Havells India Ltd.
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Consumer Care No.: 1800 11 0303 (Tollfree), 011-4166 0303 (Landline)
Join us on Facebook at www.facebook.com/havells and share your ways to save to planet!

passion for excellence
passion for brilliance
passion towards energy efficiency passion for growth
passion for safety
passion for precision
passion towards energy efficiency
passion for brilliance
passion towards energy efficiency
assion for brilliance
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passion towards the enviro
passion for innovation
passion for a better future passion towards energy efficiency
on for precision passion for growth passion towards energy efficiency passion for innovation
passion for brilliance passion for precision

| Passion is in everything Havells does |

Havells India Limited
annual report 2009-10

HAVELLS

Welcome to the world of Havells India Limited, a leading company in electrical consumer production and power distribution equipment manufacturer with a strong global footprint.

With a total turnover exceeding billion-plus dollars, Havells enjoy enviable market dominance across a wide spectrum of products and services, including Industrial & Domestic Circuit Protection Devices, Cables & Wires, Motors, Fans, Power Capacitors, CFL Lamps, Luminaires for Domestic, Commercial & Industrial applications, Modular Switches covering the entire gamut of household, commercial and industrial electrical needs in Low Voltage.

Powered by leading brands and strong service and delivery network

Havells owns some of the prestigious global brands like Havells, Crabtree, Sylvania, Concord, Luminance, Linolite, & SLI Lighting as part of its portfolio. Further, its global network constitutes 91 branches and representative offices and with over 8000 professionals in over 50 countries across the globe, the Group has achieved rapid success in the past few years.

Besides the 11 state-of-the-art manufacturing plants in India located at Haridwar, Baddi, Noida, Sahibabad, Faridabad, Alwar, Neemrana, it also operates 7 state-of-the-art manufacturing plants located across Europe, Latin America & Africa churning out globally acclaimed products, which are synonymous with excellence and expertise in the electrical industry.

All this is then aptly backed with its 20000 strong global distribution network, which continuously strives to set new benchmarks in prompt delivery and service to its customers – powering their smiles like none other electrical brand!

Recognised by world quality leaders

Havells and its products & processes have acquired a number of International quality certifications, like BASEC, CSA, KEMA, CB, CE, ASTA, CPA, SEMKO, SIRIUM (Malaysia), SPRING (Singapore), TSE (Turkey), SNI (Indonesia) and EDD (Bahrain) – thus complying with stringent quality norms at even the most testing markets, worldwide.

Today, Havells and its various brands, have earned the distinction of being the preferred choice of electrical products for discerning individuals and industrial consumers both in India and abroad, and is all set to keep powering the world with its state-of-the-art innovations and energy-efficient solutions.

INDEX

Message from Chairman

"If your mind can conceive it,
and your heart can believe it,
you can achieve it."

Dear Shareholders,

The company had an excellent period of growth across all its business segments led by improved margins and sound volume growth. We expect the trend to continue and feel confident to deliver strong performance across the product range and geographic locations.

The group's performance reflects Havells' philosophy of continually improving performance each day and each year. What enables us to maintain our course is having good governance and a clear long-term vision. In 2009, we continued to improve our brand strength and expand its reach. We are constantly in the process of diversifying our product line and introducing more innovation to Havells' products.

Our goal remains to create customer value through becoming globally recognized as one of the best electrical, power distribution and lighting solutions provider. The focus of the Group's business strategy is to grow with innovative and differentiated products that deliver competitive advantage for its customers. We intend to have a scale and global footprint to support customers everywhere. We deliver products and services to the most exacting standards of quality and reliability.

Powered by a strong brand, a large product range and widely spread distribution channels, Havells enjoys a unique position to cater to the consumer needs. After having established ourselves as a premier brand in all our current product segments, I'm glad to share with you our plans to expand into new business segments this year. This will help for furthering brand-extension and expand the growth of the organization for the coming few years.

On the international side, I am pleased with the progress of corrections carried out in Sylvania. The restructuring process necessitated by the global financial crisis has been completed. The integration with Havells and cost structure adjustments have all been completed and the company is now poised for growth and expansion ensuring a decent bottomline. Sylvania has all requisite credentials for growth - strong brand with global recall, established distribution network and a wide product range. Proper focus has now started on expanding Sylvania in new emerging markets.

Owning the responsibility of a responsible corporate citizen we ensure that all our products are energy efficient and environment friendly, ensuring that we contribute to the global cause of being 'green'. We also continue to contribute with our humble resources towards the social cause of sustainability by restoring back to the communities to replenish what we derive from them. We believe that all our commercial activities should be balanced with compassionate actions to make the world a better place for future generations.

We are working continually to build a steady, balanced, harmonious and sustainable business. The efforts we make today accumulate benefits for tomorrow.

I thank you for your continuing fidelity and trust. I am pleased with our overall performance in FY10. It made Havells stronger; keenly focused on capitalizing on investments made in people, products and geography.

I am extremely proud of our team and express my appreciation to the members of the board of directors for the tremendous effort that has been undertaken to position our company where it stands today and achieve our goal to deliver improved shareholder value in the years to come.

We look forward to sharing promising results and other corporate developments with our shareholders in the days ahead.

Sincerely yours,

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

S K Tuteja
Director

A P Gandhi
Director

Niten Malhan
Director

V K Chopra
Director

Dr. Adarsh Kishore
Director

Company Secretary	Sanjay Gupta
Auditors	M/s V.R.Bansal & Associates Chartered Accountants B-11, Sector-2, Noida
Bankers	Canara Bank, PCB-II, Barakhamba Lane, New Delhi-110 001 IDBI Bank Ltd., Red Cross Building, New Delhi-110 001 Corporation Bank, Arya Samaj Road, New Delhi-110 005 State Bank of India, IFB, New Delhi-110 001 Yes Bank Ltd., South Extn., Part-II, New Delhi-110 049 Standard Chartered Bank, 23, Barakhamba Road, New Delhi-110 001 Union Bank of India, IFB, New Delhi-110 001
Share Transfer Agent	MCS Limited (Unit Havells India Ltd.) F-65, Okhla Industrial Area, Phase-I New Delhi-110 020 Tel: 011-41406149, Website: www.mcsind.com
Listed on	The National Stock Exchange of India Limited The Bombay Stock Exchange Limited
Registered Office	1/7, Ram Kishore Road, Civil Lines, Delhi-110 054
Corporate Office	QRG Towers, 2D, Sector - 126, Expressway, Noida - 201 304, U.P. Tel: +91-120-4771000, 4772000 www.havells.com

Baddi - MCB Factory

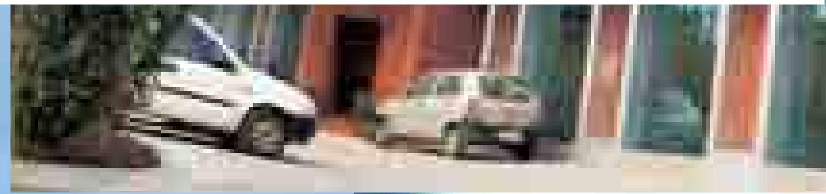
Noida - Capacitor Plant

Haridwar - Fan Factory

Global Headquarter - Noida, India

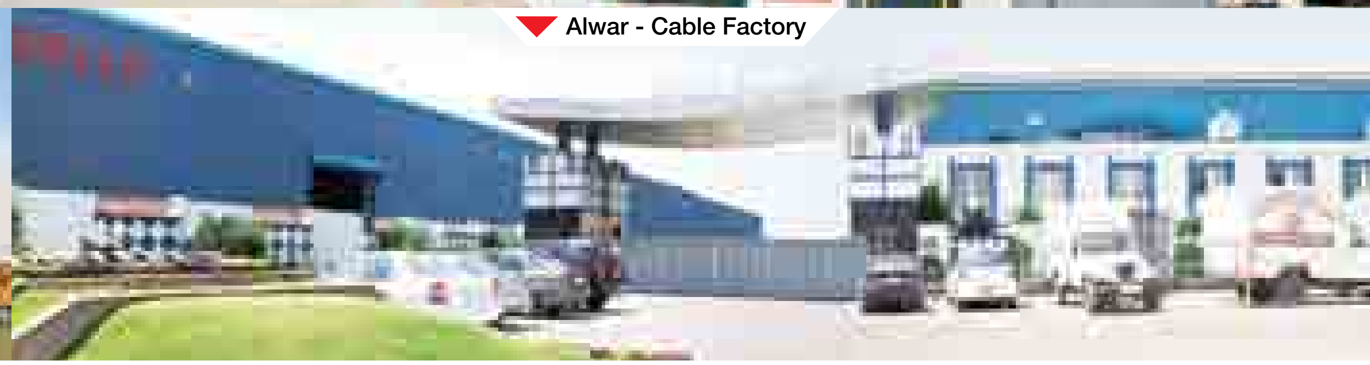
- Havells Manufacturing Locations
  - Alwar
  - Noida
  - Baddi
  - Haridwar
  - Neemrana
  - Sahibabad
- Havells - Sales Locations

- Havells Sylvania Manufacturing Locations
  - Germany (Lamps
  - Belgium (Lamps
  - U.K. (Concord Fixtures)
  - France (IC Fixtures)
  - France-Paris (Warehouse)
  - France (Lumiance Fixtures)
  - Mexico (Fixtures)
  - Columbia (Fluorescent Tubes & Fixtures)
  - Costarica (Fixtures)



Faridabad (Industrial Switchgear)

Neemrana - Motor & CFL Factory



Alwar - Cable Factory

Manufacturing Excellence

> Widest range of Energy Efficient products

> 11 state of art plants in India

> High automation levels

> India's 1st & world's 3rd CMI Lamp factory

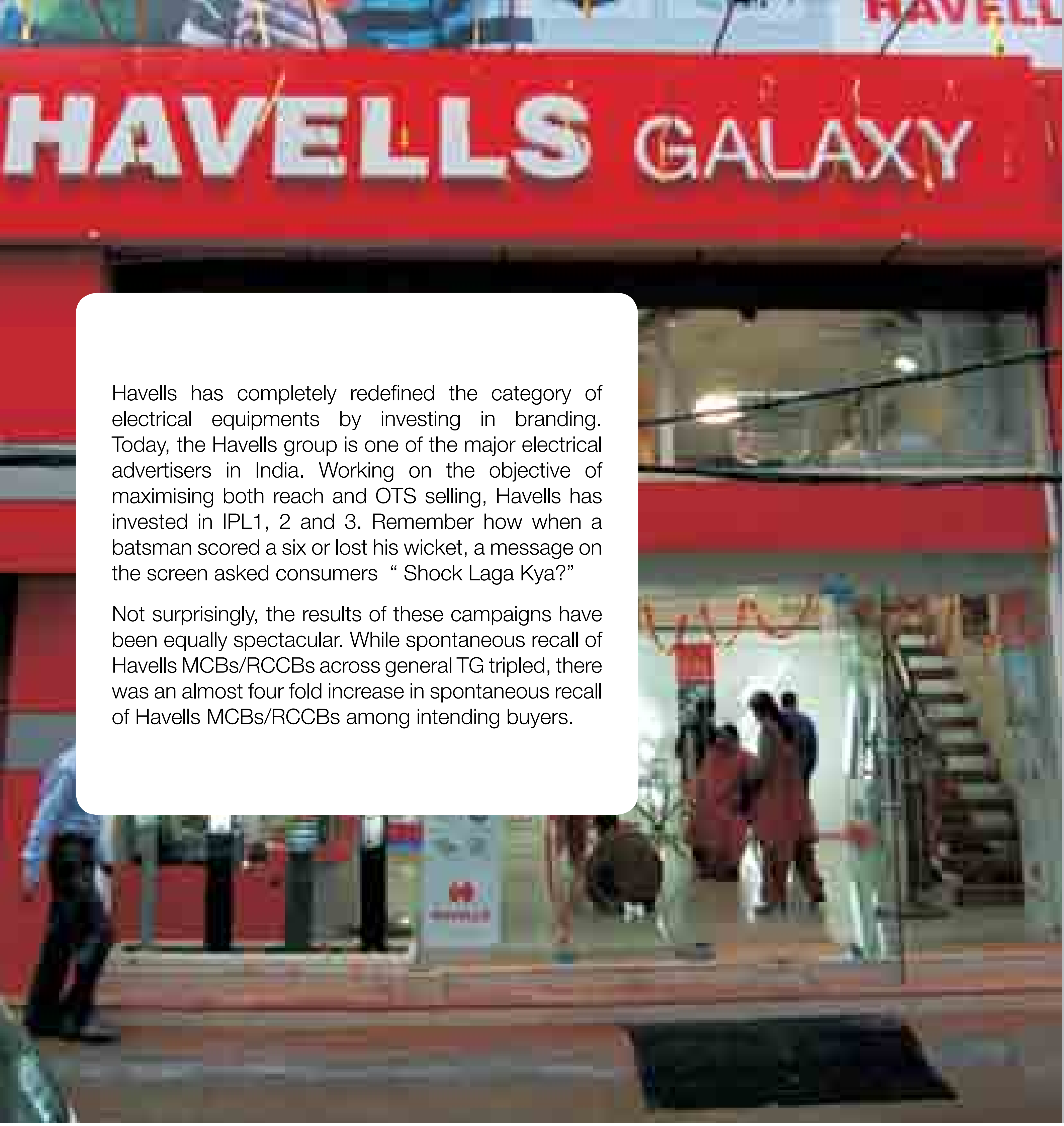
> Precision engineering for best electrical performance

At Havells, innovation is a religion, and we follow it sacredly to ensure that our products and technologies consistently meet the changing and evolving needs and expectations of our customers.

With specific R&D centres at each of our key plants and a 100-member core 'Innovation & Research' team, based at our corporate headquarters in Noida, we do attempt to keep lightening up more & more path-breaking ideas.

Passion for Innovation

- > India's first Energy Efficient fan
- > India's first green CFL
- > India's first electronic ballast & T5 tubelight
- > India's first LED 4X4, 2X4 spotlight
- > India's first ACB with 'C3' technology using common height, width and depth



Havells has completely redefined the category of electrical equipments by investing in branding. Today, the Havells group is one of the major electrical advertisers in India. Working on the objective of maximising both reach and OTS selling, Havells has invested in IPL1, 2 and 3. Remember how when a batsman scored a six or lost his wicket, a message on the screen asked consumers " Shock Laga Kya?"

Not surprisingly, the results of these campaigns have been equally spectacular. While spontaneous recall of Havells MCBs/RCCBs across general TG tripled, there was an almost four fold increase in spontaneous recall of Havells MCBs/RCCBs among intending buyers.

Branding Passionately

> Winner of EFFIES award for Shock laga & Wire that don't catch fire ads

> India's first electrical store in electrical Industry-Havells Galaxy

> Revolutionary concept of prominent display at wholesale markets-Havells World

> High brand awareness through participation in leading cricketing events like IPL

At Havells we are a close-knit family dedicated towards achieving global strength for our organization. Each family member is an asset to the organization and their success is attributed to the positive work culture through transparency and open-door policy. There are various channels to communicate with employees like Intranet, Company website and open communication sessions with Top Management. We also believe in empowering our employees with real opportunities and encourage our teams to be entrepreneurial.

Nurturing People Passionately

> Empowerment

> Transparency

> Entrpreneurial mindset

> Openness

> Freedom

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 automated manufacturing unit in Baddi, Himachal, equipped with state-of-the-art machinery. The wide range of products under Switchgear include: MCB, RCCB, RCBO, ACCL, Switches & Sockets.

Domestic Switchgear

> India's largest MCB manufacturer

> Widest international certifications BASEC, KEMA, CSA, CB, ASTA, CPA, SEMKO, SIRIUM, SPRING, TSE, SNI, EDD

> India's most automated MCB plant

> 100% testing of all products manufactured

Havells a leader in the field of Circuit Protection,Power Quality, Power Distribution & Industrial Controls have 3 state of the art manufacturing locations in National Capital Region. Havells factory at Faridabad spanning a covered area of 10,000 sq meter manufactures multipurpose/multirange Change Over Switches, Switch FuseUnits, HRC Fuses, MCB Distribution Boards & caters to the Industry, Building & Infrastructure Sectors with custom built LT Panels in drawout, semi-drawout & fixed configuration. The factory infrastructure includes a full fledged Tool Room, Press shop, CNC Machines,Conveyorised Powder Coating Plant & an enviable Chemical, Mechanical & Electrical Testing Laboratories. These facilities are coupled with latest version design software to enhance performance, quality & fault diagnostics. Our range of Air Circuit Breakers, MCCB's, Contactors, Overloads & Meters are manufactured at Sahibabad.

Industrial Switchgear

> India's No. 1 MCCB manufacturer

> India's first ACB with C3 technology

> Quick brake mechanism

> High speed transfer

> Easy add-on auxiliary switch kit

Two years ago, Havells commissioned a 3-phase LV Motor Plant at Neemrana (Rajasthan), covering 20000 sq meters over 42 acres of land.The motors are manufactured in technical collaboration with Lafert (one of the largest motor manufacturer in Europe) and are now the owners of AEG Electric Motors. Havells is one of the few leading motor manufacturers in the country to have a complete range of motors which meets/exceeds the minimum efficiency stated in IS 12615 both for EFF1/EFF2. The plant is equipped to produce over 2,50,000 energy efficient motors per annum covering entire range from 0.12HP to 500HP in frames 56~355.

Motor

> India's largest & automated motor plant

> Most automated test benches

> Conforms to EFF1 & EFF2 energy standards

> Range from 0.12HP-500HP in frames 56-355

Havells Capacitors are designed & manufactured using S3 technology. It encompenses product with tripple shield with differential disconnector in the event of any fault within due to environmental compatability. Automatic controlled vaccum potting of "Element Modules" ensures fault remains localised and protects the installation in spite of hazards. Advance technologies adopted in our "Capacitors" offer unmatched safety and outstanding performance under Indian conditions benefitting you month after month and every year from now on. Our commitment to manufacturing excellence and providing a world class quality products at affordable prices in creating your industry more energy efficient, now from even wider spectrum of products from Havells, we offer you a complete solution which is not only safe and reliable but also help you save your energy.

Capacitor

- S^3 technology for triple protection
- Low watt loss
- Most advanced low voltage capacitor manufacturing unit
- Wall based mounting
- Heavy inrush current withstand capability

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 one of 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.

Wire & Cable

- Launch of India's first flame retardant wires
- Plant spread over 90 acres
- Entire range is flame retardant
- 100% copper used to minimise transmission loss
- First brand to get prestigious BASEC certification

Havells entered the Fan business in mid-2003 and soon, with its constant quest for innovation and customer satisfaction, became an enviable competitor and a player, revered for capturing strong market through its wide range of pioneering designs. From premium fans in exquisite antique finishes to fans specially designed for kids to dual colour fans and super speed fans, Havells today offers a complete range to meet varied individual needs. Further, it won industry accolades on launch of Havells ES-50, which was indigenously designed by Havells R&D team and was India's first energy efficient fan, consuming only 50W of electricity. Today, this model is amongst the largest selling energy saving fans in the country.

Fan

> India's first energy efficient fan

> India's first fan to get 5 Star BEE certification

> Largest range of metallic finish fans

> India's Largest Integrated Fan plant

The Neemrana CFL plant is one of the largest CFL plant in asia with a capacity of 40 lakhs peice per month. This plant is equipped with automated machines & leading edge technologies to deliver world class products. This plant produces over 150 types of CFL & is one of the largest exporter of CFL's from India.

CFL

> India's first green CFL

> Largest exporter of CFL's from India

> India's first 4U small CFL

> India's first company to follow global RoHS norms

Lighting business is an important part of Havells product portfolio. Combining innovative products with inspired solutions, we help lighting professionals turn creative design into reality. Building on our global expertise in lamps & fixtures, we strive to create positive, energy-efficient work & leisure environments for people all over the world.With energy efficiency & consumer concerns driving growth of CFL market, Havells became the first company to launch HPF (High power factor) CFL lamps for Indian domestic market. Havells CFL is now RoHS & CE compliant.

Lighting

> India's first CFL spotlight to replace hot halogen lamp

> India's first T5 tube light

> India's first electronic ballast

> India's first LED based fixtures

> India's first 4x4 & 2x4 led spotlight

> India's first & world's 3rd CMI lamp factory

> 70% of products are energy efficient

Modern living is all about safety, security, durability and the aesthetic elements of the interior decor. A well planned layout of a modern house takes care of all the elements of interiors like furniture and its placements, music and entertainment consumer items, curtains, wall colour and texture and most importantly lighting fixtures and accessories. Switch is an important aspect of the lighting fixtures and accessories.

Electrical Wiring Accessories

> Upto 1 lakh operations

> Flame proof

> Shock proof

> Capacity to make 7 cr. units p.a

> Automated Manufacturing Process

Directors' Report

Dear Shareholders,

Your Directors present the Company's 27th Annual Report and Audited Accounts for the financial year ended 31st March, 2010.

RESULTS FOR THE YEAR **(Rs. in Crores)**

	Consolidated		Stand Alone	
Particulars	**2009-10**	**2008-09**	**2009-10**	**2008-09**
Net Sales	5,431.53	5,477.49	2,473.52	2,198.36
Operating Profit before Interest, Depreciation, Tax and Amortisation (EBIDTA)	311.41	271.75	305.48	196.91
Less:				
Exceptional Items	-	198.69	-	-
Depreciation	83.69	90.50	23.27	17.86
Interest	87.11	108.38	6.43	19.34
Add: Other Income	22.17	8.61	14.53	7.56
Profit before Tax	162.78	(117.21)	290.31	167.27
Tax	93.18	42.91	62.15	22.04
Net Profit before Minority Interest	**69.60**	**(160.12)**	**228.16**	**145.23**
Minority Interest	0.04	0.04	-	-
Net Profit after Minority Interest	**69.56**	**(160.16)**	**228.16**	**145.23**
Add : Balance brought forward from previous year	130.41	322.72	418.41	305.33
Profit available for appropriation	**199.97**	**162.56**	**646.57**	**450.56**
Appropriation of Profits				
Transfer to General Reserve	22.70	14.55	22.70	14.55
Interim Dividend Proposed Dividend	7.52 15.60	- 15.04	7.52 15.60	- 15.04
Corporate Dividend Tax	3.93	2.56	3.93	2.56
Balance carried over to Balance Sheet	150.22	130.41	596.82	418.41
	199.97	**162.56**	**646.57**	**450.56**

FY 2010 IN RETROSPECT

Havells, on a consolidated basis had net sales of Rs. 5,431.53 crores in financial year 2009-10 against Rs. 5,477.49 crores in previous financial year 2008-09.

Havells, on a stand-alone basis had net sales of Rs. 2473.52 crores in financial year 2009-10 against Rs. 2198.36 crores in financial year 2008-09. The operating profit before interest and depreciation was Rs. 305.48 crores in financial year 2009-10 against Rs. 196.91 crores in financial year 2008-09. The interest charges for financial year 2009-10 were Rs. 6.43 crores against Rs. 19.34 crores in financial year 2008-09. Profit after tax was Rs. 228.16 crores in financial year 2009-10 against Rs. 145.23 crores in financial year 2008-09.

Sylvania, on stand-alone basis recorded a Revenue of Rs. 2939 crores in financial year 2009-10 against Rs. 3307 crores in financial year 2008-09. Operating profit/ (loss) before interest and depreciation and exceptional item was (Rs. 9) crores.

DIVIDEND

INTERIM DIVIDEND

Towards sharing the corporate profits with the shareholders of the Company, an Interim dividend @ 25% i.e. Rs.1.25/- per equity share was declared post third quarter of 2010 resulting in an outflow of Rs. 8.80 crores (including Corporate Dividend Tax of Rs. 1.28 crores). The dividend amount was disbursed to all the Shareholders whose names were appearing in the Register of Members as on the Record date i.e. 10th February, 2010, fixed for the aforesaid purpose.

FINAL DIVIDEND

Your Directors also recommend payment of a Final Dividend for 2010 @ Rs. 2.50 per equity share on 623,87,406 equity shares of Rs 5/- each. The proposed final dividend, subject to approval of shareholders in the ensuing Annual General Meeting of the Company, would result in appropriation of Rs. 18.25 crores (including Corporate Dividend Tax of 2.65 crores) out of the profits thus giving a total 11.86% (including interim dividend) 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 21st September, 2010, Tuesday to 27th September, 2010, Monday (both days inclusive).

SCHEME OF ARRANGEMENT

The Company has formulated a Scheme of Arrangement, encompassing the following:

– Creation of a Business Reconstruction Reserve (BRR) from the balance available in the Securities Premium Account of the Company. The funds available would be utilized for writing off of all the non operating / extraordinary/ abnormal costs incurred/ to be incurred on international acquisitions/ organic growth projects of the Company and should be treated like an investment cost of the international business;

– Demerger of the electrical business of Standard Electricals Limited (SEL), a company under the same management, into a 100% subsidiary company of Havells India Limited viz. Seven Wonders Holidays Limited.

The shareholders of the Company have approved the Scheme of Arrangement in the Court convened meeting held on 21st April, 2010. And the Hon'ble High Court of Delhi has sanctioned the scheme vide its Order dated 19th August, 2010. As per the Scheme of Arrangement, name of the company viz. Seven Wonders Holidays Limited would change to Standard Electricals Limited and the name of existing Standard Electricals Limited would change to QRG Corporate Services Limited.

In consideration of the transfer of the electrical business of Standard Electricals Limited to the Company's subsidiary, the Company has issued and allotted seven (7) equity shares of the face value of Rs. 5/- each for every ten (10) equity shares of the face value of Rs. 10/- each of Standard Electricals Limited. A total of 22,19,000 Equity shares of Havells India Limited have been issued and allotted to the shareholders of Standard Electricals Limited, pursuant to the scheme.

Accordingly, as per the Scheme of Arrangement, a separate reserve account titled as Business Reconstruction Reserve (BRR) has been created by transferring balance standing to the credit of Securities Premium Account of the Company for adjustment of certain expenses as prescribed therein. Accordingly, Rs. 400 crores has been transferred to BRR and Rs. 1.36 crores in Standalone accounts and Rs. 293.53 crores in consolidated accounts have been adjusted against the same.

SALE OF BATH FITTING BUSINESS

Your Company had been engaged in the business of manufacturing and dealing in bath fittings, with its manufacturing facility located at Bhiwadi, Rajasthan. With a view to enable the Company to focus on its core business of electrical and power distribution equipments, the whole of its undertaking comprising of bath fitting business, with all assets & liabilities relating to the undertaking on a going concern basis was transferred to M/s HSIL Limited. The sale of business allows HSIL Limited to use brand "Crabtree" for a maximum period of one year, after which it will be exclusively with the Company.

Shareholders' approval pursuant to Section 192A of the Companies Act, 1956, and Companies (Passing of Resolution by Postal Ballot) Rules, 2001, was obtained by means of Postal Ballot for the transfer of the undertaking u/s 293(1)(a) of the Companies Act, 1956, on 23rd April 2010.

FORFEITURE OF WARRANTS ISSUED TO SEACREST INVESTMENT LIMITED

Seacrest Investment Limited, a Warburg Pincus Group Company, holding 10.65% stake in the Company was vested with an option to convert a residual balance of 3,50,000 Warrants (Out of 26,00,000 Convertible Warrants issued on 26th November, 2007, it had opted for conversion of 22,50,000 Warrants into equivalent number of Equity Shares of Rs. 5/- each in the Company on 04th February, 2009) at an agreed price of Rs.690 per share till 25th May, 2009.

Upon non-exercise of conversion option by Seacrest, the Company forfeited the 10% advance amounting to Rs. 2.42 crores received as upfront money against these Warrants. As on 31st March, 2010, no security / instrument remain pending for conversion into Equity Shares of the Company.

CARE RATINGS

Credit Analysis & Research Ltd. (CARE Ratings) is a full service rating company that offers a wide range of rating and grading services across sectors. CARE has an unparalleled depth of expertise. CARE Ratings methodologies are in line with the best international practices.

CARE's Credit Rating is an opinion on the relative ability and willingness of an issuer to make timely payments on specific debt or related obligations over the life of the instrument. CARE rates rupee denominated debt of Indian companies and Indian subsidiaries of multinational companies.

CARE has assigned the rating of 'CARE AA' (Double A) to Havells for its long term bank facilities and 'PR1+' (PR One Plus) to its short term bank facilities. Facilities with these ratings are considered to offer High safety for timely servicing of debt obligations with very low credit risk.

The ratings continue to reflect the reputed brand name of Havells, its established market position in the electrical equipment business, wide product portfolio and well-established distribution network. The ratings also reflect Havells' strong growth in operating income, comfortable overall gearing and liquidity position as well as improved operational performance during 2009-10 emanating from improved demand in the end-user segments.

CERTIFICATIONS

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 its various products.

SUBSIDIARY COMPANIES

As on March 31, 2010, your Company has 55 (fifty five) subsidiaries out of which 54 (fifty four) companies are registered outside India – 53 (fifty three) falling under Sylvania umbrella and 1 (one) based at Cyprus and the 55th subsidiary is registered in India.

During the year under review, the Indian subsidiary viz. "Seven Wonders Holidays Private Limited" was acquired to facilitate the transfer of electrical business of Standard Electricals Limited.

In terms of the provisions of Section 212(8) of the Companies Act, 1956, the Company is required to attach the Annual Accounts 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(4) of the Companies Act, 1956 vide letter No. 47/246/2010-CL-III dated 19/4/2010, the documents in respect of the subsidiary companies for the year ended March 31, 2010 as set out in sub-section (1) of section 212 of the Companies Act 1956 have not been attached with the Balance Sheet of the Company.

Statement pursuant to the approval under Section 212(4) of the Companies Act, 1956, is included elsewhere in the Annual Report. The Annual Accounts of the subsidiary companies, along with the related information, is available for inspection at the Company's registered office and copies will be made available to shareholders of Havells India Limited and its subsidiary companies upon request.

BOARD OF DIRECTORS

Pursuant to the provisions of Section 256 of the Companies Act, 1956, Shri Surjit Gupta and Shri S B Mathur, Directors, are due to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Dr. Abid Hussain and Maj Gen D N Khurana vacated their office of Directorship in the Company w.e.f. 5th July 2010, pursuant to the Company's policy on tenure of Independent Directors. The Board of Directors appreciates the valuable contribution made by Dr Hussain and Maj Gen Khurana during their tenure.

The Board of Directors in their meetings held on 11th May, 2010 and 28th July 2010, appointed Shri S K Tuteja and Dr. Adarsh Kishore respectively as Additional Directors. As per the provisions of Section 260 of the Companies Act, 1956, Shri Tuteja and Dr. Kishore shall vacate office at the forthcoming Annual General Meeting. Due notices under section 257 of the Act have been received from Members of the Company proposing the appointment of Shri Tuteja and Dr. Kishore as Directors of the Company at this Annual General Meeting, whose period of office shall be liable to determination by retirement of Directors by rotation. Both the Directors have filed their consents pursuant to Section 264(1) of the Act to act as such Director, if appointed.

Mr. Tuteja is an IAS, FCS and M Com from DU with 1st position. Mr. Tuteja began an illustrious career as a lecturer of commerce in the esteemed Shri Ram College of Commerce (SRCC) and moved on to serve the Government of India (GOI) in various capacities. Besides, he has acted as a consultant to various international programmes carried out in the field of new technologies and innovations. He has also participated as a Member of the Indian Delegation in the Fourth Ministerial Conference of WTO held in Doha, Qatar. He was also the Chairman of the Committee on Revitalization of Sugar Industry and later a member of the group of experts constituted by GOI on Sugar Sector in 2007. He has also chaired the Pay Commission of the Government of Punjab (2006-09).

Dr. Kishore, a 1969-batch IAS officer of the Rajasthan cadre, is a former Finance Secretary, Government of India and former Executive Director, International Monetary Fund representing Bangladesh, Bhutan, India and Sri Lanka. He currently chairs the Board of Axis Bank Limited and is also the Chairman of its Risk Management Committee, Chairman of Shareholders/ Investors Grievance Committee and Member of Special Committee of the Board of Directors for Monitoring of Large Value Frauds.

In accordance with the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, the Remuneration Committee of the Board of Directors in its meeting held on 11th May, 2010 re-appointed Shri Rajesh Gupta as the Wholetime Director - Finance of the Company for a period of 5 years effective 1st April, 2010.

The Remuneration Committee also varied the terms of remuneration of Shri Qimat Rai Gupta, Chairman and Managing Director and Shri Anil Gupta, Joint Managing Director, by introducing a component of commission based on percentage of profits, in their salary structure.

The details of Directors being recommended for re-appointment as required in the clause 49 of the Listing Agreement are contained in the accompanying Notice convening the ensuing Annual General Meeting of the Company.

Appropriate Resolution(s) seeking your approval to the appointment/ re-appointment of Directors are also included in the Notice.

AUDITORS

The Statutory Auditors, M/s V R Bansal & Associates, Chartered Accountants, (Regn. No. 016534N) hold office till the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. The certificate from the Auditors have been received to the effect that their re-appointment, if made, would be within the prescribed limit under section 224 (1B) of the Companies Act, 1956.

AUDITORS REPORT

The observations of Auditors in their reports on standalone and consolidated financials are self explanatory and therefore do not call for any further comments.

CORPORATE GOVERNANCE

The Company has duly complied with the Corporate Governance provisions as stipulated under clause 49 of the Listing Agreement, and as required Report on Corporate Governance, 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 a separate section forming part of the Annual Report.

FIXED DEPOSITS

During the year your Company has not accepted any deposits from the public or otherwise in terms of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposit) Rules, 1975.

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

Havells' most important measure of success has always been the health and safety of its employees, contractors, customers and neighbours. It is Havells way of doing business. The company is deeply committed to safe and efficient operations and to conducting its business in an environmentally sound manner, drawing upon its knowledgeable work force and collective experience. The Company is committed to protecting the environment that we share. We implement high environmental standards in order to ensure that our actions today will not only minimize the impact on environment, but also secure a stable and healthy environment for tomorrow.

