ANNUAL REPORT
2011-12

HAVELLS

When you wish to achieve something you must have a burning desire towards achieving it. A hunger to grow is the only way to overcome all obstacles. Ever since our inception, we have been creating waves in the Indian market. The determination to rise is what sets Havells apart from the rest. Sylvania, a European company, which was running in losses, turned to being a profit making venture when Havells bought them over. With a strong will to achieve landmarks, we are truly the pioneers of the electrical equipment industry. Known for helping people fulfill their dreams, Havells is the undisputed leader of the game. Together we rise faster, higher, stronger.

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Message from Chairman

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

Dear Shareholders,

I am delighted to share your Company's performance and our work towards a stronger, faster & higher 'Havells'. The current economic environment requires a quest to succeed against odds and pursuit for efficiency in everything we do.

Havells brand continues to emerge stronger through constant innovation, product launches, marketing and creating relationship with consumers on an ongoing basis. We have further added products to our domestic appliances range in line with our philosophy to being a trusted domestic brand.

You would be pleased to know that the domestic appliances have been warmly accepted by the consumers. We expect a similar growth trajectory in the current year as well.

The other product categories also performed well including switchgears, cables, fans and lighting. We are focusing on deeper penetration to enhance our distribution footprints. During the year, we enhanced our branch network from 26 to 40 for sharper focus in the hinterland. 'Galaxy' rollout has been robust and we expanded by nearly 70% to more than 135 Galaxies thus enhancing Havells brand and product range.

Sylvania has improved profitability in line with our focused approach. Europe has been flat in revenue though notable improvement in margins. Latin America has grown in profitability as well as revenue. We are consolidating South East Asia and China and drive for being next growth drivers.

During the year, we also decided to launch our business in Africa and have chosen South Africa as the gateway for African Safari. We have regular exports to Africa and in view of the opportunities, we decided to localize our operations in the region.

As in the past, I, on behalf of our entire team, assure you of our singular commitment to the growth of Company with ethics and integrity.

I would express my gratitude to our diverse stakeholders, our customers, vendors, bankers, all the staff members and the Board of Directors for their continued support, enthusiasm and guidance.

I look forward to your continuing patronage and trust in our mission.

Regards,

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

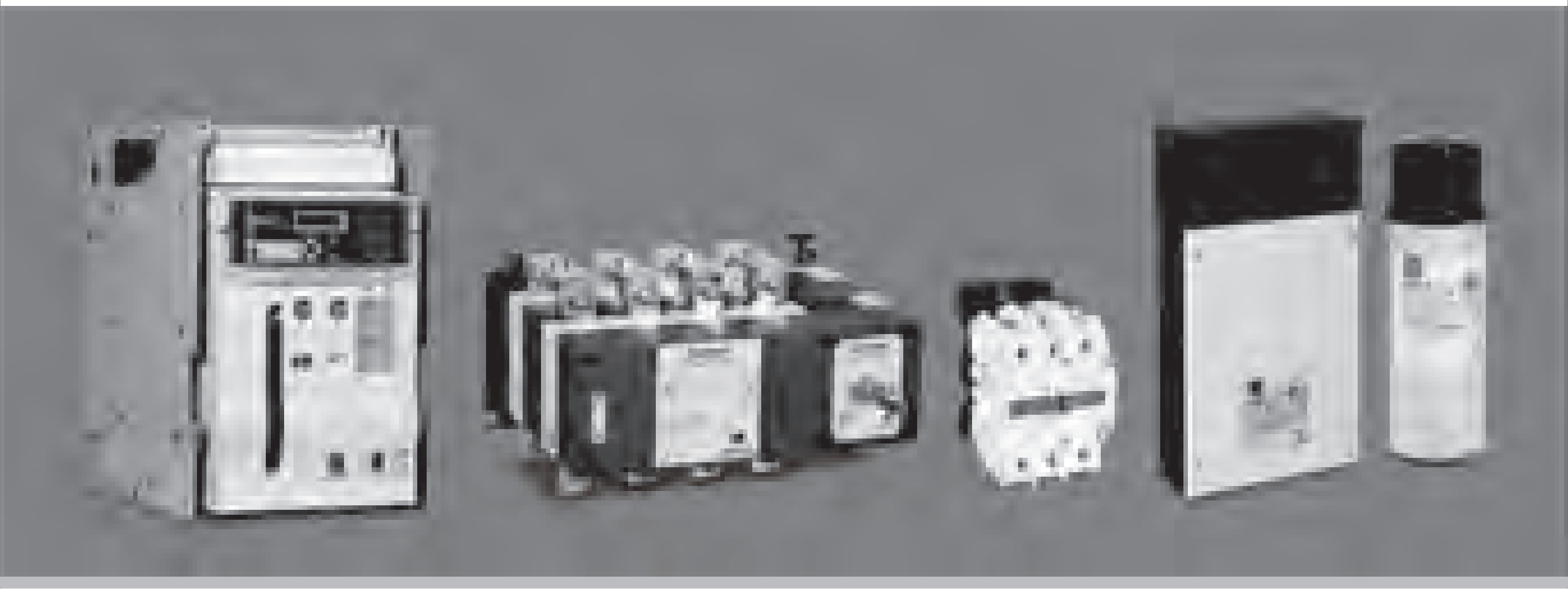
Niten Malhan
Director

V K Chopra
Director

Dr. Adarsh Kishore
Director

Company Secretary	Shri Sanjay Gupta
Auditors	M/s V.R. Bansal & Associates, Chartered Accountants B-11, Sector-2, Noida M/s S.R. Batliboi & Co., Chartered Accountants Golf View Corporate Tower-B, Sector-42, Sector Road, Gurgaon-122 002 (Haryana)
Bankers	Canara Bank, PCB-II, Barakhamba Lane, New Delhi – 110 001 IDBI Bank Ltd., Red Cross Building, New Delhi – 110 001 Corporation Bank, G-28-29, Sector –18, Noida State Bank of India, IFB, New Delhi – 110 001 Yes bank Ltd., South Extn., Part-II, New Delhi –110049 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 : 011-41406149-52, 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 Fax: +91-120-4772000 www.havells.com

INDUSTRIAL SWITCHGEAR

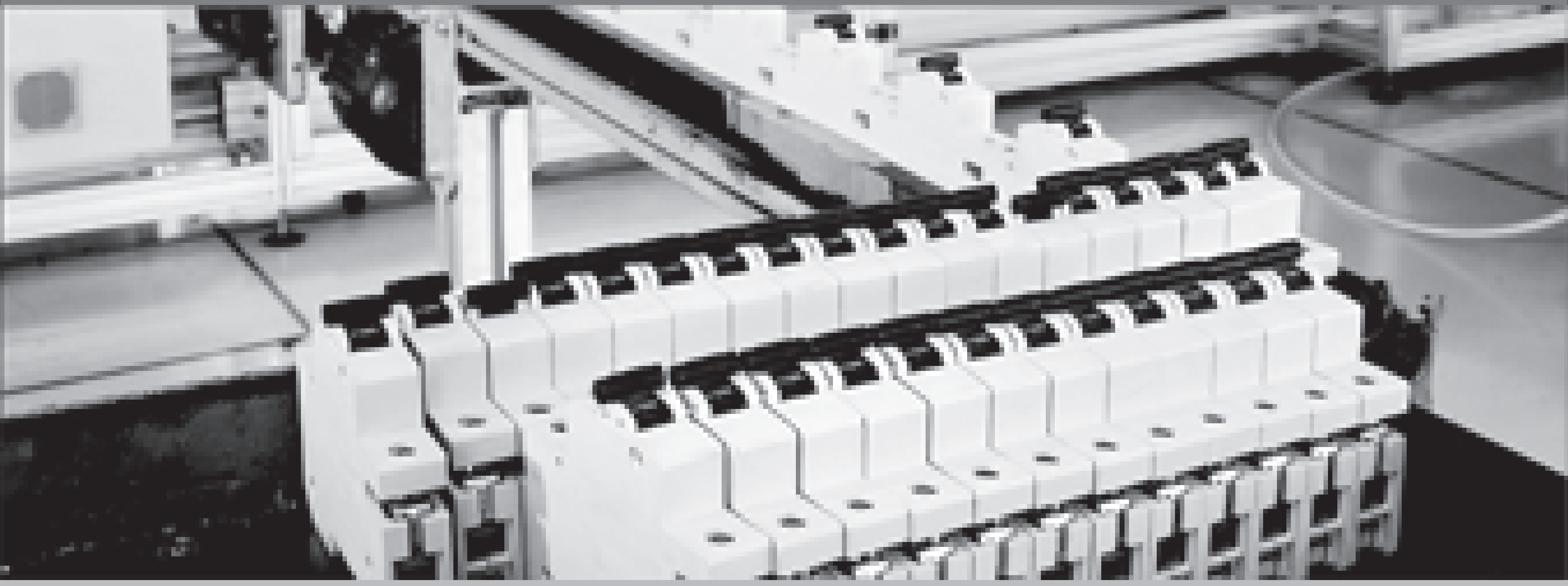


Switch to precision.

Havells a leader in the field of Circuit Protection, Power Distribution & Industrial Controls have two state of the art manufacturing plants in Sahibabad & Faridabad. Havells manufactures Air Circuit Breakers, MCCBs, Contactors, Relays, Multipurpose/Multirange Change Over Switches, Switch Fuse Units, HRC Fuses, caters to the Industry, Building & Infrastructure Sectors with custom built LT Panels in drawout, semi-drawout & fixed configurations. 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 ae coupled with latest version design software to enhance performance, quality & fault diagnostics.

