividend has been declared by the group companies.

26 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.

27 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 liablities 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)

		2009	2008
(i)	**Primary- Business Segment**		
A.	**Revenue**		
	Segment Revenue (Gross)		
	Switchgears	623.37	568.18
	Cable and wires	1106.58	1064.29
	Lighting and fixtures	3560.65	3247.28
	Electrical consumable durables	276.92	240.02
	Others	54.05	84.50
		5621.57	5204.27
B.	**Results**		
	Segment Results		
	Switchgears	203.07	178.05
	Cable and wires	62.95	96.44
	Lighting and fixtures	764.81	792.60
	Electrical consumable durables	59.29	51.71
	Others	8.52	6.60
		1098.64	1125.40
	Unallocated expenses net of income	908.87	832.87
	Operating Profit	**189.77**	**292.53**
	Interest Expenses	108.38	93.92
	Profit before prior period items, Exceptional items and tax	**81.39**	**198.61**
	Add: Prior period items	0.09	-
	Less: Exceptional items	198.69	-
	Profit before tax	**(117.21)**	**198.61**
	Income tax expense and wealth tax	42.91	37.65
	Profit after tax	**(160.12)**	**160.96**
C.	**Other Information**		
	Segment Assets		
	Switchgears	331.96	369.21
	Cable and wires	199.84	258.09
	Lighting and fixtures	1999.99	2427.87
	Electrical consumable durables	68.56	85.14
	Others	682.54	352.64
		3282.89	3492.95
	Segment Liabilities		
	Switchgears	99.34	84.68
	Cable and wires	113.31	197.51
	Lighting and fixtures	1090.46	1056.12
	Electrical consumable durables	27.17	22.79
	Others	119.83	153.07
		1450.11	1514.17
	Capital Expenditure		
	Switchgears	98.84	109.60
	Cable and wires	16.50	36.47
	Lighting and fixtures	89.58	47.59
	Electrical consumable durables	6.40	5.71
	Others	15.73	27.57
		227.05	226.94
	Depreciation		
	Switchgears	6.36	3.89
	Cable and wires	4.22	3.40
	Lighting and fixtures	74.16	57.50
	Electrical consumable durables	1.26	1.16
	Others	4.50	3.48
		90.50	69.43
	Non-cash expenses other than depreciation		
	Switchgears	0.31	0.08
	Cable and wires	0.56	0.15
	Lighting and fixtures	7.36	2.00
	Electrical consumable durables	0.14	0.03
	Others	0.03	0.01
		8.40	2.27

(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)
Revenue-Domestic Market	2128.64	2105.69
Revenue-Overseas Market	3492.93	3097.86
	5621.57	5203.55
Fixed assets located (Including Capital work-in-progress)		
Within India	465.41	385.16
Outside India	418.77	447.14
	884.18	832.30

28 **Earnings per share**

Basic and Diluted Earnings per share

Numerator for earning per share			
Profit before Taxation, prior period items and exceptional items		81.39	198.61
Provision for Deferred tax, Income tax, Wealth tax and FBT		42.91	37.65
Adjustment to net earnings:-			
Add: Prior period Items		0.09	-
Profit after taxation before exceptional items		38.57	160.96
Less: Exceptional items		198.69	-
Profit after Taxation after Prior period items and exceptional items		(160.12)	160.96
Denominator for earning per share			
Weighted number of equity shares outstanding during the period	Nos.	58,263,611	55,205,858
Earning per share(EPS)-Basic and Diluted			
(Rs. Per equity share of Rs. 5/- each)			
EPS before exceptional items	Rs.	6.61	29.16
EPS after exceptional items	Rs.	(27.48)	29.16

The issue of 3,50,000 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 then prevailing fair price of the equity shares.