The Company's units and offices are equipped with modern amenities to meet strict requirements of efficient servicing and smooth functioning all times. The Company follows strict compliance of pollution and commercial norms in carrying out the manufacturing activities and establishment of plants and offices. The Company has a system in place which ensures congenial and aesthetic atmosphere for working.

The company is committed to developing energy savings devices which at present include CFL's, Lighting, Fans, Motors, Capacitors, Cables and Digital Lighting Control Systems.

In continuation of its drive towards developing energy efficient products, Havells has put a Lighting Design Centre & Energy Management Cell at Noida. The centre would advise as to how a unit can reduce its energy bill without cutting down on light required.

HUMAN RESOURCES

Havells' core strengths — starting with the talent, dedication and values of our employees — position us to achieve growth. We operate with the highest standards of integrity and respect for human rights. Our world grows more complex every day. We face increased challenges — geopolitical, environmental, regulatory and technical. But our employees have risen to challenges with dedication, ingenuity and hard work.

To foster an innovative spirit in the organization, Havells has in place an established policy by the name "Idea" whereby every employee is encouraged to come up with ideas – however small – that could improve his/her particular job activity, job environment or any company process for that matter.

The Company has also formulated a policy by the name "Satark" in line with the Company's commitment to the highest possible standards of ethical, moral and legal business conduct and open communication. The policy provides all employees, an avenue to raise concerns by accessing the top management, in case they observe any unethical or improper activities or any other wrongful conduct.

Developing our greatest asset, our employees, is an integral part of our business and we place great emphasis on continuous learning and development. Through its 'gyanodaya sessions' Havells displays its commitment to inculcating a culture of knowledge sharing. Our goal is to keep management and employees up to date with current best practices, policies, processes, technologies, laws et al.

CORPORATE SOCIAL RESPONSIBILITY

At Havells, we integrate corporate responsibility into all we do. With global reach comes global responsibility, and we take that responsibility seriously. We feel a responsibility to make our company and our world better for those who follow us. Havells has supported and engaged in activities that aim to improve the organization's contribution to society. The Company's corporate responsibility straddles a stakeholder base that goes far beyond its shareholders. The company constantly engages in various community development activities in the villages around its locations. Our commitment to society at large is demonstrated in the following ways:

-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. 50 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.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 205C of the Companies Act, 1956, your Company has transferred Rs.52,687/- lying unclaimed/unpaid with the Company for a period of seven years from the financial year 2001-02, to the Investor Education and Protection Fund.

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. 62.15 crores towards Income Tax as compared to Rs. 22.04 crores paid during the last financial year. The Company also paid Excise Duty of Rs. 104.77 crores, Sales Tax & Service Tax of Rs. 148.22 crores, totaling Rs. 315.15 crores during financial year 2009-10 as compared to Rs. 295.84 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 for the year 2010-11 has already been paid to the credit of 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 as Annexure A. However, in terms of Section 219(1)(b)(iv) of the Companies Act, 1956 the Report and Accounts are being sent to the Shareholders excluding the aforesaid Annexure. Any Shareholder interested in obtaining copy of the same may write to the Company Secretary at the Registered Office.

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.

ACKNOWLEDGEMENTS & APPRECIATION

The Board places on record its appreciation for the continued co-operation and support extended to the Company by Banks, Rating Agencies, Stock Exchanges, NSDL and CDSL. The Board wishes to express its grateful appreciation for the assistance and co-operation received from vendors, customers, banks, financial institutions, Central and State Government bodies, Auditors, legal advisors, consultants, dealers, retailers and other business associates.

The Board deeply acknowledges the trust and confidence placed by the consumers of the Company and, above all, the shareholders.

The Board of Directors would particularly like to place on record its appreciation for the dedicated efforts of the employees at all levels.

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

(Qimat Rai Gupta)
Chairman & Managing Director

Noida, August 27, 2010

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, 2010 is as follows :

1. CONSERVATION OF ENERGY

1.1 Energy Conservation Measures Taken

Your Company greatly emphasize on energy conservation. It regularly reviews measures to be taken for energy conservation, consumption and its effective utilization. The energy conservation initiatives taken at different locations are given below :

- Halogen lamp (1000 Watts) were replaced with Infrared lamps (250 watts) for drying of printing upon Pad printing machine.
- Hydraulic molding machines were replaced with Electric molding machines.
- Installation of Fuel monitoring equipment upon the Diesel Genset.
- Slipring Motors and the Resistance Starters were replaced with Squirrel Cage induction Motors and alternative current voltage frequency drives.
- Installed 300 KVA UPS on the Insulating Syo plus line.
- Usage of Diesel Generator Set and Air Compressors were synchronized as per the load requirement of the plant.
- Installation of Synchronization Panel.
- Installation of Capacitor Banks at CFL & Motor plants.
- Retrofitting of 2 machines with lower capacity and higher efficiency motors.
- Change of Pneumatic Screw Drivers by Electrical Screw Driver.
- Replaced small ratings DG sets with 625 KVA DG.

1.2 Additional investment and proposals, if any, being implemented for reduction of consumption of energy :

- Proposed to install a software for collection of data on energy consumption on all the feeders across the plant in Baddi.
- Proposed to conduct Energy Audit through External Agency at the plant in Baddi.
- Proposed a 132KV sub station to minimize transmission losses at the plant in Alwar.

1.3 Impact of measures taken for reduction of energy consumption and consequent impact on the cost of production of goods

a) Obtained Power Factor incentive of Rs.12.97 Lacs, Rs.1.8 Lacs and Rs.15.61 Lacs at Neemrana, Faridabad and Alwar respectively.

b) Plant wise savings in electricity bill (in Rs.)

Plant Locations	Savings (in Rs.)
Baddi	11,02,500
Alwar	13,85,000
Neemrana	6,04,800
Faridabad	9,13,000

c) Use of Electric Molding machine as a replacement of Hydraulic machines saves Electrical Power and disposal of waste hydraulic oil.

d) Reduction in Cost of production by Rs1.50/- per fan by installation of Synchronization Panel.

2. RESEARCH & DEVELOPMENT

Areas in which Research & Development activities are carried out :

- 2.1 New Products Development
- Graphite coated 33 KV Cable
- 33 KV Cable with special water tight conductor construction against longitudinal water ingresses
- CFL with Power Factor > 0.85 under various wattage of 5W, 8W, 11W, 15W, 20W, 23W
- CFL with Mini-Lynx Fast Start – 10,000 Hrs circuit under various wattage 11W, 15W, 20W, 23W
- Ceramic metal halide 35 Watt T and TC. WDL

- Ceramic metal halide 70 Watt T, TC and TD. WDL
- Ceramic metal halide 150 Watt T and TD. WDL
- Automatic Changeover with Current Limiter
- MCB Protected socket
- Vertical Split type Distribution Boards
- SPN DBox elegant range of Distribution Boards
- New range of MCBs & RCCBs with range of accessories
- New models in Ceiling Fans range viz Pacer.
- In Air Circulator range, models in Pedestal & Wall Mounting fans introduced

2.2 Product Improvements

- DC MCB for railway application.
- Glue feeding (Nordson) applied in higher rating MCBs.
- More Compacted Conductors in HT (High Tension) Cables.
- Developed CFL with less than 3 mg Mercury.
- Upgrades of G Frame MCCB on Short Circuit breaking capacity at multiple voltage.
- Upgrades of A Frame MCCB on Short Circuit breaking capacity at multiple voltage.
- New Rotary handle for ease in switching of MCCB.
- Placement of UVR inside the MCCB.
- Field fittable accessories for A frame MCCB.
- RoHS compliant G, A & C frame MCCBs.

2.3 Process Improvement

- Implementation of snap pusher fixture in endurance stage.
- Implementation of Torque (0.25 Nm – 2 Nm) screw drivers in fixed contact assembly
- Implementation of Mechanism Assembly fixtures for Coil Assembly & pin insertion.
- Thermal operating current characteristics bench developed (1.13 / 1.45 In)
- Concept of Multi Pole SPM Riveting has been modified. Now, only those pieces which pass through all tests are riveted.
- Initiated usage of Lead free solder wire
- Implementation of new method of quartz holding over the existing sealing machine.
- Improved RCBO SM PCB layout design to achieve higher first pass yield during production.

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 given below :

- Rejected MCBs Rivets can be reused by repairing of MCBs
- Enhancement in capacity testing of MCBs at 1.13 In / 1.45 In from 100 poles to 500 poles per day
- Reduction in temperature rise and improvement in repeatability of MCBs thermal characteristics due to Glue feeding.
- Developed models to qualify in Star Rating scheme introduced by Bureau of Energy Efficiency, Ministry of Power, Govt. of India.
- Successful production of CMI lamps of 35, 70 and 150 wattages in different variants.
- Reduction in quartz wastage by implementation of new method of quartz holding on existing sealing machine.

2.5 Future Plan of Action

Bring present and existing models of Ceiling Fans in 3 star & above category.

2.6 Expenditure on Research and Development

S. No.	Particulars	(Rs. in Crores)	(Rs. in Crores)
		2009-10	2008 - 09
A	Capital Expenditure	0.07	0.24
B	Revenue Expenditure	6.65	6.56
C	Total	6.72	6.80
D	Total R&D Expenditure as a percentage of Turnover	0.3%	0.3%

3. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

3.1 Technology Absorption / Adoption, Adaptation and Innovation

- Absorption of Integrated MCB Assembly layout for Spot Welding, MCB assembly, Mechanism assembly & packaging of MCBs at one Assembly line.
- Adoption of indigenously developed Spot welding SPM for Bimetal & Carrier with provision of rating punching.
- Absorption of Linear Printing SPM for carrying printing work on both Single pole and multiple pole MCBs.
- Adoption of indigenously developed Auto Calibration Benches with complete data acquisition.
- Absorption of Electric Servo based Molding Machines.
- Absorption of technology from Lafert SpA, Italy. Motors upto 75HP have been developed
- Indigenously developed the complete range of Brake duty, Crane duty, Inverter duty and dual speed motors. Absorption of technology from Sylvania U.K. to produce CFL Capsule through complete automatic machine production line.
- Absorption of technology from Sylvania to develop complete range of Ceramic Metal Helaide lamps.

3.2 Benefits derived as a result of Technology Absorption, Adoption, Adaptation

- Inclusion of name of the Company in U.K. Register of Quality Assessed Companies. Permitted to use UKAS Accreditation mark.
- Obtained ISO 9001 / 2008 from British Approval Services for Cables (BASEC – UK)
- Obtained Certificate of Conformity from British Approval Services for Cables (BASEC – UK).
- Obtained Product License (IS : 7098PT-3) for manufacturing and testing of EHC cables up to 66 KV grade
- On line defect capturing through SCADA system.
- On line measurement of product parameters.
- On line lamp packing
- Use of Paint Spraying Guns helped in reduction of manpower and improved paint finish

3.3 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.
Paint Spraying guns for painting of fans	2005-06	Yes	N.A.
Automated Capacitor Winder	2006-07	Yes	N.A.
CNC winding Machines for Ceiling Fans	2006-07	Yes	N.A.
CFL machine to manufacture Ginni Lamp	2006-07	Yes	N.A.
Technology for manufacturing of Electric Motors	2007-08	Yes	N.A
Ceiling Fan motor testing line	2008-09	Yes	N.A
Air delivery measurement system for ceiling fans	2008-09	Yes	N.A
MCB assembly machine	2008-09	Yes	N.A

Zera Calibration machine	2008-09	Yes	N.A
Silver Tip Welding machine	2008-09	Yes	N.A.
Mechanism Assembly machine	2008-09	Yes	N.A.
Spot Welding Machine	2008-09	Yes	N.A.
Electric Servo based Molding machines	2009-10	Yes	N.A.
Spray Painting System for Ceiling Fans	2009-10	Yes	N.A.
Technology to produce CFL capsule through complete automatic production line	2009-10	Yes	N.A.
Glove Box System for CMI Arc Tube manufacturing	2009-10	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

During the financial year 2009-10, the Company made exports sales of worth Rs. 211* crores as compared to Rs.207*crores during the financial year 2008-09. With management focus, marketing strategies and dedicated efforts of Company's International Business Team, the Company has maintained the continuous growth in its export sales.

The concentrated efforts of management on the territories of Africa, Bangladesh and Srilanka has maintained growth momentum in such territories. During the year Africa region has registered growth of 28% with export sales of Rs. 39.87 crores as compared to previous year export sales of Rs. 31.15 Crores. On the other hand Bangladesh and Srilanka have shown growth of 164% and 100% respectively with export sales of Rs. 3.75 Crores & Rs.1.72 as compared to last year export sales of Rs. 1.42 Crores and Rs. 0.86 Crores.

Further export sale to Sylvania group of Companies has also registered a growth of 86% with export sales of Rs. 53.71 Crores as compared to last year export sales of Rs.28.84 Crores.

Amongst the various initiatives taken by the Company towards its export sales, few major initiatives are highlighted herein below :

(i) Promotional activities for strengthening of Havells brand ;

(ii) Procurement of certifications from various local utilities and authorities for various markets in Middle East, Africa, Europe and Asia Pacific;

(iii) Tapping of business potential in emerging markets of Africa, Middle East and Asia

Note : * Value of Export Sales on FOB basis.

With objective to expand the reach of Company's products globally, the Management is focusing on :

a.) Increase in number of countries for its business operations

b.) Localization of employees

c.) Increase in volume of third party exports

d.) Creation of markets for cables & wires, fans and capacitors.

(b.) Total foreign exchange used and earned

(Rs.in Crores)

	2009-10	2008-09
Foreign exchange earned	211.04	206.76
Foreign exchange used	235.19	137.57

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

(Qimat Rai Gupta)
Chairman & Managing Director

Noida, August 27, 2010

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

(Rs. in crores)

	Name of the Subsidiary Company	Financial Year of the Subsidiary ended on	Extent of Interest of Holding Company in the Subsidiary ended as at 31st March, 2010			The net aggregate amount of Subsidiary's Profit/loss so far as it concerns the member of the Holding Company and is not dealt with in the Holding Company's accounts		The net aggregate amount of 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/ StepSubsidiary	Extent of Interest%	Current Year	For the Previous financial Years of the subsidiary since it became a subsidiary	Current Year	For the Previous financial Years of the subsidiary since it became a subsidiary
1	Havells Sylvania Argentina S.A.	31/12/2009	-	Step Subsidiary	99%	3.88	6.01	Nil	Nil
2	Havells Sylvania Brasil Iluminacao Ltda.	31/12/2009	-	Step Subsidiary	100%	34.12	(31.48)	Nil	Nil
3	Havells Sylvania Colombia S.A.	31/12/2009	-	Step Subsidiary	100%	(9.45)	26.44	Nil	Nil
4	Havells Sylvania Venezuela C.A.	31/12/2009	-	Step Subsidiary	100%	(6.98)	6.98	Nil	Nil
5	Havells Sylvania N.V. (Ecuador)	31/12/2009	-	Step Subsidiary	100%	5.88	7.79	Nil	Nil
6	Sylvania S.A. de C.V. (El Salvador)	31/12/2009	-	Step Subsidiary	100%	0.13	1.06	Nil	Nil
7	Havells Sylvania Guatemala S.A.	31/12/2009	-	Step Subsidiary	100%	(0.38)	(0.73)	Nil	Nil
8	Havells SLI Mexico S.A. de C.V.	31/12/2009	-	Step Subsidiary	100%	7.02	5.73	Nil	Nil
9	Havells Sylvania Panama S.A.	31/12/2009	-	Step Subsidiary	100%	1.34	2.23	Nil	Nil
10	Havells Sylvania Peru S.A.C.	31/12/2009	-	Step Subsidiary	100%	(0.12)	(0.64)	Nil	Nil
11	Havells Sylvania Europe Ltd.	31/12/2009	-	Step Subsidiary	100%	(41.72)	(19.21)	Nil	Nil
12	Havells Sylvania Spain S.A.	31/12/2009	-	Step Subsidiary	100%	(3.77)	(3.23)	Nil	Nil
13	Havells Sylvania Spain Logistics S.L.	31/12/2009	-	Step Subsidiary	100%	0.12	0.08	Nil	Nil
14	Havells Sylvania Portugal Lda.	31/12/2009	-	Step Subsidiary	100%	0.01	0.50	Nil	Nil
15	Havells Sylvania Italy S.p.A.	31/12/2009	-	Step Subsidiary	100%	(0.82)	(4.94)	Nil	Nil
16	Havells Sylvania Greece A.E.E.E.	31/12/2009	-	Step Subsidiary	100%	0.40	(0.53)	Nil	Nil
17	Havells Sylvania Sweden A.B.	31/12/2009	-	Step Subsidiary	100%	(0.20)	1.06	Nil	Nil
18	Havells Sylvania Norway A.S.	31/12/2009	-	Step Subsidiary	100%	(4.28)	(6.87)	Nil	Nil
19	Havells Sylvania Finland OY	31/12/2009	-	Step Subsidiary	100%	(1.05)	(0.26)	Nil	Nil
20	Havells Sylvania Tunisia S.A.R.L.	31/12/2009	-	Step Subsidiary	100%	(21.80)	(20.87)	Nil	Nil
21	Havells Sylvania UK Ltd.	31/12/2009	-	Step Subsidiary	100%	(11.32)	(23.04)	Nil	Nil
22	Havells Sylvania Fixtures UK Ltd.	31/12/2009	-	Step Subsidiary	100%	(0.33)	18.22	Nil	Nil
23	Havells Sylvania Lighting Belgium N.V.	31/12/2009	-	Step Subsidiary	100%	(29.52)	(56.42)	Nil	Nil
24	Havells Sylvania Poland sp.z.o.o	31/12/2009	-	Step Subsidiary	100%	(0.66)	N.A.	Nil	Nil
25	Havells Sylvania Belgium B.V.B.A.	31/12/2009	-	Step Subsidiary	100%	0.50	0.71	Nil	Nil
26	Havells Sylvania Germany GmbH	31/12/2009	-	Step Subsidiary	100%	(66.73)	(40.18)	Nil	Nil
27	Havells Sylvania Fixtures Netherlands B.V.	31/12/2009	-	Step Subsidiary	100%	4.01	24.22	Nil	Nil
28	Havells Sylvania Lighting France SA	31/12/2009	-	Step Subsidiary	100%	(10.85)	(39.86)	Nil	Nil
29	Havells Sylvania France S.A.S.	31/12/2009	-	Step Subsidiary	100%	2.18	2.46	Nil	Nil
30	Havells Sylvania Switzerland A.G.	31/12/2009	-	Step Subsidiary	100%	0.88	(2.70)	Nil	Nil
31	SLI Europe B.V.	31/12/2009	-	Step Subsidiary	100%	(139.95)	(28.60)	Nil	Nil
32	Sylvania Lighting International B.V.	31/12/2009	-	Step Subsidiary	100%	(2.71)	39.91	Nil	Nil
33	Flowil International Lighting (Holding) B.V.	31/12/2009	-	Step Subsidiary	100%	(51.38)	(300.38)	Nil	Nil
34	Havells Sylvania (Thailand) Ltd.	31/12/2009	-	Step Subsidiary	49%	3.26	7.92	Nil	Nil
35	Havells Sylvania (Guangzhou) Enterprise Ltd.	31/12/2009	-	Step Subsidiary	100%	(1.12)	(0.88)	Nil	Nil
36	Havells Sylvania Asia Pacific Ltd.	31/12/2009	-	Step Subsidiary	100%	0.97	(0.68)	Nil	Nil
37	Havells Sylvania (Shanghai) Ltd	31/12/2009	-	Step Subsidiary	100%	(0.00)	(7.57)	Nil	Nil

38	Havells Sylvania (Malaysia) Ltd	31/12/2009	-	Step Subsidiary	100%	0.44	(0.16)	Nil	Nil
39	Havells Sylvania Dubai FZCO	31/12/2009	-	Step Subsidiary	100%	4.72	1.17	Nil	Nil
40	Havell's Malta Ltd	31/12/2009	-	Step Subsidiary	100%	(0.21)	(21.81)	Nil	Nil
41	Havell's Netherlands Holdings B.V.	31/12/2009	-	Step Subsidiary	100%	20.47	(32.53)	Nil	Nil
42	Havell's Netherlands B.V.	31/12/2009	-	Step Subsidiary	100%	(97.82)	(83.10)	Nil	Nil
43	Havells Sylvania Costa Rica S.A.	31/12/2009	-	Step Subsidiary	100%	(13.47)	(8.12)	Nil	Nil
44	Havells SLI Lighting Products, Inc.	31/12/2009	-	Step Subsidiary	100%	(4.39)	(18.71)	Nil	Nil
45	Havells Holdings Inc	31/12/2009	-	Step Subsidiary	100%	0.78	(1.21)	Nil	Nil
46	Havells Sylvania Iluminacion (Chile) Ltda	31/12/2009	-	Step Subsidiary	100%	(0.28)	0.00	Nil	Nil
47	Havells Sylvania Export N.V.	31/12/2009	-	Step Subsidiary	100%	0.00	0.00	Nil	Nil
48	Sylvania Gesellschaft MBH	31/12/2009	-	Step Subsidiary	100%	0.00	0.00	Nil	Nil
49	Hampshire Holdings Limited	31/12/2009	-	Step Subsidiary	100%	(0.01)	0.00	Nil	Nil
50	Havells SLI Servicios Generales Mexico SA de CV	31/12/2009	-	Step Subsidiary	100%	0.14	0.00	Nil	Nil
51	Havells Sylvania Holdings (BV1-1) Limited	31/12/2009	-	Step Subsidiary	100%	0.00	0.00	Nil	Nil
52	Havells Sylvania Holdings (BV1-2) Limited	31/12/2009	-	Step Subsidiary	100%	0.00	0.00	Nil	Nil
53	Havells Cyprus Limited	31/12/2009	26940	Subsidiary	100%	(0.10)	(0.23)	Nil	Nil
54	Havells Holdings Limited	31/03/2010	69685291	Subsidiary	100%	(0.16)	(24.97)	Nil	Nil
55	Seven Wonders Holidays Private Limited	31/03/2010	10000	Subsidiary	100%	(14.32)	N.A.	Nil	Nil

For and on behalf of the Board of Directors

Qimat Rai Gupta
Chairman & Managing Director

Surjit Gupta
Director

Mahesh Jain
Vice President-Finance & Accounts

Sanjay Gupta
Company Secretary

Noida, August 27, 2010

Management Discussion and Analysis Report

The Financial Year 2009-10...

- Havells registered strong operational growth across all divisions.
- Net revenues increased by 12% in 2009-10 as compared to 2008-09.
- Operating margins increased to 11.4% in 2009-10 from 8.1% in 2008-09.
- Sylvania revenue declined by 10% in 2009-10 as an impact of global recession.
- Restructuring initiated in Sylvania across geographies to arrest margin decline and cash preservation.

Highlights of Financial Results

	Havells		Standard	Sylvania		Consolidated	
In crores of rupees	2008-09	2009-10	2009-10	2008-09	2009-10	2008-09	2009-10
Revenue *	**2,198**	**2,474**	**94**	**3,307**	**2,939**	**5,477**	**5,432**
Earnings before depreciation, interest, tax and amortization	196	305	16	74	(9)	270	312
Less: Depreciation	18	23	1	72	60	90	84
Operating profit (earnings before interest and tax)	178	282	15	2	(69)	180	228
Less: Interest	19	6	1	89	80	108	87
Add: Other Income	8	15	-	1	7	9	22
Profit before tax	**167**	**291**	**14**	**(86)**	**(142)**	**81**	**163**
Less: Tax	22	63	1	19	30	41	94
Profit after tax	**145**	**228**	**13**	**(105)**	**(172)**	**40**	**69**
Exceptional expenses **	-	-	-	199	293	199	293

*Consolidated revenue is after eliminating the inter companies revenue of Rs. 75 crores in 2009-10 (last year Rs. 28 crores)

**Exceptional expenses for 2009-10 have been adjusted with the Business Reconstruction Reserve pursuant to the scheme of arrangement whereas for 2008-09 the same were included in profit and loss account.

Industry Overview

India emerged largely unscathed from global recession. The domestic demand continues to be robust attracting global players in India. Definitive change in consumer spent in favour of branded products is clearly visible both in rural and urban markets in India.

Havells enjoys leading position in the electrical consumer market. With the large product basket, strong brand and widely spread distribution channel, Havells enjoys a unique position to cater to the consumer needs.

With market liberalisation, increasing consumerism and higher disposable income, Indian markets are exhibiting revolutionary changes. The Indian consumer is rapidly evolving and Indian growth story is visible in both urban and rural markets. Increasing urbanisation coupled with high disposable income growth in rural market is trilling consumer sector. The rural consumer market is expected to reach 720-790 million customers in 2010-11, according to a white paper prepared by CII-Technopak. The economy in the first quarter of this year shows indications of significant growth in automobiles, consumer durables, FMCG and retail segments.

While India is on growth path, certain parts of global economy is still under turbulence. The matured economies like US and Europe, albeit stable, have still not recovered fully out of recession. The Latin American economies and other emerging economies in Asia and Africa on the other hand provide better growth opportunities.

1. Havells India Performance – stand alone

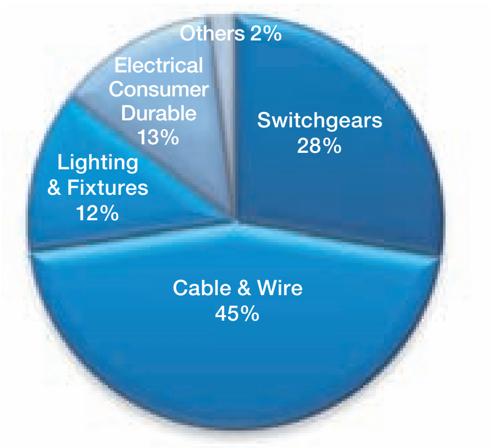
During financial year 2009-10 Havells India has shown a growth of 12% in net revenue at Rs. 2,474 crores from Rs. 2,198 crores in 2009-10. The earnings before interest, depreciation and tax were up by 55% from Rs. 196 crores in 2008-09 to Rs. 305 crores in 2009-10. Profit after tax was up by 58% from Rs. 145 crores in 2008-09 to Rs. 228 crores in 2009-10.

1.1 Revenue analysis – segment performance

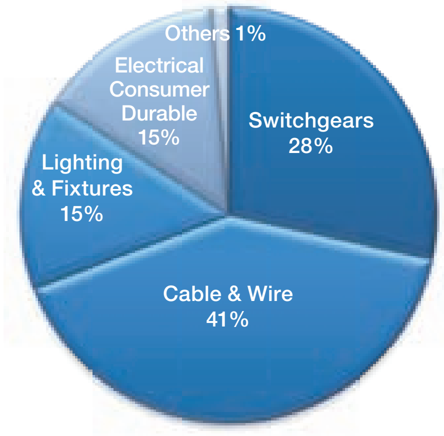
The results achieved by major business segments of the Company are as given below:

Revenue breakup for each segment

Year 2008-09



Year 2009-10



Segment wise Revenue analysis

	Year 2008-09		Year 2009-10		
In crores of rupees	Net Revenue	% to total	Net Revenue	% to total	Growth %
Switchgears	608	28%	704	28%	16%
Cable & Wires	991	45%	1,010	41%	--
Lighting & Fixtures	277	12%	367	15%	32%
Electrical Consumer Durables (Fans)	277	13%	360	15%	30%
Others	45	2%	33	1%	--
Total	**2,198**	**100%**	**2,474**	**100%**	**12%**

Revenue of each segment has shown growth during fiscal year 2009-10. Cable & wires division which showed flat growth in value terms, had grown by 25% in volume terms. The drop in prices was due to fall in metal prices.

1.2 Margins analysis – segment performance

Segment wise Contribution margin analysis

	Year 2008-09		Year 2009-10	
In crores of rupees	Amount	Margins %	Amount	Margins %
Switchgears	203	33.4%	261	37.1%
Cable & Wire	63	6.3%	89	8.8%
Lighting & Fixture	52	18.7%	70	19.2%
Electrical Cons. Durables (Fans)	59	21.4%	102	28.3%
Others	9	--	7	--
Total	**386**	**17.5%**	**529**	**21.4%**

Contribution margins are derived after deducting material cost, manufacturing cost and direct selling variable cost from the net revenue. The increase in margins is attributable to better price realization and lower material cost.

1.3 Capital resources and liquidity

Source of funds

	Year 2008-09	Year 2009-10
In crores of rupees	Amount	Amount
Shareholders' funds	934	1,135
Loan	70	116
Deferred income tax	15	27
Total	**1,019**	**1,278**

Application of funds

In crores of rupees	Year 2008-09	Year 2009-10
	Amount	Amount
Net fixed assets	465	601
Investments	388	532
Net current assets	166	145
Total	**1,019**	**1,278**

1.3.1 Loan funds – net debt

Havells had repaid Rs. 61.52 crores loan during 2009-10. A new foreign currency term loan has been availed from Canara Bank for Rs. 112.85 crores in 2009-10.

1.3.2 Capital expenditure

Havells incurred a capital expenditure of Rs. 169 crores during 2009-10, funded out of internal accruals and fresh loan. The investment in Switchgears was Rs 26 crores, Rs. 69 crores in Cables, Rs. 53 crores in Lighting & Fixtures, Rs. 18 crores in Fans division and Rs. 3 crores in others.

1.3.3 Investments

The Company has investment in two divisions Standard Electricals and Sylvania held through various subsidiaries.

Investment into Standard Electricals

Incorporated in the year 1958, Standard Electricals is a well established brand and amongst the top five brand in domestic switchgear market in India. The rationale for acquisition is to cater all the price segments in the domestic switchgear market with multi brand approach. The acquisition is value creation for the shareholders of Havells India and is EPS accretive.

Pricewaterhouse Coopers vide their valuation report dated 28 January 2010 recommended the fair share exchange ratio of 7 (seven) equity shares of Havells India Limited of Rs.5/- each fully paid up for every 10 (ten) equity shares Rs. 10/- each fully paid up of Standard Electricals Limited, a Company under the same management.

As per the approval of scheme of arrangement by the Hon'ble High Court of New Delhi, the Board of Directors of Havells India has issued 22,19,000 equity shares of Rs.5/- each fully paid up to the shareholders of Standard Electricals Limited. The promoters holding in Havells India has increased from 60.2% to 61.6%.

Investment into Sylvania, Frankfurt, Germany

Rationale for acquisition of Sylvania: To get foothold in the international markets with strong brand and wide distribution channel, Havells has acquired Sylvania in April 2007. With the acquisition Havells acquired the brand rights of Sylvania worldwide excluding Australia, Canada, Mexico, New Zealand and the United States. Based out of Frankfurt, Sylvania is world's fourth largest lighting and fixture brand having presence across five continents. Sylvania is a leading global designer and provider of lighting systems having leading presence in selected markets across Europe and Latin America with a focus on growth in LATAM, Asia and Middle East.

Detail of investment of Havells into Sylvania including commitments

In millions of Euro	Amount invested till 31 March 2010	Outstanding amount	Total investment including future commitments
Equity investment (including cost)	Euro 73 mn	Euro 18 mn	Euro 91 mn
Additional equity investment	Euro 12 mn	--	Euro 12 mn
Guarantee	--	Euro 14 mn	Euro 14 mn
Total	**Euro 85 mn**	**Euro 22 mn**	**Euro 117 mn**

Havells India has no other commitment, outstanding liabilities besides the above detailed investment. A detailed note on the current state of affairs of Sylvania is given under a separate section of this report.

1.3.4 Working capital

Havells has been efficiently managing its working capital requirements. The year 2009-10 highlights the strategy of keeping adequate level of working capital in the Company to capture the growth potential available in the market. However, it has got some base effect of 2008-09 due to slow down of the economy and de-stocking done by each sector of the channel.

Working capital cycle

In crores of rupees		Year 2008-09		Year 2009-10	
	basis of no. of days	Amount	No. of days	Amount	No. of days
Debtors	Net revenue	87	14	79	12
Inventories	COGS	208	49	331	73
Less: Creditors	COGS	277	66	306	67
Net working capital		**18**	**(3)**	**104**	**18**

1.3.5 Liquidity

In crores of rupees	Year 2008-09	Year 2009-10
Net Cash Flow from Operating Activities	273	205
Net Cash used in Investing activities	(322)	(309)
Net Cash received from financing activities	140	16
Net increase/ (decrease) in cash	91	(88)
Opening Cash	64	155
Closing Cash	**155**	**67**

In order to capture the growth opportunity, Havells has increased the working capital due to which the cash generation from operating activities was lower than last year. Cash used in investment activities include Rs. 169 crores spent for capital expenditure and Rs. 143 crores (equivalent to Euro 21 mn) invested in the subsidiary Sylvania. Euro 9 million was used to repay a part of the debt having recourse on Havells India and Euro 12 million was invested as additional equity to partially fund restructuring plan.

2. Sylvania performance – stand alone

2.1 Operating performance highlights in Euro currency

	Year 2008-09	Year 2009-10
In millions of Euro	Amount	Amount
Revenue	€ 508.6	€ 438.4
Earnings before depreciation, interest, tax and amortisation	€ 11.5	€ (1.3)
Less: Depreciation	€ 11.1	€ 8.8
Less: Interest	€ 13.6	€ 12.1
Add: Other income	€ 0.1	€ 1.0
Earnings before tax and exceptional expenses	€ (13.1)	€ (21.2)
Less: Tax	€ 3.2	€ 4.9
Profit after tax before exceptional expenses	**€ (16.3)**	**€ (26.1)**
Exceptional expenses	€ 30.6	€ 43.1

The revenue drop in euro currency was 14% due to global recessionary phase. We had initiated two restructuring plans in Sylvania to reap profitability and to make it more agile than before.