HAVELLS STANDARD

DOMESTIC SWITCHGEAR

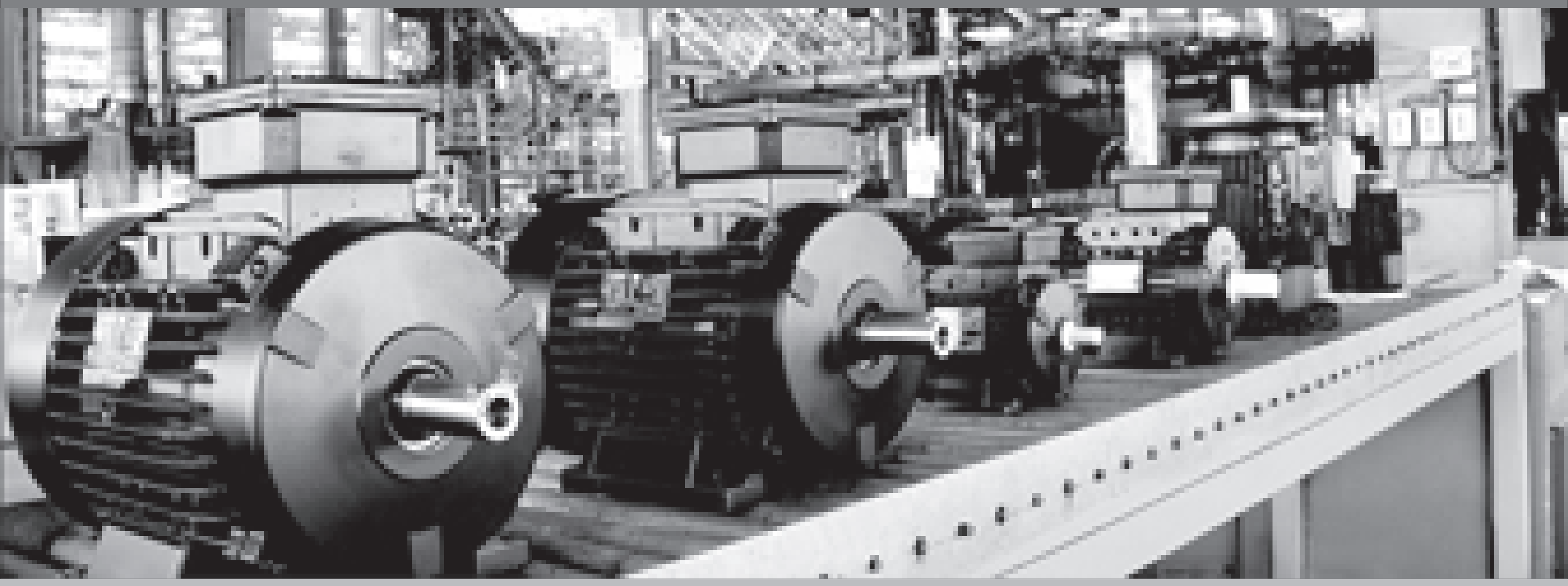


For a shockproof life.

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 fully automated manufacturing unit in Baddi, Himachal, equipped with state-of-the-art machinery its products are acclaimed all over the world. The wide range of products under Domestic Switchgear include: MCB, RCCB, RCBO, ACCL & Distribution Boards.

HAVELLS STANDARD

MOTORS



Havells motors. Ensuring profits.

In 2009 Havells commissioned a 3-phase LV Motor Plant at Neemrana, Rajasthan, covering 20,000 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.

CABLES

Wires that don’t catch fire.

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 Retarant Low Smoke (FLRS) cables, Power & Control cables and Insulated cables up to 66 KV.

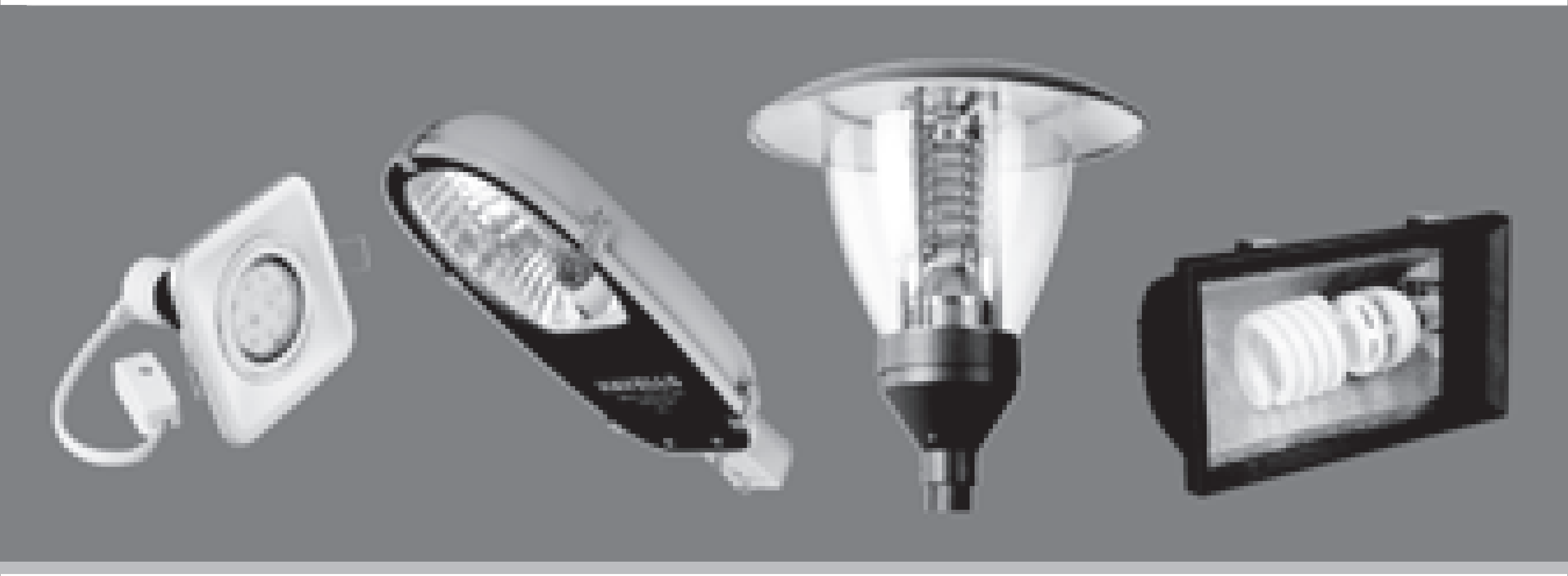
HAVELLS STANDARD

FANS

Havells fans. Fans forever.

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 the launch of India's first energy efficient fan ES-50, which was indigenously designed by Havells R&D, consuming only 50W of electricity. Today this model is amongst the largest selling energy saving fans in the country. Havells twin fan plant at Haridwar is one of the finest & most automated plants in the country.

LIGHTING



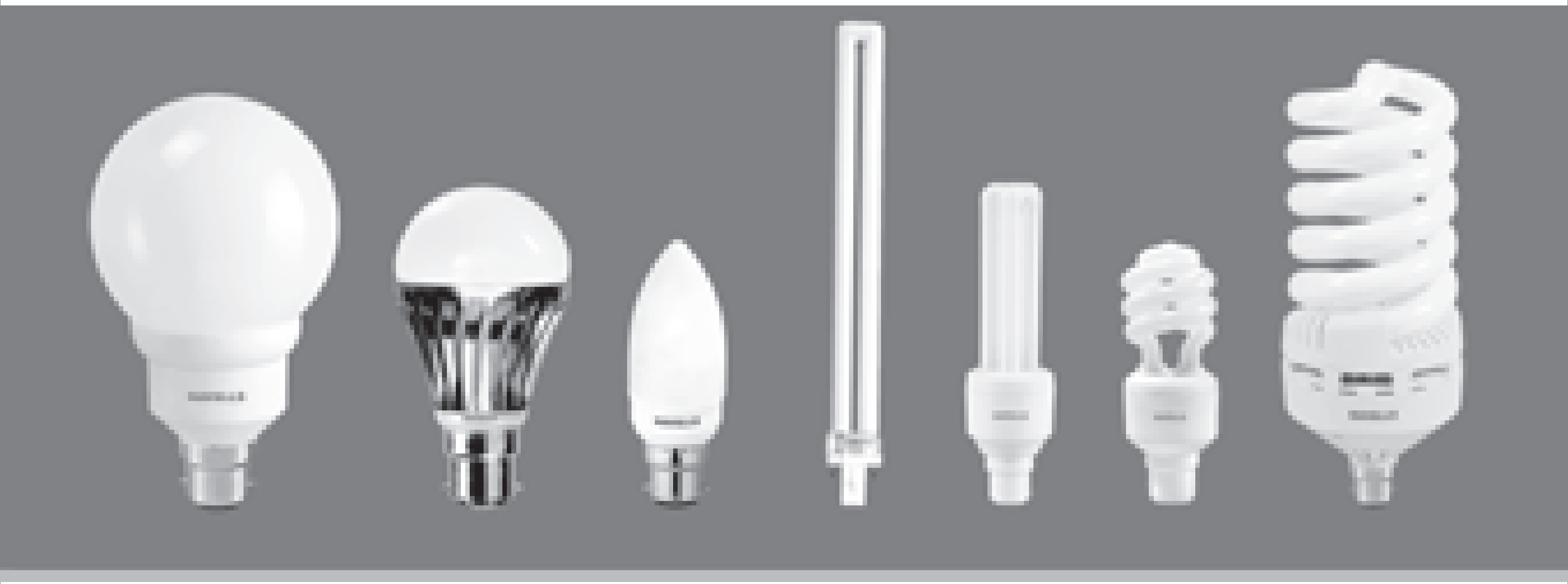
Lighting up your world.

Lighting business is an important part of Havells product portfolio. Combining innovative products with inspired solutions, we help lighting professionals creative design turn into reality. Building on our global expertise in lamps & fixtures, we strive to create positive, energy-efficient work and leisure environments for people all over the world. With energy efficiency being a common consumer concern, we at Havells are focused on developing state of-the-art lighting products like LEDs, Lighting controls, CFLs etc. Havells became the first company to launch HPF (High power factor) CFL lamps for Indian domestic market & ROHS compliant green CFLs.

With strong brands i.e. Havells, Sylvania, Concord & Lumiance in the lighting space, is set to light up the world.