29 **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
QRG Central Hospital and Researh Centre Limited

2 **Key Management Personnel**

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

(B) Transactions during the year

(Rs. in crores)

Particulars	Associates	Key Management Parsonnel	Total
Purchase of goods			
Standard Electricals Limited	5.19	-	5.19
	(0.71)	(-)	(0.71)
TTL Limited	3.91	-	3.91
	(12.07)	(-)	(12.07)
QRG Enterprises Limited	0.06	-	0.06
	(-)	(-)	(-)
	9.16	-	9.16
	(12.78)	(-)	(12.78)
Purchase of Consumables			
Standard Electricals Limited	0.06	-	0.06
	(-)	(-)	(-)
TTL Limited	0.54	-	0.54
	(-)	(-)	(-)
	0.60	-	0.60
	(-)	(-)	(-)
Sale of goods			
Standard Electrical Limited	22.87	-	22.87
	(35.74)	(-)	(35.74)
TTL Limited	0.02	-	0.02
	(3.32)	(-)	(3.32)
QRG Enterprises Limited	1.24	-	1.24
	(1.36)	(-)	(1.36)
Q. R. G. Foundation	0.06	-	0.06
	(-)	(-)	(-)
QRG Central Hospital and Research Centre Limited	0.004	-	0.004
	(-)	(-)	(-)
	24.19	-	24.19
	(40.42)	(-)	(40.42)
Sales incentives,discounts and commission paid			
Guptajee and Co	3.87	-	3.87
	(3.50)	(-)	(3.50)
Standard Electricals Limited	-	-	-
	(3.32)	(-)	(3.32)
	3.87	-	3.87
	(6.82)	(-)	(6.82)
Purchase of fixed assets			
Standard Electricals Limited	0.73	-	0.73
	(-)	(-)	(-)
TTL Limited	0.52	-	0.52
	(0.003)	(-)	(0.003)
QRG Enterprises Limited	0.54	-	0.54
	-	(-)	(-)
	1.79	-	1.79
	(0.003)	(-)	(0.003)
Sales of fixed assets			
Standard Electricals Limited	0.01	-	0.01
	-	(-)	(-)
TTL Limited	0.02	-	0.02
	(1.22)	(-)	(1.22)
QRG Enterprises Limited	-	-	-
	(1.53)	(-)	(1.53)
	0.03	-	0.03
	(2.75)	(-)	(2.75)

(Rs. in crores)

Particulars	Associates	Key Management Parsonnel	Total
Usage Charges			
Guptajee and Co.	0.01	-	0.01
	(0.01)	(-)	-0.01
TTL Limited	1.36	-	1.36
	(0.92)	(-)	(0.92)
QRG Enterprises Limited	11.50	-	11.50
	(0.25)	(-)	(0.25)
	12.87	-	12.87
	(1.18)	(-)	(1.18)
Reimbursement for rent			
Standard Electricals Limited	0.04	-	0.04
	(0.14)	(-)	(0.14)
Trade mark fee paid			
QRG Enterprises Limited	18.49	-	18.49
	(17.56)	(-)	(17.56)
Donation paid			
Q. R. G. Foundation	0.35	-	0.35
	(0.35)	(-)	(0.35)
Recovery of Expenses			
Standard Electricals Limited	-	-	-
	(0.07)	(-)	(0.07)
TTL Limited	-	-	-
	(0.02)	(-)	(0.02)
	-	-	
	(0.09)	(-)	(0.09)
DEPB Purchase			
Standard Electricals Limited	0.01	-	0.01
	(0.007)	(-)	(0.007)
TTL Limited	0.006	-	0.006
	(-)	(-)	(-)
QRG Enterprises Limited	0.0007	-	0.0007
	(-)	(-)	(-)
	0.0167	-	0.0167
	(0.007)	(-)	(0.007)
Medical Expenses			
QRG Central Hospital and Research Centre Limited	0.08	-	0.08
	(-)	(-)	(-)
Reimbursement of Expenses			
Standard Electricals Limited	0.10	-	0.10
	(-)	(-)	(-)
TTL Limited	0.02	-	0.02
	(-)	(-)	(-)
	0.12	-	0.12
	(-)	(-)	(-)
Security Deposits given			
QRG Enterprises Limited	15.60	-	15.60
	(-)	(-)	(-)
Directors remuneration			
Sh. Q. R. Gupta	-	0.45	0.45
	(-)	(0.47)	(0.47)
Sh. Anil Gupta	-	0.19	0.19
	(-)	(0.19)	(0.19)
Sh. Rajesh Gupta	-	1.54	1.54
	(-)	(1.54)	(1.54)
	-	2.18	2.18
	(-)	2.20	(2.20)
Total- Current Year	87.21	2.18	89.39
-previous Year	(82.12)	(2.20)	(84.30)

(C) Balance at the year end

(Rs. in crores)

Particulars	Associates	Key Management Parsonnel	Total
Receivables			
Standard Electrical Limited	-	-	-
	(0.06)	(-)	(0.06)
Payables			
TTL Limited	-	-	-
	(0.71)	(-)	(0.71)

Notes: Figures in brackets relates to previous year.