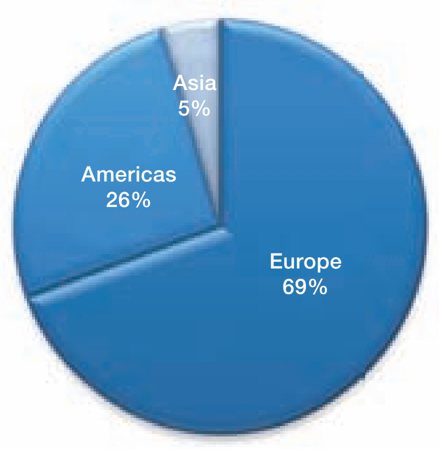
2.2 Geographical revenue mix

During the financial year 2009-10, Europe contribution to the net revenue was 71% as compared to 69% in 2008-09 with a drop in revenue of 12%. In Americas region which primarily includes Latin American countries, revenue drop during 2009-10 was 17%. Part of America's revenue drop was due to closure of two non-profit making manufacturing facilities with high cost base.

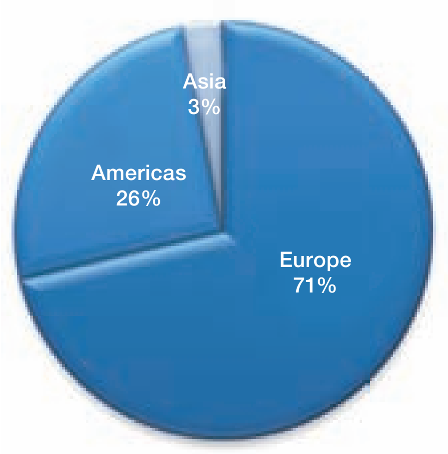
With a more focused strategy in emerging markets, the shift of revenue mix will occur in favour of new/ growing markets compared to matured markets like Europe and United States.

Net revenue breakup on regional basis

Year 2008-09



Year 2009-10



2.3 Restructuring plans

In response to global slowdown, the Company initiated two restructuring plans. The drop in revenue had directly impacted the operating margins since the fixed cost base in Sylvania was very high. The major theme for initiating restructuring plans was to rationalize this high fixed cost base by reducing fixed manufacturing overhead, fixed selling and general administration costs and to make the Company more cost efficient. Besides, increase in operational efficiency was targeted by closing selected high cost factories and increasing outsourcing from low cost countries such as China and India in line with global trend.

A summary of restructuring plans is given below -

Restructuring Plan In millions of Euro	Duration	Estimated One time Cost	Estimated Annual Recurring Savings
Plan I: Phoenix	Jan-09 to Sept-09	€12.23	€ 17.50
Plan II: Prakram	Sept-09 to Dec-10	€ 20.00	€ 16.00
Total		**€ 32.23**	**€ 33.50**

The cost of these restructuring plans has already been booked under the financials for the period ended 31 March 2010.

Key components of exceptional cost

	Year 2008-09	Year 2009-10
In millions of Euro	Amount	Amount
Impairment of fixed assets	€ 1.0	€ 8.0
Severance, restructuring and integration cost	€ 16.2	€ 32.1
Foreign exchange Loss	€ 4.3	--
Write down of inventories	€ 2.2	€ 3.0
Pension Liability	€ 2.0	--
Mark to Market on interest rate swaps	€ 4.9	--
Total	**€ 30.6**	**€ 43.1**

2.4 Capital resources and liquidity

2.4.1 Loan funds

	Year 2008-09	Year 2009-10
In millions of Euro	Amount	Amount
Term Loan	€ 76	€ 76
Short term	€ 57	€ 63
Less: Cash	€ 13	€ 13
Total	**€ 120**	**€ 126**

The above loans have been secured with the assets of Sylvania having no recourse on holding Company ie Havells India Limited. The repayment of above term loan is due from June 2011 in Euro 6 mn half yearly installment, with balance re-payable in April 2013.

2.4.2 Working capital

Sylvania has been efficiently managing its working capital requirements. The year 2009-10 highlights the strategy of reducing high working capital levels in the Company and at the same time maintaining an adequate level of working capital in growth economies in order to capture the growth potential available.

Working capital cycle

		Year 2008-09		Year 2009-10	
In millions of Euro	basis of no. of days	Amount	No. of days	Amount	No. of days
Debtors	Net revenue	€ 102	75	€ 103	77
Inventories	COGS	€ 87	104	€ 80	109
Less: Creditors	COGS	€ 51	68	€ 53	80
Net working capital		**€ 138**	**111**	**€ 130**	**106**

The working capital of Sylvania standalone in Euros shows a drop of 6% with euro 130 million at the end of 2009-10 compared to Euro 138 million at the end of 2008-09. The drop in Working Capital is mainly driven by efficient inventory management and better credit terms from suppliers.

Opportunities & Threats

Opportunities in the Indian market

In India we have been focusing on the consumer oriented businesses. After having established ourselves amongst the top few companies in each market segments that we operate in, led by best quality products, innovations, large product basket, established brand presence across

India, large distribution network and world class manufacturing units. We endeavour to establish ourselves with more and more consumer products in similar line of business.

Opportunities in the international market

Large opportunities rest in the world market. We have well established world renowned brands, distribution channel and innovative product to capture these markets. Europe which is 36% of the total consolidated business has its own challenges due to macroeconomic issues still persistent in these mature markets. We have activated restructuring plans in these markets to get the Company back on profitability mode.

In other markets like Latin America, we have well established brand and distribution channel. The business is growing at moderate pace, we will continue to focus on growth in these markets and tap new opportunities available. We have been focusing in other emerging markets with already established brand like Sylvania and Havells. These markets will provide visibility in terms of higher growth and higher margins in near time to come.

Threats

Slow down: A slowdown of the World Economy mainly European economy is quite possible for the short term due to current global happenings. 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.

Cost of Raw material: Metal being a major raw material to our cable division, its cost may affect our contribution margins. Havells had adopted various measures to minimize the effect of escalating prices of raw material.

Entering into new markets or new products: As discussed we have been planning to enter into new geographies which will have its own challenges. We are also planning to launch new products which may need new policies to capture these markets. The new initiatives will bring new challenges in near future. We believe that we have sufficient management bandwidth to pass through these cycles with past experiences.

Risk Management

The Company has established an Enterprise wide Risk Management (ERM) framework to optimally identify and manage risks as well as to address operational, strategic, regulatory and financial risks . This is in line with the Company's commitment to deliver sustainable value, this framework aims to provide an integrated and organized approach for evaluating and managing risks.

The evaluations of Risk Assessment are also considered while carrying out Company's Annual Internal Audit programme conducted by the Audit Committee. The Board is informed about the key risks and minimization procedures from time to time. Business risk evaluation and management is an ongoing process within the Company.

Corporate Governance

Corporate Governance is the system by which a Company is directed and controlled. Havells believe that good corporate governance is a critical factor in achieving business success. Good corporate governance derives from amongst other things, solid internal controls and high ethical standards. Risk management is a well established part of Havells' corporate governance structure.

Internal Control system

The Company deploys a robust system of internal controls to allow optimal use and protection of assets, ensure compliance with statutory laws & regulations and Company policies. The Company has also put in place an extensive monitoring and review mechanism, whereby the management regularly reviews the actual performance with reference to business plans; both financial and operational.

The Company is making an extensive use of technology for strengthening internal controls and processes across all verticals in achieving business objectives. IT & Process optimization are useful for improvement in process efficiency & effectiveness of the internal controls and processes.

The Corporate Governance & Risk Management Team is responsible for performing regular Internal Assurance reviews to ensure adequacy of internal control systems and adherence to management policies and statutory requirements. They deploy an Annual Internal Assurance plan based on assessment of major risks in each of the business. Risk Assessment helps in identifying and focusing on all high risk areas such as sales & marketing, production & quality control, supply chain management, Information technology, procurement, Billing & collection, customer service, financial accounting etc.

Internal Auditors monitor the quality of the Business controls through risk based operational audits, inspections of financial reporting controls and compliance audits. Findings of internal and statutory audit reports are reported to Audit Committee, which is also reviewed & discussed by sub audit committee before it is put to Audit committee for its perusal to enhance adequacy & effectiveness of internal control & risk management. Audit Committee meets quarterly in line with clause 49 of Listing Agreement to address weakness in the business control infrastructure as reported by internal and statutory auditors or revealed by self assessment of management, and to take corrective action where necessary.

Risk categories and factors

Taking risk is an inherent part of entrepreneurial behavior. A structured risk management process encourages management to take risks in controlled manner. In order to provide a comprehensive view of Havells business activities, risk are identified in a structured way combining elements of a top-down and bottom-up approach. Risks are reported on a regular basis as part of the " Business Performance Management" process. All relevant risks and opportunities are prioritized in terms of impact and likelihood, considering quantitative and/ or qualitative aspects. The bottom-up identification and prioritization process is supported by conducting workshops with the respective management at Branch, Factory and Corporate function level. This top-down approach ensure that potential risks and opportunities are discussed on management level and are included in the subsequent reporting process, if found to be applicable.Reported risk and opportunities are analyzed regarding potential commutative effects and are aggregated on appropriate functional level. Havells has a structured risk management process to address different risk categories: Strategic, Operational, Compliance and Financial risks.

Strategic Risks: As Havells' business is global, its business environment is influenced by economic conditions globally and in individual countries where it conducts business. Factors like fluctuation of energy & raw material price, intellectual property rights, product awareness & brand recognition etc. are part of its strategic risk management. Product creation process and/ or increased speed in innovation to market is important for Havells profitable and growth ambitions.

Operational Risks: Ensuring timely delivery of new solutions and products at lower cost and upgrading of customer service levels to create sustainable competitive advantage and effective supply chain management is very much required amongst other things, to enhance time to market & product quality.

Compliance Risks: Havells' global presence through its subsidiaries, exposes the Company to regional and local regulatory rules, which may interfere with the realization of business opportunities and investment in the countries in which Havells operates.Strengthening internal control, Corporate governance & IT systems play vital role in mitigation of compliance risks.

Financial Risks: Havells is exposed to some of the treasury risks like currency risk and other insurable risk. Corporate control, together with respective functional management, perform an assessment of Financial Reporting risk at appropriate interval or at least annually.

Risk Mitigation

To mitigate the aforesaid risks, thirteen risks of different categories have been identified in consultation with Ernst & Young (E & Y), which have been addressed under the supervision of a team of Senior management. The Company is in process of reviewing existing policies & procedures and developing/ documentation of Standard Operating Procedures (SOP) for all requisite processes which is also being done in guidance of E & Y. This will facilitate better control, uniformity & efficiency across various processes of the organization.

Material Developments in Human Resources / Industrial relations

The concept of industrial relations has a very wide meaning and connotation in Havells India. It means that the employer, employee relationship not only confines itself to the relationship that emerges out of the day to day association of the management and the employee. It also connotes the relationship between an employee and an employer in the course of the running of an industry. It also transgresses 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 the 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

CORPORATE 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 more than 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 of the Stock Exchange that deals with the compliance of Corporate Governance requirements.

BOARD OF DIRECTORS

SIZE AND COMPOSITION OF THE BOARD

As on 31st March, 2010, your company has 10 (Ten) Directors comprising of 3 (Three) Executive and 7 (Seven) Non-Executive Directors, latter including 5 (Five) Independent Directors. The Chairman of the Board is Executive Director. The Composition of Board is optimum in accordance with existing Clause 49 of the Listing Agreement and also represents optimum mix of professionalism, knowledge and experience. The wide range of expertise and experience of Independent Directors immensely contributes to the growth & progress of the Company and in achieving corporate excellence.

In terms of Clause 49 of the Listing Agreement, none of the Directors are members of more than 10 (Ten) Committees and Chairman of 5 (Five) Committees across all the Companies in which they are Directors. The necessary disclosures regarding other Directorship(s)/Committee Membership(s) / Chairmanship(s) have been made by all the directors.

The composition and category of Directors and number of other Boards and Board Committees in which they are Director / Member / Chairperson is given below:

Composition of the Board

Director	Category	Directorship(s)[1]/Committee[2] Membership(s)/ Chairmanship(s) in Other Companies		
		Directorship(s)	Committee Membership(s)	Committee Chairmanship(s)
EXECUTVE DIRECTORS				
Shri Qimat Rai Gupta (Chairman and Managing Director)	Non Independent	8	Nil	Nil
Shri Anil Gupta (Joint Managing Director)	Non Independent	8	1	1
Shri Rajesh Gupta (Director-Finance)	Non Independent	Nil	Nil	Nil
NON-EXECUTIVE DIRECTORS				
Shri Surjit Gupta	Non Independent	6	Nil	Nil
Shri Sunil Behari Mathur	Independent	12	3	1
Shri Avinash P. Gandhi	Independent	9	2	2
Maj Gen D. N. Khurana@	Independent	2	2	Nil
Dr. Abid Hussain@	Independent	9	2	Nil
Shri Vijay Kumar Chopra	Independent	13	5	3
Shri Niten Malhan	Non-independent-Representative of Warburg Pincus as Investor	5	4	Nil
Shri Surender Kumar Tuteja*	Independent	14	5	5
Dr Adarsh Kishore**	Independent	2	1	1

@ *Ceased to be Directors w.e.f. 5th July, 2010*
* *Appointed as Additional Director on 11th May, 2010*
***Appointed as Additional Director on 28th July, 2010*

Notes :

1. Excludes Directorships in private limited companies, foreign companies, companies under section 25 of the Companies Act, 1956 and Havells India Limited.
2. 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 Havells India Limited.

Shri Surjit Gupta is the brother of Shri Qimat Rai Gupta's wife and Shri Anil Gupta is the son of Shri Qimat Rai Gupta.

The Independent Directors on Havells' Board:

- apart from receiving Director's remuneration, do not have any material pecuniary relationship or transaction with the company, its promoters, its Directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the Director;
- are not related to promoters or persons occupying management positions at the Board level or at one level below the Board;
- have not been an executive of the company in the immediately preceding three financial years;
- are not partners or executives or were not partners or executives during the preceding three years of the;
  - o Statutory audit firm or the internal audit firm that is associated with the company.
  - o Legal firm(s) and consulting firm(s) that have a material association with the company.
- are not material suppliers, service providers or customers or lessors or lessees of the company, which may affect independence of the Director;
- are not substantial shareholders of the company i.e. do not own two percent or more of the block of voting shares;
- are not less than 21 years of age;

BOARD MEETINGS

During the year under review the Board met 5 (five) times on 29th May 2009, 27th June 2009, 28th July 2009, 28th October 2009 and 28th January 2010. In terms of clause 49 of the Listing Agreement the gap between any two meetings did not exceed four months.

The Board agenda with proper explanatory notes is prepared and circulated well in advance to all the Board members. All statutory and other matters of significant importance including information as mentioned in Annexure 1A to clause 49 of the Listing Agreement are tabled before the Board to enable it to discharge its responsibility of strategic supervision of the Company. The Board also reviews periodical compliances of all laws, rules and regulations. At the Board Meeting, members have full freedom to express their opinion and decisions are taken after detailed deliberations.

Attendance record of Board members in the Board Meeting & AGM held in the financial year 2009-10 is outlined given below:

Name of Directors	Attendance in Board Meetings (No. of Board Meetings held: 5)	Attendance in AGM held on 25th August, 2009
Shri Qimat Rai Gupta	5	Yes
Shri Anil Gupta	4	Yes
Shri Rajesh Gupta	5	Yes
Shri Surjit Gupta	5	Yes
Shri Sunil Behari Mathur	4	Yes
Shri Avinash P. Gandhi	4	Yes
Maj Gen D. N. Khurana	5	Yes
Dr. Abid Hussain	2	Yes
Shri Vijay Kumar Chopra	4	No
Shri Niten Malhan	3	No

During the financial year 2009-10, the Board of Directors has also passed a Resolution by Circulation dated 9th March 2010 with the consent of the majority of directors then in India.

CODE OF CONDUCT

Havells India Limited is committed to conduct its business in accordance with the applicable laws, rules and regulations and with the highest standards of business ethics. Havells' Code of Ethics is intended to provide guidance and help in recognizing and dealing with ethical issues, mechanisms to report unethical conduct, and to help foster a culture of honesty and accountability. 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 available 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, 2010.

Qimat Rai Gupta
Noida, 11th May, 2010 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 www.havells.com. under Investors Relation Section.

COMMITTEES OF THE BOARD

1. AUDIT COMMITTEE

COMPOSITION OF AUDIT COMMITTEE

The Company has an Audit Committee in conformity with the provisions of Section 292A of the Companies Act, 1956 and clause 49 of the Listing Agreement. The Committee has 5 (Five) Non- Executive Directors as members and all members are financially literate. Composition of Audit Committee as on 31st March, 2010, is given below:

Name of Directors	Category	Designation
Shri Sunil Behari Mathur	Independent	Chairman
Shri Surjit Gupta	Non-Independent	Member
Maj Gen D. N. Khurana@	Independent	Member
Dr. Abid Hussain@	Independent	Member
Shri Niten Malhan	Non-Independent	Member
Shri A P Gandhi*	Independent	Member
Shri V K Chopra*	Independent	Member

@ Ceased to be Directors w.e.f. 5th July, 2010

** Inducted as Members of Audit Committee w.e.f. 5th July, 2010*

The Chairman of the Audit Committee attended the last AGM to answer shareholder queries. The Company Secretary of the Company acts as Secretary to the Audit Committee.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The role of the Audit Committee includes:

- Review 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 auditors, 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 as 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 the Companies Act, as and when amended.

AUDIT COMMITTEE MEETINGS

During the financial year 2009-10, Audit Committee met 7 (Seven) times on 29th May 2009, 27th June 2009, 28th July 2009, 28th August 2009, 28th October 2009, 28th January 2010 and 25th February, 2010 to deliberate and review the mandatory matters and other matters as are materially significant and important.

Attendance record of Audit Committee members for meetings held during FY 2009-10:

Name of Directors	Designation	Meetings Attended (No. of Meetings held : 7)
Shri Sunil Behari Mathur	Chairman	6
Shri Surjit Gupta	Member	7
Maj Gen D. N. Khurana	Member	7
Dr. Abid Hussain	Member	4
Shri Niten Malhan	Member	3

POWERS OF AUDIT COMMITTEE

Powers of Audit Committee are extensive and the Committee has access to all requisite information of the Company.

REMUNERATION COMMITTEE

COMPOSITION OF REMUNERATION COMMITTEE

The Company has Remuneration Committee in conformity with the requirement of Clause 49 of the Listing Agreement. The Committee comprises three Non-Executive Directors. The Composition of Remuneration Committee is given below:

Member	Category	Designation
Shri Avinash P. Gandhi	Independent	Chairman
Shri Surjit Gupta	Non- Independent	Member
Shri V K Chopra*	Independent	Member
Dr. Abid Hussain@	Independent	Chairman

**Inducted as a member w.e.f. 5th July, 2010*
@ Ceased to be Director w.e.f. 5th July, 2010

The Company Secretary of the Company acts as Secretary to the Remuneration Committee.

ROLE OF REMUNERATION COMMITTEE

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.

MEETINGS OF REMUNERATION COMMITTEE

During the financial year 2009-10, Remuneration Committee met once on 27th June, 2009, to determine and recommend the remuneration payable to the Executive Directors viz. Chairman & Managing Director and Joint Managing Director of the Company.

Attendance record of Remuneration Committee members is outlined given below:

Name of Directors	Designation	Meetings attended (No. of meetings held : 1)
Dr. Abid Hussain	Chairman	1
Shri Surjit Gupta	Member	1
Shri Avinash P. Gandhi	Member	1

REMUNERATION OF DIRECTORS

The remuneration to the Managing Director and Whole-time Director is paid on the scale determined by the Remuneration Committee and approved by the Shareholders at the General Meeting.

Non-Executive Directors are not paid any remuneration. However, Non-Executive Independent Directors are entitled to sitting fees for attending meetings of the Board and Committees thereof.

Details of remuneration / sitting fees paid to the Directors during the financial year 2009 – 10 is given below:

(Rs. in Lacs)

Name of Directors	Service Term	No. of shares held	Sitting Fee (A)	Salary & Perks (B)	Commission (C)	Total (A+B+C)
Shri Qimat Rai Gupta (Chairman & Managing Director)	01-04-2009 to 31-03-2014	4767944	-	100.15	Nil	100.15
Shri Anil Gupta (Joint Managing Director)	01-04-2009 to 31-03-2014	1733974	-	62.65	Nil	62.65
Shri Rajesh Gupta (Director – Finance)	01-04-2006 to 31-03-2011	119840	-	70.15	145.73*	215.88
Shri Surjit Gupta	-	3265080	-	-	-	-
Shri Sunil Behari Mathur	-	-	2.0	-	-	2.0
Maj Gen D N Khurana	-	-	2.4	-	-	2.4
Dr. Abid Hussain	-	-	1.4	-	-	1.4
Shri Avinash P. Gandhi	-	-	1.0	-	-	1.0
Shri Niten Malhan	-	-	-	-	-	-
Shri Vijay Kumar Chopra	-	-	0.8	-	-	0.8

**As per the approved terms, Shri Rajesh Gupta is also entitled for Commission @ 0.50% of the profit before tax.*

SERVICE CONTRACT, SEVERANCE FEE AND NOTICE PERIOD OF THE EXECUTIVE DIRECTORS

The appointment of the Executive Directors is governed by resolutions passed by 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.

SHAREHOLDERS' & INVESTORS' GRIEVANCE COMMITTEE

COMPOSITION OF SHAREHOLDERS' & INVESTORS' GRIEVANCE COMMITTEE

The Company has Shareholders' & Investors' Grievance Committee in conformity with the requirement of clause 49 of the Listing Agreement. The Committee comprises one Non-Executive Director and two Executive Directors. Shri Surjit Gupta being Non-Executive Director is the Chairman of the Committee. The Composition of Shareholders' & Investors' Grievance Committee as on 31st March, 2010 is given below:

Member	Category	Designation
Shri Surjit Gupta	Non-Independent	Chairman
Shri Anil Gupta	Non- Independent	Member
Shri Rajesh Gupta	Non-Independent	Member

ROLE OF SHAREHOLDERS' & INVESTORS' GRIEVANCE COMMITTEE

The Shareholders' & Investors' Grievance Committee meets regularly to consider requests of share transfer/ transmission/ transposition/ split/ consolidation / sub-division / duplicate share certificate etc. and also to attend the investor grievances.

The summary of number of requests/ grievances received and resolved in every quarter were placed before the Board for its information and review.

MEETINGS OF SHAREHOLDERS' & INVESTORS' GRIEVANCE COMMITTEE

During the financial year 2009-10, the Committee met 26 (twenty six) times. The number of shareholders requests received and resolved during FY 2009 - 10 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	18	18	1
3	Request for issue of Duplicate Share Certificate(s)	30	30	1
4	Dividend related queries	69	69	1
5	Annual Report	55	55	3
6	Transposition/ Transmission requests	1	1	1
7	Non-receipt of Share Certificate(s) after transfer	5	5	1

8	Request for New Share Certificate(s) on account of split of shares	16	16	1
9	Bonus	7	7	1
10	Others	22	22	1
	TOTAL	**241**	**241**	

Out of these 241 requests, there were 5 complaints for Non receipt of share certificates after transfer, all of which were solved to the satisfaction of the shareholder. No transfer/transmission of shares was pending as on March 31, 2010.

COMPLIANCE OFFICER

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

FINANCE COMMITTEE

COMPOSITION OF FINANCE COMMITTEE

In addition to mandatory/non-mandatory Board Committees specified under clause 49 of the Listing Agreement, your Company has a Finance Committee comprising of one Non-Executive and two Executive Directors of the Company. The Composition of Finance Committee as on 31st March, 2010 is given below:

Name of Directors	Category	Designation
Shri Surjit Gupta	Non-Independent	Chairman
Shri Anil Gupta	Non- Independent	Member
Shri Rajesh Gupta	Non-Independent	Member

The Company Secretary of the Company acts as the Secretary to the Committee.

ROLE OF FINANCE COMMITTEE

The primary role of the Finance Committee is to expeditiously decide business matters of routine nature and implementation of strategic decisions of the Board. The Committee functions within the approved framework and directions of the Board. The Committee also performs other activities as per the terms of reference of the Board.

MEETINGS OF FINANCE COMMITTEE

During the financial year 2009-10, the Finance Committee met 39(thirty nine) times. The summary of Finance Committee meetings were placed before the Board for its information and review.

MANAGEMENT

The detailed Management Discussion and Analysis Report is provided in Management Discussion and Analysis Section of the Annual Report.

SUBSIDIARY COMPANIES' INFORMATION

During the financial year 2009-10 your Company does not have any material non-listed Indian Subsidiary Company. The minutes of the Board Meetings of unlisted subsidiary companies are placed before the Board for its review.

DISCLOSURES

(a) **Materially significant related party transactions.**

During the financial year 2009-10, 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 Note No. 39 of Notes to Annual Accounts of the Annual Report.

(b) **Details of non-compliance / penalties / strictures imposed on the Company by the Statutory Authorities.**

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 by the Company 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 grievance.

(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 of the Stock Exchange.

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 behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

(e) Different Accounting Treatment.

During the year 2009-10, the Company has formulated a Scheme of Arrangement pursuant to sections 391, 392 and other relevant provisions of the Companies Act, 1956 and subject to approval of the High Court of Delhi at New Delhi, for creating a Business Reconstruction Reserve out of balance available in the Securities Premium Account for writing off of the non-operating / extraordinary/ abnormal costs incurred/ to be incurred on international acquisitions/ organic growth projects of the Company. Such adjustment involves variance from the applicable accounting standards.

(f) Proceeds from the public issue, rights issue, preferential issues etc.

During the financial year 2009-10, your company has not raised proceeds / funds from public issue, rights issue, preferential issue etc.

GENERAL MEETINGS HELD DURING THE PAST 3 YEARS

Type of Meeting	Date of Meeting	Time	Place	Detail of Special Resolution(s) passed, if any
YEAR 2007-08				
Extraordinary General Meeting	20th 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 Articles of Association of the Company
Annual General Meeting	5th July, 2007	4:30 pm	-do-	1. Change of name of Company by deleting 'Apostrophe' from the word 'Havell's' i.e. to Havells India Limited
Extraordinary General Meeting	19th November, 2007	4:30 pm	-do-	1. Issue of equity shares/ warrants on preferential basis to Seacrest Investment Limited, Mauritius
Extraordinary General Meeting	7th February, 2008	12:00 noon	Shah Auditorium Raj Niwas Marg Civil Lines Delhi - 110 054	1. Amendment in Articles of Association wrt insertion of Article nos. 76 to 83 (both inclusive)
YEAR 2008-09				
Annual General Meeting	11th July, 2008	11:30 am	FICCI Auditorium, Tansen Marg, New Delhi – 110 001	-
YEAR 2009-10				
Annual General Meeting	25th August, 2009	11:30 am	FICCI Auditorium, Tansen Marg, New Delhi – 110 001	1. Re-appointment of Shri Qimat Rai Gupta as Managing Director of the Company from the period 1st April, 2009 to 31st March, 2014

<u>Resolution put through Postal Ballot in FY 2009-10</u>

Pursuant to Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001 and Section 293(1)(a), an Ordinary Resolution of the Shareholders was put through postal ballot during the period under review, according consent to the Company to transfer its undertaking comprising bath fitting business under the brand "Crabtree" at Bhiwadi.

MEANS OF COMMUNICATION

Financial Results

(i) 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. Till withdrawal of the relevant clause, Company's Financial Results and Shareholding Pattern were 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.

GENERAL SHAREHOLDER INFORMATION

(i) Annual General Meeting (Financial Year 2009-10)

Day: Wednesday

Date : 29th September, 2010.

Time: 04:00 P.M.

Venue: Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi- 110 003

(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	Tentative Time Period
Quarter ending June 30, 2010	End July 2010
Quarter ending September 30, 2010	End October 2010
Quarter ending December 31, 2010	End January 2011
Year ending March 31, 2011	End May 2011

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

(iv) Date of Book Closure

The books will remain closed from 21st day of September 2010, Tuesday to 27th day of September 2010, Monday for the purpose of Dividend.

(v) Dividend Payment Date

During the Financial year 2009-10, the Board in its meeting held on 28th January, 2010, declared an Interim Dividend @ 25% i.e. Rs.1.25/- per equity share of the face value of Rs. 5/- each and record date 10th February, 2010 was fixed for the aforesaid purpose.

The Board of Directors of your Company has also recommended a final dividend of Rs. 2.50/- per equity share of Rs. 5/- each i.e. @ 50% for the financial year 2009-10. Date of payment of dividend would be within 30 days from 29th September, 2010.

(vi) Listing on Stock Exchanges

The equity shares of the Company are listed at :

- The National Stock Exchange of India Limited (NSE)
- Bombay Stock Exchange Limited (BSE)

(vii) Scrip Code

National Stock Exchange (NSE)	Bombay Stock Exchange (BSE)	ISIN
HAVELLS	517354	INE176B01026 (Shares)

(viii) Annual Listing and Custodial Fees

The listing fees and custodial fees for the financial year 2010-11 have been paid by your Company within the stipulated time.

(ix) Stock Price Data

Monthly high & low prices and volumes of the equity shares of your Company at National Stock Exchange of India Limited (Nifty) and Bombay stock Exchange Limited (Sensex) during financial year 2009-10 are as under:

	NSE			BSE		
Period	High (Rs)	Low (Rs)	Volume (No. of Shares)	High (Rs)	Low (Rs)	Volume (No. of Shares)
April 2009	178.40	121.25	801813	178.00	142.00	274827
May 2009	292.90	155.25	17749256	293.95	155.55	7508053
June 2009	334.95	236.25	2716348	332.00	251.50	927616
July 2009	317.90	215.55	4109940	317.50	243.55	1212281
August 2009	314.00	260.10	1364874	315.00	267.15	608993
September 2009	327.70	288.00	4597547	330.00	287.10	2187777
October 2009	352.70	296.05	5059125	352.70	296.05	2233396
November 2009	373.00	280.80	3212861	373.00	280.40	1526623

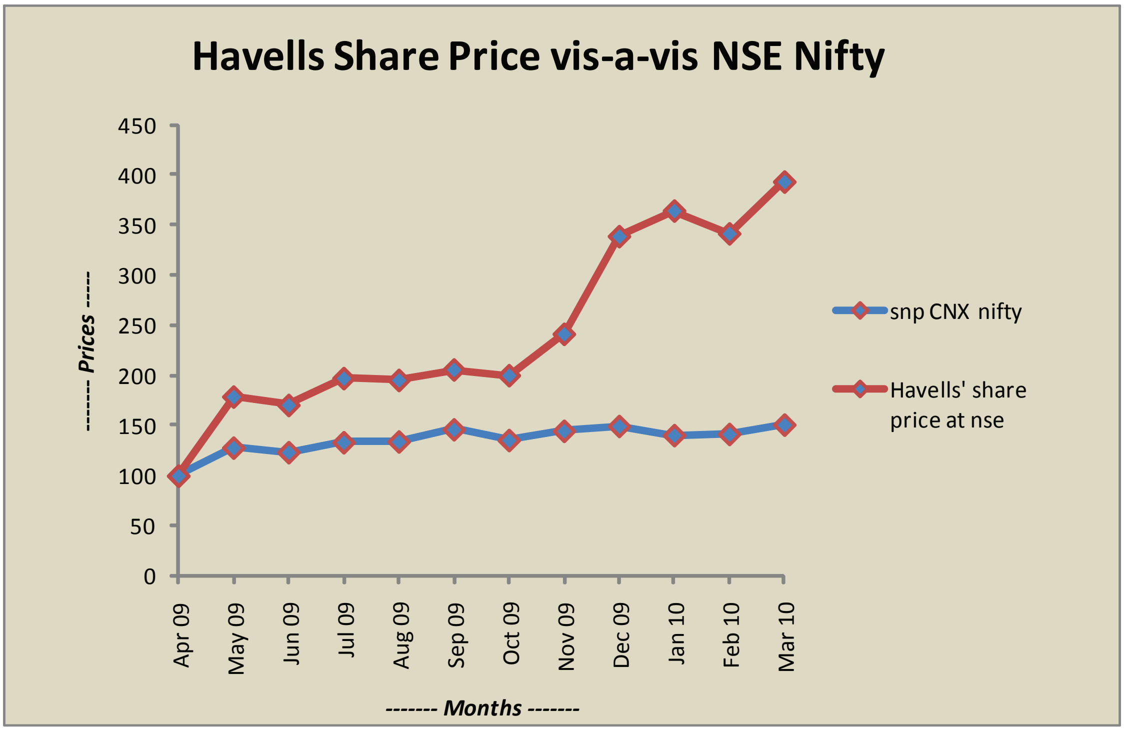
December 2009	602.70	368.00	24977139	601.00	369.00	11559908
January 2010	633.75	511.50	23960536	633.90	513.25	10768911
February 2010	583.00	513.40	11329427	583.65	511.20	4676196
March 2010	611.40	515.00	13746388	611.50	522.40	5273964

(Source : NSE and BSE website)

Note: High and low are in rupees per traded share. Volume is the total monthly volume of trade (in numbers) in the Company's share on the respective Stock Exchange.