HAVELLS SYLVANIA Concord Lumiance

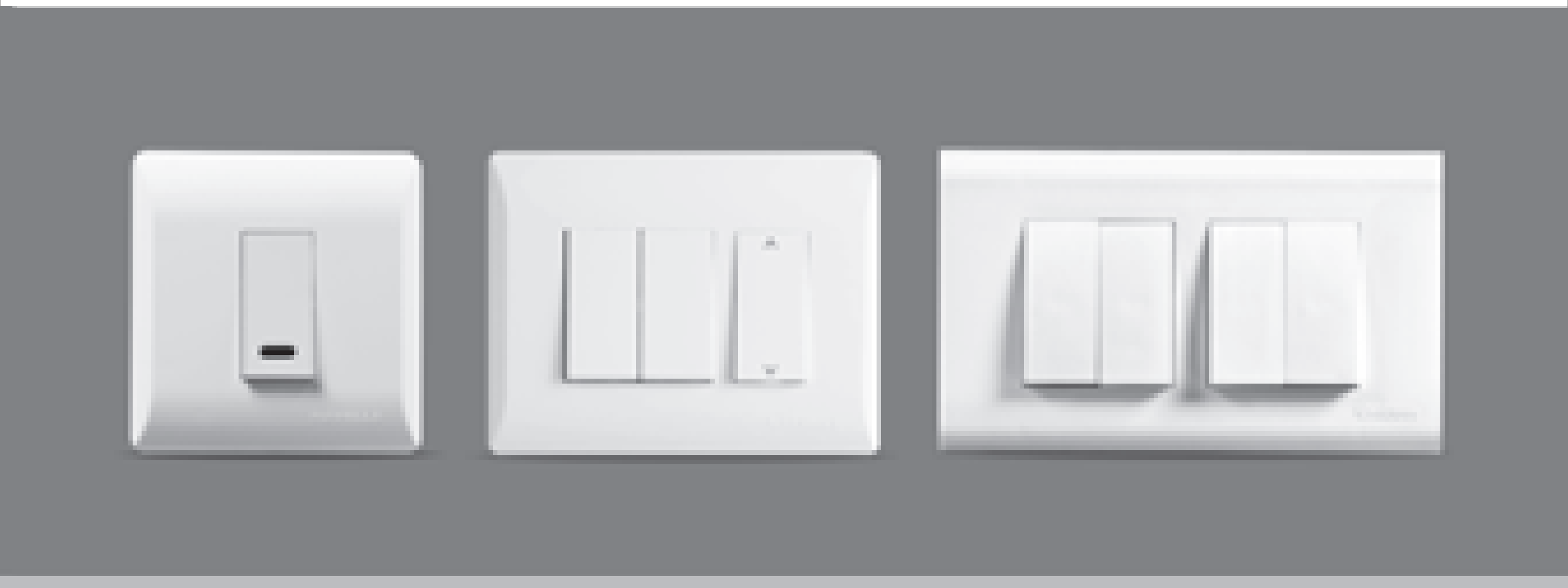
CFL



Save more. Grow more.

Havells Neemrana Plant is a Global Manufacturing hub with a capacity of producing 4 million CFL per month. This plant boasts of an automated assembly line that ensures production of world-class quality. The plant uses PDT (Pill Dozing Technology) boasts of an ROHS Certificate and practices 100% testing of each CFL. The CFLs manufactured here adhere to international standards.

SWITCHES



Switches - blending aesthetics with perfection.

Modern living is all about safety, security, durability and the aesthetic appeal. Havells, Crabtree & Standard modular switches are crafted keeping these sensitivities of the consumers in mind. The stringent tests ensures the life of switches over 1 lac operations. Manufactured at the state-of-the-art plant at Baddi, Himachal Pradesh, is one the most modern plants in the country and is known for its stringent quality norms. Havells, Crabtree & Standard modular switches are today known for their steadfast quality & aesthetic appeal.

HAVELLS STANDARD

DOMESTIC APPLIANCES

Have fresh. Live fresh.

Havells Domestic Appliances will help you discover the joys of eating fresh and living healthy. Every appliance has been especially designed to enhance the consumer's overall experience in modern kitchens and homes.

Havells kitchen range will make you want to cook fresh food all the time. Havells irons will help you live fresh with their unique self-cleaning and fabric-friendly features. With best-in-class features, Havells ensures that you get the best out of these applainces. Each appliance is designed to add ease to your fabric care, food processing and preparation needs. Adding comfort to your seasonal needs Domestic Appliances also provides you wide range of water heaters. All these things make Havells Domestic Appliances a joy to own.

directors' report

Dear Shareholders,

Your Directors present the Company's 29th Annual Report and Audited Accounts for the financial year ended 31st March, 2012.

RESULTS FOR THE YEAR

(Rs. in Crores)

Particulars	Consolidated		Stand Alone	
	2011-12	**2010-11**	**2011-12**	**2010-11**
Net Sales	6518.20	5612.63	3615.61	2881.65
Other Income	41.35	23.72	7.17	17.72
Operating Profit before Finance cost, Depreciation, Tax and Extraordinary items	698.68	580.74	462.86	358.27
Less: Depreciation and amortization expenses	94.85	80.44	44.66	29.34
Finance Costs	128.10	90.16	44.39	19.11
Profit before Tax and Extraordinary items	**475.73**	**410.14**	**373.81**	**309.82**
Less: Exceptional Items	-	3.59	-	-
Add: Extraordinary Item	-	0.47	-	0.47
Less: Tax	105.81	103.09	68.38	68.24
Net Profit for the year	**369.92**	**303.93**	**305.43**	**242.05**
Less : Share of profit transfer to minority	(0.51)	0.36	-	-
Add : Balance brought forward from previous year	393.29	150.22	778.37	596.82
Add: Transferred in pursuance of Scheme of Amalgamation	-	-	34.04	-
Profit available for appropriation	**763.72**	**453.79**	**1117.84**	**838.87**
Appropriation of Profits				
Transfer to General Reserve	30.55	24.25	30.55	24.25
Proposed Dividend	81.10	31.19	81.10	31.19
Corporate Dividend Tax	13.16	5.06	13.16	5.06
Balance carried over to Balance Sheet	638.91	393.29	993.03	778.37
	763.72	**453.79**	**1117.84**	**838.87**

FY 2012 IN RETROSPECT

Havells, on a consolidated basis had net sales of Rs. 6,518 crores in financial year 2011-12 against Rs.5,613 crores in previous financial year 2010-11. The consolidated operating profit before finance cost, depreciation and tax was Rs. 699 crores in current year 2011-12 against Rs. 581 crores in previous year 2010-11.

Havells, on a stand-alone basis had net sales of Rs. 3,616 crores in 2011-12 against Rs. 2,882 crores in 2010-11. The operating profit before finance cost, depreciation and tax was Rs. 463 crores in financial year 2011-12 against Rs. 358 crores in financial year 2010-11. The comparison includes foreign exchange gain of Rs. 10.30 crores in 2010-11 and foreign exchange loss of Rs. 3.40 crores in 2011-12. Profit after tax was Rs. 305 crores in current year 2011-12 against Rs. 242 crores in previous year 2010-11.

BUSINESS HIGHLIGHTS

Entry into Home Appliances

Your Company, already a leading player in the Electrical and Power Equipment Sector, Lighting & Fixtures Segment and Consumer durables like fans in India has expanded its portfolio into the business of **"Home Appliances".** The business is synergetic to consumer durables and will get benefit of Havells brand which has huge acceptance in fans and geyser market. It has been decided to invest Rs. 70 – Rs. 80 Crores (approx.) in marketing, research and development in this segment range over the next two to three years. The products were initially sold in top 40 cities through some 4,000 outlets retailing electrical goods and also through Havells exclusive Galaxy stores.

Sylvania Operations

Havells Sylvania is a leading, full-spectrum provider of quality, energy-efficient solutions for professional and architectural lighting and is committed to environmentally sustainable products in the international markets. Brand - Sylvania has enabled Havells to have a global presence, exposure and opportunity.

The operating profit margins of it had improved during the current year 2011-12 to 8.3% from 5.9% in the previous year 2010-11. The profit after tax shows the similar trend of 46% growth during the financial year 2011-12.

Joint Venture with Shanghai Yaming Lighting Co. Ltd.

During the year, your company has entered into a joint venture named “Jiangsu Havells Sylvania Lighting Co. Ltd.” with Shanghai Yaming Lighting Co. Ltd., in People’s Republic of China. The venture will have an investment of USD 50 million and will target of an annual turnover of USD 100 million in next 3 years. The joint venture would leverage upon technology and manufacturing strengths of its partners, providing energy and cost efficient lighting products for Global Sylvania and Local China markets. It would be focused on launching energy efficient and green lighting solutions including but not limited to LEDs, CMI, HID and lighting fixtures.

Expansion Of Switchgear Business

Your Company has expanded its switchgear manufacturing operations by putting an additional plant at Sahibabad Industrial Area, Ghaziabad (U.P.), to cater to both domestic and international markets.

The company has expanded the whole range of switchgears. Post expansion, the company has targeted to double the revenue of switchgear segment to INR 1800 crores from the current topline contribution of INR 900 crores in the next three years.

The Company has introduced new generation series “Cosmic Star” in Controlgear segment, which covers contactor range from 4A – 630A in 3P & 4P execution and overload relays 0.1A – 93A in direct version and 30A – 630A in electronic version. The new series has a robust design and manufactured to world class standards.

Product Lounge On Wheels

Your Company has started a promotional campaign to showcase the full range of its Industrial products at the customer doorstep. The Mobile Van was flagged off by Shri Qimat Rai Gupta, CMD, Havells India Ltd. from the corporate office of QRG Group in Noida.

The Objective of the promotional campaign was to showcase the full range of industrial switchgear products, motors, capacitors, industrial lighting & cables to the technical experts of the Industry who understand the products, its quality & the features. The display lounge is covering all Industrial hubs and construction sites in Delhi NCR region.

Opening of Havells Galaxy – One Stop Shop

Your company has recently taken the initiative to reach directly to the consumers through “Havells Galaxy” – a one stop Brand Centre for all consumer appliances; lighting and electrical needs. These Brand Centres provide the customers with the complete range of consumer durable products manufactured by Havells and facilitate them with personalised services and support. Currently we have more than 135 such Galaxies across the country including one galaxy opened outside India i.e. in Kenya.

DIVIDEND

Your Directors are pleased to recommend a Dividend @ Rs. 6.50 per equity share for the year 2012 on 12,47,74,812 equity shares of Rs. 5/- each. The proposed dividend, subject to approval of Shareholders in the ensuing Annual General Meeting of the Company, would result in appropriation of Rs. 94.26 crores (including Corporate Dividend Tax of Rs.13.16 crores) out of the profits thus giving 25.48% payout from the consolidated 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 6th July, 2012 to 12th July, 2012 (both days inclusive).

AMALGAMATION OF SUBSIDIARY COMPANY

During the year under review, the Hon’ble High Court of New Delhi vide its order dated 27/09/2011 approved the scheme of amalgamation through which Standard Electrical Limited (a 100% Subsidiary of the Company) merged with the Company. Further, the certified true copy of the Hon’ble High Court Order has been filed in prescribed form to Registrar of Companies, NCT Delhi and Haryana to make the order effective.

Earlier, the Shareholders of the Company had approved the Scheme of Amalgamation in the Court Convened Meeting held on 02nd April, 2011. The Appointed Date for the Scheme was 01st April, 2011.