30 In terms of approval granted by Ministry of Corporate Affairs, Government of India u/s 212(8) of the Companies Act, 1956, the copies of Balance sheet, Profit and loss account and other documents of the subsidiary companies have not been attached with the Consolidated Balance Sheet. The financial information as desired under the aforesaid approval has been furnished and attached to this consolidated Balance sheet.

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

32 The figures have been rounded off to the nearest million rupees upto two decimal places.

33 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

Surjit Gupta
Director

Sanjay Johri
General Manager-Accounts & Company Secretary
Noida June 27, 2009

Mahesh Jain
Vice President-Finance & Accounts

As per attached Auditor's Report of even date

For V.P.Bansal & Co.
Chartered Accountants

V. P. Bansal
Proprietor
Membership No. 8843

Statement pursuant to exemption received under Section 212 (8) of the Companies Act, 1956 relating to subsidiary companies for the year ended March 31, 2009

S. No.	Name of the Subsidiary Company	Country of Incorporation	Capital	Reserves	Total Assets
1	Havells Sylvania Argentina S.A.	Argentina	2.25	9.93	18.16
2	Havells Sylvania Brasil Iluminação Ltda.	Brasil	137.47	(251.32)	103.51
3	Havells Sylvania Costa Rica S.A.	Costa Rica	0.23	35.26	129.79
4	Havells Sylvania El Salvador S.A. de C.V.	El Salvador	2.44	7.81	13.57
5	Havells Sylvania Guatemala S.A.	Guatemala	0.01	13.90	22.10
6	Havells SLI de México S.A. de C.V.	México	12.46	3.74	51.50
7	Havells SLI Servicios Generales México S.A. de C.V.	México	0.02	0.16	0.18
8	Havells Sylvania Panama S.A.	Panama	0.04	4.86	12.53
9	Havells Sylvania Colombia S.A.	Colombia	48.18	85.72	183.64
10	Havells Sylvania Venezuela C.A.	Venezuela	0.23	9.22	35.64
11	Havells Sylvania N.V.	Dutch Antilles	2.29	15.09	25.05
12	Havells Sylvania Export N.V.	Dutch Antilles	0.61	11.88	12.50
13	SLI Lighting Products Inc.	U.S.A.	11.63	(74.93)	113.25
14	Havells Sylvania (Guangzhou) Enterprises Ltd	Guangzhou	1.67	1.01	3.80
15	Havells Sylvania Asia Pacific Limited	Hongkong	8.71	9.62	27.67
16	Havells Sylvania Belgium B.V.B.A.	Belgium	0.24	0.97	4.56
17	Havells Sylvania Lighting Belgium N.V.	Belgium	334.15	(147.97)	309.05
18	Havells Sylvania Finland OY	Finland	0.02	2.90	5.31
19	Havells Sylvania France S.A.S.	France	52.63	(26.31)	(8.65)
20	Havells Sylvania Lighting France S.A.S.	France	70.73	(47.49)	275.61