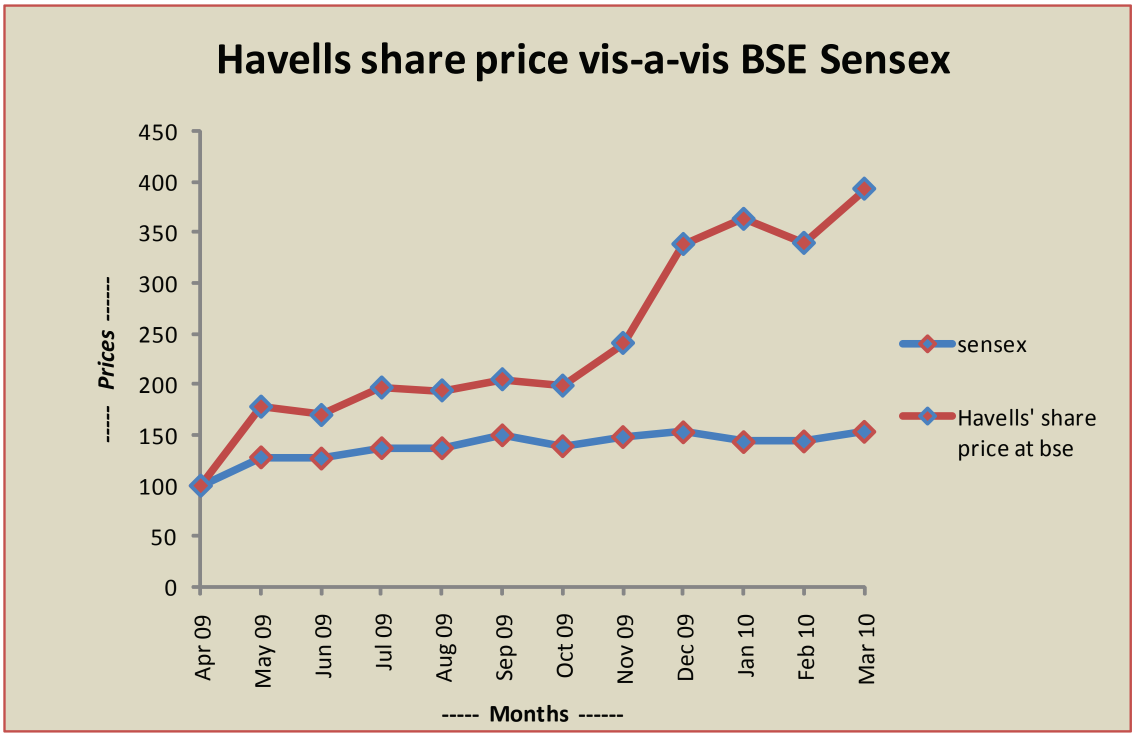
(x) **Stock Performance**

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



Share prices and NSE Nifty are indexed to 100 as on 1st April, 2009

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



Share prices and Sensex are indexed to 100 as on 1st April, 2009

(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 id: 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 duly endorsed 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 a certificate to that effect is issued by him.

In case of request for dematerialization of shares, confirmation of dematerialization is sent to the respective depository i.e. National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL), expeditiously.

(xiii) Distribution of Shareholding as on March 31, 2010

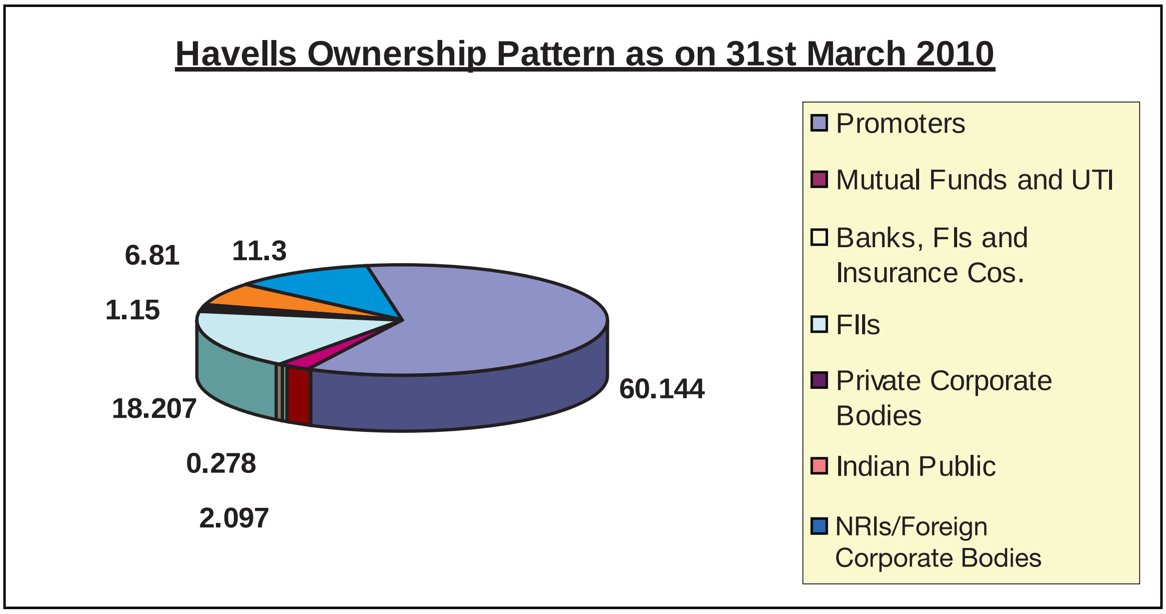
Shareholding of Nominal Value of Rs. 5/- each		Shareholders (Number)	% of Total Shareholders	No. of Shares	Nominal Value (in Rs.)	% of Nominal Value
Rs.	Rs.					
Upto	5,000	26639	97.23	2699105	13495525	4.49
5,001	10,000	417	1.52	642053	3210265	1.07
10,001	20,000	193	0.70	570283	2851415	0.95
20,001	30,000	45	0.16	225501	1127505	0.38
30,001	40,000	24	0.09	171073	855365	0.28
40,001	50,000	16	0.06	151409	757045	0.25
50,001	100,000	27	0.10	410119	2050595	0.68
100,001	& Above	38	0.15	55298863	276494315	91.90
Grand Total		**27399**	**100.00**	**60168406**	**300842030**	**100.00**

Ownership Pattern As On March 31, 2010

Category		No. of Shareholders	No. of Shares Held	% of Total Holding
Promoters				
	Indian Promoters	11	36187426	60.14
Institutional Investors				
	Mutual Funds and UTI	9	1261730	2.09
	Bank, Financial Instititions and Insurance Companies	7	167284	0.27
	FII	18	10954709	18.20
Others				
	Private Corporate Bodies	758	691781	1.15
	Indian Public	25996	4104109	6.81
	NRI/Foreign Corporate Bodies	600	6801367	11.30
	Grand Total	**27399**	**60168406**	**100.00**

List of Shareholders other than Promoters holding more than 1% as on March 31, 2010

S. No.	Name of Shareholders	No. of Shares Held	% of Total Shareholding
1	DSP Blackrock India T.I.G.E.R Fund	1089798	1.81
2	Sloane Robinsons LLP A/c SR Global (Mauritius) Ltd (Class B – Asia)	1376806	2.29
3	Sloane Robinsons LLP A/c SR Global (Mauritius) Ltd (Class G – Emerging)	1390856	2.31
4	Citigroup Global Markets Mauritius Pvt Ltd	2012830	3.35
5	Warburg Pincus International LLC A/c Woodcrest Investment Ltd	2303800	3.83
6	Saif III Mauritius Company Limited	2904249	4.83
7	Seacrest Investment Limited	6410000	10.65
	TOTAL	**17488339**	**29.07**



(xiv) Dematerialization of shares and liquidity

The shares of the Company are in compulsory demat segment and are available for trading in the depository systems of both the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As at March 31, 2010, 59571875 Equity shares out of 60168406 Equity Shares of the Company, forming 99.009 % 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. The Company's shares are liquid and actively traded shares on the NSE and BSE.

Particulars	As on March 31, 2010		As on March 31, 2009	
	Number of Shares	Percentage	Number of Shares	Percentage
Shares in Demat Form	59571875	99.01	59510778	98.91
NSDL	58662298	97.50	58741794	97.63
CDSL	909577	1.51	768984	1.28
Shares in Physical Form	596531	0.99	657628	1.09
Total	**60168406**	**100.00**	**60168406**	**100.00**

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

Forfeiture of 3,50,000 warrants issued to Seacrest Investment Limited

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 25th 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 3,50,000 Warrants were outstanding with conversion option exercisable till 25th May, 2009.

On 26th 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.

There are no other GDRs/ADRs/Warrants outstanding as on 31st March, 2010.

(xvi) Units / Plant Locations

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

S.No.	Unit / Plant	Location Address
1.	Switchgear Division	
—	Domestic Switchgears	Distt. Solan, Baddi, Himachal Pradesh.
—	Industrial Switchgear	- 14/3, Mathura Road, Faridabad - Plot No.6, Site - IV, Sahibabad Industrial Area, Sahibabad (U.P.).
2.	Capacitors	D-6, Sector–8, Noida, (U.P.).
3.	Motor	SP-181 – 189, Phase II, Neemrana, Alwar, Rajasthan.
4.	Cable and Wire Division	A/461-462 & SP – 215, Matsya Industrial Area, Alwar, Rajasthan.
5.	Lighting and Fixtures Division	- SP-181 – 189, Phase II, Neemrana, Alwar, Rajasthan. - D-6, Sector – 8, Noida (U.P.).
6.	Electrical Consumer Durable - Fan Division	Plot No.2A, Sector – 10, BHEL Industrial Estate, Haridwar, Uttranchal.
7.	Centre for Research & Innovation (CRI)	QRG Towers, 2D, Sector – 126, Expressway, Noida – U.P. - 201 304.

(xvii) 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

(xviii) Other Useful Information For Shareholders

ECS Facility

The Company provides facility of "Electronic Clearing Service" (ECS) for payment of dividend to its shareholders. ECS facility assists in quick remittance of dividend without possible loss/delay in postal transit. Shareholders holding shares in physical form are requested to provide details of their bank account for availing ECS facility. However, if the shares are held in dematerialized form, the ECS mandate has to be communicated to the respective Depository Participant (DP). Changes, if any, in the details furnished earlier may also be communicated to the Company or DP, as the case may be.

Encash Dividend Promptly

The shareholders are advised to encash their dividend promptly to avoid hassles of revalidation or losing right to claim dividend owing to transfer of unclaimed dividends beyond seven years to the Investor Education and Protection Fund.

Unpaid Dividend

In terms of the provisions of the Companies Act, 1956, dividends remaining unpaid/ unclaimed for a period of seven years have to be statutorily transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government, and thereafter cannot be claimed by the investors. To ensure maximum disbursement of unclaimed dividend, the Company sends reminder to the relevant investors.

Unclaimed Dividend in respect of the financial year 2002-03 will be due for transfer to Investor Education and Protection Fund on 30th August 2010 in terms of Section 205A of the Companies Act, 1956. Members who have not encashed their Dividends for the financial year ended 31st March 2003 or any subsequent year(s) are requested to lodge their claims with the Company. In respect of dividend for the financial year ended 31st March, 2003, it will not be possible to entertain claims which are received by the Company after 29th August 2010. Members are advised that in terms of the provisions of Section 205C of the Companies Act, 1956, once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof.

Financial Year	Dividend Type	Dividend Per share (Rs.)	Date of Declaration	Due Date of Transfer to IEPF
2002- 03	Final	2.50/-	25-07-2003	30-08-2010
2003- 04	Interim	1.50/-	19-07-2004	27-11-2010
2003-04	Final	1.25/-	29-11-2004	24-08-2011
2004-05	Final	2.50/-	20-07-2005	24-08-2012
2005-06	Final	2.50/-	27-06-2006	02-08-2013
2006-07	Final	2.50/-	05-07-2007	09-08-2014
2007-08	Final	2.50/-	11-07-2008	16-08-2015
2008-09	Final	2.50/-	25-08-2009	24-09-2016
2009-10	Interim	1.25/-	28-01-2010	05-03-2017

Dematerialization of Shares

Equity Shares of the Company are under compulsory demat trading segment. Considering the advantages of scrip less trading, members are advised to consider dematerialization of their shareholding so as to avoid inconvenience involved in the physical shares such as mutilation, possibility of loss/misplacement, delay in transit etc and also to ensure safe and speedy transaction in securities.

Transfer / Transmission / Transposition of Shares

The Securities and Exchange Board of India (SEBI), vide its Circular No. MRD/DoP/Cir-05/2009 dated 20th May, 2009, has made it mandatory for the transferee(s) to furnish the copy of the PAN Card to the Company for registration of physical transfer of shares. Investors, therefore, are requested to furnish the self-attested copy of PAN card, at the time of sending the physical share certificate(s) for transfer, to the Company.

Shareholders are also requested to keep record of their specimen signature before lodgment of shares with the Company to avoid probability of signature mismatch at a later date.

Further, please also note that Securities and Exchange Board of India (SEBI), vide its Circular No. MRD/DoP/SE/RTA/Cir-03/2010 dated 07th January, 2010, has made it mandatory to furnish the self attested copy of the PAN Card to the Company in following cases:

- Deletion of name of deceased shareholder(s) where shares are held jointly in the name of two or more shareholders;
- Transmission of shares to the legal heirs where shares are held solely in the name of deceased shareholder; and
- Transposition of shares where order of names of shareholders to be changed in the physical shares held jointly by two or more shareholders.

Consolidation of Multiple Folios

Shareholder(s) of the Company who have multiple accounts in identical name(s) or holding more than one Share Certificates in the same name under different Ledger Folio(s) are requested to apply for consolidation of such Folio(s) and send the relevant Share Certificates to the Company.

Exchange of Old Share Certificate

Members who are still holding the share certificates of the face value of Rs.10/- each are requested to forward their old share certificates (which are no longer tradable and will not be accepted by the DPs for demat) to Company's Secretarial Department at the Corporate address, along with a request letter signed by all holders for exchange of shares.

Nomination Facility

Provision of Section 109A of the Companies Act, 1956, extends nomination facility to individuals holding shares in the physical form. To help the legal heirs / successors get the shares transmitted in their favour, shareholder(s) are requested to furnish the particulars of their nomination in the prescribed Nomination Form.

Shareholder(s) holding shares in Dematerialized form are requested to register their nominations directly with their respective DPs.

Update your Correspondence Address / Bank Mandate

To ensure all communications/monetary benefits received promptly, all shareholders holding shares in physical form are requested to notify to the Company, change in their address / bank details instantly by written request under the signatures of sole/first joint holder.

Shareholder(s) holding shares in Dematerialized form are requested to notify change in bank details / address directly with their respective DPs.

Quote Folio No. / DP ID No.

Shareholders / Beneficial Owners are requested to quote their Folio Nos. / DP ID Nos., as the case may be, in all correspondence with the Company.

Shareholders are also requested to quote their E-mail IDs, Contact / Fax numbers for prompt reply to their correspondence.

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

(Qimat Rai Gupta)
Chairman & Managing Director

Noida, August 27, 2010

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, 2010 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, August 27, 2010

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, 2010 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, 2010 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. R. Bansal & Associates**
Chartered Accountants
Registration No. 016534N

(V. P. Bansal)
Proprietor
Membership No. 8843

Noida, August 27, 2010

Financial Statements

To

The Members

Havells India Limited

We have audited the attached Balance Sheet of Havells India Limited, as at 31st March, 2010 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and the Cash Flow Statement for the period ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditors Report) Order, 2003 as amended by the Companies (Auditors 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.

v) on the basis of written representations received from the directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 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) without qualifying our opinion, we draw your attention to the following:-

  a) Note no. 12 of Schedule 20 of the financial statements regarding diminution in the value of long term investment in wholly owned subsidiary company 'Havell's Holdings Limited'. The said note indicates alongwith other matters that the Company has invested a sum of Rs. 531.40 crores and there is an accumulated loss of Rs. 751.74 crores in the said subsidiary company. With regard to provision for diminution in the value of the aforesaid investments, we have relied upon the management representations that the diminution in the value of investments is of temporary in nature and hence no provision is called for. We have considered the adequacy of the disclosures made in this regard in forming our opinion on the financial statements.

  b) Note no. 13 of Schedule 20, that pursuant to the Scheme of arrangement u/s 391, 392 and 394 of the Companies Act, 1956 and as approved by the Hon'ble High Court of Judicature at Delhi vide their order dated 19th August, 2010, a separate reserve account titled as Business Reconstruction Reserve has been created by transferring a sum of Rs.400 crores from Securities Premium Account for the adjustment of certain expenses and other items as prescribed therein . Had the said adjustments not been made against the Business Reconstruction Reserve account and treated in accordance with the generally accepted accounting principles:-

    i) The net profit after tax for the year (inclusive of the effect of the deferred tax) would have been lower by Rs. 0.17 crores,

    ii) The security premium account would have been higher by Rs. 400 crores and capital reserve account would have been lower by Rs.1.11 crores.

    iii) The provision for deferred tax and current tax would have been lower by Rs. 0.04 crores each.

viii) 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, 2010 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.R. BANSAL & ASSOCIATES**
Chartered Accountants
Registration No.016534N

Dated : August 27, 2010

Place : NOIDA

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

ANNEXURE TO THE AUDITORS' REPORT

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:

(i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

(b) The fixed assets have been physically verified by the management during the year at reasonable intervals. As explained to us, the discrepancies noticed on physical verification of fixed assets were not material in relation to the size and nature of fixed assets and have been properly dealt with in the books of accounts. 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, in our opinion, has not affected the going concern status of the Company.

(ii) (a) The inventories have been physically verified during the year by the management at reasonable intervals.

(b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examination of the records of inventories, we are of the opinion that the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of stocks as compared to book records were not material and have been properly dealt with in the books of account.

(iii) 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. Accordingly, the provisions of clauses 4(iii)(b to d) of the Order are not applicable to the Company.

(iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination and according to the information and explanations given to us, no major weaknesses in the aforesaid internal control system has been noticed.

(v) (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 with each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) 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.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) The Company is engaged in the manufacturing of electrical cables, electric motors, 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.

(ix) (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, VAT / Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess or any other statutory dues with the appropriate authorities. There are no arrears of outstanding statutory dues as at 31st March 2010 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 particulars of dues of Income Tax/Sales Tax/VAT/Custom Duty/Service Tax/Excise Duty/Cess or any other Government dues which have not been deposited on account of any dispute are disclosed to in Note No. 26 of Schedule 20 to the Balance Sheet.

(x) The Company has no accumulated losses as at 31st March, 2010 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

(xi) The Company has not defaulted in repayment of dues to any financial institution or banks. The Company has not issued any debentures.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The provisions of any special statute applicable to a chit fund/nidhi/mutual benefit fund/ societies are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing or trading in shares, debentures, securities and other investments.

(xv) According to the information and explanation given to us, the Company has given following guarantees for and on behalf of subsidiaries as under:

(a) The Company has given a corporate guarantee of Rs. 205.90 crores (Euro 34 millions) for and on behalf of wholly owned subsidiary company 'Havells 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 31.03.2010 is Rs.100.95 crores (Euro 16.67 million).

(b) The Company has given an irrevocable and unconditional corporate guarantee to Deutsche Bank in respect of credit facilities and other financial accomodation availed by step-down subsidiary 'Havells Sylvania Europe Limited' upto the amount of Rs. 30.28 crores (Euro 5 millions). The outstanding obligation against the said guarantee is Rs.12.23 crores (Euro 2.025 Million) as at the end of the year.

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.

(xvi) On the basis of examination of accounting records and cash flow statements, 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.

(xvii) On the basis of examination of accounting records and 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.

(xviii) 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.

(xix) The Company has not issued any debentures during the year.

(xx) During the year, the Company has not raised any money by way of public issue.

(xxi) During the checks carried out by us and as per information made available to us, no fraud on or by the Company has been noticed or reported during the year under audit.

For **V.R. BANSAL & ASSOCIATES**
Chartered Accountants
Registration No. : 016534N

Dated : August 27, 2010
Place : NOIDA

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

Balance Sheet

		Schedule	AS AT 31.03.10 (Rs. in crores)	AS AT 31.03.09 (Rs. in crores)
I.	**SOURCES OF FUNDS**			
	1. SHARE CAPITAL			
	Share capital	1	31.19	30.08
	Reserves and surplus	2	1104.00	901.83
			1135.19	931.91
	2. Equity warrants issued and subscribed		-	2.42
	3. LOAN FUNDS			
	Secured loans	3	115.81	24.36
	Unsecured loans	4	-	45.92
			115.81	70.28
	4. DEFERRED INCOME TAX (NET)		27.04	14.69
	Total		**1278.04**	**1019.30**
II.	**APPLICATION OF FUNDS**			
	1. FIXED ASSETS	5		
	Gross block		643.95	507.62
	Less: Accumulated depreciation		72.41	57.93
	Net block		571.54	449.69
	Add: Capital work-in-progress		29.69	15.79
	Total fixed assets		601.23	465.48
	2. INVESTMENTS	6	531.71	387.87
	3. CURRENT ASSETS, LOANS AND ADVANCES	7		
	Inventories		330.65	207.53
	Sundry debtors		79.47	86.74
	Cash and bank balances		68.31	157.37
	Other current assets		9.76	7.94
	Loans and advances		73.06	73.64
			561.25	533.22
	Less: Current Liabilities and Provisions	8		
	Current liabilities		396.03	347.37
	Provisions		20.14	19.95
			416.17	367.32
	NET CURRENT ASSETS		145.08	165.90
	4. MISCELLANEOUS EXPENDITURE	9	0.02	0.05
	Total		**1278.04**	**1019.30**
	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

For **V.R.Bansal & Associates**
Chartered Accountants
(Registration No. 016534N)

Qimat Rai Gupta
Chairman & Managing Director

Surjit Gupta
Director

Sanjay Gupta
Company Secretary

Mahesh Jain
Vice President-Finance & Accounts

V.P.Bansal
Partner
Membership No.8843

Noida, August 27, 2010

Profit and Loss Account

		Schedule	Year Ended 31.03.10 (Rs. in crores)	Year Ended 31.03.09 (Rs. in crores)
1.	**INCOME**			
	Turnover (Gross)	10	2578.29	2333.82
	Less: Excise duty		104.77	135.46
	Turnover (Net)		2473.52	2198.36
	Other Income	11	14.53	7.56
			2488.05	2205.92
2.	**EXPENDITURE**			
	Material costs	12	1480.31	1408.72
	Manufacturing	13	170.41	129.09
	Personnel	14	75.58	85.96
	Office and administration	15	72.46	67.56
	Selling and distribution	16	359.84	302.29
	Interest and financial	17	11.74	25.03
	Managerial remuneration	18	4.10	2.18
	Miscellaneous expenditure written off	19	0.03	0.05
	Depreciation		23.27	17.86
			2197.74	**2038.74**
3.	**PROFIT BEFORE TAX AND PRIOR PERIOD ITEMS**		**290.31**	**167.18**
	Add: Prior period items (net)		-	0.09
4.	**PROFIT BEFORE TAX**		**290.31**	**167.27**
	Income tax expense			
	Current tax/Fringe benefit tax		49.75	20.90
	Deferred tax		12.35	1.07
	Wealth tax		0.05	0.07
			62.15	22.04
5.	**PROFIT AFTER TAX**		**228.16**	**145.23**
6.	**PROFIT FOR APPROPRIATION**			
	Brought forward from previous year		418.41	305.33
	Profit for the year		228.16	145.23
	Profit available for appropriation		**646.57**	**450.56**
	APPROPRIATIONS			
	Transfer to general reserve		22.70	14.55
	Interim dividend		7.52	-
	Proposed dividend		15.60	15.04
	Corporate dividend tax		3.93	2.56
	Balance carried over to Balance Sheet		596.82	418.41
			646.57	**450.56**
	Basic and diluted earning per share (note no. 40 of schedule 20) (Rs. per equity share of Rs. 5/- each)		36.57	24.93
	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

For **V.R.Bansal & Associates**
Chartered Accountants
(Registration No. 016534N)

Qimat Rai Gupta
Chairman & Managing Director

Surjit Gupta
Director

Sanjay Gupta
Company Secretary

Mahesh Jain
Vice President-Finance & Accounts

V.P.Bansal
Partner
Membership No.8843

Noida, August 27, 2010

Cash Flow Statement

		Year Ended 31.03.2010 Rs. in Crores	Year Ended 31.03.2009 Rs. in Crores
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before tax and extraordinary items	290.31	167.27
	Adjustments for		
	Depreciation	23.27	17.86
	Loss on Sale of Fixed Assets	7.59	1.00
	Profit on Sale of Assets	(0.11)	(0.13)
	Income on sale of Investment	-	(0.08)
	Interest Income	(0.89)	(0.89)
	Interest Paid	6.43	19.34
	Miscellaneous Expenditure Written Off	0.03	0.05
	Expenses of Scheme of arrangement	(0.25)	-
	Operating Profit before working capital changes	326.38	204.42
	Adjustments for		
	Trade and Other Receivables	7.35	(41.95)
	Inventories	(123.12)	222.76
	Trade Payables	29.50	(76.26)
	Other Liabilities	19.13	(12.64)
	Cash generated from operations	259.24	296.33
	Direct taxes paid	(54.09)	(23.16)
	Cash Flow before Extraordinary Items	205.15	273.17
	Net Cash received (+) / used (-) from Operating Activities	**205.15**	**273.17**
B.	**CASH FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(169.00)	(102.09)
	Investment in Shares	(143.84)	(226.25)
	Proceeds from Sale of investment	-	3.25
	Sale of fixed assets	2.50	1.85
	Interest Received	0.89	0.89
	Net Cash used in Investing Activities	**(309.45)**	**(322.35)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issue of preferential Equity Shares	-	1.12
	Receipt of share premium on preferential allotment	-	138.61
	Repayment of short term borrowings	(3.00)	1.70
	Proceeds from long term borrowings	94.47	(8.44)
	Repayment of motor car loans	(0.01)	(0.38)
	Reapayment of unsecured advances	(45.92)	41.60
	Interest Paid	(6.43)	(19.34)
	Dividends paid	(22.56)	(14.48)
	Net Cash received (+) / used (-) from Financing Activities	**16.55**	**140.39**
	Net increase (+) / decrease (-) in cash and cash equivalents (A+B+C)	(87.75)	91.21
	Cash and Cash Equivalents as at the beginning of the year	155.43	64.22
	Cash and Cash Equivalents as at the close of the year	67.68	155.43

Notes:

1. The cash flow statement has been prepared under the indirect method set out in Accounting Standard (AS) 3 Cash Flow Statement, as specified in the Companies (Accounting Standards) Rules, 2006.
2. Purchase of fixed assets include movements of capital work-in-progress during the year.
3. Cash and cash equivalents as at the close of the year does not include Rs. 0.63 crore (previous year Rs.1.94 crores) on account of fixed deposits under margin money and pledged with govt. departments, unclaimed dividend account and interest accrued on fixed deposits.
4. Figures for the previous year have been regrouped/reclassified wherever necessary.

For and on behalf of the Board of Directors

As per attached Auditor's Report of even date

For **V.R.Bansal & Associates**
Chartered Accountants
(Registration No. 016534N)

Qimat Rai Gupta
Chairman & Managing Director

Surjit Gupta
Director

Sanjay Gupta
Company Secretary

Mahesh Jain
Vice President-Finance & Accounts

V.P.Bansal
Partner
Membership No.8843

Noida, August 27, 2010

Schedules

SCHEDULE NO. 1
SHARE CAPITAL

	As at 31.03.10 (Rs. in crores)	As at 31.03.09 (Rs. in crores)
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 60,168,406) Equity Shares of Rs.5/- each fully paid up	30.08	30.08
Equity shares pending allotment (Refer note no. 13(b) of Schedule 20)	1.11	-
	31.19	**30.08**

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 2,250,000) equity shares issued as fully paid up pursuant to conversion of convertible warrants

SCHEDULE NO. 2
RESERVES AND SURPLUS

	As at 31.03.10 (Rs. in crores)	As at 31.03.09 (Rs. in crores)
Capital Reserve		
As per last Balance Sheet	5.19	5.19
Add: Subscription amount of equity warrants forfeited	2.42	-
(Refer note no. 2 of Schedule 20)	7.61	5.19
Business Reconstruction Reserve		
(Refer note no. 13 of Schedule 20)		
Transfer from Securities Premium Account	400.00	-
Less: Expenses of Scheme of arrangement	0.25	-
Less: Equity shares pending allotment as per scheme of arrangement	1.11	-
	398.64	-
Securities Premium Account		
As per last Balance Sheet	421.68	267.55
Add: Received during the year	-	154.13
Less: Transferred to Business Reconstruction Reserve	400.00	-
	21.68	421.68
General Reserve		
As per last Balance Sheet	56.55	42.00
Add: Transfer from Profit and Loss account	22.70	14.55
	79.25	56.55
Profit and loss account		
	596.82	418.41
	1104.00	**901.83**

Schedules

SCHEDULE NO. 3
SECURED LOANS

	As at 31.03.10 (Rs. in crores)	As at 31.03.09 (Rs. in crores)
Working capital loans from banks		
Cash Credit accounts	2.21	5.21
Term Loans from Banks		
Foreign Currency Term Loan	112.85	-
External Commercial Borrowings	-	15.60
Against hypothecation of Motor Cars	-	0.01
Deferred Payment Credits		
Against purchase of Leasehold Industrial Land	0.75	3.54
	115.81	**24.36**

[Due within a year Rs.0.75 crores (Previous year Rs.11.71 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:

a) 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.

b) pari-passu first charge on land and building at 14/3, Mathura Road, Faridabad (Haryana).

c) 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 Foreign Currency term loan from Canara Bank, Prime Corporate Branch-II, New Delhi is secured by way of :

a) equitable mortgage of Company's factory land and building situated at Village Gulerwala, Baddi, Himachal Pradesh and 204 & 204A, MIA Alwar, Rajasthan.

b) hypothecation of plant and machinery purchased out of the above said loan.

4 Deferred Payment Credit are in respect of leasehold industrial land purchased from Greater Noida Industrial Development Authority.

SCHEDULE NO. 4
UNSECURED LOANS

	As at 31.03.10 (Rs. in crores)	As at 31.03.09 (Rs. in crores)
Short term loan and advances		
From Banks:-		
Packing credit foreign currency loan	-	45.92
(against promissory notes)	**-**	**45.92**

SCHEDULE NO. 5

FIXED ASSETS

(Rs. in crores)

Sl . No.	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As At 01.04.2009	Additions During The Year	Sales/ Adjustment	As At 31.03.2010	Up To Last Year	For The Year	Sales/ Adjustment	To Date	As At 31.03.2010	As At 31.03.2009
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	Industrial land										
	Freehold	49.09	0.02	-	49.11	-	-	-	-	49.11	49.09
	Leasehold	10.04	22.57	-	32.61	-	-	-	-	32.61	10.04
2	Factory buildings	133.63	34.59	-	168.22	9.95	4.65	-	14.60	153.62	123.68
3	Office premises	11.55	0.37	-	11.92	0.38	0.21	-	0.59	11.33	11.17
4	Plant and machinery	212.73	82.46	9.55	285.64	25.86	11.27	2.99	34.14	251.50	186.87
5	Generators	7.31	2.59	0.56	9.34	1.19	0.39	0.27	1.31	8.03	6.12
6	Furniture and fixtures	18.59	2.58	1.64	19.53	4.20	1.26	1.21	4.25	15.28	14.39
7	Electric fans and installations	20.40	5.47	0.10	25.77	2.69	1.05	0.06	3.68	22.09	17.71
8	Water supply installations	0.30	0.21	0.03	0.48	0.04	0.02	0.01	0.05	0.43	0.26
9	Weighing scale	0.39	0.04	0.03	0.40	0.07	0.02	0.02	0.07	0.33	0.32
10	EDP Equipments	15.26	0.60	3.07	12.79	7.69	1.87	2.78	6.78	6.01	7.57
11	Office equipments	5.88	0.66	0.64	5.90	0.88	0.39	0.27	1.00	4.90	5.00
12	Airconditioners	4.61	0.47	0.50	4.58	0.74	0.22	0.23	0.73	3.85	3.87
13	Vehicles	9.40	1.13	2.54	7.99	2.27	0.82	0.89	2.20	5.79	7.13
14	R & D Equipments	4.82	0.07	0.11	4.78	1.15	0.35	0.06	1.44	3.34	3.67
15	Intangible Assets										
	Computer Software	3.11	1.27	-	4.38	0.74	0.66	-	1.40	2.98	2.37
	Technical know-how	0.51	-	-	0.51	0.08	0.09	-	0.17	0.34	0.43
		507.62	**155.10**	**18.77**	**643.95**	**57.93**	**23.27**	**8.79**	**72.41**	**571.54**	**449.69**
16	Add:Capital Work-in-Progress	15.79	29.50	15.60	29.69	-	-	-	-	29.69	15.79
	TOTAL-Current Year	**523.41**	**184.60**	**34.37**	**673.64**	**57.93**	**23.27**	**8.79**	**72.41**	**601.23**	**465.48**
	Previous Year	427.88	180.54	85.01	523.41	42.63	17.86	2.56	57.93	465.48	385.25

Notes: -

1 Depreciation has been provided on rates as per Schedule XIV of the Companies Act, 1956 on SLM basis on 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 said premises have not been executed as yet.

4 Addition in leasehold land includes Rs 0.22 crore (previous year Rs.0.75 crore) on account of interest payable to Greater Noida Industrial Development Authority and RIICO, Rajasthan in respect of industrial land allotted to the Company.

5 The title deeds in respect of leasehold land at Neemrana, Rajasthan measuring 37820 sq mtrs. and factory building at E-1, Sector-59, Noida is yet to be executed.

6 Freehold Industrial land includes two no. plots at Bawana & Narela Industrial Area in respect of which possesion has not been taken yet.