AWARDS AND RECOGNITION

National Energy Conservation Award for Ceiling Fans

In appreciation of the achievements in Energy Conservation in the manufacturing of BEE star labeled appliances (Ceiling Fans) sector for the year 2011, your Company has been awarded for the Second Consecutive Year the "National Energy Conservation Award for Ceiling Fans" on 19th Dec 2011 by Minister of Power, Government of India.

CREDIT RATING

ICRA

ICRA Limited is one of the most experienced Credit Rating Agencies in the country today. The Grading Services offered by ICRA employ pioneering concepts and methodologies.

ICRA has assigned a valuation grade of "C" to the company's stock on a grading scale of "A to E", which indicates that the stock is "fairly valued" on a relative basis while on fundamental grade, stock has been maintained at "4" which represents Strong Fundamentals.

The ratings continue to reflect an expected increase in Havells market share in the consumer appliances division together with its plans to export switchgears is expected to drive company's growth in the medium term.

SUBSIDIARY COMPANIES

As on 31st March, 2012, your Company has 56 (fifty six) subsidiaries out of which 55 (fifty five) companies are registered outside India. 54 (fifty four) of them falling under Sylvania umbrella; 1 (one) based at Cyprus and another 1 (one) based at Hong Kong, which serves as a Central Procurement Company (CPC) to procure various electrical products for Havells and Sylvania trading operations and 1 (one) subsidiary is registered in India.

In the light of MCA Circular No. 2/2011 issued by the Central Government dated 8th February, 2011 the Company is exempted from attaching the Annual Accounts of each of its subsidiary companies with the Balance Sheet of the Company.

The Board of Directors of the Company has, by Resolution passed in its meeting held on 30th January, 2012, given consent for not attaching the Balance Sheets of the subsidiaries concerned.

The consolidated financial statements of the Company and all subsidiaries duly audited by the statutory auditors are presented in the Annual Report. The consolidated financial statements have been prepared in strict compliance with applicable Accounting Standards and, where applicable, Listing Agreement as prescribed by the Securities and Exchange Board of India.

Further, the following information in aggregate for each subsidiary including subsidiaries of subsidiaries has been annexed to the consolidated balance sheet:-

(a) capital (b) reserves (c) total assets (d) total liabilities (e) details of investment (except in case of investment in the subsidiaries) (f) turnover (g) profit before taxation (h) provision for taxation (i) profit after taxation (j) proposed dividend.

The annual accounts of the subsidiary companies and the related detailed information shall be made available to Shareholders of the Company and its subsidiary companies upon request and it shall also be made available on the website of the Company i.e. www.havells.com. The annual accounts of the subsidiary companies shall also be kept for inspection by any shareholder in the head office of the Company and the offices of its subsidiary companies.

BOARD OF DIRECTORS

Pursuant to the provisions of Section 256 of the Companies Act, 1956, Shri Vijay Kumar Chopra, 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.

The details of Directors being recommended for re-appointment as required in 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 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) and M/s. S. R. Batliboi & Co., Chartered Accountants (Registration No. 301003E) 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

Your Company continues to exhibit a robust assurance towards Safety, Health and Environment during the year under review. Your Company always strives to attain excellence in providing a healthy and safe working environment, and to support environmentally sound practices in the conduct of our business and aims to ensure safety of public, employees, plant & equipment. It also ensures compliance with all statutory rules and regulations, carrying out safety audits of its facilities, and promoting eco-friendly activities.

Your Company takes pride in its highly motivated and competent human resources that has contributed its best to bring the Company to its present heights.

The Safety & Health of employees and external stakeholders are embedded in the core organizational values of the Company. The Company in its recognition of its human capital has opted for life insurance cover, medical and other welfare covers for the employees that it has purchased to protect its employees against various risks – those of health, disability, accident etc.

EMPLOYEE RELATIONS

Havells aims at adopting the best practices for accomplishing competitive advantage through people and 'building profits by putting people first'. It endeavors to devise strategies to attract the best talent and to ensure their retention by building trust and encouraging loyalty in them.

We believe that to build a sound and growing business in a difficult and complex industry, employees are vital to the Company. Their skills, knowledge, ideas and enthusiasm drive our business. We have also achieved this by giving them development and advancement opportunities along with competitive compensation and benefits that appropriately reward performance. Pay revisions and other benefits are also designed in such a way to compensate for good performance of the employees of the Company.

The talent base of your Company has steadily increased and your Company has created a favourable work environment which encourages innovation and meritocracy. The Company has also set up a scalable recruitment and human resource management process which enables us to attract and retain high caliber employees.

CORPORATE SOCIAL RESPONSIBILITY

"It is a greater work to educate a child, in the true and larger sense of the word, than to rule a state." **-** *William Ellery Channing*

Development of Education in India has attained new level essentially after the independence of the Country. India is a developing nation and it has been expanding in every field. India's improved education system is often cited as one of the main contributors to the economic rise of India. All levels of education in India, from primary to higher education portray a challenge. Despite growing investment in education, a larger part of the population is still illiterate in rural areas; not many Indian students reach high school, and fewer graduate.

At Havells, we integrate corporate responsibility into all we do. With global reach comes substantial responsibility, and we take that responsibility seriously. We feel the responsibility to make our Company and our world better for those who follow us.

Corporate Social Responsibility (CSR) in your Company is rooted in its Corporate Purpose - the belief that "to succeed requires the highest standards of corporate behavior towards our employees, consumers and the societies and world in which we live". Your Company focuses primarily on education and healthcare services which are essential in promoting sustainable human development and economic growth. We believe that combining a focus on education as well as health care fosters economic well-being.

With a belief that corporates have a special and continuing responsibility towards social development, Havells Group is undertaking CSR activities on a significant scale through QRG Foundation, a Trust instituted by the group. The Vision of Havells Group's CSR activities is to make sustainable impact on the human development of under-served communities through initiatives in Education, Health and Livelihoods. During the year, your Company has donated a sum of Rs. 6 Crores to QRG Foundation dedicated to support social and philanthropic causes. Our commitment to society at large is further demonstrated in the following ways:

-Mid day Meals

Supporting children so they may become self-supporting, contributing citizens is a worthy endeavor that the Company supports strongly. Havells is providing mid-day meals close to 30,000 students of primary schools in Alwar District. Providing these children with meals in schools gives them an incentive to come to school, stay in school and provides them with the necessary nutrients they need to focus on learning. We are enhancing the number of children being catered to about 50,000 this year.

-Medical Aid

With the objective of upliftment of quality of life of underprivileged people, QRG Foundation Trust is involved in providing healthcare services through mobile healthcare vans, equipped with a trained doctor and necessary medicines for the slum areas of Delhi & NCR region and providing free medical check-ups and medicines to poor and needy people.

RESEARCH AND DEVELOPMENT

Innovation is the hallmark of every vital development at Havells India Limited. New ideas and inventions deepen scientific knowledge and give any work force a new impetus towards technical progress.

Havells' technological strengths and its endeavor towards continuous research & development have allowed it to fulfill its responsibilities towards its customers. With the object of providing its customers the best products and zero defect services and to enable them to be comfortable and secure in usage of electricity, Havells has set-up its Center for Research and Innovation (CRI), at the Company's Head Office premises in Noida, U.P. The ISO-9001, 2000 certified CRI is recognized by Department of Scientific & Industrial Research and Ministry of Science & Technology. The objective of this centre is to provide the theoretical & experimental foundations for all segments of electrical engineering. The centre closely cooperates with the various departments so as to provide the best and the latest in terms of technology and design.

CERTIFICATIONS

The Company has acquired a number of international certifications, like BASEC, KEMA, CB, CE, ASTA, PCT, AENOR, ENEC, and ROHS for its various products to expand its reach in international arena.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 205C of the Companies Act, 1956, your Company has transferred the following amounts to the Investor Education and Protection Fund:

- Rs. 44,620/- lying unclaimed/unpaid with the Company for a period of seven years after the declaration of Dividend for the financial year ended 2003-04.

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. 68.38 crores towards Income Tax as compared to Rs. 68.24 crores paid during the last financial year. The Company also paid Excise Duty of Rs. 214.95 crores, Sales Tax & Service Tax of Rs. 278.90 crores, totaling Rs. 493.85 crores during financial year 2011-12 as compared to Rs. 436.56 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 2012-13 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 and are annexed herewith. 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)
Noida, May 30, 2012 **Chairman & Managing Director**

ANNEXURE “B” TO THE DIRECTORS’ REPORT

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

Energy Conservation and its efficient use is a least cost option to mitigate the gap between demand and supply as well as it also plays a vital role for reducing our cost of production.

Your Company as a corporate entity has a very strong commitment towards it for the benefit of the Nation and itself. Every unit of your Company has trained staffs to implement this policy. It acts as a catalyst towards its continuous journey for excellence in Energy Conservation.

Efforts to optimize process parameters, modernize and upgrade technology as well as equipments, with the objective of increasing Energy productivity are constant. Employees are encouraged to give ideas and to get involved in Energy Conservation initiatives.

Pursuant to Section 217(1)(e) read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the information on the conversation of energy, technology absorption, foreign exchange earnings and outgo is laid out as under:

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken

The energy conversation measures taken at various plant locations are summarized hereunder:

Sahibabad

- 3rd Winding machine implemented in capacitor division.
- Capacitor & MCCB compressed air line interconnected.
- LEDs, CFL & T5 have been replaced with Fluorescent lights.
- Implementation of centralized ON/OFF controls for street & parking lights.

Alwar

- 20H.P DC Motors & DC Drives are replaced with VFD Drives and AC Motors-15Nos. with an investment of Rs. 12 Lacs.
- The reduction ratio of 12 nos. of Extruders are recalculated & adjusted again after replacing the pully at motor and at machine. This result in reduction of power consumption at motor.
- The insulation of Hot water & Steam pipe lines at boilers was done again. The calibration of fuel consumption at Boiler is done regularly to save fuel. Total cost involved in this is Rs.1,92,000.
- Power factor of plant is monitored on daily basis.

Baddi

- Use of LED lights for replacement of High wattage lights.
- Synchronization of DG sets for efficient usage as required.
- Semi hybrid molding machines of L&T.

Faridabad

- Use of efficient fuel i.e. PNG (Piped Natural Gas) involving an investment of Rs. 18 Lacs in place of diesel as a clean fuel for paint shop oven and phosphating.

Haridwar

- Red uction in Uttarakhand Power Corporation Limited (UPCL) sanction load from 1250 KVA to 950 KVA for unit 1.
- Synchronization of Air Compressors.

Neemrana

- Plant moved to new shed where day light is available more than 12 hours a day, leading to total cut down on flood lights in day use.
- Paint shop installed with LPG fuel which is cleaner and high calorific value than Diesel.