21	Havells Sylvania Germany GmbH	Germany	242.69	(159.93)	358.13
22	Havells Sylvania Greece A.E.E.E.	Greece	2.77	(1.07)	40.70
23	Havells Sylvania Italy S.p.A.	Italy	23.00	11.29	48.36
24	Havells Sylvania Norway AS	Norway	31.86	(38.21)	1.88
25	Havells Sylvania Portugal Lda	Portugal	3.70	6.21	10.53
26	Havells Sylvania Spain S.A.	Spain	6.60	35.54	57.38
27	Havells Sylvania Spain Logistics S.L.	Spain	1.01	0.34	4.64
28	Havells Sylvania Sweden AB	Sweden	22.82	(19.13)	8.83
29	Havells Sylvania Switzerland AG	Switzerland	0.43	10.08	48.06
30	Havells Sylvania Fixtures Netherlands B.V.	Netherlands	21.93	125.36	184.88
31	Havells Sylvania UK Limited	UK	169.82	(189.27)	37.87
32	Havells Sylvania Fixtures UK Limited	UK	151.47	(136.72)	94.58
33	Havells Sylvania Europe Ltd	UK	465.73	(176.80)	1,082.07
34	Sylvania Gesellschaft m.b.H.	Austria	0.93	(0.89)	0.04
35	Sylvania Lighting International B.V.	Netherlands	153.20	400.42	574.90
36	SLI Europe B.V.	Netherlands	1,374.86	(1,083.00)	777.00
37	Badalex Limited	UK	276.11	(441.85)	0.01
38	Concord Lighting Limited	UK	-	-	-
39	Marlin Lighting Limited	UK	-	-	-
40	Linolite Limited	UK	5.37	6.92	12.29
41	Flowil International Lighting (Holding) B.V.	Netherlands	640.96	(420.94)	990.32
42	Havells Sylvania Tunisia S.A.R.L.	Tunisia	0.57	(67.95)	42.85
43	Precision Materials SARL	France	0.47	(0.57)	-
44	Havells Sylvania Holdings (BVI-2) Ltd	British Virgin Islands	0.24	35.15	35.39
45	Havells Sylvania Holdings (BVI -1) Ltd	British Virgin Islands	0.03	122.84	122.87
46	Havells Sylvania (Thailand) Limited	Thailand	0.11	40.96	64.92
47	Havell's Netherlands Holding B.V.	Netherlands	321.48	(27.13)	512.69
48	Havell's Netherlands B.V.	Netherlands	506.23	(93.94)	1,246.04
49	Havell's Holdings Inc.	USA	-	48.63	0.01
50	Havells Sylvania Dubai FZCO	Dubai	0.70	1.32	17.23
51	Havells Sylvania (Shanghai) Ltd	China	6.90	(7.88)	10.18
52	Havells Sylvania Peru S.A.C.	Peru	0.36	(0.80)	3.63
53	Havells Sylvania Iluminación (Chile) Limitada	Chile	-	-	-
54	Havells Sylvania (Malaysia) Snd. Bhd	Malaysia	0.37	(0.18)	0.99
55	Hampshire Holdings Ltd	Isle of Man	0.24	(0.23)	0.01
56	Havell's Malta Limited	Malta	321.58	454.69	675.63
57	Havell's Cyprus Limited	Cyprus	0.01	(0.27)	-
58	Havell's Holdings Limited	Isle of Man	404.10	(25.74)	378.66
	Total		5,844.68	(1,928.67)	8,782.36
	Intercompany eliminations		(5,844.68)	1,609.07	(6,904.18)
	Total (Net)		**0.00**	**(319.60)**	**1,878.18**