7 Intangible assets are amortised on a straight line basis over a period of six years.

Schedules

	As at 31.03.10 (Rs. in crores)	As at 31.03.09 (Rs. in crores)
SCHEDULE NO. 6		
INVESTMENTS		
(Long term, trade, unquoted, at cost)		
Subsidiary Companies (Wholly owned):		
Havell's Cyprus Limited		
26,940 (Previous year 1000) Equity Shares of 1 Cyprus Pound each fully paid up.	0.17	0.01
Share application money pending allotment	0.13	0.16
Havell's Holdings Limited		
69,685,291 (Previous year 50,859,030) Ordinary Shares of 1GBP each fully paid up	531.40	387.70
Seven Wonders Holidays Private Limited		
10,000 (Previous year Nil) Equity Shares of Rs.10 each fully paid up	0.01	-
Aggregate value of unquoted investments	531.71	387.87
SCHEDULE NO. 7		
CURRENT ASSETS, LOANS AND ADVANCES		
Inventories (as taken, valued and certified by the management)		
Raw materials and components	93.16	48.56
Semi finished goods	29.57	18.04
Finished goods	183.74	120.22
Consumable Stores, tools and spare parts	3.30	1.81
Dies and fixtures	14.30	14.86
Packing materials	4.78	3.38
Fuel and Gases	0.37	0.17
Scrap materials	1.43	0.49
	330.65	207.53
Sundry debtors (unsecured)		
Debts outstanding for a period exceeding six months		
considered good	1.03	1.90
considered doubtful	1.64	2.12
	2.67	4.02
Less: Provision for doubtful debts	1.64	2.12
	1.03	1.90
Other Debts- considered good	78.44	84.84
	79.47	86.74
Cash and bank balances		
Cash in hand	0.08	0.13
With scheduled banks :		
Current accounts	40.22	32.10
Cash credit accounts	27.38	22.20
Unclaimed dividend account	0.32	0.21
Fixed deposit accounts		
Margin money	0.22	1.66
Pledged with government departments	0.01	0.03
Other fixed deposits	-	101.00
Interest accrued on fixed deposits	0.08	0.04
With non-scheduled banks :		
Current accounts	-	0.00
	68.31	157.37
Other current assets - (considered good)		
Export incentives receivable	2.76	1.55
DEPB licences in hand	0.57	0.13
Capital investment subsidy receivable	1.50	1.20
Claims and other debts	4.93	5.06
	9.76	7.94

Schedules

	As at 31.03.10 (Rs. in crores)	As at 31.03.09 (Rs. in crores)
Loans and advances (unsecured- considered good)		
Advances recoverable in cash or in kind or for value to be received	52.05	38.97
Earnest money and security deposits	9.99	23.75
Balance with excise department:		
Excise duty	8.21	8.02
Service tax	2.81	2.75
Balance of VAT with sales tax department	-	0.15
	73.06	**73.64**
	561.25	**533.22**

SCHEDULE NO.8
CURRENT LIABILITIES AND PROVISIONS

	As at 31.03.10 (Rs. in crores)	As at 31.03.09 (Rs. in crores)
CURRENT LIABILITIES		
Acceptances	34.69	42.70
Sundry creditors:		
Total outstandings dues of Micro and Small enterprises	7.94	6.38
Total outstandings dues of creditors other than Micro and Small enterprises	263.38	227.42
Unclaimed dividend	0.32	0.21
Trade deposits and advances	24.35	22.23
Other liabilities	65.14	47.51
Interest accrued but not due	0.21	0.92
	396.03	**347.37**
"*Investor Protection and Education Fund is being credited by the amount of unclaimed dividend after seven years from the due date."		
PROVISIONS		
Income tax/Fringe benefit tax (net of advance tax and TDS)	1.84	2.28
Wealth tax	0.05	0.07
Proposed dividend	15.60	15.04
Corporate dividend tax	2.65	2.56
	20.14	**19.95**
	416.17	**367.32**

SCHEDULE NO. 9
MISCELLANEOUS EXPENDITURE

	As at 31.03.10 (Rs. in crores)	As at 31.03.09 (Rs. in crores)
(to the extent not written off or adjusted)		
Expenditure on increase in capital		
As per last Balance Sheet	0.05	0.10
Less: written off	0.03	0.05
	0.02	**0.05**

Schedules

	Year Ended 31.03.10 (Rs. in crores)	Year Ended 31.03.09 (Rs. in crores)
SCHEDULE NO. 10		
TURNOVER (GROSS)		
Sales of goods	2559.84	2314.50
Scrap materials	11.67	11.30
Export Incentives	4.75	3.21
Export of Services	2.01	4.78
Job charges	0.02	0.03
	2578.29	**2333.82**
SCHEDULE NO. 11		
OTHER INCOME		
Interest on deposits and from customers (TDS Rs. 0.08 crore, previous year Rs. 0.14 crore)	0.89	0.89
Exchange fluctuations (Net)	9.68	0.51
Miscellaneous receipts	2.33	4.70
Profit on sale of fixed assets	0.11	0.13
Profit on sale of long term, trade, unquoted investments	-	0.08
Excess provision of income/fringe benefit tax written back	-	0.19
Excess provisions of bad debts/sales incentives written back	1.52	1.06
	14.53	**7.56**
SCHEDULE NO. 12		
MATERIALS		
Raw materials and components consumed	1307.74	1074.07
Packing material (primary) consumed	57.01	42.44
Purchase of traded goods	189.23	123.21
Add:Opening 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
Less:Closing stocks		
Traded goods	54.56	46.87
Finished goods	129.18	73.35
Semi finished goods	29.57	18.04
Scrap materials	1.43	0.49
	214.74	138.75
Add: Excise duty on Increase/(decrease) in Finished Goods	2.32	(4.75)
	1480.31	**1408.72**

Schedules

	Year Ended 31.03.10 (Rs. in crores)	Year Ended 31.03.09 (Rs. in crores)
SCHEDULE NO. 13		
MANUFACTURING EXPENSES		
Factory rent	0.40	0.01
Rates and taxes	0.38	0.27
Job charges	67.70	48.09
Power, fuel and water	32.84	21.64
Consumable stores and tools consumed	24.70	23.80
Trade mark fees and royalty	22.72	18.59
Repairs and Maintenance		
Machinery	7.07	4.45
Building	1.77	1.09
Others	2.01	1.06
Research and development expenses	6.65	6.56
Other manufacturing expenses	4.17	3.53
	170.41	**129.09**
SCHEDULE NO. 14		
PERSONNEL EXPENSES		
Salaries, wages, bonus and other benefits	66.38	77.64
Contribution towards PF and ESI	3.51	3.77
Contribution towards gratuity and gratuity paid	2.07	1.10
Employees welfare	3.62	3.45
	75.58	**85.96**
SCHEDULE NO. 15		
OFFICE AND ADMINISTRATION EXPENSES		
Rent	22.86	19.02
Rates and taxes	0.10	0.06
Printing and stationary	1.64	1.67
Postage, telephone and communications expenses	3.74	4.90
Electricity and water charges	2.83	2.69
Travelling, conveyance and vehicle maintenance	19.93	23.51
Legal and professional	3.07	5.97
Auditor's remuneration		
Audit fee	0.23	0.23
Taxation matters	0.03	0.04
Out of pocket expenses	0.00	0.00
Insurance	3.75	1.89
Donation	0.51	0.54
Loss on sale/discard of fixed assets	7.59	1.00
Director's sitting fees	0.08	0.05
Miscellaneous office expenses	6.10	5.99
	72.46	**67.56**

Schedules

	Year Ended 31.03.10 (Rs. in crores)	Year Ended 31.03.09 (Rs. in crores)
SCHEDULE NO. 16		
SELLING AND DISTRIBUTION EXPENSES		
Advertisement and Sales promotion	85.44	50.14
Freight, Packing, insurance and cartage outward	78.14	60.21
Discount, commission and sales incentives	174.28	161.43
Debtors factoring charges	11.23	16.64
Bad debts, liquidity damages and short recoveries	1.97	5.78
Provision for doubtful debts	0.31	1.13
Sales tax and Service tax paid	4.96	4.51
Miscellaneous selling expenses	3.51	2.45
	359.84	**302.29**
SCHEDULE NO. 17		
INTEREST AND FINANCIAL EXPENSES		
Interest		
On fixed loans	2.61	5.29
On non-fixed loans	3.82	14.05
Bank charges	4.56	4.03
Miscellaneous financial expenses	0.75	1.66
	11.74	**25.03**
SCHEDULE NO. 18		
MANAGERIAL REMUNERATION		
Managing Director's remuneration	1.94	0.64
Wholetime Director's remuneration	2.16	1.54
	4.10	**2.18**
SCHEDULE NO. 19		
MISCELLANEOUS EXPENDITURE WRITTEN OFF		
Miscellaneous expenditure written off	0.03	0.05
	0.03	**0.05**

SCHEDULE NO. 20

ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDING 31ST MARCH, 2010

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 on 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 liabilities denominated in foreign currency are carried at historical cost using the exchange rate at the date of transaction.

c) Foreign Branches

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

d) Forward Exchange Contracts

The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes. As at the Balance sheet date, all outstanding derivative contracts are fair valued at Mark-to-Market basis and any gain or loss arising thereon as at the balance sheet date is recognised in the statement of profit and loss account.

8 Retirement Benefits

a) Gratuity

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 on projected unit credit method on the balance sheet date, based upon which the Company contributes to the Group Gratuity Scheme. The difference, if any, between the actuarial valuation of the gratuity of employees at the year end and the balance of funds with LIC is provided for as liability in the books.

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 Licenses 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 reasonable certainty with regard to the amounts to be realised and the ultimate collection thereof.

11 Prior period Items/ Exceptional Items

Prior period expenses/income are shown as prior period items in the profit and loss account as per the provisions of AS-5 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies' issued by the Institute of Chartered Accountants of India.

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 and deferred tax.

a) 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 Income Tax Act 1961. The Company is eligible for deduction under section 80IC of Income Tax Act'1961 in respect of income of units located in Special Category of States.

b) 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.

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 **Leases**

Assets taken on lease, under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Operating lease payments are recognised as an expense in the Profit and loss account.

19 **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)	
		2010	**2009**
a	Estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	32.65	15.60
b	Bank guarantees and letter of credits opened with bank (net of margin money)	87.38	66.07
c	Bonds to excise department against export of excisable goods/purchase of goods without payment of duty (to the extent utilised)	24.64	21.95
d	Custom duty payable against export obligation	17.12	19.46
e	Suits filed against the Company not acknowledged as debts	0.45	2.10
f	Liability towards banks against debtors buyout facilities	27.08	14.33
g	Disputed tax liabilities in respect of pending cases before Appellate Authority	13.24	7.71
h	Corporate Guarantee given on behalf of subsidiary companies (to the extent of outstanding obligation)	113.19	251.94
i	Export bills discounted with banks	40.45	Nil

C NOTES

1 The Company has the following subsidiaries as on 31st March 2010:

Name of Subsidiary	Country of incorporation	Date of control	Nature	Extent of control
i Havell's Cyprus Limited	Cyprus	20.07.2006	Wholly Owned Subsidiary	100%
ii Havell's Holdings Limited *	Isle of Man	09.03.2007	Wholly Owned Subsidiary	100%
iii Seven Wonders Holidays Private Limited	India	02.02.2010	Wholly Owned Subsidiary	100%

*Havell's Holdings limited has 52 wholly owned subsidiaries/step-down subsidiaries as on the balance sheet date.

2 The Company had, on a preferential basis issued and allotted 2600000 Warrants to 'Seacrest Investment Limited', a Warburg Pincus group Company convertible into equity shares on or before 25th day of May'2009. Seacrest Investment Limited exercised their right to convert 2250000 Warrants into equity shares on 4th February, 2009 and had opted not to convert the remaining 350000 warrants into equity shares. Consequently, a sum of Rs. 2.42 crores representing 10% of the subscription amount paid by the said investor has been forfeited by the Company and transferred to Capital Reserve Account during the year.

3 The Company has been sanctioned a term loan of Rs. 140 Crores by Canara Bank with an option to avail the same by way of foreign currency loan for the purpose of expansion/extension of manufacturing facilities at Baddi (H.P), Haridwar (Uttarakhand), Alwar (Rajasthan) and Neemrana(Rajasthan) Works. Out of the said loan, the Company has availed foreign currency term loan of Rs. 112.85 crores (USD 25 Million) and utilised the same for the purpose for which it was sanctioned. The same is due for repayment in 16 (sixteen) equal quarterly installments commencing from 01.04.2011.

4 a) 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. 199.30 crores (previous year Rs.188.45 crores). With the result, the debtors at the end of the year stand reduced by the said amount. A sum of Rs. 11.23 crores (previous year Rs.16.64 crores) on account of charges paid for this facility has been debited to debtors factoring charges account.

b) The Company has arranged channel finance facility for its customers from Yes Bank Limited, Axis Bank Limited and Federal Bank Limited. As per the terms of the banks, 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 balance sheet date the total debtors who have availed this facility were Rs. 42.28 Crores (Previous year Rs. 22.05 crores).

5 a) The Company has been sanctioned a Foreign Currency Packing Credit Facility limit of Rs. 45 crores (USD 10 Million) out of the working capital limits sanctioned by Canara Bank. The outstanding bills discounted with the Bank at the end of the year are at Rs. 39.50 Crores (USD 8750763). The exchange loss of Rs. 0.75 crore on account of bills discounted with the bank has been debited to the Profit and loss account.

b) The sundry debtors have been reduced by the amount of bills discounted with the bank.

6 The Company had imported a plant for its motor unit at Neemrana from Spain (Europe) in the financial year 2007-08 against which the Company has obtained a Buyers' Credit facility from Canara Bank, London for Euro 3.70 millions (Rs.22.41crores). The said facility is secured by way of hypothecation of said plant and machinery, stocks, furniture, computers and other moveable assets awarded in the public auction and is due for repayment on 10th August, 2010.

7 The Company has started commercial production of Electrical Switchgears and Electrical Fans at its new units at Baddi (Himachal Pradesh) and Haridwar (Uttarakhand) respectively during the year. Pre-operative expenses till the date of start of commercial production amounting to Rs. 0.50 crore and Rs. 1.10 crores respectively have been capitalised to the carrying cost of fixed assets on a pro-rata basis.

8 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.

9 In respect of Baddi (other than 100%EOU unit) and Haridwar units, the cenvat credit against fixed assets has not been availed 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'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 as provided under section 80 IC of the Income Tax Act,1961.

11 Interest and other borrowing costs amounting to Rs. 0.62 crore (previous year Rs.1.57 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.

12 The Company has invested a sum of Rs. 143.70 crores in its wholly owned subsidiary Company 'Havell's Holdings Limited' during the year which includes a sum of Rs. 83.33 crores (Euro 12 Million) invested in accordance with the lending Banks revised covenants executed with the subsidiary Company/Step-down subsidiary Companies. The total investment in the said subsidiary Company as at the end of the year is Rs. 531.40 crores and there is an accumulated loss of Rs. 751.74 crores in the consolidated financial statements of subsidiary Company (Sylvania Group of Companies). The decline in the value of investments, in the opinion of the management, is temporary 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.

b) The accumulated loss of Rs. 751.74 Crores includes one time non recurring expenses incurred by the subsidiary companies towards severance and other restructuring costs to the tune of Rs. 492.21 crores which will yield tangible benefits in future. The subsidiary Companies generally experienced good market conditions till June, 2008, and the period thereafter being more challenging following the beginning of the World recession in second half of year 2008 more particularly in European economy. The total market shrunk due to recession, which adversely affected the operating results of the Company. As a result, the Group has implemented a variety of fixed cost reduction measures to manage the costs effectively and offset this trend. These initiatives include rationalization of fixed overheads, partial outsourcing of manufacturing to low cost countries and further cost reduction initiatives on materials costs. The restructuring measures taken during the year are primarily focused in Europe and Latin America regions. So far, the Company is able to execute the restructuring plan in line with the expectation. The expected recurring annualised savings on account of these restructuring plans is Rs. 221.04 crores.

c) On 28th August 2009, the Group Subsidiary Company re-negotiated the loan agreement with the banking group led by Barclays bank. As part of the revised loan agreement clause 4(d) of Schedule - 1 and clause 7(a), the Company had agreed to increase the share capital of the Group Subsidiary Company by Rs. 83.32 crores (Euro 12 million) in two parts i.e. first part of Rs. 41.66 crores (Euro 6 million) at the time of signing the agreement in August 2009 and second part of Rs. 41.66 crores (Euro 6 million) within 90 days from signing the agreement. The parent undertaking has already invested a sum of Rs. 83.32 crores (Euro 12 million) as per the agreement. The banks have agreed to re-schedule the amortization plan of the loans and have reset the covenants in line with the revised projections made by the Group. The Company continues to meet the revised covenants and there are no defaults on repayments.

d) That, with the signs of improvement in global economy, there are signs of business improvement too. The Group has experienced trading in line with projections and the management has further plans in place to ensure that the Group continues to trade in line with expectations. 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 all above factors i.e. benefits of restructuring plans, revised bank agreement and signs of economic recovery, the management is of the opinion that no provision for impairment in the value of its investments in subsidiary companies, is required.

13 The Company has invested a sum of Rs. 0.01 Crore in a wholly owned subsidiary 'Seven Wonders Holidays Private Limited' (SWHPL) during the year. The Company , its Subsidiary (SWHPL) and Standard Electricals Limited (SEL), a Company under the same management, have entered in a Scheme of Arrangement u/s 391, 392 and 394 of The Companies Act, 1956 which has been approved by the Hon'ble High Court of Delhi vide their order dated 19.08.2010 and filed with the Registrar of Companies on 21.08.2010. In accordance with the aforesaid scheme of arrangement:

a) The electrical business of SEL has been transferred to SWHPL on a going concern basis.The assets and liabilities have been transferred at respective book values and surplus of assets over liabilities acquired has been transferred to the General Reserve in the books of SWHPL.

b) 2219000 fully paid up equity shares of Rs. 5/- each are to be issued to the shareholders of the demerged company (SEL) as a consideration for demerger, in the exchange ratio of 7 shares of the Company for every 10 shares held in SEL. Since allotment of shares stated above has not been effected before 31.03.2010, a sum of Rs. 1.11 crore has been transferred from Business Reconstruction Reserve account to Equity Shares pending allotment account.

c) Business Reconstruction Reserve Account has been created by the Company by transfer of Rs. 400 crores from Securities Premium Account for the purpose of adjustment of certain expenses and allotment of equity shares as per the aforesaid scheme.

d) Professional charges of Rs. 0.25 crore paid in connection with the scheme of arrangement has been adjusted against the Business Reconstruction Reserve.

e) Had the scheme not prescribed the aforesaid accounting treatment, the impact in the financial statements would be as under:

	(Rs.in crores)
i) In the Profit and Loss Account	2009-10 Increase/(Decrease)
Legal and Professional expenses	0.25
Profit before Tax	(0.25)
Provision for Tax (including deferred tax)	(0.08)
Net Profit (after tax)	(0.17)
Basic and Diluted EPS (In Rs.)	(0.03)
ii) In the Balance Sheet	
Reserve and Surplus:	
Securities Premium Account	400.00
Business Reconstruction Reserve	(398.64)
Capital Reserve	(1.11)
Profit and Loss account (after tax)	(0.17)
Provision for Income Tax	(0.04)
Provision for Deferred Tax	(0.04)

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

(Rs.in crores)

Name of the Company	2009-10 Face Value	Number	Amount	2008-09 Face Value	Number	Amount
Long Term Trade Investment-Subsidiary Companies						
Havell's Cyprus Limited						
Opening	1 Cyp Pound	1000	0.01	1 Cyp Pound	1000	0.01
Purchased/allotted during the year	1 Cyp Pound	25940	0.16	-	-	-
Closing	1 Cyp Pound	26940	0.17	1 Cyp Pound	1000	0.01
Share Application money pending allotment			0.13			0.16
Havell's Holdings Limited						
Opening	1 GBP	50859030	387.70	1 GBP	20133056	161.55
Purchased during the year	1 GBP	18826261	143.70	1 GBP	30725974	226.15
Closing	1 GBP	69685291	531.40	1 GBP	50859030	387.70
Seven Wonders Holidays Private Limited						
Opening	-	-	-	-	-	-
Purchased during the year	Rs. 10	10000	0.01	-	-	-
Closing	Rs. 10	10000	0.01	-	-	-
Long Term Trade Investment-Other Companies						
G. S. Lighting Private Limited						
Opening	-	-	-	100 (Rs.)	44210	3.17
Sold during the year	-	-	-	100 (Rs.)	44210	3.17
Closing	-	-	-	Nil	Nil	Nil

15 The Company has entered into a 'Business Transfer Agreement', on 16th March'2010 with HSIL Limited ,Kolkata for sale of its Bath Fitting Business Division situated at Bhiwadi, Rajasthan as a going concern on 'as is where is' basis for a consideration of Rs. 16.87 crores. The sale of the division was approved by Shareholders through postal ballot. The legal and physical possession of the division was transferred to HSIL Limited on 1st May'2010.

16 Sundry debtors include a sum of Rs. 13.58 crores (previous year Rs. 17.98 crores) due from subsidiaries and companies under the same management as under :

(Rs.in crores)

Name of the Company	Relationship	Amount due 2010	Amount due 2009	Maximum Amount 2010	Maximum Amount 2009
Havells Sylvania Colombia S.A.	Step down Subsidiary Company	0.24	0.48	0.48	0.52
Havells Sylvania Europe Limited	Step down Subsidiary Company	13.27	16.51	29.86	16.83
Havells Holding Inc	Step down Subsidiary Company	0.07	0.25	0.46	0.72
Havells Sylvania (Thailand) Limited	Step down Subsidiary Company	-	0.26	0.26	1.88
Havells Sylvania Argentina S.A.	Step down Subsidiary Company	-	0.48	0.48	0.53
Havells Sylvania (Guangzhou) Enterprises Ltd	Step down Subsidiary Company	-	0.00	0.00	0.01

17 The Company has a system of obtaining periodic confirmations from debtors and creditors. Necessary entries have been passed on reconciliation of accounts wherever required.

18 a) Information as 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, 2010 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.	Particulars	2009-10	2008-09
1	Principal amount and interest due thereon remaining unpaid to any supplier cover under MSMED Act:		
	Principal (refer table (b) below)	7.94	6.38
	Interest	0.22	0.30
2	The amount of interest paid by the buyer in terms of Section16, of the MSMED Act 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 MSMED Act.	0.21	0.29
4	The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.01	0.01
5	The amount of 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 expenditure under section 23 of the MSMED Act.	Nil	Nil

b) Vendor-Wise outstanding principal amount:

(Rs.in crores)

Sl. No.	Name of the Vendor	2009-10	2008-09
1	Ameeja Enterprises	-	0.39
2	Century Metal Recycling Pvt. Ltd.	0.39	0.42
3	Dinesh Print-O-Pac	0.05	0.08
4	Excel Industries	0.17	0.25
5	Hind Chemisales	0.69	0.45
6	Khanna Traders and Engineers	0.11	0.06
7	Kirpekar Engineering Pvt. Ltd.	-	0.005
8	K.R. Thermopack Pvt. Ltd.	0.10	0.05
9	Mohindera Products	0.03	0.06
10	Nana Udyog	0.54	0.34
11	Plastomet	1.70	1.58
12	Pooja Metal Processors Pvt. Ltd.	-	0.17
13	Quality Circles	0.41	0.47
14	Ravikiran Ceramics Pvt. Ltd.	0.14	0.07
15	Ramji Press	0.20	0.72
16	Saboo Coatings Ltd.	1.17	0.55
17	Shri Radhey Enterprises	-	0.62
18	U. S. Metal Products	0.07	0.08
19	Paras Enterprises	-	0.01
20	Balaji Aluminuim Alloys Pvt Ltd.	0.33	-
21	Chemetall Rai India Ltd.	0.19	-
22	Paras Enterprise	0.03	-
23	Excel Industries	0.17	-
24	Gupta Metal Sheets Pvt Ltd.	0.32	-
25	Kavin Creations	0.02	-
26	Wheel Polymers Pvt Ltd.	1.11	-
27	Shree Balaji Enterprises	0.01	-
Total		**7.95**	**6.38**

The total dues of Micro and Small Enterprises which were outstanding for more than stipulated period were at Rs. 2.95 Crores (Previous year Rs.1.15 crores) as at the balance sheet date.

19 Balance with non-scheduled banks is as under:

(Rs.in crores)

		As on 31st March		Maximum during	
Name of Bank		**2010**	**2009**	**2010**	**2009**
Bank of China	INR	Nil	0.00007	0.0006	0.12
	CNY	Nil	90.96	912.62	193111.42

20 The Company has made a provision of excise duty amounting to Rs. 4.17 crores (previous year Rs. 1.85 crores) payable on stocks of finished goods and scrap material at the end of year except at Baddi and Haridwar units which are exempt from excise duty. Excise duty is considered as an element of cost at the time of manufacture of goods.

21 (a) The Company has given a corporate guarantee of Rs. 205.90 crores (Euro 34 millions) {Previous Year Rs. 229.43 crores (Euro 34 millions)} for and on behalf of wholly owned subsidiary company Havells 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. 100.95 crores (Euro 16.67 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 first pari-passu charge by way of 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, District Solan (Himachal Pradesh) and Plot no. 2A, Sector - 10, IIE Ranipur, Haridwar.

(b) The Company has also given an irrevocable and unconditional corporate guarantee to Deutsche Bank in respect of credit facilities and other financial accommodation availed by step down subsidiary company Havells Sylvania Europe Limited upto the amount of Rs. 30.28 crores (Euro 5 millions) {previous year Rs. 80.98 crores (Euro 12 millions)}. The outstanding obligation against the said guarantee was Rs. 12.23 crores (Euro 2.025 Million) as at the end of the year.

22 (a) The Company is under obligation to export goods within a period of eight years from the date of issue of EPCG licenses issued in terms of para 5.2 of Foreign Trade Policy 2009-2014. As on the date of Balance Sheet, the Company is under obligation to export goods worth Rs. 95.55 crores (previous year Rs.82.21 crores) within the stipulated time as specified in the respective licenses. Out of the said amount, the Company has fulfilled the export obligation of Rs. 30.75 crores (Previous Year 22.18

crores) against which export obligation discharge certificates (EODC) are yet to be obtained from Director General Foreign Trade (DGFT).

(b) Further the Company is under obligation to export goods worth Rs. 69.78 crores (previous year Rs. 73.14 crores) in respect of duty free imports made by the Company against advance licenses. Out of the said amount , export obligation of Rs.67.07 crores has been fulfilled by the Company as at the end of the year against which export obligation discharge certificates (EODC) are yet to be obtained from Director General Foreign Trade (DGFT).

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 The Company has transferred and deposited a sum of Rs. 0.005 crore (previous year Rs. 0.006 crore) out of unclaimed dividend pertaining to the year 2001-02 to Investor Education and Protection Fund of Central Government in accordance with the provisions of Section 205C of the Companies Act, 1956.

25 The Company is entitled for incentive under status holder incentive scrip @ 1% of FOB value of exports (except exports made from EOU unit) during the year. A provision of Rs. 1.21 crores has been made on this account which is to be utilised for duty free import of capital goods.

26 That the Company has disputed various tax liabilities before the appellate authorities, the details and the forum where said liabilities 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/ Penalty	1994 to 1997	0.39	CESTAT, Delhi
			1998 to 2002	0.13	CESTAT, Delhi
			2004-2005	0.24	CESTAT, Delhi
			2002-2003	0.77	The Commissioner (Appeals), Central Excise, Delhi
			2004-2005	0.07	The Commissioner (Appeals), Central Excise, Delhi
			2006-2007	3.90	The Commissioner (Appeals), Central Excise, Delhi
			2006-2007	0.16	The Commissioner (Appeals), Central Excise Jaipur
			2007-2008	0.27	The Commissioner (Appeals), Central Excise Jaipur
			2003-2008	0.35	The Commissioner (Appeals), Central Excise, Faridabad
			2004-2005	0.25	The Commissioner (Appeals), Central Excise, Faridabad
B.	**Income Tax**				
	Income tax Act'1961	Demand/ Interest	2005-2006	0.07	Income Tax Appellate Tribunal, New Delhi
			2003-2004	0.14	The Commissioner of Income tax (Appeals), New Delhi
			2004-2005	0.17	The Commissioner of Income tax (Appeals), New Delhi
			2006-2007	1.94	The Commissioner of Income tax (Appeals), New Delhi
			2007-2008	0.79	The Commissioner of Income tax (Appeals), New Delhi
			2004-2005	0.09	The Deputy Commissioner of Income Tax, New Delhi (Set aside by ITAT for readjudication)
C.	**Sales Tax/VAT**				
	Sales Tax/Value Added Tax	Demand/ Interest	1997-1998	0.004	VAT Tribunal, Delhi
			2005-2006	0.35	Sales Tax Appellate Tribunal , Ernakulam
			2007-2008	0.35	The Appellate Tribunal, Patna
			2004-2005	0.04	The Joint Commissioner (Appeals), Faridabad
			2003-2004	0.05	The Deputy Commissioner (Appeals), Alwar
			2005-2006	0.05	The DC Appeals (Ahmedabad)
			2005-2006	1.00	The Assistant Commissioner, Ernakulam (Remanded by The Deputy Commissioner (Appeals) for verification).
			2006-2007	0.12	The Assistant Commissioner, Ernakulam (Provisionally Assessed)
			2006-2007	0.20	The Additional Commissioner (Appeals), Noida
			2005-2006	0.08	The Additional Commissioner (Appeals), Noida
			2008-2009	0.01	The Additional Commissioner (Appeals), Noida
D.	**Others**				
1	Local Area Development Tax	Demand/ Interest	2001-2002	0.24	The Joint Excise and Taxation Commissioner- (Appeals), Faridabad
2	Customs Act	Demand/ Interest	2006-2007	0.22	CESTAT, Delhi
			2004-2005	0.80	The Commissioner of Customs (Appeals), Delhi
			Total	**13.24**	

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.

27 Companies (Accounting Standards) Amendment Rules, 2009 issued by the 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. 9.68 crores (previous year Rs. 0.51 crore) has been recognised as exchange gain (net) and credited to the profit and loss account.

28 Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise as at 31st March, 2010 are as under:

(Figures in crores)

	GBP		**USD**		**EURO**		**JPY**	
	Foreign Currency	Indian Currency	Foreign Currency	Indian Currency	Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
Receivables								
Current Year	0.04	2.85	0.19	8.65	0.27	16.20	-	-
Previous Year	0.47	34.24	0.27	13.76	0.26	17.54	-	-
Payables								
Current Year	0.0002	0.01	3.57	160.93	0.40	24.23	2.13	1.03
Previous Year	0.0004	0.03	0.40	20.50	0.50	33.80	-	-

29 a) Foreign Currency Loan from ICICI Bank Limited, Singapore has been repaid during the year. The Company has recognised a sum of Rs. 1.35 crores as exchange gain and has credited the same to the Profit and Loss account

b) Buyers' Credit Facility from Canara Bank, London has been translated at the prevailing rate of exchange as on the date of balance sheet. Consequent to realignment, the value of credit facility is reduced by Rs. 2.56 crores (previous year increase of Rs. 1.62 crores). The exchange gain on the said realignment has been credited to the Profit and loss account.

c) The Company has entered into a forward contract with Yes Bank Limited in order to hedge its exposure for movements in foreign exchange rates in case of underlying assets being imports in case of the Company. As on the Balance sheet date, all outstanding derivative contracts were fair valued at Mark-to-Market basis and the Company has recognised a loss of Rs. 0.08 crores in the profit and loss account (Previous year gain of Rs. 0.17 crore) on this account .

d) The Foreign currency term loan of USD 25 Million from Canara Bank referred in note no. 3 has been restated at prevailing rate of exchange as at the end of the year resulting in exchange gain of Rs. 3.42 crores which has been credited to the Profit and Loss account .

30 Loss on sale/discard of assets charged to Profit and Loss account include a sum of Rs. 2.75 crores (Previous Year Nil) written off on account of plant and machinery discarded by the Company with a view to modernise its existing plants at Neemrana (Rajasthan) and Alwar (Rajasthan) for the manufacture of Compact Fluorescent Lamps (CFL) and Cables respectively.

31 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. The said amount is not subject to tax deducted at source (TDS).

32 **Current Tax and Deferred Tax**

Current Tax
The Company has made a provision for current tax in accordance with the provisions of the Income Tax Act 1961.

Deferred Tax
Deferred tax resulting from timing differences between book profit and taxable income is accounted for using the current tax rate. In respect of the Company's units under tax holiday period u/s 80 IC of the Income Tax Act, 1961, deferred tax assets/liabilities for timing differences which are capable of reversal after the tax holiday period have been recognised during the year in accordance with The 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)

		2009-10	2008-09
1	Deferred Tax Liability		
	a) on account of difference in rates and method of depreciation	44.00	34.18
	b) on account of different treatment of certain payments under Income Tax Act.	4.51	_4.58
		48.51	38.76
2	Deferred Tax Assets		
	a) on account of different treatment of certain payments under Income Tax Act.	2.47	1.24
	b) on account of provision for bonus	1.69	1.69
	c) on account of provision for doubtful debts not treated as expense under Income Tax Act.	0.54	0.72
	d) on account of Minimum Alternative Tax credit	16.77	20.42
		21.47	24.07

3 Deferred income tax liability (Net)

		(Rs.in crores)
a) at the end of year	27.04	14.69
b) for the year	12.35	1.07

33 **Disclosures required by Accounting Standard (AS-29) relating to ‘ Provisions, Contingent Liabilities and Contingent Assets’**

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

a) The movement in provisions are as under:

	2009-10					2008-09			
	Sales Incentive	Bad Debts	Warranty	Others	Total	Sales Incentive	Bad Debts	Others	Total
Carrying amount at the beginning of the year	12.58	2.12	-	0.74	15.44	10.10	1.46	0.76	12.32
Additional provisions made during the year	6.72	0.31	2.56	0.50	10.09	5.68	1.13	0.74	7.55
Amount used during the year	2.94	0.00	-	0.67	3.61	2.61	-	0.75	3.36
Unused amounts reversed during the year	0.37	0.79	-	0.07	1.23	0.59	0.47	0.01	1.07
Carrying amount of provisions as at the end of the year	15.99	1.64	2.56	0.50	20.69	12.58	2.12	0.74	15.44

b) Product warranties: The company gives warranties on certain products and services in the nature of replacement, which fail to perform satisfactorily during the warranty period. Provision made represents the amount of expected cost of meeting such obligation on account of replacement. The timing of outflows is expected to be within a period of one year.