Noida

- Installation of general lighting by our own produced energy saving lighting products including LED Lighting.
- Installation of Intelligent Automatic Power Factor Correction for Power.

(b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy

Sahibabad

- Timer to be installed in Heating Oven used for capacitor element stabilization.

- Chiller plant used for moulding section will only be used in summer season & in winter it will be controlled by Cooling Tower.
- Hydraulic Oil Filter Machine to be installed for Oil conservation.

Baddi

- Solar panels for lighting load of floor.
- Small Compressor for continuous running machines (Molding, CNC).
- Frequency drive for 30 KW compressors at night shift.
- Replacement of Pneumatic feeder with mechanical feeder.
- VFD for molding machines.

Haridwar

- Installation of Synchronising panel (Sigma) costing approx. Rs. 3.5 Lacs.

Neemrana

- Due to installation of Power Capacitor Bank for maintenance of power factor, a rebate of Rs.20 lacs has availed from State Electricity Board.
- An energy audit is being planned at a cost of Rs. 5 lacs for identifying areas of energy saving.

(c) Impact of the measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods

Sahibabad

- With 3rd Winding in capacitor division, machine running time reduced to 12 hrs instead of 24 hrs there by result in 40% electricity bill due to reduction in Power consumption for use of AC.
- In night shift, single compressor is being used for running both the units instead of using 2 compressors.
- By installing LEDs, CFL & T5 with Fluorescent lights, 30% energy conservation has been done.
- No manual control required in stopping the heating oven after set period of time resulting in Energy saving.

Alwar

- The approx. saving of Rs. 50,000 per month due to conversion of DC Motors and DC drives to AC motors and AC Drives
- The approx. saving of Rs. 1.35 Lacs per month in power consumption due to replacement of pully at motor/ machines.
- The approx. saving of Rs. 32,000 per month due to insulation of Hot water and steam pipe lines at boilers
- The approx. saving of Rs. 33 lacs due to monitoring of power factor of plant.

Baddi

- Power consumption saving up to 70% per light due to LED Lights as compared to ordinary light.
- Fuel saving up to 10-12 % due to synchronization of DG sets.
- Power saving up to 8% due to Semi hybrid molding machines as compared to ordinary machines.
- 15-20 % of total power load is of lighting. By installing solar panels for floor lighting we will get the saving of 60% of lighting load.
- Power saving up to 60 % if we use separate compressor of 80 CFM instead of 190 CFM for molding & CNC.
- Implementation of frequency drive will save power up to 20 % for 30 KW Compressor.
- Air consumption saving up to 70 % per power press.
- By Implementing VFD on Molding Machines we can get saving of 30% in unit consumption.

Faridabad

- Piped Natural Gas Is a clean fuel i.e. environment friendly and being efficient fuel, it would result in saving of 7% fuel and approx. Rs. 14 Lacs per annum.

Haridwar

- With reduction in Sanction Load, impact on product cost getting manufactured is lowered by Rs 2.50 per Fan for Unit 1
- Synchronization of compressor is saving power equivalent to Rs. 0.80 per unit for manufactured in both Units.

Noida

- The annual saving of Rs. 1.75 Lacs in energy bills due to replacement of energy saving lighting products.
- Passive measures like switching of lights when not in use, AC during lunch/half an hour before office closing and use of electronic ballast for CFL/ FTL T5 also lead to saving energy cost.

Neemrana

- Annual saving of Rs. 20 lacs is being planned in areas like:
  - Compressed air system
  - Use of LPG
  - Air cooling system
  - Lighting system

B. RESEARCH AND DEVELOPMENT (R & D)

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

Noida (CRI, Head Office)

Thermal Engineering

- Modeling of Heat transfer mechanism carried out in switchgear applications to enhance the performance. Application of CFD in design optimization will improve the overall performance.

Mechanical Engineering

- FEA carried out to evolve the design solutions for products, latest design softwares which are used to increase the efficiency, improve product designs & facilitate designers so that they can develop best quality products. Rigorous Stress analysis carried out to achieve the best design.

Process Engineering

- MFA carried out to enhance the efficiency of tooling & improve accuracy of tools. Advanced machines with latest features incorporated in tool room.

Electrical Engineering

- EMA conducted to adjudge the performance of designed products. Electro thermal analysis carried out to ensure the safe working environment.

Import substitution

- Developed new range of aesthetically improved Electrical wiring accessories.

Technology Upgrades

- Interaction with the external agencies to explore the latest technology streams, latest products, designs, processes, manufacturing techniques & analytical systems.
- Regular review of Patents in the related technological areas.
- Enhancement of knowledge and skills of R & D engineers through trainings, conferences & exhibitions.
- Upgradation of design of Phase selector distribution board, the main emphasis was on conversion of the traditional Manual phase selection to Automatic one with enhanced features & inbuilt protection measures to emerge out as a complete solution.
- Designing & implementation of Upgraded Distribution boards for safety & ease of installation to meet the requirements of European markets.
- Implementation of latest version of designing & data management softwares.

Quality improvement

- Quality value Engineering carried out to make the products more competitive in the market.
- International certifications taken for the entire range of new circuit breakers.
- Adapted Design for Reliability techniques to enhance consistent product quality.
- Statistical quality control implementation.

Other Development

- Five (5) Patents published.
- Introduction of wide range of new starter.
- In house development & manufacturing of Distribution boards and MCCB Panel boards for export markets

- In-house development & manufacturing of automatic phase selection distribution board.
- In-house development of TPN Automatic changeover with current limiter.
- In-house development & manufacturing of New range of MCB.
- In-house development of new compact higher MCCB with higher breaking capacity.
- In-house development of protected DP Switch with enclosure

Sahibabad

Technology Upgrades

- New Cosmic series control gear products launched.
- New 100A MCCB S Frame implemented.
- Introduction of APFC Panel as a new product.
- Automatic 4 station compression moulding machine has been started.

Quality Improvement

- Quality value engineering carried out in G frame to make the products more competitive in the market.

Baddi

- Athena Switch Value Eng Design: Design changed by changing base, base cover & using coral terminals passed all tests as per IS:3854
- Coral 10 A Switch Value Engg: Silver rivets used are of proven Verona switch for both the fixed & moving terminals.
- Size reduction of Indicator Lamps in switches: Reduce the size of indicator lamp for 69mm.
- Modification in Fix Contact of MCB for better performance.
- Modification in Mini MCB Fix contact design for better performance.
- New product development: - D6 MCB, RCCB range & Piano switch range.
- New Range of Home safe launched.

Alwar

- 66kv EHV Cable with corrugated Aluminium Sheath.
- Development of Fire Survival Cables.
- Development of Solar Cables

Haridwar

Introduction of new Models –

Ceiling Fan: Astura, Nicola, Voila Model in 1200 mm

: Orion, Fabio Platinum in plated Finish 1200 mm

Non Ceiling

Fan range : 400 mm Swing Table fan to High Speed range.

Neemrana

- Development and marketing of special application motor for smoke extraction for HVAC segment.
- Design and development of mirror optics, lighting fixtures. Range developed first time in India manufactured with CNC machines and auto bending machines.

Noida

- Energy saving products on domestic and industrial lighting.

2) Benefits derived as a result of the above R & D

Noida (CRI, Head Office)

- Increased customer satisfaction.
- Enhanced opportunity to cater new market.
- Product quality improvement.
- Wide range of products to meet specific application requirements.
- Increased contribution through Quality value engineering.
- Energy efficient & environment friendly products.
- Globally competitive on quality, cost & delivery.

Sahibabad

- Increased Customer satisfaction.
- Improved Brand equity.
- Cost Reduction through Quality & productivity.
- New product introduction.
- Capacity Enhancement in DMC Moulding.

Baddi

- Saving Rs. 1.24 Cr/Annum.
- Saving: Rs.64 Lacs/Annum.
- Saving: Rs.1.09/ per indicator i.e.: Rs. 1.09Lacs/Annum.
- The approx. saving of 72 Lacs/Annum due to Fix Contact of MCB.
- The approx. saving of 30 Lacs/Annum due to modification of Mini MCB fix contact design.
- New ranges to be launched.

Alwar

- Technology Up gradation
- New product development

Haridwar

- Increased market demand, sale from Market and higher contribution.

Neemrana

- Improved margin and turnover.
- Energy efficient lighting fixtures developed which help in power saving and green house emission reduction.

Noida

- Developed high efficiency Electronics Ballast for CFL/FTL-T5-8T-T12, Domestic and Industrial type.
- Developed in house Dynamic Intelligent Automatic Power Factor Correction device for Power Factor Correction for industrial use.

3) Future plan of action

Noida (CRI, Head Office)

- To design & develop new range of electrical wiring accessories for domestic applications
- To design & develop new range of switches for industrial applications
- To design new range of Circuit breakers with enhance performance in reduced size
- To develop portable Residual Current Device
- To design & develop electronic switches for household applications
- To develop cost effective & compact solution for Photovoltaic applications

Sahibabad

- To upgrade the short circuit breaking capacity of MCCB up to 250A.
- Quality value engineering to be carried out in ACB, MCCB to make more competitive in the market.
- To design & develop the load bank enclosures with compact size to make it more competitive in the market.
- In Moulding Nylon has to be implemented instead of DMC for better productivity & reduce wastage.

Baddi

- New range of D6 MCB & RCCB to be launched.
- New range of Piano switches to be launched.

Alwar

- Setting up Infrastructure for 220 KV grade Cable.

Haridwar

- Introduction of New Models in Ceiling Fans and Table Wall & Pedestal Fans Segment. Convert high selling Chinese non-ceiling fan purchasing to In house manufacturing.

Noida

- LED Lighting, HID Ballast, BLDC ceiling Fan, High end Domestic and Industrial Ballast with PLC and DALI Communication Ballast for utilization of appropriate power according to requirement and for home automation.

Neemrana

- Development of Flame proof motors in 90 & 112 Frame
- Develop LED range of lighting fixtures which are 100% efficient than current technology of mirror optics.

4) Expenditure on R & D:

(Rs. In Crores)

		2011-12	2010-11
(a)	Capital	1.44	0.05
(b)	Recurring	8.33	7.42
(c)	Total	9.77	7.47
(d)	Total R & D expenditure as a percentage of total turnover	0.3%	0.3%

C. TECHNOLOGY, ABSORBTION, ADAPTATION AND INNOVATION

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

Sahibabad

- Successfully developed Single Pole G Frame Cover Tool from single cavity to double cavity.
- 35% of manual press tools converted to progressive tools in Press Shop.
- Successfully developed G Frame Trip Bar Tool from 2 cavity to 4 cavity.
- In house development of all the critical components tools used for MCCB with enhanced capacity & Quality.