1. The above data in respect of the subsidiaries is based on the Consolidated Financial Accounts for the year ended 31 March 2009

Total Liabilities	Investments other than Investments in subsidiaries	Turnover	Profit Before Tax	Provision for Taxation	Profit After Tax	Proposed Dividend
18.16	-	37.22	6.25	2.33	3.92	
103.51	-	159.66	(30.34)	-	(30.34)	-
129.79	-	179.30	(8.82)	(0.18)	(8.64)	-
13.57	-	17.32	0.70	0.26	0.44	-
22.10	-	18.85	(0.67)	0.22	(0.89)	-
51.50	-	79.62	4.68	2.40	2.28	-
0.18	-	-	-	-	-	-
12.53	-	23.61	1.88	0.34	1.54	-
183.64	-	162.41	20.33	2.14	18.19	-
35.64	-	62.47	10.99	4.64	6.36	-
25.05	-	43.10	7.45	1.86	5.59	-
12.50	-	-	-	-	-	-
113.25	-	149.34	(11.07)	-	(11.07)	-
3.80	-	4.05	(0.55)	0.06	(0.61)	-
27.67	-	50.83	(2.18)	0.62	(2.80)	-
4.56	-	-	0.85	0.48	0.36	-
309.05	-	165.63	(33.32)	-	(33.32)	-
5.31	-	0.08	(0.26)	(0.04)	(0.22)	-
(8.65)	-	-	3.66	1.36	2.30	-
275.61	-	290.13	(34.30)	(1.09)	(33.21)	-
358.13	-	297.69	(31.82)	0.18	(32.00)	-
40.70	-	47.34	0.99	0.15	0.84	-
48.36	-	-	(2.98)	0.17	(3.14)	-
1.88	-	0.00	(5.25)	-	(5.25)	-
10.53	-	-	0.10	0.10	(0.00)	-
57.38	-	-	0.03	0.96	(0.93)	-
4.64	-	-	0.13	0.04	0.10	-
8.83	-	0.00	(0.44)	-	(0.44)	-
48.06	-	0.00	(1.58)	0.24	(1.82)	-
184.88	-	150.38	30.16	7.68	22.48	-
37.87	-	64.95	(18.22)	(4.11)	(14.11)	-
94.58	-	325.59	18.29	-	18.29	-
1,082.07	-	2,126.47	(42.53)	(1.86)	(40.67)	-
0.04	-	-	-	-	-	-
574.90	-	-	19.62	-	19.62	-
777.00	-	-	(24.14)	(10.34)	(13.80)	-
0.01	-	-	(7.76)	-	(7.76)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
12.29	-	-	-	-	-	-
990.32	-	-	(38.21)	0.37	(38.58)	-
42.85	-	49.48	(16.44)	-	(16.44)	-
-	-	-	-	-	-	-
35.39	-	-	-	-	-	-
122.87	-	-	-	-	-	-
64.92	-	83.82	4.72	1.49	3.24	-
512.69	-	-	(16.26)	-	(16.26)	-
1,246.04	-	-	(75.87)	-	(75.87)	-
0.01	-	-	1.34	2.53	(1.19)	-
17.23	-	11.28	1.17	-	1.17	-
10.18	-	15.89	(7.58)	-	(7.58)	-
3.63	-	2.72	(0.64)	-	(0.64)	-
-	-	-	-	-	-	-
0.99	-	0.58	(0.17)	-	(0.17)	-
0.01	-	-	-	-	-	-
675.63	-	-	(14.20)	7.89	(22.09)	-
-	-	-	(0.09)	-	(0.09)	-
378.66	-	0.03	(9.35)	-	(9.35)	-
8,782.36	**-**	**4,619.82**	**(301.69)**	**20.90**	**(322.59)**	
(6,904.18)	-	(1,340.68)	17.20	(0.03)	17.23	
1,878.18	**-**	**3,279.14**	**(284.48)**	**20.87**	**(305.35)**	

PROGRESS AT A GLANCE OF LAST 10 YEARS

(Rs. in Crores)

PARTICULARS	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Results for the year										
Turnover	105.13	171.08	222.03	293.08	419.22	665.38	1115.14	1681.06	2231.17	2333.82
PBDT	**5.47**	**11.19**	**14.87**	**16.51**	**32.75**	**47.32**	**85.02**	**130.28**	**179.31**	**185.13**
Depreciation	1.02	1.19	1.91	2.32	2.64	4.09	6.54	9.74	13.06	17.86
PBT	4.45	9.99	12.96	14.19	30.11	43.23	78.49	120.54	166.25	167.27
Tax	1.13	3.78	4.39	5.23	9.14	12.70	15.28	18.39	22.71	22.04
PAT	3.32	6.21	8.57	8.96	20.96	30.53	63.21	102.15	143.54	145.23
Year end position										
Gross Block	20.12	23.85	34.89	41.36	58.23	108.24	175.65	273.61	427.88	523.41
Net Block	15.99	18.56	25.80	30.01	46.31	92.33	153.20	242.25	385.25	465.48
Net Current Assets	31.70	49.65	65.18	94.58	115.98	172.75	138.97	84.47	166.25	165.90
Net Worth	17.48	22.89	33.86	41.00	59.35	86.61	175.96	262.30	648.93	931.91
Dividend (in %)	20%	20%	25%	25%	40%	50%	50%	50%	50%	50%
EPS (In Rs.)*	**3.39**	**6.26**	**8.59**	**7.73**	**18.08**	**26.34**	**24.26**	**19.00**	**26.00**	**24.93**
Share Capital	4.90	4.98	5.80	5.80	5.80	5.80	13.44	26.88	28.96	30.08
Reserves & Surplus	**12.79**	**19.04**	**28.15**	**35.22**	**53.57**	**80.82**	**162.57**	**235.56**	**620.07**	**901.83**
Book Value (In Rs.)*	17.86	22.97	29.21	35.37	51.20	74.72	65.46	48.79	112.04	154.91

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

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