34 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	**2009-10**	**2008-09**
Employer’s Contribution to Provident Fund	2.05	2.22
Employer’s Contribution to Pension Scheme	1.07	1.48

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 actuarial 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.

	2009-10	2008-09
a) Reconciliation of opening and closing balances of Defined Benefit obligation		
Defined Benefit obligation at beginning of the year	5.53	5.14
Current Service Cost	0.92	0.77
Interest Cost	0.41	0.31
Actuarial (gain) / loss	1.15	(0.22)
Benefit paid	(1.46)	(0.47)
Defined Benefit obligation at year end	6.56	5.53
b) Reconciliation of opening and closing balances of fair value of plan assets		
Fair value of plan assets at beginning of the year	5.79	5.14
Expected return on plan assets	0.54	0.31
Actuarial gain / (loss)	(0.12)	(0.22)
Employer contribution	0.13	0.77
Benefits paid	-	(0.47)
Fair value of plan assets at year end	6.35	5.53
c) Reconciliation of fair value of assets and obligations		
Fair value of plan assets	6.35	5.53
Present value of obligation	6.56	5.53
Amount recognised in Balance Sheet- Asset / (Liability)	0.21	0.00

d) **Expenses recognised during the year**

		(Rs.in crores)
Current Service Cost	0.92	0.77
Interest Cost	0.41	0.31
Voluntary Contribution	0.00	0.00
Expected return on plan assets	(0.54)	(0.31)
Actuarial (gain) / loss	1.27	0.00
Net Cost debited to profit and loss account	2.07	0.77

e) **Actuarial assumptions**

Mortality Table (LIC)	**1994-96** (Ultimate)	**1994-96** (Ultimate)
Discount rate (per annum)	8.50%	6.00%
Expected rate of return on plan assets (per annum)	9.15%	6.00%
Rate of escalation in salary (per annum)	6.00%	4.00%
Attrition Rate	5.00%	2.00%

The estimates of rate of escalation in salary considered in actuarial valuation after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is 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.

35 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 2010, the Company has identified its principal cash generating units into Switchgear Division and CFL Division (Faridabad, Haryana), Switchgear Division (Sahibabad, Uttar Pradesh) , EOU Division and Switchgear Divisions (Baddi, Himachal Pradesh), Cable Division (Alwar, Rajasthan),Fan Divisions at Haridwar (Uttarakhand), 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.

36 a) **Break-up of remuneration paid to Managing/Wholetime Director's is as under :**

		(Rs in crores)
	2009-10	**2008-09**
Salary and Bonus	2.55	1.31
Mediclaim insurance	0.005	0.01
Leave salary	0.09	0.03
Commission	1.46	0.83
	4.10	2.18

Shri Anil Gupta, Director of the Company has been paid a remuneration of Rs. 0.05 crore (previous year Rs. 0.18 crore) by Seven Wonders Holidays Private Limited, a wholly owned subsidiary Company.

Shri Surjit Gupta, Director of the Company has been paid a remuneration of Rs. 0.48 crore (previous year Rs. 0.18 crore) by QRG Enterprises Limited, a Company under the same management.

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

Net profit as per profit and loss account	228.16	145.23
Add: Income tax and Deferred tax	62.10	21.97
Wealth tax	0.05	0.07
Managing/Whole-time Director's remuneration	4.10	2.18
Director's sitting fee	0.08	0.05
Depreciation charged in accounts	23.27	17.86
Provision for doubtful debts	0.31	1.13
Loss on Sale of Assets	7.59	1.00
	325.66	189.49
Less: Depreciation as per section 350 of the Companies Act, 1956	23.27	17.86
Profit on Sale of Assets	0.11	0.13
Excess Provision of Income Tax written back	0.00	0.19
Excess Provision of Bad Debts written back	0.79	0.47
Net profit as per section 349 of the Companies Act, 1956	301.49	170.84
Maximum remuneration payable @10% of net profit	30.15	17.08
Maximum remuneration payable @5% of net profit to each director	15.07	8.54

37 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.

38 **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 , Lighting and fixtures and Electrical Consumer Durables on the basis of the nature of products, the risk return profile of individual business and the internal business reporting systems.

Secondary- Geographical Segment

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

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

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

		(Rs. in crores)
	2009-10	2008-09
(i) Primary- Business Segment		
A. Revenue		
Segment Revenue (Gross)		
Switchgears	724.44	623.37
Cables	1094.88	1106.58
Lighting and fixtures	374.34	280.46
Electrical consumable durables	362.48	276.92
Others	36.68	54.05
	2592.82	2341.38
B. Results		
Segment Results		
Switchgears	261.13	203.07
Cable	88.76	62.95
Lighting and fixtures	70.54	51.89
Electrical consumable durables	101.94	59.29
Others	6.75	8.52
	529.12	385.72
Unallocated expenses net of income	232.38	199.20
Operating Profit	**296.74**	**186.52**
Interest Expenses	6.43	19.34
Profit before prior period items and tax	**290.31**	**167.18**
Prior period items	-	0.09
Profit before tax	**290.31**	**167.27**
Income tax expense and wealth tax	62.15	22.04
Profit after tax	**228.16**	**145.23**
C. Other Information		
Segment Assets		
Switchgears	359.88	331.96
Cables	322.19	199.84
Lighting and fixtures	197.79	121.83
Electrical consumable durables	110.75	68.55
Others	703.58	664.39
	1694.19	1386.57
Segment Liabilities		
Switchgears	98.22	99.34
Cables	98.62	113.31
Lighting and fixtures	46.75	25.82
Electrical consumable durables	36.97	27.17
Others	135.61	101.68
	416.17	367.32
Capital Expenditure		
Switchgears	26.19	98.84
Cables	68.81	16.50
Lighting and fixtures	52.65	43.07
Electrical consumable durables	18.04	6.40
Others	3.31	15.73
	169.00	180.54

(Rs.in crores)

Depreciation		
Switchgears	9.32	6.36
Cables	7.30	4.22
Lighting and fixtures	4.13	1.53
Electrical consumable durables	2.30	1.26
Others	0.22	4.49
	23.27	17.86
Non-cash expenses other than depreciation		
Switchgears	3.14	0.87
Cables	1.30	0.77
Lighting and fixtures	2.55	0.17
Electrical consumable durables	0.53	0.18
Others	0.41	0.19
	7.93	2.18

(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	2370.40	2128.64
Revenue-Overseas Market	222.42	212.74
	2592.82	**2341.38**
Fixed assets located (Including Capital work-in-progress)		
Within India	601.21	465.41
Outside India	0.01	0.07
	601.22	465.48

39 **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
Seven Wonders Holidays Private Limited	WOS
Havells Malta Limited	WOS of Havell's Holdings Limited
Havells Netherlands Holding B.V.	WOS of Havells Malta Limited
Havells Netherlands B.V.	WOS of Havells Netherlands Holding B.V.
SLI Europe B.V.	WOS of Havells Netherlands B.V.
Havells Sylvania Holdings BV1 Limited	WOS of Havells Netherlands B.V.
SLI Lighting Products Inc.	WOS of Havells 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	*49% held by 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.S	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 A.G	WOS of Flowil International Lighting (Holding) B.V.
Havells Sylvania Brasil Illuminacao Ltda.	WOS of Sylvania Lighting International B.V.
Havells Sylvania Argentina S.A.	*99% shares held by Sylvania Lighting International B.V.
Havells Sylvania 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.
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 Havells Netherlands B.V.
Havells Sylvania Tunisia S.A.R.L.	WOS of Flowil International Lighting (Holding) B.V.
Havells Sylvania Export 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.
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
Havells Sylvania Poland S.P.Z.O.O	99% held by Flowil International Lighting (Holding) B.V. & 1% held by Havells Sylvania Europe Limited

Notes:

a) WOS refers to 'Wholly Owned Subsidiary'

b) *In Havells Sylvania (Thailand) Limited minorities hold 51% of ordinary shares (representing 11000 Euro as at 31st March,2010) and in Havells Sylvania Argentina S.A. minorities hold 1% of ordinary shares (representing 22000 Euro as at 31st March, 2010) but the majority of voting rights are held by Sylvania Group. The beneficial ownership of both the entities lies with the Sylvania Group.

c) During the year Precision Materials SARL (WOS of Havells Sylvania Lighting France SAS) has amalgamated with its holding Company.

d) Four UK based Dormant Companies namely Linolite Limited, Marlin Lighting Limited, Concord Lighting Limited and Badalex Limited were closed during the year.

e) Havells Sylvania Poland S.P.Z.O.O was incorporated during the year

f) Seven Wonders Holidays Private Limited was acquired during the year.

2 Associates

QRG Enterprises 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)

	2009-10	2008-09
(i) Purchase of goods		
Associates		
QRG Enterprises Limited	11.32	3.97
Standard Electricals Limited	-	5.19
Subsidiaries / Step down Subsidiaries		
Seven Wonders Holidays Private Limited	1.07	-
Havells Sylvania Costa Rica S.A.	0.07	0.20
Havells Sylvania Fixture UK Limited	0.05	0.10
Havells Sylvania Lighting Belgium	0.06	0.20
Sylvania Belgium	-	0.03
Havells Sylvania Germany Gmbh	0.12	-
Havells Sylvania (Guangzhou) Enterprises Ltd	0.19	-
Havells Sylvania Europe Limited	0.04	-
Havells Sylvania UK Limited	2.18	-
Havells Sylvania Fixtures Netherlands B.V.	0.00	-
Havells Sylvania Brasil Illuminacao Ltda.	0.30	-
	15.41	**9.69**

		(Rs.in crores)
(ii) Purchase of Consumables		
Associates		
QRG Enterprises Limited	-	0.54
Standard Electricals Limited	-	0.06
Subsidiaries / Step down Subsidiaries		
Seven Wonders Holidays Private Limited	0.01	-
Havells Sylvania Lighting Belgium	0.04	-
	0.05	**0.60**
(iii) Sale of goods		
Associates		
QRG Enterprises Limited	0.06	1.24
Q. R. G. Foundation	0.00	0.06
QRG Central Hospital and Research Centre Limited	-	0.00
Standard Electricals Limited	-	22.87
Subsidiaries / Step down Subsidiaries		
Seven Wonders Holidays Private Limited	15.20	-
Havells Sylvania (Thailand) Limited	-	2.09
Havells Sylvania Europe Limited	53.66	29.73
Havells Sylvania Colombia S.A.	0.24	0.90
Havells Sylvania Argentina S. A.	-	0.54
Havells Holding Inc.	0.01	-
Havells Sylvania Fixture UK Limited	0.01	-
Havells Sylvania Lighting Belgium	0.08	-
Havells Sylvania France S.A.S.	0.00	-
	69.26	**57.43**
(iv) Sales incentives, discounts and commission paid		
Associates		
Guptajee and Company	4.62	3.87
Subsidiaries / Step down Subsidiaries		
Seven Wonders Holidays Private Limited	0.24	-
Havells Sylvania Europe Limited	-	0.20
	4.86	**4.07**
(v) Purchase of fixed assets		
Associates		
QRG Enterprises Limited	16.02	1.06
Standard Electricals Limited	-	0.73
Subsidiaries / Step down Subsidiaries		
Seven Wonders Holidays Private Limited	0.04	-
Havells Sylvania UK Limited	8.10	-
Havells Sylvania Fixture UK Limited	0.01	-
Havells Sylvania Lighting Belgium	5.99	-
	30.16	**1.79**
(vi) Sales of fixed assets		
Associates		
QRG Enterprises Limited	-	0.02
Standard Electricals Limited	-	0.01
Subsidiaries / Step down Subsidiaries		
Seven Wonders Holidays Private Limited	0.21	-
Havells Sylvania Europe Limited	-	1.06
	0.21	**1.09**
(vii) Usage Charges Paid		
Associates		
Guptajee and Co.	0.01	0.01
QRG Enterprises Limited	17.26	12.86
	17.27	**12.87**
(viii) Usage Charges Received		
Associates		
QRG Enterprises Limited	0.04	-
Subsidiaries / Step down Subsidiaries		
Seven Wonders Holidays Private Limited	0.10	-
	0.14	**0.00**
(ix) Reimbursement for rent		
Associates		
Standard Electricals Limited	-	0.04

		(Rs.in crores)
(x) Trade mark fee paid		
Associates		
QRG Enterprises Limited	22.39	18.49
(xi) Donation paid		
Associates		
Q. R. G. Foundation	0.50	0.35
(xii) DEPB Purchase		
Associates		
Standard Electricals Limited	-	0.01
QRG Enterprises Limited	-	0.01
	-	**0.02**
(xiii) Medical Expenses		
Associates		
QRG Central Hospital and Research Centre Limited	0.03	0.08
(xiv) Export of Services		
Subsidiaries / Step down Subsidiaries		
Havells Sylvania Europe Limited	1.31	4.23
Havells Holding Inc.	0.70	0.56
Guangzhou Sylvania Enterprises Limited	-	0.01
	2.01	**4.80**
(xv) Reimbursement of Expenses		
Associates		
QRG Enterprises Limited.	0.33	0.02
Standard Electricals Limited	-	0.10
	0.33	**0.12**
(xvi) Share application Money		
Subsidiaries / Step down Subsidiaries		
Havell's Cyprus Limited	0.13	0.16
(xvii) Investments in equity shares		
Subsidiaries / Step down Subsidiaries		
Seven Wonders Holidays Private Limited	0.01	-
Havell's Holding Limited	143.69	226.15
Havell's Cyprus Limited	0.16	0.01
	143.86	**226.16**
(xviii) Security Deposits given		
Associates		
QRG Enterprises Limited	-	15.60
(xix) Directors remuneration		
Key Management Personnel		
Sh. Q. R. Gupta	1.19	0.45
Sh. Anil Gupta	0.75	0.19
Sh. Rajesh Gupta	2.16	1.54
	4.10	**2.18**
(C) Balances at the year end		
(i) Receivables		
Subsidiaries / Step down Subsidiaries		
Havells Sylvania Colombia S. A.	0.24	0.48
Havells Sylvania Europe Limited	13.27	16.51
Havells Holding Inc	0.07	0.25
Havells Sylvania (Thailand) Limited	-	0.26
Havells Sylvania Argentina S.A.	-	0.48
Havells Sylvania (Guangzhou) Enterprises Limited	-	0.003
Havell's Cyprus Limited	-	0.10
(ii) Payables		
Associates		
Guptajee & Company	0.46	-
Subsidiaries / Step down Subsidiaries		
Seven Wonders Holidays Private Limited	0.05	-
Havells Sylvania Fixture UK Limited	0.00	0.03
Havells Sylvania Lighting Belgium	0.03	-
Havells Sylvania Germany Gmbh	0.02	-
Havells Sylvania Europe Limited	0.03	-
Havells Sylvania UK Limited	0.04	-
Havells Sylvania (Guangzhou) Enterprises Ltd	0.01	-
Havells Sylvania Fixtures Netherlands B.V.	0.00	-

40 **Earnings per share** **(Rs.in crores)**

Basic and Diluted Earnings per share

Numerator for earning per share			
Profit before taxation and Prior period items		290.31	167.18
Provision for deferred tax, Income tax, Wealth tax and FBT		(62.15)	(22.04)
Adjustment to net earnings:			
Prior period Adjustment		-	0.09
Profit after taxation and Prior period items		228.16	145.23
Denominator for earning per share			
Weighted number of equity shares outstanding during the period	Nos.	62,387,406	58,263,611
Earning per share-Basic and Diluted (one equity share of Rs. 5/- each)	Rs.	36.57	24.93

2219000 equity shares to be allotted as per the scheme of arrangement approved by the Hon'ble High Court of Delhi vide their order dated 19.08.2010, have been considered in the computation of both Basic earnings per share and Diluted earning per share from the beginning of the reporting period i.e 01.04.2009 being the appointed date as per the scheme of arrangement.

41 a) The Company has taken various residential/ commercial premises under cancellable operating leases. These lease agreements are normally renewed on expiry.

b) The Company has also taken few commercial premises under non-cancellable operating leases. The total of future minimum lease payments in respect of such leases as on 31.03.2010 is as follows:

- not later than one year Rs. 2.60 crores
- later than one year and not later than five years Rs. 3.04 crores
- later than five years Rs. Nil

Lease payments recognised in the statement of profit and loss as an expense for the year is Rs. 23.26 crores (Previous year Rs. 19.03 crores).

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

a) Turnover

	UNIT	QTY	2009-10 Amount (Rs. In crores)	QTY	2008-09 Amount (Rs. In crores)
Finished Goods					
Switchgears	Nos	53781858	712.58	47485420	615.18
Cables	Km	519110	1,083.50	415581	1,097.34
Lighting and fixtures	Nos	27089753	371.40	18393425	278.38
Electrical Consumer Durables	Nos	2974366	357.62	2239632	275.28
Others	Nos	562789	34.74	720365	48.32
			2,559.84		2,314.50

b) Raw Materials and Components consumed

	UNIT	QTY	Amount (Rs. In crores)	QTY	Amount (Rs. In crores)
Copper	MT	12182.28	391.48	9486.59	253.54
Aluminum	MT	23437.87	251.57	21599.35	250.51
General Plastic	MT	14015.05	92.55	10491.57	77.25
Paints & Chemicals	MT	17800.11	83.04	15631.19	75.82
Steel	MT	16768.08	72.77	14032.10	75.73
Engg. Plastic	MT	999.41	12.80	934.67	12.68
Others			403.53		328.54
			1307.74		1074.07

c) Purchases and Stocks

Purchases-Traded Goods					
Switchgears	Nos	15150020	25.37	9073177	18.15
Lighting and fixtures	Nos	8214032	116.51	4447065	71.54
Electrical Consumer Durables	Nos	832604	45.48	422676	29.69
Others	Nos	189284	1.87	195927	3.83
			189.23		123.21
Opening Stocks					
Traded Goods					
Switchgears	Nos	1952109	5.10	5073975	11.53
Lighting and fixtures	Nos	1550150	26.47	3917843	58.48
Electrical Consumer Durables	Nos	68485	6.09	156564	11.64
Others	Nos	204186	9.21	374346	15.53
			46.87		97.18
Finished Goods					
Switchgears	Nos	5315079	32.82	13153451	70.56
Cables	Km	19466	25.55	45513	81.43
Lighting and fixtures	Nos	796933	3.35	2619479	13.90
Electrical Consumer Durables	Nos	129474	8.41	252943	19.26
Others	Nos	91264	3.22	187677	9.11
			73.35		194.26

(Rs.in crores)

Semi-Finished Goods			18.04		20.61
Closing Stocks					
Traded Goods					
Switchgears	Nos	3055312	6.74	1952109	5.10
Lighting and fixtures	Nos	2155769	33.10	1550150	26.47
Electrical Consumer Durables	Nos	152806	9.68	68485	6.09
Others	Nos	162855	5.04	204186	9.21
			54.56		46.87
Finished Goods					
Switchgears	Nos	5737834	45.76	5315079	32.82
Cables	Km.	16600	49.49	19466	25.55
Lighting and fixtures	Nos	2069431	13.76	796933	3.35
Electrical Consumer Durables	Nos	187632	14.30	129474	8.41
Others	Nos	105102	5.86	91264	3.22
			129.18		73.35
Semi-Finished Goods			29.57		18.04

d) **Capacity and Production**

Licensed Capacity #			
Installed Capacity (Per Annum) @		**2009-10**	**2008-09**
Switchgears	Nos./Poles	115710000	83100000
Cables	Km.	1150000	932500
Lighting and fixtures	Nos	55200000	60000000
Electrical Consumer Durables	Nos	4800000	4800000
Others	Nos	400000	2340000

e) **Actual Production**

Switchgears	Nos	40294570	27596307
		(136774)	(144307)
Cables	Km.	516398	390985
		(154)	(1449)
Lighting and fixtures	Nos	20787965	9777842
		(34127)	(21723)
Electrical Consumer Durables	Nos	2284897	1605984
		(656)	(4422)
Others	Nos	346768	258995
		(756)	(1132)

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)

		2009-10	**2008-09**
43	**CIF value of Imports**		
	Raw materials and components	200.07	122.57
	Machinery and other fixed assets	29.50	7.87
	Spare parts	0.04	0.06
	R&D Equipments	0.12	-
	Dies and Tools	0.68	0.59
44	**Expenditure in foreign currency**		
	Travelling	1.80	2.44
	Research and Development	0.00	0.36
	Consultancy, Testing and Inspection charges	1.12	0.83
	Overseas Branch Expenses	0.24	1.65
	Merchanting Trade Purchases	1.30	1.12
	Others	0.32	0.08

45 **Dividend in foreign currencies**

			2009-10	**2008-09**	**2007-08**
Year to which relates			Interim	Final	Final
(a)	Number of non-resident shareholder's		572	555	514
(b)	Number of shares held		17862952	17635539	14224527
(c)	Amount of dividends	(INR)	2.23	4.41	3.55
		(in Foreign Currency)	Nil	Nil	Nil

46 Earnings in foreign exchange

F.O.B. value of exports *	211.04	206.76
Merchanting Trade Sales	1.67	0.63
Reimbursement of Expenses	2.01	4.79

*excluding export of Rs. 6.48 crores made through merchant exporters (previous year Rs. 4.52 crores)

47 Value of imported/Indigenous materials and components consumed and percentage there of

(Rs.in crores)

	(%)		(%)	
Indigenous	90.06	1177.70	91.10	978.49
Imported	9.94	130.04	8.90	95.58
	100.00	1307.74	100.00	1074.07

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

a) Registration Details		
Registration No	16304	16304
Code No	55	55
Balance sheet date	31.03.2010	31.03.2009
b) Capital raised during the year		
Public issue	-	-
Right issue	-	-
Bonus issue	-	-
Private placement	-	1.13
Equity shares pending allotment	1.11	-
c) Position of mobilisation and deployment of funds		
Total liabilities	1278.04	1019.30
Total assets	1278.04	1019.30
Sources of funds		
Paid up capital	30.08	30.08
Equity shares/warrants pending allotment	1.11	2.42
Reserves and surplus	1104.00	901.83
Secured loans	115.81	24.36
Unsecured loans	-	45.92
Deferred tax liability	27.04	14.69
Application of funds		
Net fixed assets	601.23	465.48
Investments	531.71	387.87
Net current assets	145.08	165.90
Miscellaneous expenditure	0.02	0.05
d) Performance of Company		
Turnover	2473.52	2198.36
Other income	14.53	7.56
Total expenditure	2197.74	2038.74
Prior Period Items (net)	-	0.09
Profit before tax	290.31	167.27
Profit after tax	228.16	145.23
Weighted No of equity shares	62387406	58263611
Earning per share (basic and diluted)	36.57	24.93
Dividend Rate	50%	50%

e) Generic names of Three principal products/services of Company (as per monetary terms)

Product description	**ITC Code No**	
Miniature Circuit Breakers	85362030	85362030
Moulded case circuit breaker	85362020	85362020
Cable	85449000	85449000

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

50 The figures have been rounded off to the nearest crore of rupees upto two decimal places.

51 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 Gupta
Company Secretary

Mahesh Jain
Vice President-Finance & Accounts

Noida, August 27, 2010

As per attached Auditor's Report of even date

For **V.R.Bansal & Associates**
Chartered Accountants
(Registration No. 016534N)

V.P.Bansal
Partner
Membership No.8843

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Consolidated Financial Statements

AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To The Board of Directors
Havells India Limited

1. We have audited the attached Consolidated Balance Sheet of Havells India limited (the "Company") and its subsidiaries as at 31st March, 2010, the Consolidated Profit & Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing 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 Havell's Holdings Limited, a subsidiary company whose financial statements reflect total assets of Rs. 466.69 crores as at 31st March 2010 and total revenue of Rs. Nil for the year ended on that date. These financial statements have 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 Havell's Cyprus Limited a subisidiary company and Havells Malta Limited, subsidiary of Havell's Holdings Limited, alongwith its subsidiaries, whose consolidated financial statements reflect total assets of Rs. 1885.14 crores as at 31st March 2010 and total revenue of Rs. 2945.99 crores for the year ended on that date. These financial statements have been audited by other auditors upto the period ending 31st December 2009. The financial statements for the year ending 31st March 2010, as approved by the respective Board of Directors of the Companies, have been furnished to us by the Management and our report in so far as it relates to the amounts included in respect of said subsidiaries is based solely on such approved unaudited financial statements.

4. Without qualifying our opinion, we draw your attention to the following:-

   (i) Note no. 4 of Schedule 19 to the financial statements regarding the ability of Havells Malta Limited, alongwith its subsidiaries, to continue as a going concern. We have relied upon the management representations in this regard and considered the adequacy of the disclosures made in the financial statements in forming our opinion on the consolidated financial statements.

   (ii) Note no. 2 of Schedule 19, that pursuant to the Scheme of arrangement u/s 391, 392 and 394 of the Companies Act, 1956 and as approved by the Hon'ble High Court of Judicature at Delhi vide their order dated 19th August 2010, a separate reserve account titled as Business Reconstruction Reserve has been created by transferring a sum of Rs.400 crores from Securities Premium Account for the adjustment of certain expenses and other items as prescribed therein. Had the said adjustments not been made against the Business Reconstruction Reserve account and treated in accordance with the generally accepted accounting principles:

      a) The net profit after tax for the year (inclusive of the effect of the deferred tax) would have been lower by Rs. 293.70 crores,

      b) The security premium account would have been higher by Rs. 400 crores and capital reserve account would have been lower by Rs.1.11 crores

      c) The provision for deferred tax and current tax would have been lower by Rs. 0.04 crores each.

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 report of other auditors as explained in para 3(i) and unaudited consolidated financial statements of the subsidiaries as explained in paragraph 3(ii) 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 read together with significant accounting policies and notes to accounts in Schedule 19, give the information required by the Companies Act in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India:

   a) In the case of Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiaries as at 31st March, 2010;

   b) In the case of Consolidated Profit and Loss Account, of the 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 cash flows of the Company and its subsidiaries for the period ended on that date.

For V.R Bansal & Associates
Chartered Accountants
Registration No 016534N

(V.P BANSAL)
Partner
M.NO. 8843

Dated: August 27, 2010
Place: NOIDA

Consolidated Balance Sheet

		Schedule	AS AT 31.03.10 (Rs. in crores)	AS AT 31.03.09 (Rs. in crores)
I.	**SOURCES OF FUNDS**			
	1. SHARE CAPITAL			
	Share capital	1	31.19	30.08
	Reserves and surplus	2	369.02	582.07
	Minority Interest		0.20	0.16
			400.41	612.31
	2. Equity warrants issued and subscribed		-	2.42
	3. LOAN FUNDS			
	Secured loans	3	996.33	1062.39
	Unsecured loans	4	70.03	165.44
			1066.36	1227.83
	4. DEFERRED INCOME TAX (NET)		26.64	(9.72)
	Total		**1493.41**	**1832.84**
II.	**APPLICATION OF FUNDS**			
	1. FIXED ASSETS	5		
	Gross block		2696.29	2896.09
	Less: Accumulated depreciation		1808.93	2042.71
	Net block		887.36	853.38
	Add: Capital work-in-progress		33.61	30.80
	Total fixed assets		920.97	884.18
	2. GOODWILL		321.20	357.90
	3. CURRENT ASSETS, LOANS AND ADVANCES	6		
	Inventories		824.59	794.74
	Sundry debtors		698.22	757.34
	Cash and bank balances		148.14	247.33
	Other current assets		10.15	7.94
	Loans and advances		157.75	214.12
			1838.85	2021.47
	Less: Current Liabilities and Provisions	7		
	Current liabilities		1555.52	1393.43
	Provisions		32.11	37.33
			1587.63	1430.76
	NET CURRENT ASSETS		251.22	590.71
	4. MISCELLANEOUS EXPENDITURE	8	0.02	0.05
	Total		**1493.41**	**1832.84**
	Accounting policies, contingent liabilities and notes on accounts	19		

For and on behalf of the Board of Directors

Qimat Rai Gupta
Chairman & Managing Director

Surjit Gupta
Director

Sanjay Gupta
Company Secretary

Mahesh Jain
Vice President-Finance & Accounts

Noida, August 27, 2010

As per attached Auditor's Report of even date

For V.R.Bansal & Associates
Chartered Accountants
(Registration No. 016534N)

V.P.Bansal
Partner
Membership No.8843

Profit and Loss Account

		Schedule	Year Ended 31.03.10 (Rs. in crores)	Year Ended 31.03.09 (Rs. in crores)
1.	**INCOME**			
	Turnover (Gross)	9	5536.50	5612.96
	Less: Excise duty		104.97	135.47
	Turnover (Net)		5431.53	5477.49
	Other Income	10	22.17	8.61
			5453.70	5486.10
2.	**EXPENDITURE**			
	Materials cost	11	2918.00	3007.01
	Manufacturing	12	324.98	266.59
	Personnel	13	760.20	845.23
	Office and administration	14	277.91	301.88
	Selling and distribution	15	823.95	765.67
	Interest and financial	16	97.90	125.27
	Managerial remuneration	17	4.26	2.51
	Miscellaneous expenditure written off	18	0.03	0.05
	Depreciation		83.69	90.50
			5290.92	**5404.71**
3.	**PROFIT/(LOSS) BEFORE TAX AND PRIOR PERIOD ITEMS**		**162.78**	**81.39**
	Add: Prior period items (net)		-	0.09
	Less: Exceptional Items (note no. 21 of schedule 19)		-	198.69
4.	**PROFIT/(LOSS) BEFORE TAX**		**162.78**	**(117.21)**
	Income tax expense			
	Current tax/Fringe benefit tax		60.02	43.44
	Deferred tax		33.11	(0.60)
	Wealth tax		0.05	0.07
			93.18	42.91
5.	**PROFIT/(LOSS) AFTER TAX (BEFORE ADJUSTMENT FOR MINORITY INTEREST)**		**69.60**	**(160.12)**
	Less: Share of (profit)/loss transferred to minority		0.04	0.04
6.	**PROFIT/(LOSS) AFTER TAX (AFTER ADJUSTMENT FOR MINORITY INTEREST)**		**69.56**	**(160.16)**
7.	**PROFIT/(LOSS) FOR APPROPRIATION**			
	Brought forward from previous year		130.41	322.72
	Profit/(Loss) for the year		69.56	(160.16)
	Profit/(Loss) available for appropriation		**199.97**	**162.56**
	APPROPRIATIONS			
	Transfer to general reserve		22.70	14.55
	Interim dividend		7.52	-
	Proposed dividend		15.60	15.04
	Corporate dividend tax		3.93	2.56
	Balance carried over to Balance Sheet		150.22	130.41
			199.97	**162.56**
	Basic and diluted earning per share (EPS) (note no. 35 of schedule 19) (Rs per equity shares of Rs.5/- each)			
	EPS before exceptional items		11.15	6.61
	EPS after exceptional items		11.15	(27.49)
	Accounting policies, contingent liabilities and notes on accounts	19		

For and on behalf of the Board of Directors

As per attached Auditor's Report of even date

For V.R.Bansal & Associates
Chartered Accountants
(Registration No. 016534N)

Qimat Rai Gupta
Chairman & Managing Director

Surjit Gupta
Director

Sanjay Gupta
Company Secretary

Mahesh Jain
Vice President-Finance & Accounts

V.P.Bansal
Partner
Membership No.8843

Noida, August 27, 2010

CASH FLOW STATEMENT ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2010

		Year Ended 31.03.2010 (Rs. in Crores)	Year Ended 31.03.2009 (Rs. in Crores)
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before tax and extraordinary items	162.78	(117.21)
	Adjustments for		
	Depreciation	83.69	90.50
	Loss on Sale of Fixed Assets	14.55	1.00
	Profit on Sale of Assets	(1.29)	(0.32)
	Foreign currency translation reserve	(0.94)	(37.52)
	Income on sale of Investment	-	(0.08)
	Interest Income	(1.56)	(1.75)
	Interest Paid	87.11	108.38
	Expenses of scheme of arrangement	(237.53)	-
	Miscellaneous Expenditure Written Off	0.03	0.05
	Operating Profit before working capital changes	106.84	43.05
	Adjustments for		
	Trade and Other Receivables	123.24	41.42
	Inventories	(13.90)	247.19
	Trade Payables	22.56	(123.21)
	Other Liabilities	122.43	51.43
	Cash generated from operations	361.17	259.88
	Direct taxes paid	(69.87)	(39.99)
	Cash flow before extraordinary items	291.30	219.89
	Net Cash received (+) / used (-) from Operating Activities	**291.30**	**219.89**
B.	**CASH FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(153.55)	(149.60)
	Sale of Investments	-	3.25
	Addition of Goodwill due to exchange variation	36.70	(23.29)
	Sale of fixed assets	9.18	5.26
	Interest Received	1.56	1.75
	Net Cash used in Investing Activities	**(106.11)**	**(162.63)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issue of preferential Equity Shares	-	1.12
	Share premium on preferential allotment	-	138.60
	Proceeds from short term borrowings	(63.06)	21.74
	Proceeds from long term borrowings	(17.61)	(187.26)
	Repayment of motor car loans	(0.02)	(0.38)
	Repayment of unsecured advances	(95.41)	97.52
	Interest Paid	(87.11)	(108.38)
	Dividends paid	(22.56)	(14.48)
	Net Cash received (+) / used (-) from Financing Activities	**(285.77)**	**(51.52)**
	Net increase (+) / decrease (-) in cash and cash equivalents (A+B+C)	(100.58)	5.74
	Cash and Cash Equivalents as at the beginning of the year	241.52	235.78
	Cash and Cash Equivalents taken over as per scheme of arrangement	6.18	-
	Cash and Cash Equivalents as at the close of the year	147.12	241.52

Notes:

1 The cash flow statement has been prepared under the indirect method set out in ‘Accounting Standard (AS) 3 Cash Flow Statements’, as specified in the Companies (Accounting Standards) Rules, 2006.