Baddi

- In-house development of PLC Based Auto calibration Bench with Temperature Compensation for Mini MCB and D6.
- Development of Riveting SPM for MINI MCB.
- Use of higher RPM Motors for calibration.
- Development of Table Assembly for MINI MCB.
- Developed screw sealing machine for EWA.
- Auto feeding system of silver tip for moving contact.
- Progressive tool have been developed for contract strip DP RCCB, moving contract RCCB DP, moving contract 4P RCCB, release lever 4P RCCB and for fix contract 3rd of change over.
- In-house development of latch Assy Machine.

Alwar

- Most Technological upgraded product such as Cable with Water Blocking conductor, Cables for Safety/Alarm System which survive even under fire condition have been introduced through innovation.

Haridwar

- Design and development of BLDC ceiling fan having power consumption of 35 Watts Max.

Neemrana

- Old outdated control system on 4 nos of CNC machining centers replaced by latest CNC system leading to an annual recurring saving of 10 Lacs.
- Yet to arrive technology of robotized box benders brought into the country. Only of its kind system in North India.
- Automatic louvere manufacturing machines.
- Roll forming lines for strips and battens: first of its kind in India.

Noida

- Using High end technology ASIC design in FTL Commercial Electronics Ballast for export market, developed BLDC ceiling fan in house using Sensor less technology.

2) **Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.**

Sahibabad

- Improvement in productivity and quality.
- Productivity enhancement and better machine utilization.
- Cost and Time saving.

Baddi

- Enhanced productivity and reduction of manpower
- Improvement of quality, production and yield

Haridwar

- Readiness in Participation for SEEP program launched by BEE India

Alwar

- Addition of Fire Survival Cable to substitute import

Noida

- Product improvement for most rugged high efficient Electronics ballast for FTL

Neemrana

- A recurring annual saving of Rs. 10 lacs on account of improved machine efficiency, lower wastages and reduced manpower cost.
- Cost Reduction as compared to existing suppliers
- Product quality enhancement to international levels.
- Import substitution, stopped import from Europe.

3) **In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:**

	Technology imported	Year of Import	Has Technology been fully absorbed	If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action
1.	Technology for manufacturing of Electric Motors	2007-08	Yes	NA
2.	Ceiling Fan motor testing line	2008-09	Yes	NA
3.	Air delivery measurement system for ceiling fans	2008-09	Yes	NA
4.	MCB Assembly Machine	2008-09	Yes	NA
5.	Zera Calibration Machine	2008-09	Yes	NA
6.	Silver Tip Welding Machine	2008-09	Yes	NA
7.	Mechanism Assembly Machine	2008-09	Yes	NA
8.	Spot Welding machine	2008-09	Yes	NA
9.	Electric Servo based Molding Machine	2009-10	Yes	NA
10.	Spray Painting System for Ceiling Fans	2009-10	Yes	NA
11.	Technology to produce CFL capsule through complete automatic production line	2009-10	Yes	NA
12.	Glove Box System for CMI Arc Tube manufacturing	2009-10	Yes	NA
13.	High Speed Chip Shooter for manufacturing of PCB Assemblies	2010-11	Yes	NA
14.	Precision Solder Paste Printer (Fully Automatic), Reflow oven & High Speed Glue Dispenser	2010-11	Yes	NA
15.	Power Coating Plant	2010-11	Yes	NA
16.	Machinery for Manufacturing of Metal Halide lamp, Mercury Vapour lamps and Sodium Vapour Lamps	2010-11	Yes	NA
17.	Machinery for Manufacturing of Metal Halide Arc Tubes and Lamps Components	2010-11	Yes	NA
18.	Injection Moulding Machine- Model: Ecopower B6 Standard 110/350 H.	2010-11	Yes	NA
19.	Cable Metal Corrugated Sheathing Machine	2010-11	Yes	NA
20.	Drum Twister with Caterpillar & Rigid Frame Strander (Machinery for Manufacturing of Cable)	2010-11	Yes	NA
21.	Automatic 4 station Compression Moulding Machine at Sahibabad	2011-12	Yes	NA
22.	Installed Motor winding, manufacturing & Testing setup for Table, wall and pedestal fans at Haridwar	2011-12	Yes	NA
23.	Powder Coating setup for Unit 1 at Haridwar	2011-12	Yes	NA
24.	Computerized testing for Fan motor and stators at Haridwar	2011-12	Yes	NA
25.	Stator Winding machines for Yorker and 24" Ceiling Fan models at Haridwar	2011-12	Yes	NA

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

During the Financial Year 2011-12, the company made Export sales of Rs. 173 Crores as compared to Rs 176 Crores during the Financial Year 2010-2011. During the year; there was an all-round effort towards increasing the exports under the Havells brand. On the other hand there was a decline in exports under the OEM brands. The main highlights of Export Business are as follows:

- There was special focus on emerging markets in Africa and SAARC region. With this focus; we could increase our exports to various markets in these two regions. Going forward; we will continue our focus in these markets.
- Several product improvements & modifications have been made basis the market feedback to be more competitive in overseas markets.
- Emphasis on brand building with ground level marketing campaigns for establishment of a strong brand.
- Partnership with strong, local business houses in markets like Sri Lanka and Nigeria for distribution of our products in these markets.
- Focus on project business has helped us in bringing growth in our project sales.
- Enhancing the product portfolio for Switchgear category like adding new range Control gear products and new range of Distribution Boards.
- Focus on Cables for project and distribution markets to increase revenue.

(b) Total Foreign Exchange used and earned

	2011-12	2010-11
Foreign exchange earned	172.55	175.92
Foreign exchange used	396.50	322.24

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

(Qimat Rai Gupta)
Chairman &
Managing Director

Noida, May 30, 2012

Statement pursuant to section 212(1)(e) of the Companies Act, 1956 relating to subsidiaries for the year ended 31st March, 2012

(Rs. in crores)

Sl. No.	Name of the Subsidiary Company	Financial Year of the Subsidiary ended on	Extend of Interest of Holding Company in the Subsidiary ended as at 31st, March 2012			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/ Step Subsidiary	Extent of Interest%	Current Year	For the Previous Financial Years of the Subsidiary since it became a subsidiary	Current Years	For the Previous Financial Years of the Subsidiary since it became a subsidiary
1	Havells Sylvania Argentina S.A.	31/12/2011	-	Step Subsidiary	100%	6.91	15.55	Nil	Nil
2	Havells Sylvania Brasil Iluminacao Ltd	31/12/2011	-	Step Subsidiary	100%	(22.32)	(26.82)	Nil	Nil
3	Havells Sylvania Colombia S.A.	31/12/2011	-	Step Subsidiary	100%	17.40	19.84	Nil	Nil
4	Havells Sylvania Venezuela C.A.	31/12/2011	-	Step Subsidiary	100%	3.74	2.34	Nil	Nil
5	Havells Sylvania N.V. (Ecuador)	31/12/2011	-	Step Subsidiary	100%	9.34	21.70	Nil	Nil
6	Havells Sylvania El Salvador S.A. de C.V.	31/12/2011	-	Step Subsidiary	100%	0.10	1.41	Nil	Nil
7	Havells Sylvania Guatemala S.A.	31/12/2011	-	Step Subsidiary	100%	(3.91)	(1.53)	Nil	Nil
8	Havells SLI Mexico S.A. de C.V.	31/12/2011	-	Step Subsidiary	100%	10.17	19.90	Nil	Nil
9	Panama Americas Trading Hub SA	31/12/2011	-	Step Subsidiary	100%	12.52	2.48	Nil	Nil
10	Havells Sylvania Panama S.A.	31/12/2011	-	Step Subsidiary	100%	(0.69)	6.81	Nil	Nil
11	Havells Sylvania Peru S.A.C.	31/12/2011	-	Step Subsidiary	100%	(0.86)	(1.46)	Nil	Nil
12	Havells Sylvania Europe Ltd.	31/12/2011	-	Step Subsidiary	100%	107.16	(43.47)	Nil	Nil
13	Havells Sylvania Spain S.A.	31/12/2011	-	Step Subsidiary	100%	2.81	(2.95)	Nil	Nil
14	Havells Sylvania Portugal Lda	31/12/2011	-	Step Subsidiary	100%	0.20	0.28	Nil	Nil
15	Havells Sylvania Italy S.p.A.	31/12/2011	-	Step Subsidiary	100%	0.24	(3.93)	Nil	Nil
16	Havells Sylvania Greece A.E.E.E.	31/12/2011	-	Step Subsidiary	100%	(6.88)	1.54	Nil	Nil
17	Havells Sylvania Sweden A.B.	31/12/2011	-	Step Subsidiary	100%	(3.81)	(2.34)	Nil	Nil
18	Havells Sylvania Norway A.S.	31/12/2011	-	Step Subsidiary	100%	(4.62)	(14.99)	Nil	Nil
19	Havells Sylvania Finland OY	31/12/2011	-	Step Subsidiary	100%	(0.10)	(1.50)	Nil	Nil
20	Havells Sylvania Tunisia S.A.R.L.	31/12/2011	-	Step Subsidiary	100%	(2.09)	(41.76)	Nil	Nil
21	Havells Sylvania UK Ltd.	31/12/2011	-	Step Subsidiary	100%	(4.26)	(32.96)	Nil	Nil
22	Havells Sylvania Fixtures UK Ltd.	31/12/2011	-	Step Subsidiary	100%	0.66	14.58	Nil	Nil
23	Havells Sylvania Lighting Belgium N.V.	31/12/2011	-	Step Subsidiary	100%	4.31	(103.27)	Nil	Nil
24	Havells Sylvania Poland S.p.Z.o.o	31/12/2011	-	Step Subsidiary	100%	(0.24)	(1.34)	Nil	Nil
25	Havells Sylvania Belgium B.V.B.A.	31/12/2011	-	Step Subsidiary	100%	(0.85)	0.93	Nil	Nil
26	Havells Sylvania Germany GmbH	31/12/2011	-	Step Subsidiary	100%	16.31	(92.79)	Nil	Nil
27	Havells Sylvania Fixtures Netherlands B.V.	31/12/2011	-	Step Subsidiary	100%	13.54	39.90	Nil	Nil
28	Havells Sylvania Lighting France SAS	31/12/2011	-	Step Subsidiary	100%	(1.09)	(51.12)	Nil	Nil
29	Havells Sylvania France S.A.S.	31/12/2011	-	Step Subsidiary	100%	(3.55)	7.83	Nil	Nil
30	Havells Sylvania Switzerland A.G.	31/12/2011	-	Step Subsidiary	100%	1.82	9.11	Nil	Nil
31	SLI Europe B.V.	31/12/2011	-	Step Subsidiary	100%	6.09	(175.05)	Nil	Nil
32	Sylvania Lighting International B.V.	31/12/2011	-	Step Subsidiary	100%	42.49	38.36	Nil	Nil

33	Flowil International Lighting (Holding) B.V.	31/12/2011	-	Step Subsidiary	100%	(43.24)	(389.51)	Nil	Nil
34	Havells Sylvania (Thailand) Ltd.	31/12/2011	-	Step Subsidiary	100%	(0.57)	15.20	Nil	Nil
35	Guangzhou Havells Sylvania Enterprise Ltd.	31/12/2011	-	Step Subsidiary	100%	(6.22)	(3.75)	Nil	Nil
36	Havells Sylvania Asia Pacific Ltd.	31/12/2011	-	Step Subsidiary	100%	0.86	3.19	Nil	Nil
37	Havells Sylvania (Shanghai) Ltd	31/12/2011	-	Step Subsidiary	100%	(0.02)	(7.46)	Nil	Nil
38	Havells Sylvania (Malaysia) Sdn. Bhd	31/12/2011	-	Step Subsidiary	100%	(1.01)	0.40	Nil	Nil
39	Havells Sylvania Dubai FZCO	31/12/2011	-	Step Subsidiary	100%	3.28	11.70	Nil	Nil
40	Sylvania India Limited	31/03/2012	-	Step Subsidiary	100%	0.03	0.01	Nil	Nil
41	Havell's Malta Ltd	31/12/2011	-	Step Subsidiary	100%	(0.12)	(22.01)	Nil	Nil
42	Havell's Netherlands Holdings B.V.	31/12/2011	-	Step Subsidiary	100%	1.92	(9.94)	Nil	Nil
43	Havell's Netherlands B.V.	31/12/2011	-	Step Subsidiary	100%	(4.14)	(197.56)	Nil	Nil
44	Havells Sylvania Costa Rica S.A.	31/12/2011	-	Step Subsidiary	100%	5.49	(13.97)	Nil	Nil
45	Havells USA Inc.	31/12/2011	-	Step Subsidiary	100%	(14.56)	(26.26)	Nil	Nil
46	Havells Sylvania Iluminacion (Chile) Ltd.	31/12/2011	-	Step Subsidiary	100%	(0.88)	0.31	Nil	Nil
47	Havells Sylvania TR Elektrik Ürünleri Ticaret Limited Sirketi	31/12/2011	-	Step Subsidiary	100%	(0.98)	-	Nil	Nil
48	PT Havells Sylvania Indonesia	31/12/2011	-	Step Subsidiary	100%	(1.18)	-	Nil	Nil
49	Thai Lighting Assets Co. Ltd.	31/12/2011	-	Step Subsidiary	49%	-	-	Nil	Nil
50	Havells Mexico Servicios Generales SA De CV	31/12/2011	-	Step Subsidiary	100%	-	0.14	Nil	Nil
51	Havells Sylvania Export N.V.	31/12/2011	-	Step Subsidiary	100%	-	-	Nil	Nil
52	Havells Sylvania Holdings BV1 Limited	31/12/2011		Step Subsidiary	100%	-	-	Nil	Nil
53	Havells Sylvania Holdings BV2 Limited	31/12/2011	-	Step Subsidiary	100%	-	-	Nil	Nil
54	Havells Exim Limited	31/12/2011	1000	Subsidiary	100%	2.22	0.42	Nil	Nil
55	Havell's Holdings Limited	31/03/2012	103792326	Subsidiary	100%	(0.20)	(24.64)	Nil	Nil
56	Havell's Cyprus Limited	31/12/2011	56140	Subsidiary	100%	-	(0.35)	Nil	Nil

For and on behalf of the Board of Directors

Qimat Rai Gupta	**Surjit Gupta**	**Sanjay Gupta**	**Sanjay Johri**
Chairman & Managing Director	Director	Company Secretary	Associate Vice President- Accounts

Noida, May 30, 2012

management discussion and analysis report

Management Summary

HAVELLS: The Consumer's Choice

Havells has transformed itself into a truly electrical consumer brand and is a part of millions of homes in India. Havells has been successfully able to capitalize the discernible shift in the consumer's preference for higher end, technologically superior products, spurred by increasing consumer awareness towards brand. Over the years Havells has built a unique position in the electrical space with aspiration to serve the dealers and the consumer with strong portfolio of products straddling the top of the consumer pyramid, a benchmark for others to follow.

Fascinated with the consumer preference for Havells world class products, we had launched the complete range of small appliances in the premium category. The idea is not to just provide another product to the consumer but to provide an experience of comfort, life style and ultimate satisfaction of the changing needs.

Havells is a dealer friendly company and enjoys a healthy and long standing relationship with dealers evident from the increasing dealer association. Striving continuously to understand the requirements of dealers, we align with growth of dealers. The journey from a switchgear manufacturing company to a complete basket of electrical consumer products has been fascinating. The mantra remains the same as it was forty years ago, to create better value for our stakeholders and to service our customers for best of their needs.

Havells Sylvania global has achieved its immediate target of profitability. Despite the challenging global macroeconomic environment, Havells Sylvania has been able to grow its operating margins across regions through basic business philosophy of profit as lifeline. The transformation has been led by our local team at each country realizing the importance of profitable growth. The brand has been regaining its position in line with top notch international lighting conglomerates. On a longer perspective we have been investing in upgrading product segments, brand positioning and dealer relationship.

Thus our continuous strong performance has been the result of effective implementation of strategies in response to the macro environment.

Indian Industry Overview

The Indian electrical industry operates in a highly dynamic and competitive environment. There is considerable growth potential in the industry led by the changing consumption pattern. Increasing disposable incomes and exposure to media have shaped the aspirations of the consumer fuelling the demand for premium consumables**.** Thus sustained economic growth and modernization has led to changing consumption patterns.

Global industry Overview

Turning to the global economic conditions during the fiscal year, European sovereign debt crisis led the volatility in the macro environment. There is a divergence of economic conditions across global regions, as well as a divergence of recovery within some regions. While global economic conditions are more stable than in the depths of the European sovereign debt crisis late last year, underlying economic condition is still fragile and fluid in many parts of the world.

HAVELLS CORE

Our continued success is dependent on our unique business model which focuses on brand, product portfolio and distribution network. Our business strategy has been to nurture our core businesses while investing in new business opportunities. We are continuously trying to improve the existing products, creating or entering adjacent categories and expanding into new channels to reach consumers'.

1. EMERGENCE OF A CONSUMER BRAND

Havells has emerged as a consumer brand in the Indian electrical industry during last few years. We have captured a unique premium position all across the various product categories. Over a decade Havells has established itself in a leading position in its traditional category of products like switchgears, cable and also in new product categories like lighting and fixtures, fans. With the success of our brand, a new range of small appliances has been launched during the last fiscal year.

Havells believe that Indian consumer has changed over past few years and is acceptable to better safety standards, energy efficiencies, better living conditions and an international lifestyle. Our advertisement and sales promotional activities at each level try to educate consumers, dealers, retailers and influencers as to how Havells products are taking care of these changing needs. Spending more than 3% of our revenue on sales and promotional activities, reflect the commitment towards our efforts.

2. **LEVERAGING DISTRIBUTION CHANNEL**

Over last forty years Havells has continuously focused on deepening relationship with our dealers and wholesalers. India is a land of entrepreneurs over centuries. The consumer interaction, loyalty, years of local experience of trade, efficiencies and entrepreneurship makes dealer an unseen hero. Looking no further, Havells has aligned its entire business towards the channel and had outperformed the peers in terms of sustainability, stability, better growth and profit margins.

Ours is a distribution led business where the entire product portfolio is sold through the same distribution channel. Our dealers are aligned with our growth objectives enabling us to drive sustainable performance year after year. Interacting on regular basis, we partner in the growth objective of dealers. Havells is continuously working to expand its dealer network for greater penetration. Dealer relationship is not merely a business relationship for us they are an integral part of the Havells group and we continuously strive to work in coordination and face the market challenges together.

3. **EXPANDING PRODUCT PORTFOLIO**

Thriving for the leadership position in electrical markets, Havells has diversified into various verticals of electrical consumer products. Using the same distribution network and brand, we had launched over a period of time, cable, electrical wiring accessories, motors, capacitors, lighting and fixtures, electrical consumer durables including fans and small domestic appliances in addition to traditional switchgear range of domestic and industrial. Having a product portfolio unrivalled in the Indian electrical industry, Havells caters to the electrical needs of a household, small industry, institution and commercial establishment. We have become prominent in consumer and dealer space by expanding the product portfolio and selling through the same distribution channel.

In an attempt to promote product portfolio and facilitate the consumer experience while taking initiatives for our dealers, Havells brought forward the concept of Havells galaxies ‘one stop shop’ showcasing entire product range. This is an attempt to reach the consumers directly and enhance our brand visibility. Owned by our dealers and acting as an alternative business which synchronizes with the existing business; these help to attract premium customers and provide a unique shopping experience. Thus through Havells Galaxies we repositioned the same network channel to cater to the changing demands of the consumers for balancing price with quality, convenience, consistency, innovation and above all to give the consumer a unique shopping experience.

HAVELLS INDIA LIMITED (STAND ALONE) SEGMENT DISCUSSION

SWITCHGEARS

Havells is well positioned in the organised Switchgears market and holds a considerable market share. The brand and trade/ dealer association backed by products made through latest technology has helped us to consolidate our position in this segment. The switchgears segment comprises of the domestic and the industrial switchgears, electrical wiring accessories, industrial motors and capacitors.

Out of the total domestic switchgears market which largely includes miniature circuit breakers (MCB), approx. 50% is dealer/ trade driven while rest led by institutions. Havells is present in the trade channel and enjoy prominent position in this network and also in the overall domestic switchgear market in India. The key strategy remains the same; selling through brand and distribution channel to the end customer, like any other consumer product. The consumer prefers branded products due to safety features and high technology involved while the dealer network gives an edge to Havells. A more stable model drives growth prospects and margins. In the electrical wiring accessories, Havells enjoys prominent market position. The consumer preference has been shifting towards branded products.