2 Additions to Fixed Assets include movements of capital work-in-progress during the year.

3 Cash and cash equivalents as at the close of the year does not include Rs. 0.93 crore (previous year Rs. 5.81 crores) on account of fixed deposit under margin money and pledged with Govt. departments, unclaimed dividend account and interest accrued on fixed deposit.

4 Impact of assets and liabilities transferred in pursuance of scheme of arrangement, being non cash items has been excluded from the above cash flow statement.
The details are as under:

	(Rs. in crores)
Net Fixed Assets	29.03
Net Current Assets	10.12
Total Assets	39.14
Less:	
Loan Funds	14.63
Deferred Tax	2.21
Total Liabilities	16.85
Surplus of assets over liabilities	22.30

5 Figures for the previous year have been regrouped/reclassified wherever necessary.

For and on behalf of the Board of Directors

Qimat Rai Gupta
Chairman & Managing Director

Surjit Gupta
Director

Sanjay Gupta
Company Secretary

Mahesh Jain
Vice President-Finance & Accounts

Noida, August 27, 2010

As per attached Auditor's Report of even date

For V.R.Bansal & Associates
Chartered Accountants
(Registration No. 016534N)

V.P.Bansal
Partner
Membership No.8843

Schedules

	As at 31.03.10 (Rs. in crores)	As at 31.03.09 (Rs. in crores)
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 60,168,406) Equity Shares of Rs.5/- each fully paid up	30.08	30.08
Equity shares pending allotment	1.11	-
(refer note no. 2(b) of schedule 19)		
	31.19	**30.08**

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

SCHEDULE NO. 2
RESERVES AND SURPLUS

	As at 31.03.10 (Rs. in crores)	As at 31.03.09 (Rs. in crores)
Capital Reserve		
As per last Balance Sheet	5.19	5.19
Add: Subscription amount of equity warrants forfeited	2.42	-
(refer note no. 5 of schedule 19)		
	7.61	5.19
Business Reconstruction Reserve		
Transfer from Securities Premium account	400.00	-
Less: Expenses as per Scheme of arrangement	293.78	-
(refer note no. 2 of schedule 19)		
Equity shares pending allotment as per scheme of arrangement	1.11	-
	105.11	-
Securities Premium Account		
As per last Balance Sheet	421.68	267.55
Add: Received during the year	-	154.13
Less: Transfer to Business Reconsctruction Reserve	400.00	-
	21.68	421.68
General Reserve		
As per last Balance Sheet	58.17	43.74
Add: Surplus in pursuance of scheme of arrangement	22.30	-
Transfer from Profit and Loss account	22.70	14.55
	103.17	58.29
Less: Transfer to Minority Interest	-	0.12
	103.17	58.17
Foreign currency translation reserve	(18.77)	(33.38)
Profit and loss account	150.22	130.41
	369.02	**582.07**

Schedules

	As at 31.03.10 (Rs. in crores)	As at 31.03.09 (Rs. in crores)
SCHEDULE NO. 3		
SECURED LOANS		
Working capital loans from banks		
Cash Credit accounts	216.40	272.80
Term Loans from Banks		
Foreign Currency Term Loan	112.85	-
External Commercial Borrowings	4.23	15.60
Term loan from Barclays Bank, London and State Bank of India, London	583.07	670.30
Against hypothecation of Motor Cars	-	0.01
Deferred Payment Credits		
Against purchase of Industrial Land	0.75	3.54
Assets Acquired under lease	79.03	100.14
[Due within a year Rs. 43.96 crores (Previous year Rs. 150.22 crores)]	**996.33**	**1062.39**

Notes:-

1 Working capital limits of the Company 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 and secured by way of :
   a) 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.
   b) pari-passu first charge on land and building at 14/3, Mathura Road, Faridabad (Haryana).
   c) 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.

2 Working capital limits of group company Seven Wonders Holidays Private Limited are from State Bank of India, Jalandhar and IDBI Bank Limited, New Delhi under multiple banking arrangement and are secured as under:
   a) first pari-passu charge by way of hypothecation of all existing and future current assets in respect of all units including stocks of raw materials, consumable stores, spares, stocks in process, finished goods including goods in transit, book debts and receivables.
   b) first pari-passu charge by way of hypothecation of entire existing and future fixed assets of the company (excluding the value of fixed assets of Uttarakhand Plant) including equitable mortgage of land and building at Nakodar road, Jalandhar.
   c) personal guarantees of Shri Anil Gupta and Shri Ameet Gupta, Directors of the Company furnished to State Bank of India.

   State Bank of India has renewed the working capital limits vide their letter dated 03.07.2010 and has approved substitution of property situated at Nakodar Road , Jalandhar with Industrial Property at Plot No. 2& 2A, Sector 12 , IIE SIDCUL Haridwar (Uttarakhand).

3 Cash credit limits from Deutsche Bank in Havells Sylvania Europe Limited, United Kingdom are secured by way of corporate guarantee of Rs. 30.28 crores (Euro 5 millions) (Previous year Rs. 94.47 crores, Euro 14 millions) given by Havells India Limited.

4 Foreign Currency term loan from Canara Bank, Prime Corporate Branch-II, New Delhi is secured by way of:
   a) Equitable mortgage of Company's factory land and building situated at village Gulerwala, Baddi, Himachal Pradesh and 204 & 204A, MIA Alwar, Rajasthan.
   b) Hypothecation of Plant and Machinery purchased out of the above said loan.

5 Term loans and working capital limits from Barclays Bank, London , led consortium are secured by way of mortgages on freehold properties and fixed and floating charges on Group companies assets in France, Germany, Belgium,UK, Netherlands Ecuador,Brazil and Columbia and is guaranteed by Havells India Limited to the extent of Euro 34 millions (Rs. 205.90 crores). Actual utilisation was Euro 16.67 millions (Rs. 100.95 crores) as on 31.03.2010.

6 Term loan from Banco Lafise Panama SA is secured by way of mortgage on property (Land and building) in Costa Rica.

7 External Commercial Borrowings are from Royal Bank of Scotland and are secured by way of:
   a) exclusive charge on present and future moveable fixed assets of the plant situated at Plot No. 2 & 2 A, Sector 12, IIE SIDCUL, Industrial Area, Haridwar, Uttarakhand.
   b) exclusive equitable mortgage on factory land and building at Haridwar, Uttarakhand.
   c) personal guarantees of Shri Anil Gupta and Shri Ameet Gupta, Directors of the Company.

8 Deferred Payment Credit are in respect of leasehold industrial land purchased from Greater Noida Industrial Development Authority.

9 Assets acquired under lease are secured by way of respective assets taken on lease.

SCHEDULE NO. 4		
UNSECURED LOANS		
Short term loans and advances		
From Banks:-		
Bills discounted	26.08	63.25
Working Capital limits	43.95	56.27
Packing credit foreign currency loan	-	45.92
(against promissory notes)	**70.03**	**165.44**

SCHEDULE NO. 5

FIXED ASSETS

(Rs. in crores)

		GROSS BLOCK						DEPRECIATION							NET BLOCK	
SL. No.	Description	As At 01.04.2009	Acquisition as per scheme of arrangement 01.04.2009	Foreign Currency realignment	Additions during the year	Sales/ Adjustment	As At 31.03.10	Up to the last year	Acquisition as per scheme of arrangement 01.04.2009	Foreign Currency realignment	For the year	Impair-ment	Sales/ Adjustment	To date	As At 31.03.10	As At 31.03.2009
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	Industrial land															
	Freehold	59.58	-	(16.28)	0.02	-	43.32	-	-	-	-	-	-	-	43.32	59.58
	Leasehold	52.35	4.41	2.14	22.57	0.15	81.32	-	-	-	-	-	-	-	81.32	52.35
2	Factory buildings	457.02	13.53	(30.49)	42.12	0.44	481.74	235.88	0.87	(29.49)	23.84	4.43	-	235.53	246.21	221.14
3	Office premises	11.55	0.37	-	0.37	-	12.29	0.37	0.19	-	0.22	-	-	0.78	11.51	11.18
4	Plant and machinery	1684.68	9.98	(157.01)	91.28	147.26	1481.67	1330.87	3.89	(157.43)	38.29	31.59	131.75	1115.46	366.21	353.81
5	Dies & Tools	242.18	1.15	(23.29)	4.32	-	224.36	228.56	0.04	(21.08)	4.47	1.18	-	213.17	11.19	13.62
6	Generators	7.31	0.19	-	2.59	0.56	9.53	1.19	0.02	-	0.40	0.00	0.27	1.34	8.19	6.12
7	Furniture and fixtures	83.58	1.17	(1.05)	6.63	4.37	85.96	57.90	0.47	(2.83)	5.64	6.71	1.74	66.15	19.81	25.68
8	Electric fans and installations	89.16	1.63	(10.47)	6.13	0.12	86.33	53.72	0.13	(6.94)	3.48	-	0.07	50.32	36.01	35.44
9	Water supply installations	0.30	-	-	0.21	0.03	0.48	0.04	-	-	0.02	-	0.02	0.04	0.44	0.26
10	Weighing scale	0.39	0.01	-	0.04	0.03	0.41	0.07	-	-	0.02	-	0.02	0.07	0.34	0.32
11	EDP Equipments	70.88	1.30	(7.40)	1.65	4.20	62.23	54.09	0.99	(5.03)	2.77	0.12	3.67	49.27	12.96	16.79
12	Office equipments	5.88	0.54	-	0.66	0.99	6.09	0.89	0.37	-	0.40	-	0.58	1.08	5.01	4.99
13	Airconditioners	4.61	0.61	-	0.47	0.55	5.14	0.74	0.05	-	0.25	-	0.24	0.80	4.34	3.87
14	Vehicles	17.29	0.58	(1.39)	1.44	2.85	15.07	8.30	0.28	(8.69)	1.11	8.79	1.11	8.68	6.39	8.99
15	R & D Equipments	4.85	0.94	-	0.07	0.79	5.07	1.15	0.44	-	0.37	-	0.46	1.50	3.57	3.70
16	Intangible Assets															
	Computer Software	3.11	-	-	1.27	-	4.38	0.74	-	-	0.66	-	-	1.40	2.98	2.37
	Technical know-how	101.37	-	(10.69)	0.25	0.03	90.90	68.20	-	(7.56)	1.75	0.95	-	63.34	27.56	33.17
		2896.09	**36.41**	**(255.93)**	**182.09**	**162.37**	**2696.29**	**2042.71**	**7.74**	**(239.05)**	**83.69**	**53.77**	**139.93**	**1808.93**	**887.36**	**853.38**
17	Add:Capital Work-in-Progress	30.80	0.36	(2.19)	30.97	26.33	33.61	-	-	(2.48)	-	2.48	-	-	33.61	30.80
	TOTAL-Current Year	**2926.89**	**36.77**	**(258.12)**	**213.06**	**188.70**	**2729.90**	**2042.71**	**7.74**	**(241.53)**	**83.69**	**56.25**	**139.93**	**1808.93**	**920.97**	**884.18**
	Previous Year	2826.72	-	68.50	227.05	195.39	2926.89	1994.42	-	60.35	90.50	6.58	109.14	2042.71	884.18	832.30

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 and for the group companies based on management estimate of useful economic life as follows:

Assets	Useful Life
Building	25-39 Years
Plant & Machinery	5-10 Years
Other Assets	3-5 Years

2 Depreciation in respect of assets for a value not exceeding Rs.5000/- has been provided at the rate of 100%

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

4 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.

5 Addition in land includes Rs 0.22 crore (previous year Rs.0.75 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 The title deeds in respect of leasehold land at Neemrana, Rajasthan measuring 37820 sq mtrs and factory building at E-1, Sector 59 Noida, are yet to be executed.

7 Freehold land includes two no. plots at Bawana & Narela Industrial Area in respect of which possesion has not been taken yet.

8 Intangible assets are amortised on a straight line basis over a period of six years.

Schedules

	As at 31.03.10 (Rs. in crores)	As at 31.03.09 (Rs. in crores)
SCHEDULE NO. 6		
CURRENT ASSETS, LOANS AND ADVANCES		
Inventories (as taken, valued and certified by the management)		
Raw materials and components	175.04	161.39
Semi finished goods	43.88	36.88
Finished goods	586.20	579.14
Consumable Stores, tools and spare parts	3.31	1.81
Dies and fixtures	14.34	14.86
Fuel and Gases	0.39	0.17
Scrap materials	1.43	0.49
	824.59	**794.74**
Sundry debtors (unsecured)		
Debts outstanding for a period exceeding six months		
considered good	27.59	31.15
considered doubtful	33.37	26.32
	60.96	57.47
Less: Provisions for doubtful debts	33.38	26.32
	27.58	31.15
Other debts-considered good	670.64	726.19
	698.22	**757.34**
Cash and bank balances		
Cash in hand	18.54	1.23
With scheduled banks :		
Current accounts	40.39	32.10
Cash credit accounts	30.27	22.20
Unclaimed dividend account	0.32	0.21
Fixed deposit account		
Margin money	0.47	5.53
Pledged with government departments	0.01	0.03
Other fixed deposits	28.29	103.78
Interest accrued on fixed deposits	0.13	0.04
With non-scheduled banks :		
Current accounts	29.72	82.21
	148.14	**247.33**
Other current assets - (considered good)		
Export incentives receivable	2.84	1.55
DEPB licences in hand	0.58	0.13
Capital investment subsidy receivable	1.80	1.20
Claims and other debts	4.93	5.06
	10.15	**7.94**
Loans and advances (unsecured- considered good)		
Advances recoverable in cash or in kind or for value to be received	106.72	120.64
Earnest money and security deposits	22.08	43.23
Balance with excise department:		
Excise duty	8.21	8.02
Service tax	2.81	2.75
Balance of VAT with sales tax department	17.93	39.48
	157.75	**214.12**
	1838.85	**2021.47**

Schedules

	As at 31.03.10 (Rs. in crores)	As at 31.03.09 (Rs. in crores)
SCHEDULE NO. 7		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Acceptances	34.69	42.70
Sundry creditors:		
Total outstandings dues of Micro and Small enterprises	8.30	6.38
Total outstandings dues of creditors other than Micro and Small enterprises	606.42	573.15
Yes Bank Limited (Current Account)	0.35	-
Unclaimed dividend	0.32	0.21
Trade deposits and advances	25.70	22.23
Other liabilities	878.68	746.90
Interest accrued but not due	1.06	1.86
	1555.52	**1393.43**
"*Investor Protection and Education Fund is being credited by the amount of unclaimed dividend after seven years from the due date."		
PROVISIONS		
Income tax/Fringe benefit tax (net of advance tax and TDS)	13.81	19.66
Wealth tax	0.05	0.07
Proposed dividend	15.60	15.04
Corporate dividend tax	2.65	2.56
	32.11	**37.33**
	1587.63	**1430.76**
SCHEDULE NO. 8		
MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Expenditure on increase in capital		
As per last Balance Sheet	0.05	0.10
Less: written off	0.03	0.05
	0.02	**0.05**

	Year Ended 31.03.10 (Rs. in crores)	Year Ended 31.03.09 (Rs. in crores)
SCHEDULE NO. 9		
TURNOVER (GROSS)		
Sales of goods	5519.86	5598.42
Scrap materials	11.67	11.30
Export Incentives	4.95	3.21
Job charges	0.02	0.03
	5536.50	**5612.96**
SCHEDULE NO. 10		
OTHER INCOME		
Interest on deposits and from customers (TDS Rs.0.08 crore, Previous year Rs.0.13 crore)	1.56	1.75
Exchange fluctuations (Net)	15.19	0.51
Miscellaneous receipts	2.61	4.70
Profit/(Loss) on sale of fixed assets	1.29	0.32
Profit on sale of long term, trade, unquoted investments	-	0.08
Excess provision of income/fringe benefit tax written back	-	0.19
Excess provisions of bad debts/sales incentives written back	1.52	1.06
	22.17	**8.61**
SCHEDULE NO. 11		
MATERIALS		
Raw materials, packing materials and components consumed	1916.78	1911.21
Purchase of traded goods	1000.70	906.86
Add: Opening stocks		
Finished goods	591.13	761.51
Semi finished goods	38.10	48.24
Scrap materials	0.49	0.45
	629.72	810.20
Less:Closing stocks		
Finished goods	586.21	579.14
Semi finished goods	43.88	36.88
Scrap materials	1.43	0.49
	631.52	616.51
Add: Excise duty on Increase/(decrease) in Finished Goods	2.32	(4.75)
	2918.00	**3007.01**
SCHEDULE NO. 12		
MANUFACTURING EXPENSES		
Factory rent	16.51	21.55
Rates and taxes	27.83	13.09
Job charges	86.44	54.72
Power, fuel and water	55.32	41.98
Consumable stores and tools consumed	26.45	25.04
Trade mark fees and royalty	22.72	18.59
Repairs and Maintenance		
Machinery	21.81	25.34
Building	5.65	7.71
Others	6.33	5.35
Research and development expenses	38.74	40.69
Other manufacturing expenses	17.18	12.53
	324.98	**266.59**
SCHEDULE NO. 13		
PERSONNEL EXPENSES		
Salaries, wages, bonus and other benefits	738.37	673.52
Contribution towards PF and ESI	3.89	150.14
Contribution towards gratuity and gratuity paid	2.08	1.10
Employees welfare	15.86	20.47
	760.20	**845.23**

	Year Ended 31.03.10 (Rs. in crores)	Year Ended 31.03.09 (Rs. in crores)
SCHEDULE NO. 14		
OFFICE AND ADMINISTRATION EXPENSES		
Rent	37.39	34.22
Rates and taxes	5.26	4.81
Printing and stationary	16.60	17.86
Postage, telephone and communications expenses	22.55	26.88
Electricity and water charges	5.16	5.52
Travelling, conveyance and vehicle maintenance	76.30	94.41
Legal and professional	38.01	56.79
Auditor's remuneration		
Audit fee	5.77	8.75
Taxation matters	4.21	1.21
Insurance	21.45	16.10
Donation	0.51	0.54
Loss on sale/discard of fixed assets	14.55	1.00
Director's sitting fees	0.08	0.05
Miscellaneous office expenses	30.07	33.74
	277.91	**301.88**
SCHEDULE NO. 15		
SELLING AND DISTRIBUTION EXPENSES		
Advertisement and Sales promotion	136.80	112.00
Freight, Packing, insurance and cartage outward	229.70	208.05
Discount, commission and sales incentives	413.98	401.41
Debtors factoring charges	12.31	16.64
Bad debts, liquidity damages and short recoveries	2.20	5.78
Provision for doubtful debts	14.42	8.35
Sales tax and Service tax paid	4.99	4.51
Miscellaneous selling expenses	9.55	8.93
	823.95	**765.67**
SCHEDULE NO. 16		
INTEREST AND FINANCIAL EXPENSES		
Interest		
On fixed loans	76.61	83.20
On non-fixed loans	10.50	25.18
Bank charges	10.04	15.22
Miscellaneous financial expenses	0.75	1.67
	97.90	**125.27**
SCHEDULE NO. 17		
MANAGERIAL REMUNERATION		
Managing Director's remuneration	1.99	0.64
Wholetime Director's remuneration	2.27	1.87
	4.26	**2.51**
SCHEDULE NO. 18		
MISCELLANEOUS EXPENDITURE WRITTEN OFF		
Miscellaneous expenditure written off	0.03	0.05
	0.03	**0.05**

SCHEDULE NO. 19

ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDING 31ST MARCH, 2010

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 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 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 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.

e) A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

f) The results and financial position of Havells Sylvania Venezuela C.A., a step down susidiary company are translated at the market rate rather than the official rate due to the hyper-inflationary economy. The change from the official rate to the market rate for translation was reflected in the currency translation reserves.

g) Minority's share in net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

h) Minority's share in net assets of consolidated subsidiaries is identified and presented in the consolidated balancesheet separate from liabilities and the equity of the Company's shareholders.

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.

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 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%.

d) The cost and the accumulated depreciation on 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.

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 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 it is caused by a specific external event of an exceptional nature.

b) Computer Software

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

c) Technical know-how

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

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 (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.

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.

(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 accounting 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 liability hedged.

The effective portion of changes in the fair value of derivatives 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 ineffective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance costs'.

When a hedging instrument 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.

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

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 on projected unit credit method on the balance sheet date, based upon which the Company contributes to the Group Gratuity Scheme. The difference, if any, between the actuarial valuation of the gratuity of employees at the year end and the balance of funds with LIC is provided for as liability in the books.

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 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 Incentives**

Export incentives such as DEPB benefits are recognised on post export basis on entitlement rates. DEPB Licenses 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 reasonable certainty with regard to the amounts to be realised and the ultimate collection thereof.

12 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.

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, whichever is less.

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 and deferred tax.

a) 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 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.

19 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.

The provision for restructuring relate to the estimated costs of initiated reorganization that have been approved by the board of management, and which involve the realignment of certain parts of the manufacturing, selling and administration organization. When such reorganization require discontinuance and /or closure of lines of activities, the anticipated costs of closure or discontinuance are included in restructuring provisions. A liability is recognized for those costs only when the Company has a detailed formal plan for the restructuring and has raised a valid expectation with those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

B CONTINGENT LIABILITIES

(Rs.in crores)

		2010	2009
a	Estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	33.77	17.30
b	Bank guarantees and letter of credits opened with bank (net of margin money)	124.72	89.74
c	Bonds to excise department against export of excisable goods/purchase of goods without payment of duty (to the extent utilised)	25.14	21.95
d	Custom duty payable against export obligation	17.12	19.46
e	Suits filed against the Company not acknowledged as debts	16.69	35.05
f	Liability towards banks against debtors buyout facilities	29.31	14.33
g	Disputed tax liabilities in respect of pending cases before Appellate Authority	13.31	25.09
h	Corporate Guarantee given on behalf of subsidiary companies (to the extent of outstanding obligation)	113.19	251.94
i	Export bills discounted with banks	40.45	Nil

C NOTES

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

	Name of Subsidiary	Country of incorporation	Date of control	Nature of relationship	Extent of control
1	Havells Cyprus Limited	Cyprus	20.07.2006	Wholly Owned Subsidiary	100%
2	Havells Holdings Limited	Isle of Man	09.03.2007	Wholly Owned Subsidiary	100%
3	Seven Wonders Holidays Private Limited	India	02.02.2010	Wholly Owned Subsidiary	100%
4	Havells Malta Limited	Malta	13.03.2007	WOS of Havells Holdings Limited	100%
5	Havells Netherlands Holding B.V.	Netherlands	13.03.2007	WOS of Havells Malta Limited	100%
6	Havells Netherlands B.V.	Netherlands	13.03.2007	WOS of Havells Netherlands Holding B.V.	100%
7	SLI Europe B.V.	Netherlands	20.04.2007	WOS of Havells Netherlands B.V.	100%
8	Havells Sylvania Holdings BV1 Limited	British Virgin	20.04.2007	WOS of Havells Netherlands B.V.	100%
9	SLI Lighting Products Inc.	Delaware	20.04.2007	WOS of Havells Netherlands B.V.	100%
10	Flowil International Lighting (Holding) B.V.	Netherlands	20.04.2007	WOS of SLI Europe BV	100%
11	Sylvania Lighting International B.V.	Netherlands	20.04.2007	WOS of SLI Europe BV	100%
12	Havells Sylvania (Thailand) Limited	Thailand	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	*49%
13	Havells Sylvania (Guangzhou) Enterprises Ltd	China	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
14	Havells Sylvania Asia Pacific Limited	Hong Kong	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
15	Havells Sylvania Sweden A.B.	Sweden	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
16	Havells Sylvania Finland OY	Finland	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
17	Havells Sylvania Norway A.S.	Norway	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
18	Havells Sylvania Fixtures Netherlands B.V.	Netherlands	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
19	Havells Sylvania Lighting Belgium N.V.	Belgium	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
20	Havells Sylvania Belgium B.V.B.A.	Belgium	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
21	Havells Sylvania Lighting France S.A.S	France	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
22	Havells Sylvania France S.A.S.	France	20.04.2007	WOS of Havells Sylvania Lighting France SA	100%
23	Havells Sylvania Italy S.P.A.	Italy	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
24	Havells Sylvania Portugal Lda	Portugal	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
25	Havells Sylvania Greece A.E.E.E.	Greece	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
26	Havells Sylvania Spain S.A.	Spain	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
27	Havells Sylvania Spain Logistics S.L.	Spain	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
28	Havells Sylvania Germany Gmbh	Germany	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
29	Havells Sylvania Switzerland A.G	Switzerland	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
30	Havells Sylvania Brasil Illuminacao Ltda.	Brazil	20.04.2007	WOS of Sylvania Lighting International B.V.	100%
31	Havells Sylvania Argentina S.A.	Argentina	20.04.2007	WOS of Sylvania Lighting International B.V.	*99%
32	Havells Sylvania N.V.	Dutch Antilles	20.04.2007	WOS of Sylvania Lighting International B.V.	100%
33	Havells Sylvania Colombia S.A.	Colombia	20.04.2007	WOS of Havells Sylvania Holdings BVI-1 Limited	100%
34	Havells SLI de Mexico S.A. de C.V.	Mexico	20.04.2007	WOS of Sylvania Lighting International B.V.	100%

35	Havells SLI Servicios Generales MexicoS.A.de CV.	Mexico	20.04.2007	WOS of Havells SLI de Mexico SA de CV	100%
36	Havells Sylvania El Salvador S.A. de C.V.	El Salvador	20.04.2007	WOS of Havells Sylvania Export N.V.	100%
37	Havells Sylvania Guatemala S.A.	Guatemala	20.04.2007	WOS of Havells Sylvania Export N.V.	100%
38	Havells Sylvania Costa Rica S.A.	Costa Rica	20.04.2007	WOS of Havells Sylvania Export N.V.	100%
39	Havells Sylvania Panama S.A.	Panama	20.04.2007	WOS of Havells Sylvania Export N.V.	100%
40	Havells Sylvania Venezuela C.A.	Venezuela	20.04.2007	WOS of Havells Sylvania Colombia S.A.	100%
41	Havells Sylvania Europe Limited	United Kingdom	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
42	Havells Sylvania UK Limited	United Kingdom	20.04.2007	WOS of Havells Sylvania Europe Limited	100%
43	Havells Sylvania Fixtures UK Limited	United Kingdom	20.04.2007	WOS of Havells Sylvania Fixtures UK Limited	100%
44	Havells Holding Inc	USA	20.04.2007	WOS of Havells Netherlands B.V.	100%
45	Havells Sylvania Tunisia S.A.R.L.	Tunisia	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
46	Havells Sylvania Export N.V	Dutch Antilles	20.04.2007	WOS of Sylvania Lighting International B.V.	100%
47	Havells Sylvania Holdings BVI-2 Limited	British Virgin	20.04.2007	WOS of Havells Sylvania Holdings BVI-1 Limited	100%
48	Sylvania Geschaft mbh	Austria	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%
49	Havells Sylvania Dubai FZCO	Dubai	07.01.2008	WOS of Havells Sylvania Europe Limited	100%
50	Havells Sylvania (Shanghai) Ltd	China	14.01.2008	WOS of Havells Sylvania Asia Pacific Limited	100%
51	Havells Sylvania Peru S. A. C.	Peru	18.01.2008	WOS of Havells Sylvania Colombia S.A.	100%
52	Havells Sylvania Iluminacion (Chile) Limitada	Chile	10.09.2008	WOS of Sylvania Lighting International B.V.	100%
53	Havells Sylvania (Malaysia) Snd. Bhd	Malaysia	10.09.2008	WOS of Havells Sylvania Asia Pacific Limited	100%
54	Hamshire Holdings Ltd	Isle of Man	20.04.2007	WOS of Havells Sylvania Holdings (BVI - 1) Limited	100%
55	Havells Sylvania Poland S.P.Z.O.O	Poland	29.05.2009	99% held by Flowil International Lighting (Holding) B.V. and 1% held by Havells Sylvania Europe Limited	100%

Note:

i) WOS refers to 'Wholly Owned Subsidiary'

ii) * In Havells Sylvania (Thailand) Limited minorities hold 51% of ordinary shares (representing 11000 Euro as at 31st March,2010) and in Havells Sylvania Argentina S.A. minorities hold 1% of ordinary shares (representing 22000 Euro as at 31st March, 2010) but the majority of voting rights are held by Sylvania Group. The beneficial ownership of both the entities lies with the Sylvania Group. Therefore the group has disclosed minority interest in financial year 2009-10. The respective prior year figures in the consolidated financial statements are restated.

iii) During the year Precision Materials SARL (which WOS of Havells Sylvania Lighting France SAS) has merged with its holding Company

iv) Four UK based Dormant Companies namely Linolite Limited, Marlin Lighting Limited, Concord Lighting Limited and Badalex Limited were closed during the year.

v) Havells Sylvania Poland S.P.Z.O.O was incorporated during the year

vi) Seven Wonders Holidays Private Limited was acquired during the year.

2 The Company has invested a sum of Rs. 0.01 Crore in a wholly owned subsidiary 'Seven Wonders Holidays Private Limited' (SWHPL) during the year. The Company, its Subsidiary (SWHPL) and Standard Electricals Limited (SEL), a Company under the same management, have entered in a Scheme of Arrangement u/s 391, 392 and 394 of the Companies Act, 1956 which has been approved by the Hon'ble High Court of Delhi vide their order dated 19.08.2010 and filed with the Registrar of Companies on 21.08.2010. In accordance with the aforesaid scheme of arrangement:

a) The electrical business of SEL has been transferred to SWHPL on a going concern basis. The assets and liabilities have been transferred at respective book values and surplus of assets over liabilities acquired has been transferred to the General Reserve in the books of SWHPL. The details of assets and liabilities transferred to SWHPL is as follows:

	(Rs. in Crores)
Net Fixed Assets	29.03
Net Current Assets	10.12
Total Assets	39.15
Less:	
Loan Funds	14.63
Deferred Tax	2.21
Total Liabilities	16.85
Surplus of assets over liabilities	22.30

b) 2219000 fully paid up equity shares of Rs. 5/- each are to be issued to the shareholders of the demerged company (SEL) as a consideration for demerger, in the exchange ratio of 7 shares of the Company for every 10 shares held in SEL. Since allotment of shares stated above has not been effected before 31.03.2010, a sum of Rs. 1.11 crore has been transferred from Business Reconstruction Reserve account to Equity Shares pending allotment account.

c) Business Reconstruction Reserve Account has been created by the Company by transfer of Rs. 400 crores from Securities Premium Account for the purpose of adjustment of certain expenses and allotment of equity shares as per the aforesaid scheme.

d) Expenses and other items charged against the business reconstruction reserve account are as follows:

Nature of Expense	(Rs. in Crores)
Professional fee paid to consultant	0.25
Severance, Restructuring and integration cost	219.56
Impairment of Fixed Assets	56.05
Write down of Inventories	17.92
	293.78
Shares issued pursuant to scheme of arrangement	1.11
	294.89

e) Had the scheme not prescribed the aforesaid accounting treatment, the impact would be as under:

i) In the Profit and Loss Account

	2009-10 Increase/(Decrease)
Legal and Professional expenses	0.25
Exceptional Items	293.53
Profit before Tax	(293.78)
Provision for Tax (including deferred tax)	(0.08)
Net Profit (after tax)	(293.70)
Basic and diluted EPS (In Rs.) after exceptional items	(47.08)

ii) In the Balance Sheet

Securities Premium Account	400.00
Business Reconstruction Reserve	(105.11)
Capital Reserve	(1.11)
Profit and Loss account (after tax)	(293.70)
Provision for Income Tax	(0.04)
Deferred Tax Liability	(0.04)

3 In the consolidated financial statements the figures of subsidiary companies viz Havells Malta Limited and Havell's Cyprus Limited have been incorporated on the basis of the audited financial statements for the calender year 2009 and the financial statements for the quarter ended March 2010 as approved by their respective Board.

4 Going Concern Assumption in Havells Malta Limited and its subsidiary companies

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 and anticipated cash flows with the available facilities and covenants contained in the banking arrangements which underpin the current financing structure and have considered the ability to meet their obligations as they fall due. In the opinion of the Directors, the aforesaid subsidiary 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.

b) The accumulated losses include one time non recurring expense incurred towards severance and other restructuring costs to the tune of Rs. 477 crores (Euro 71.20 millions) which will yield tangible benefits in future.

c) The aforesaid subsidiary companies generally experienced good market conditions till June, 2008, and the period thereafter being more challenging following the beginning of the World recession in second half of year 2008 more particularly in European economy. The total market shrunk due to recession, which adversely affected the operating results. As a result, the companies have implemented a variety of fixed cost reduction measures to manage the costs effectively and offset this trend. These initiatives include rationalization of fixed overheads, partial outsourcing of manufacturing to low cost countries and further cost reduction initiatives on materials costs. The restructuring measures taken during the year are primarily focused in Europe and Latin America regions. So far, the Group is able to execute the restructuring plan in line with the expectation.

d) On 28th August 2009, Havells Netherland B.V, a step down subsidiary of Havells Malta Limited, re-negotiated the loan agreement with the banking group led by Barclays bank. As part of the revised loan agreement clause 4(d) of Schedule - 1 and clause 7(a), the Company had agreed to increase the share capital by Rs. 83.32 crores (Euro 12 million) in two parts i.e. first part of Rs. 41.66 crores (Euro 6 million) at the time of signing the agreement in August 2009 and second part of Rs. 41.66 crores (Euro 6 million) within 90 days from signing the agreement. The parent undertaking has already invested a sum of Rs. 83.32 crores (Euro 12 million) as per the agreement. The banks have agreed to re-schedule the amortization plan of the loans and have reset the covenants in line with the revised projections. The subsidiary companies continue to meet the revised covenants and there are no defaults on repayments.

e) The aforesaid subsidiary companies have initiated two restructuring plans, which involved rationalization of fixed cost base, consolidation of warehousing activities, cost reduction in materials cost and process optimization. The first plan was having one time cost of Rs. 82 crores (Euro 12.23 million) with annualized recurring savings of Rs. 117.39 crores (Euro 17.5 million) and is implemented successfully during 2009. The second plan is having one time cost of Rs. 154.28 crores (Euro 23 million) with estimated annualized recurring savings of Rs. 127.45 crores (Euro 19 million). The second plan is under implementation at the year end.

f) The aforesaid subsidiary companies have positive cash flow of Rs. 101.19 crores from operating activities in the year financial year 2009-10 as compared to negative cash flow of Rs. 53.28 crores during financial year 2008-09 and have sufficient long term and working capital facilities available to finance its business plans. As of 31st March, 2010 the subsidiary companies had cash of Rs. 76.19 crores (Euro 12.58 millions) and undrawn debt headroom of Rs. 91.44 crores (Euro15.1 millions), implying a combined available liquidity of Rs. 167.63 crores (Euro 26.7 millions). The companies have a comfortable ongoing relationship with debtors and creditors.

g) That, with signs of improvement in global economy, there are signs of business improvement too. The subsidiary companies have experienced trading in line with projections and the management has further plans in place to ensure that the Group continues to trade in line with expectations. The Directors of the are satisfied that, provided the current facilities remain in place, the subsidiary companies have sufficient levels of cash to operate the business on a going concern basis for the foreseeable future.

The carrying value of some assets and liabilities 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 The Company had, on a preferential basis issued and allotted 2600000 Warrants to 'Seacrest Investment Limited', a Warburg Pincus group Company convertible into equity shares on or before 25th day of May'2009. Seacrest Investment Limited exercised their right to convert 2250000 Warrants into equity shares on 4th February, 2009 and had opted not to convert the remaining 350000 warrants into equity shares. Consequently, a sum of Rs. 2.42 crores representing 10% of the subscription amount paid by the said investor has been forfeited by the Company and transferred to Capital Reserve Account during the year.

6 The Company has been sanctioned a term loan of Rs. 140 Crores by Canara Bank with an option to avail the same by way of foreign currency loan for the purpose of expansion/extension of manufacturing facilities at Baddi (H.P), Haridwar (Uttarakhand) , Alwar (Rajasthan) and Neemrana(Rajasthan) Works. Out of the said loan, the Company has availed foreign currency term loan of Rs. 112.85 crores (USD 25 millions) and utilised the same for the purpose for which it was sanctioned. The same is due for repayment in 16 (sixteen) equal quarterly installments commencing from 01.04.2011.

7 a) 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. 199.30 crores (previous year Rs.188.45 crores). With the result, the debtors at the end of the year stand reduced by the said amount. A sum of Rs. 11.23 crores (previous year Rs.16.64 crores) on account of charges paid for this facility has been debited to debtors factoring charges account.

b) The Company has arranged channel finance facility for its customers from Yes Bank Limited, Axis Bank Limited and Federal Bank Limited. As per the terms of the banks, 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 balance sheet date the total debtors who have availed this facility were Rs. 42.28 Crores (Previous year Rs. 22.05 crores).

8 a) The Company has been sanctioned a Foreign Currency Packing Credit Facility limit of Rs. 45 crores (USD 10 millions) out of the working capital limits sanctioned by Canara Bank. The outstanding bills discounted with the Bank at the end of the year are at Rs. 39.50 Crores (USD 8750763). The exchange loss of Rs. 0.75 crore on account of bills discounted with the bank has been debited to the Profit and loss account.

b) The sundry debtors have been reduced by the amount of bills discounted with the bank.

9 The Company had imported a plant for its motor unit at Neemrana from Spain (Europe) in the financial year 2007-08 against which the Company has obtained a Buyers' Credit facility from Canara Bank, London for Euro 3.70 millions (Rs.22.41crores). The said facility is secured by way of hypothecation of said plant and machinery, stocks, furniture, computers and other moveable assets awarded in the public auction and is due for repayment on 10th August, 2010.

10 The Company has started commercial production of Electrical Switchgears and Electrical Fans at its new units at Baddi (Himachal Pradesh) and Haridwar (Uttarakhand) respectively during the year. Pre-operative expenses till the date of start of commercial production amounting to Rs. 0.50 crore and Rs. 1.10 crore respectively have been capitalised to the carrying cost of fixed assets on a pro-rata basis.

11 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.

12 In respect of Baddi (other than 100%EOU unit) and Haridwar units, the cenvat credit against fixed assets has not been availed

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.

13 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 as provided under section 80 IC of the Income Tax Act,1961.

14 Interest and other borrowing costs amounting to Rs. 0.62 crores (previous year Rs.1.57 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.

15 The Company has entered into a 'Business Transfer Agreement', on 16th March'2010 with HSIL Limited ,Kolkata for sale of its Bath Fitting Business Division situated at Bhiwadi, Rajasthan as a going concern on as is where is basis for a consideration of Rs. 16.87 crores. The sale of the division was approved by Shareholders through postal ballot. The legal and physical possession of the division was transferred to HSIL Limited on 1st May'2010.

16 The Group has a system of obtaining periodic confirmations from debtors and creditors. Necessary entries have been passed on reconciliation of accounts wherever required.

17 The Company has made a provision of excise duty amounting to Rs. 4.17 crores (previous year Rs. 1.85 crores) payable on stocks of finished goods and scrap material at the end of year except at Baddi and Haridwar units which are exempt from excise duty. Excise duty is considered as an element of cost at the time of manufacture of goods.

18 The Company has given a corporate guarantee of Rs. 205.90 crores (Euro 34 millions) {Previous Year Rs. 229.43 crores (Euro 34 millions)} for and on behalf of wholly owned subsidiary company Havells 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. 100.95 crores (Euro 16.67 millions) 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 first pari-passu charge by way of 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, District Solan (Himachal Pradesh) and Plot no. 2A, Sector - 10, IIE Ranipur, Haridwar.

The Company has also given an irrevocable and unconditional corporate guarantee to Deutsche Bank in respect of credit facilities and other financial accommodation availed by step down subsidiary company Havells Sylvania Europe Limited upto the amount of Rs. 30.28 crores (Euro 5 millions) {previous year Rs. 80.98 crores (Euro 12 millions)}. The outstanding obligation against the said guarantee was Rs. 12.23 crores (Euro 2.025 millions) as at the end of the year.

19 The Company is under obligation to export goods within a period of eight years from the date of issue of EPCG licenses issued in terms of para 5.2 of Foreign Trade Policy 2009-2014. As on the date of Balance Sheet, the Company is under obligation to export goods worth Rs. 95.55 crores (previous year Rs.82.21 crores) within the stipulated time as specified in the respective licenses. Out of the said obligation of Rs. 95.55 crores, the company has fulfilled the export obligation of Rs. 30.75 crores (Previous Year Rs. 22.18 Crores), However export obligation discharge certificate (EODC) is yet to be obtained from Director General Foreign Trade (DGFT) in respect of said export obligation fulfilled.

Further the Company is under obligation to export goods worth Rs. 69.78 crores (previous year Rs. 73.14) crores in respect of duty free imports made by the Company against advance licenses. Out of the said obligation, export obligation of Rs.67.07 crores has been fulfilled by the Company as at the end of the year against which export obligation discharge certificate (EODC) is yet to be obtained from Director General Foreign Trade (DGFT).

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

(Rs. in Crores)

Movement of Goodwill is as follows:	**2009-10**	**2008-09**
Balance at the start of the year	357.90	334.62
Realignment effect of Foreign exchange fluctuation	(36.70)	23.28
Balance at the end of the year	321.20	357.90

21 Exceptional expenses of Group companies are :

	2009-10	**2008-09**
Severance, restructuring and integration cost	219.56	106.18
Mark to market on interest rate swaps	-	31.88
Impairment of fixed assets	56.05	6.34
Foreign exchange (gain)/loss	-	27.22
Pension liability	-	13.06
Write down of Inventories	17.92	14.01
	293.53	198.69

Impairment of assets of Rs. 56.05 crores relate to France, Spain, Germany, Belgium, USA, Brazil, Costa Rica, Colombia, UK and Tunisia.

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

Exceptional Expenses for the financial year 2009-10 have been adjusted with the Business Reconstruction Reserve pursuant to the scheme of arrangement whereas for the financial year 2008-09 the same were debited to the profit and loss account.

22 The Company has transferred and deposited a sum of Rs. 0.005 crore (previous year Rs. 0.006 crore) out of unclaimed dividend pertaining to the year 2001-02 to Investor Education and Protection Fund of Central Government in accordance with the provisions of Section 205C of the Companies Act, 1956.

23 The Company is entitled for incentive under status holder incentive scrip @ 1% of FOB value of exports (except exports made from EOU unit) during the year. A provision of Rs. 1.21 crores has been made on this account which is to be utilised for duty free import of capital goods.

24 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 been 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. 9.68 crores (previous year Rs. 0.51 Crores) has been recognised as exchange gain (net) and credited to the profit and loss account.

25 a) Foreign currency exposures that have not been hedged by a derivative instrument or otherwise as at 31st March, 2010 are as under:

(Figures in crores)

	GBP		**USD**		**EURO**		**JPY**	
	Foreign Currency	**Indian Currency**	**Foreign Currency**	**Indian Currency**	**Foreign Currency**	**Indian Currency**	**Foreign Currency**	**Indian Currency**
Receivables								
Current Year	0.04	2.85	0.20	9.09	0.27	16.20	-	-
Previous Year	0.47	34.24	0.27	13.76	0.26	17.54	-	-
Payables								
Current Year	0.0002	0.01	3.66	165.18	0.40	24.33	2.13	1.03
Previous Year	0.0004	0.03	0.40	20.50	0.50	33.80	-	-

b) 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 2010 are recognised directly in the profit and loss account. A sum of Rs. 4.72 crores has been credited 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 2010 was a liability of Rs. 31.28 crores (Euro 5.16 million) {previous year Rs. 39.85 crores (Euro 5.91 millions)}.

c) In Group Companies, at the balance sheet date, interest rate hedge contracts were open where notional principal amount of the contracts at 31st March, 2010 were Rs 488.52 crores (Euro 80.67 millions) {Previous Year Rs. 670.30 crores (Euro 99.33 millions)}. The interest rates 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 21 April 2012 and 2013.

26 a) Foreign Currency Loan from ICICI Bank Limited, Singapore has been repaid during the year. The Company has recognised a sum of Rs. 1.35 crores as exchange gain and has credited the same to the Profit and Loss account

b) Buyers’ Credit Facility from Canara Bank, London has been translated at the prevailing rate of exchange as on the date of balance sheet. Consequent to realignment, the value of credit facility is reduced by Rs. 2.56 crores (previous year increase of Rs. 1.62 crores). The exchange gain on the said realignment has been credited to the Profit and loss account.

c) The Company has entered into a forward contract for foreign exchange with Yes Bank Limited in order to hedge its exposure for movements in foreign exchange rates in case of underlying assets being imports in case of the company. As at the Balance sheet date, all outstanding derivative contracts were fair valued at Mark-to-Market basis and in accordance with the accounting policy of the Company, the Company has recognised an exchange fluctuation loss of Rs. 0.08 crore and debited to profit and loss account (Previous year gain of Rs. 0.17 crore).

d) The Foreign currency term loan of USD 25 millions from Canara Bank referred in note no. 6 has been restated at prevailing rate of exchange as at the end of the year resulting in exchange gain of Rs. 3.42 Crores which has been credited to the Profit and Loss account .

27 Loss on sale/discard of assets charged to Profit and Loss account include a sum of Rs. 2.75 crores (Previous Year Nil) written off on account of plant and machinery discarded by the Company with a view to modernise its existing plants at Neemrana (Rajasthan) and Alwar (Rajasthan) for the manufacture of Compact Fluorescent Lamps (CFL) and Cables respectively.

28 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. The said amount is not subject to tax deducted at source (TDS).

29 Current Tax and Deferred Tax

Current Tax

The Company has made a provision for current tax in accordance with the provisions of the Income Tax Act’1961

Deferred Tax

Deferred tax resulting from timing differences between book profit and taxable income is accounted for using the current tax rate. In respect of the Company’s units under tax holiday period u/s 80 IC of the Income Tax Act, 1961, deferred tax assets/ liabilities for timing differences which are capable of reversal after the tax holiday period have been recognised during the year in accordance with The 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)

		2009-10	2008-09
1	Deferred Tax Liability		
	a) on account of difference in rates and method of depreciation	64.19	73.76
	b) on account of different treatment of certain payments under Income Tax Act.	4.51	7.38
		68.70	81.1
2	Deferred Tax Assets		
	a) on account of different treatment of certain payments under Income Tax Act.	10.80	1.24
	b) on account of provision for bonus	1.80	48.28
	c) on account of provision for doubtful debts not treated as expense under Income Tax Act.	0.78	0.72
	d) on account of tax losses in subsidiaries	9.76	20.20
	e) on account of Minimum Alternative Tax credit	18.90	20.42
		42.06	90.86
3	Deferred income tax liability (Net) at the end of year	26.64	(9.72)

In group companies, deferred tax asset amounting to Rs. 24.41 crores previously recognised has been reversed in absence of convincing evidence that future taxable income will be available for setoff. Further, the Group companies did not recognise deferred tax assets in respect of losses amounting to Rs. 1280.72 crores (Euro 211.48 millions) {previous year Rs. 1240.65 crores (Euro 183.85 millions)} as on 31.03.2010.

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

Provisions are recognised such as bad debts, sales incentives, warranty, 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:

(Rs. in crores)

	Sales Incentive	Bad Debts	Restructuring	Environmental	Warranty	Others
Carrying amount at the beginning of the year	12.58 (10.10)	26.32 (22.45)	6.60 (9.34)	14.32 (17.11)	- (-)	22.48 (88.03)
Additional provisions made during the year	6.72 (5.67)	13.16 (8.35)	97.75 (-)	0.81 (-)	8.62 (-)	1.27 (0.74)
Amount used during the year	2.94 (2.61)	5.31 (4.00)	- (2.74)	0.78 (2.79)	- (-)	8.39 (66.28)
Unused amounts reversed during the year	0.37 (0.58)	0.79 (0.48)	- (-)	- (-)	- (-)	0.07 (0.01)
Carrying amount of provisions as on 31.03.2010	15.99 (12.58)	33.38 (26.32)	104.35 (6.60)	14.35 (14.32)	8.62 (-)	15.29 (22.48)

Figures in brackets relates to previous year

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

Each of the identified cash generating units have been assessed at the balance sheet date and tested for impairment. The group has generally considered external factors influencing impairment of assets such as significant changes in market value of the assets, changes in technological, market, economic or legal environment, return on investment etc. and internal factors such as obsolescence, physical damage, changes at operation level etc. for assessment of impairment conditions existing in the cash generating units as on the Balance Sheet date. Further, where production line itself is not impaired, impairment conditions are not recognised in individual machine, if any.

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 growth rate of 2.1% and discount rate of 12.5%.

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 goodwill and that there is a significant headroom of approximately Rs. 726.17 crores (Euro 119.91 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. 56.05 crores (Euro 8.385 million) relates to impairment in France, Spain, Germany, Belgium, USA, Brazil, Costa Rica, Colombia, Tunisia, UK and others.

32 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.

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 , Lighting and fixtures and Electrical Consumer Durables on the basis of the nature of products, the risk return profile of individual business and the internal business reporting systems.

Secondary- Geographical Segment

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

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

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

(Rs. in crores)

	2009-10	2008-09
(i) Primary- Business Segment		
A. Revenue		
Segment Revenue (Gross)		
Switchgears	802.45	623.37
Cables	1094.88	1106.58
Lighting and fixtures	3261.26	3560.65
Electrical consumable durables	362.48	276.92
Others	37.60	54.05
	5558.67	5621.57
B. Results		
Segment Results		
Switchgears	296.75	203.07
Cable	89.78	62.95
Lighting and fixtures	668.75	764.81
Electrical consumable durables	101.98	59.29
Others	6.75	8.52
	1164.01	1098.64
Unallocated expenses net of income	914.12	908.87
Operating Profit	**249.89**	**189.77**
Interest Expenses	87.11	108.38
Profit before prior period items and tax	**162.78**	**81.39**
Add: Prior period items	-	0.09
Less: Exceptional Items	-	198.69
Profit before tax	**162.78**	**(117.21)**
Income tax expense and wealth tax	93.18	42.91
Profit after tax	**69.60**	**(160.12)**

C. Other Information

		(Rs. in crores)
Segment Assets		
Switchgears	410.42	331.96
Cables	322.25	199.84
Lighting and fixtures	2065.69	1999.99
Electrical consumable durables	110.75	68.56
Others	171.91	663.20
	3081.02	3263.55
Segment Liabilities		
Switchgears	108.10	99.34
Cables	98.62	113.31
Lighting and fixtures	1208.32	1090.46
Electrical consumable durables	36.97	27.17
Others	135.62	100.48
	1587.63	1430.76
Capital Expenditure		
Switchgears	26.77	98.84
Cables	68.81	16.50
Lighting and fixtures	70.09	89.58
Electrical consumable durables	18.04	6.40
Others	3.35	15.73
	187.06	227.05
Depreciation		
Switchgears	10.47	6.36
Cables	7.30	4.22
Lighting and fixtures	63.40	74.16
Electrical consumable durables	2.30	1.26
Others	0.22	4.50
	83.69	90.50
Non-cash expenses other than depreciation		
Switchgears	5.56	0.31
Cables	1.30	0.56
Lighting and fixtures	21.20	7.36
Electrical consumable durables	0.53	0.14
Others	0.41	0.03
	29.00	8.40

(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	2443.72	2128.64
Revenue-Overseas Market	3114.95	3492.93
	5558.67	5621.57
Fixed assets located (Including Capital work-in-progress)		
Within India	626.98	465.41
Outside India	293.99	418.77
	920.97	884.18

34 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
Standard Electricals Limited
Guptajee & Company
QRG Foundation
QRG Central Hospital and Research Centre Limited

2 Key Management Personnel

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

(B) Transactions during the year

(Rs. in crores)

		2009-10	2008-09
(i)	**Purchase of goods**		
	Associates		
	QRG Enterprises Limited	11.32	3.97
	Standard Electricals Limited	-	5.19
		11.32	**9.16**
(ii)	**Purchase of Consumables**		
	Associates		
	QRG Enterprises Limited	-	0.54
	Standard Electricals Limited	-	0.06
		-	**0.60**
(iii)	**Sale of goods**		
	Associates		
	QRG Enterprises Limited	0.06	1.26
	Q. R. G. Foundation	0.01	0.06
	QRG Central Hospital and Research Centre Limited	-	0.00
	Standard Electricals Limited	-	22.87
		0.07	**24.19**
(iv)	**Sales incentives, discounts and commission paid**		
	Associates		
	Guptajee & Company	4.62	3.87
(v)	**Purchase of fixed assets**		
	Associates		
	QRG Enterprises Limited	16.02	1.06
	Standard Electricals Limited	-	0.73
		16.02	**1.79**
(vi)	**Sales of fixed assets**		
	Associates		
	QRG Enterprises Limited	-	0.02
	Standard Electricals Limited	-	0.01
		-	**0.03**
(vii)	**Usage Charges Paid**		
	Associates		
	Guptajee and Co.	0.01	0.01
	QRG Enterprises Limited	17.26	12.86
		17.27	**12.87**
(viii)	**Usage Charges Received**		
	Associates		
	QRG Enterprises Limited	0.04	-
(ix)	**Reimbursement for rent**		
	Associates		
	QRG Enterprises Limited	22.48	18.49

(x)	**Trade mark fee paid**		**(Rs. in crores)**
	Associates		
	Standard Electricals Limited	-	0.04
(xi)	**Donation paid**		
	Associates		
	Q. R. G. Foundation	0.50	0.35
(xii)	**DEPB Purchase**		
	Associates		
	QRG Enterprises Limited	-	0.01
	Standard Electricals Limited	-	0.01
		-	**0.02**
(xiii)	**Medical Expenses**		
	Associates		
	QRG Central Hospital and Research Centre Limited	0.03	0.08
(xiv)	**Reimbursement of Expenses**		
	Associates		
	QRG Enterprises Limited	0.33	0.02
	Standard Electricals Limited	-	0.10
		0.33	**0.12**
(xviii)	**Security Deposits given**		
	Associates		
	QRG Enterprises Limited	0.00	15.60
(xix)	**Directors remuneration**		
	Key Management Personnel		
	Sh. Q. R. Gupta	1.19	0.45
	Sh. Anil Gupta	0.75	0.19
	Sh. Rajesh Gupta	2.16	1.54
		4.10	2.18
(C)	**Balances at the year end**		
	Payables		
	Associates		
	Guptajee & Company	0.46	-

35 **Earnings per share**

Basic and Diluted Earnings per share			
Numerator for earning per share			
Profit before taxation and Prior period items		162.78	81.39
Provision for deferred tax, Income tax, Wealth tax and FBT		(93.18)	(42.91)
Adjustment to net earnings:			
Prior period Adjustment		-	0.09
Profit/(loss) after taxation before exceptional items		69.60	38.57
Less: Share of (profit) / loss		0.04	0.04
		69.56	38.53
Less: Exceptional items		-	198.69
Profit/(Loss) after Taxation after Prior period items and exceptional items		69.56	(160.16)
Denominator for earning per share			
Weighted number of equity shares outstanding during the period	Nos.	62387406	58263611
Earning per share-Basic and Diluted (one equity share of Rs. 5/- each)			
EPS before exceptional items, after share of minority	Rs.	11.15	6.61
EPS after exceptional items, after share of minority	Rs.	11.15	(27.49)

2219000 equity shares issuable after the sanction of scheme of arrangement by the Hon'ble High Court of Delhi vide their order dated 19.08.2010, has been considered outstanding in the computation of both Basic earning per share and Diluted earning per share from the begining of the reporting period i.e 01.04.2009 being the appointed date as per the scheme of arrangement.

36 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.

37 The figures for the previous year have been regrouped/rearranged wherever necessary.

38 The figures have been rounded off to the nearest crore of rupees upto two decimal places.

39 Schedule No.1 to 19 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 Gupta
Company Secretary

Mahesh Jain
Vice President-Finance & Accounts

Noida, August 27, 2010

As per attached Auditor's Report of even date

For V.R.Bansal & Associates
Chartered Accountants
(Registration No. 016534N)

V.P.Bansal
Partner
Membership No.8843

Havells India Ltd.
Annual Report 2009-10

Statement pursuant to exemption received under section 212(8) of the Companies Act, 1956 relating to subsidiaries for the year ended 31st March, 2010 (in Rs. crores)

S. No.	Name of the Subsidiary Company	Country of Incorporation	Capital	Reserves	Total Assets	Total Liabilities	Investments other than Investments in subsidiaries	Turnover	Profit Before Tax	Provision for Taxation	Profit After Tax	Proposed Dividend
1	Havells Sylvania Argentina S.A.	Argentina	2.02	11.87	20.19	20.19	0.00	39.28	5.61	1.72	3.88	0
2	Havells Sylvania Brasil Iluminacao Ltda.	Brasil	139.86	(208.78)	112.26	112.26	0.00	126.64	21.17	(12.95)	34.12	0
3	Havells Sylvania Colombia S.A.	Colombia	43.24	86.46	164.66	164.66	0.00	177.43	(18.06)	(8.61)	(9.45)	0
4	Havells Sylvania Venezuela C.A.	Venezuela	0.21	(4.88)	15.37	15.37	0.00	30.68	(6.16)	0.82	(6.98)	0
5	Havells Sylvania N.V. (Ecuador)	Dutch Antilles	2.06	18.79	29.77	29.77	0.00	47.31	7.68	1.81	5.88	0
6	Sylvania S.A. de C.V. (El Salvador)	El Salvador	2.19	6.92	12.35	12.35	0.00	13.63	0.15	0.03	0.13	0
7	Havells Sylvania Guatemala S.A.	Guatemala	0.01	12.05	17.41	17.41	0.00	16.20	(0.37)	0.00	(0.38)	0
8	Havells SLI Mexico S.A. de C.V.	Mexico	11.18	11.42	52.37	52.37	0.00	68.98	9.62	2.60	7.02	0
9	Havells Sylvania Panama S.A.	Panama	0.04	5.54	9.58	9.58	0.00	19.53	1.61	0.27	1.34	0
10	Havells Sylvania Peru S.A.C.	Peru	0.32	(0.87)	2.34	2.34	0.00	1.93	(0.12)	0.00	(0.12)	0
11	Havells Sylvania Europe Ltd.	UK	417.97	(181.63)	791.75	791.75	0.00	2,043.90	(41.72)	0.00	(41.72)	0
12	Havells Sylvania Spain S.A.	Spain	5.92	28.50	44.48	44.48	0.00	0.00	(4.81)	(1.04)	(3.77)	0
13	Havells Sylvania Spain Logistics S.L.	Spain	0.91	0.41	5.57	5.57	0.00	0.00	0.16	0.05	0.12	0
14	Havells Sylvania Portugal Lda.	Portugal	3.32	5.59	9.72	9.72	0.00	0.00	0.10	0.08	0.01	0
15	Havells Sylvania Italy S.p.A.	Italy	20.64	9.40	46.05	46.05	0.00	0.00	(0.45)	0.36	(0.82)	0
16	Havells Sylvania Greece A.E.E.E.	Greece	2.48	(0.60)	37.43	37.43	0.00	40.28	0.40	0.00	0.40	0
17	Havells Sylvania Sweden A.B.	Sweden	20.48	(17.00)	6.29	6.29	0.00	(0.00)	(0.20)	0.00	(0.20)	0
18	Havells Sylvania Norway A.S.	Norway	28.59	(39.03)	1.27	1.27	0.00	0.00	(4.28)	0.00	(4.28)	0
19	Havells Sylvania Finland OY	Finland	0.02	1.66	2.74	2.74	0.00	0.23	(1.07)	(0.03)	(1.05)	0
20	Havells Sylvania Tunisia S.A.R.L.	Tunisia	0.51	(94.66)	12.13	12.13	0.00	26.78	(21.80)	0.00	(21.80)	0
21	Havells Sylvania UK Ltd.	UK	152.41	(180.89)	41.22	41.22	0.00	0.00	(10.66)	0.67	(11.32)	0
22	Havells Sylvania Fixtures UK Ltd.	UK	135.94	(129.10)	64.01	64.01	0.00	145.45	(0.09)	0.24	(0.33)	0
23	Havells Sylvania Lighting Belgium N.V.	Belgium	299.88	(159.35)	255.12	255.12	0.00	140.76	(29.52)	0.00	(29.52)	0
24	Havells Sylvania Poland sp.z.o.o	Poland	0.01	(0.60)	0.21	0.21	0.00	0.00	(0.66)	0.00	(0.66)	0
25	Havells Sylvania Belgium B.V.B.A.	Belgium	0.22	1.32	4.42	4.42	0.00	0.00	1.22	0.72	0.50	0
26	Havells Sylvania Germany GmbH	Germany	217.80	(203.56)	280.20	280.20	0.00	253.49	(66.73)	0.00	(66.73)	0
27	Havells Sylvania Fixtures Netherlands B.V.	Netherlands	19.68	116.11	158.91	158.91	0.00	127.20	5.30	1.29	4.01	0
28	Havells Sylvania Lighting France SAS	France	63.47	(52.38)	256.93	256.93	0.00	231.12	(11.70)	(0.86)	(10.85)	0
29	Havells Sylvania France S.A.S.	France	47.24	21.21	59.26	59.26	0.00	0.00	3.55	1.37	2.18	0
30	Havells Sylvania Switzerland A.G.	Switzerland	0.39	10.41	45.54	45.54	0.00	0.00	1.09	0.20	0.88	0
31	SLI Europe B.V.	Netherlands	1,239.89	(1,097.84)	584.00	584.00	0.00	0.00	(112.04)	27.91	(139.95)	0
32	Sylvania Lighting International B.V.	Netherlands	137.49	356.92	532.76	532.76	0.00	0.00	(2.71)	0.00	(2.71)	0
33	Flowil International Lighting (Holding) B.V.	Netherlands	575.23	(423.99)	895.79	895.79	0.00	0.00	(51.04)	0.34	(51.38)	0
34	Havells Sylvania (Thailand) Ltd.	Thailand	0.10	42.47	66.27	66.27	0.00	76.43	4.57	1.31	3.26	0
35	Havells Sylvania (Guangzhou) Enterprise Ltd.	Guangzhou	1.50	(0.19)	3.90	3.90	0.00	5.02	(1.07)	0.05	(1.12)	0
36	Havells Sylvania Asia Pacific Ltd.	Hongkong	7.82	9.19	18.76	18.76	0.00	7.66	0.96	(0.01)	0.97	0
37	Havells Sylvania (Shanghai) Ltd	China	6.19	(7.05)	7.15	7.15	0.00	0.00	(0.00)	0.00	(0.00)	0
38	Havells Sylvania (Malaysia) Ltd	Malaysia	0.33	0.27	1.82	1.82	0.00	3.95	0.52	0.08	0.44	0
39	Havells Sylvania Dubai FZCO	Dubai	0.63	5.65	15.87	15.87	0.00	35.19	4.72	0.00	4.72	0
40	Havell's Malta Ltd	Malta	385.27	(0.54)	384.96	384.96	0.00	0.00	(0.21)	0.00	(0.21)	0
41	Havell's Netherlands Holdings B.V.	Netherlands	384.80	(4.50)	568.03	568.03	0.00	0.00	(8.73)	(29.21)	20.47	0
42	Havell's Netherlands B.V.	Netherlands	526.99	(161.61)	1,101.82	1,101.82	0.00	0.00	(97.82)	0.00	(97.82)	0
43	Havells Sylvania Costa Rica S.A.	Costa Rica	0.21	18.55	81.80	81.81	0.00	122.44	(13.33)	0.14	(13.47)	0
44	Havells SLI Lighting Products, Inc.	U.S.A	9.85	(81.62)	94.60	95.48	0.00	130.97	(4.39)	0.00	(4.39)	0
45	Havells Holdings Inc	U.S.A	0.00	(0.83)	14.49	14.49	0.00	0.00	2.15	1.37	0.78	0
46	Havells Sylvania Iluminacion (Chile) Ltda	Chile	0.00	(0.21)	0.16	0.16	0.00	0.00	(0.28)	0.00	(0.28)	0
47	Havells Sylvania Export N.V.	Dutch Antilles	0.58	11.24	9.26	8.38	0.00	0.00	0.00	0.00	0.00	0
48	Sylvania Gesellschaft MBH	Austria	0.84	(0.80)	0.04	0.04	0.00	0.00	0.00	0.00	0.00	0
49	Hampshire Holdings Limited	Isle of Man	0.23	(0.23)	0.01	0.00	0.00	0.00	(0.01)	0.00	(0.01)	0
50	Havells SLI Servicios Generales Mexico SA de CV	Mexico	0.02	0.80	1.67	1.67	0.00	0.77	0.20	0.06	0.14	0
51	Havells Sylvania Holdings (BV1-1) Limited	British Virgin Islands	116.19	0.00	116.19	116.19	0.00	0.00	0.00	0.00	0.00	0
52	Havells Sylvania Holdings (BV1-2) Limited	British Virgin Islands	33.47	0.00	33.47	33.47	0.00	0.00	0.00	0.00	0.00	0
53	Havells Cyprus Limited	Cyprus	0.31	(0.34)	0.00	0.00	0.00	0.00	(0.10)	0.00	(0.10)	0
54	Havells Holdings Limited	Isle of Man	489.84	(23.25)	466.59	466.59	0.00	0.00	(0.16)	0.00	(0.16)	0
55	Seven Wonders Holidays Private Limited	India	0.01	36.62	41.62	41.62	0.00	94.22	14.26	(0.06)	14.32	0

PROGRESS AT A GLANCE OF LAST 10 YEARS

(Rs. in Crores)

PARTICULARS	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Results for the year										
Turnover	171.08	222.03	293.08	419.22	665.38	1115.14	1681.06	2231.17	2333.82	2578.29
PBDT	**11.19**	**14.87**	**16.51**	**32.75**	**47.32**	**85.02**	**130.28**	**179.31**	**185.13**	**313.58**
Depreciation	1.19	1.91	2.32	2.64	4.09	6.54	9.74	13.06	17.86	23.27
PBT	9.99	12.96	14.19	30.11	43.23	78.49	120.54	166.25	167.27	290.31
Tax	3.78	4.39	5.23	9.14	12.70	15.28	18.39	22.71	22.04	62.15
PAT	6.21	8.57	8.96	20.96	30.53	63.21	102.15	143.54	145.23	228.16
Year end position										
Gross Block	23.85	34.89	41.36	58.23	108.24	175.65	273.61	427.88	523.41	673.64
Net Block	18.56	25.80	30.01	46.31	92.33	153.20	242.25	385.25	465.48	601.23
Net Current Assets	49.65	65.18	94.58	115.98	172.75	138.97	84.47	166.25	165.90	145.08
Net Worth	22.89	33.86	41.00	59.35	86.61	175.96	262.30	648.93	931.91	1135.17
Dividend (in %)	20%	25%	25%	40%	50%	50%	50%	50%	50%	75%
EPS (In Rs.)*	**6.26**	**8.59**	**7.73**	**18.08**	**26.34**	**24.26**	**19.00**	**26.00**	**24.93**	**36.57**
Share Capital	4.98	5.80	5.80	5.80	5.80	13.44	26.88	28.96	30.08	31.19
Reserves & Surplus	**19.04**	**28.15**	**35.22**	**53.57**	**80.82**	**162.57**	**235.56**	**620.07**	**901.83**	**1104.00**
Book Value (In Rs.)*	22.97	29.21	35.37	51.20	74.72	65.46	48.79	112.04	154.91	181.95

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