Havells enjoys its historical presence in the industrial switchgear market and would continue to focus on its strength to drive growth in this segment. In the last financial year we consolidated the business of Standard Electrical in Havells. Capitalizing on the distribution network of Sylvania we had also launched Switchgear in United Kingdom.

Switchgears division registered net revenue of Rs 896.15 crores during financial year 2011-12 as compared to Rs 734.39 crores during financial year 2010-11, showing a growth of 22%. We have been able to maintain the contribution margins in this segment at 37%.

CABLE

Since inception of this division, Havells has invested in the manufacturing infrastructure which has today become one of the largest in India. Cables are manufactured on modern laser controlled automatic machines, using best raw material from primary manufacturers ensuring quality. The business performed well to improve operating profitability, despite severe pressures due to raw material fluctuation. During the last financial year cost increases were tackled through judicious price increases reflecting the strength of the brand. Contribution margins improved by 200 bps over last year. The division includes underground industrial cables and domestic cables.

Domestic cables form an integral part of the electrical connections in a building and frequent replacement of the same is cumbersome. The conversion from unorganized to organized market is visible due to quality awareness and branding exercises done by companies in the recent past. Havells position has improved in this market through quality products and advertisements on media, a unique feature for this market in the past.

On the other side industrial underground cable comprises of industrial products used in commercial or industrial applications. With the shared distribution channel, Havells is well position in this market. The fluctuations on raw material prices which are largely metal commodities are being handled categorically through low inventory levels in the entire value chain and passing on the impact in lower time gap.

Cable division registered a growth of 29% in net revenue at Rs 1,592.99 crores during financial year 2011-12 as compared to Rs 1,231.81 crores during financial year 2010-11. The contribution margins grew to 9.2% of net revenue during financial year 2011-12 from 7.3% during last financial year 2010-11.

LIGHTING AND FIXTURES

Launched in 2003 in a short period our presence has been recognized in the consumer lighting space through energy savings lamps (CFL) and luminaries markets. The luminaries constitute deliberate application of light to achieve aesthetic effect keeping in consideration the consumers changing preferences. With its focus on energy efficiencies, aesthetics & designs suited to modern lifestyle, Havells would continue to gain momentum in the consumer and professional luminaries.

The division registered net revenue of Rs 554.39 crores during financial year 2011-12 as compared to Rs 444.67 crores during financial year 2010-11, a growth of 25%. The contribution margins had also improved by 700 bps to 25% in the financial year 2011-12 from 18% in the last financial year 2010-11.

ELECTRICAL CONSUMER DURABLES

Havells has made a mark in the fan industry in India over short span of time and had reached millions of homes in India as consumer preference for premium quality. The success in the fan segment gave us an initiative to launch small appliances. Specifically designed for the changing preferences of quality conscious customers, the Havells Pro-Hygiene range of appliances, tries to enhance the overall consumer experience in the modern kitchens and homes. All the appliances are truly international in technology, design with the highest level of cleanliness and hygiene with ease. Although currently small, the business is progressing well, and has the potential for scale up by leveraging the existing supply chain and product development. Your Company is investing behind these categories and building consumer relevance and brand differentiation through new products, new consumption moments as well as through new communication.

The electrical consumer durables division registered net revenue of Rs 572.08 crores during financial year 2011-12 as compared to Rs 469.15 crores during financial year 2010-11, a growth of 22% .The contribution margins had shown an improving trend with the similar growth.

Financial performance: Havells India - Standalone

In crores of rupees	Year 2010-11	Year 2011-12
Net Revenue	2,881.6	3,615.6
EBIDTA	**340.5**	**459.1**
as a % of revenue	*11.8%*	*12.7%*
Less: Depreciation	29.3	44.7
Less: Finance Cost	19.1	44.4
Less: Foreign Exchange (gain)/loss	(10.3)	3.4
Add: Other income	7.4	7.2
Profit before tax	**309.8**	**373.8**
as a % of revenue	*10.8%*	*10.3%*
Less: Tax	68.2	68.4
Net Profit	**241.6**	**305.4**
as a % of NR	*8.4%*	*8.4%*

The Hon'ble High Court of New Delhi approved and sanctioned the Scheme of Amalgamation of Standard Electrical Limited (a wholly owned subsidiary of Havells India Limited) into Havells India Limited from appointed date of 1 April 2011.The order has been made effective from 15 October 2011.Thus the financials of Standard for the period ended 31 March 2012 have been merged with standalone financial results of Havells India and are not comparable with financials of previous year

Havells India registered revenue growth of 25% on y-o-y basis and operating profit growth of 35% in EBIDTA. The net profit registered growth of 26%.

On the segmental basis, switchgears division shows a growth of 22% which was also due to amalgamation of Standard with the company, without which the same would have been 9%. The divisional performance had already been discussed in detail in the previous segment of this report.

Segment wise Revenue Analysis

	Year 2010-11		Year 2011-12		
In crores of rupees	**Net Revenue**	**% to total**	**Net Revenue**	**% to total**	**Growth %**
Switchgears	734	26%	896	25%	22%
Cable	1,232	43%	1,593	44%	29%
Lighting & Fixtures	445	15%	554	15%	25%
Electrical Consumer Durables	469	16%	572	16%	22%
Others	1.6		–		
Total	**2,882**	**100%**	**3,615**	**100%**	**25%**

SYLVANIA GLOBAL

Havells Sylvania is a leading, full-spectrum provider of quality, energy-efficient solutions for professional and architectural lighting and is committed to environmentally sustainable products in the international markets. Brand - Sylvania has enabled Havells to have a global presence, exposure and opportunity.

In 2011 the focus was on attaining sustainability through profitability focus. The objective was transparently discussed and agreed with each country teams to ensure full ownership and cooperation at country individual unit level. Havells core philosophy is engaging people to achieve objective has been summarily subsumed in Sylvania. We have achieved our objective of seamless integration of Sylvania into Havells family.

In a rather challenging credit environment, Sylvania has been able to complete its refinancing requirements, underpins the strength of Havells Group and resilience of Sylvania business. The refinancing is in line with the Havells Group philosophy of conservative debt practices, deleveraging and optimising interest costs.

SYLVANIA – EUROPEAN OPERATIONS

Europe on macro basis continues to be sluggish with policies headwinds. Our focus in these markets is to remain stable through a combination of product mix, rationalizing low margin business of customers and moving up the value chain from products to solutions.

Havells Sylvania enjoys century old presence in the European markets with a product portfolio of lighting fixtures and lighting lamps. During the last financial year, Havells Sylvania increased its profitability in the European markets, despite the challenging macro environment, led by better brand positioning, price increases, higher outsourcing and better product mix.

SYLVANIA - AMERICAS

The Americas region largely includes Latin American part of the continent. Havells Sylvania has been working progressively in these emerging markets to gain reasonable market share. Year 2011 was full of sharp volatility in the currencies of many of these markets wherein we continue to achieve better market position in the existing product segments as well as to increase the product basket while launching lighting fixtures.

Financial performance: Sylvania

In millions of Euro	**Year 2010-11**	**Year 2011-12**
Net Revenue	€ 449.4	€ 448.2
EBIDTA	**€ 26.6**	**€ 37.4**
as a % of revenue	5.9%	8.3%
Add: Pension (liability)/ benefits	€ 5.4	€ (4.5)
Less: Depreciation	€ 8.3	€ 7.6
Less: Finance Cost	€ 10.5	€ 14.6
Add: Other income	—	€ 5.2
Less: Exceptional items	€ 0.6	—
Profit before tax	**€12.6**	**€15.9**
as a % of revenue	2.8%	3.5%
Less: Tax	€ 5.6	€ 5.7
Profit after tax	**€ 7.0**	**€ 10.2**

The financial year 2011-12 can be seen as a year of consolidation on the margins. The operating profit margins (EBIDTA) had improved by 250 bps during the financial year 2011-12 to 8.3% from 5.9% in the financial year 2010-11. The profit after tax shows the similar trend of 46% growth during the financial year 2011-12.

Net revenue breakup on regional basis

	Net Revenue		EBIDTA		EBIDTA %	
In millions of Euro	**2010-11**	**2011-12**	**2010-11**	**2011-12**	**2010-11**	**2011-12**
Europe	€ 280.6	€ 275.2	€ 13.9	€ 26.0	4.9%	9.4%
Americas	€ 145.0	€ 149.1	€ 13.2	€ 12.0	9.1%	8.1%
Others	€ 23.8	€ 23.9	€ (0.5)	€ (0.6)	—	—
Total	**€ 449.4**	**€ 448.2**	**€ 26.6**	**€ 37.4**	**5.9%**	**8.3%**

Sylvania performance improved with higher operating margin from 5.9% to 8.3% largely attributable to operating efficiencies resulting from our focus on profitability. Despite macroeconomic environment the margins have improved in Europe due to higher price realization and benefits in raw material cost.

Opportunities & Threats

Opportunities

Serving the consumer and catering to their changing aspirations has been our prime goal. The new product line i.e appliances have opened new avenues. In Havells as well as in Sylvania we have improved our product portfolio by introducing new products. As consumerism in India is growing at a rapid pace, Havells, a consumer focused brand stands to gain advantage.

Threats

1. **Macroeconomic scenario**

   The world economy is on a recovery trend. In turbulent times the company has been able to respond year after year. Economic response in some of the overseas markets still remains uncertain. Had the environment been better we would have performed better.

2. **Foreign Exchange Fluctuation**

   The Group is exposed to a wide variety of currencies. As the Group eyes expansion into new geographical territories, the exposure to foreign currency fluctuation risk may increase. Significant fluctuation in these currencies could impact the company's financial performance.

3. **Competition**

   Taking in consideration the potential of the industry we at Havells take competition as a challenge.

4. **Input costs**

   Inflationary trends in the input costs could create a strain on the operating margins as metal comprises major portion of raw material .Havells has taken various measures to take care of the same.

Risk Management

Enterprise Risk Management

Enterprises Risk Management (ERM) at Havells encompasses practices relating to identification, assessment, monitoring and mitigation of various risks to our business objectives. ERM at Havells seeks to minimize adverse impact of risks on our business objectives and enable the company to leverage market opportunities effectively. Our core values and ethics provide the platform for our risk management practices, which is in line with the company's commitment to deliver sustainable value to all its stakeholders.

Our ERM approach is based on the globally accepted "ISO 31000:2009 Framework" issued by "International Organisation for Standardization". ERM at Havells is based on a comprehensive, interactive and management-oriented approach which is integrated into the organization decision making process that addresses both risks and opportunities.

Internal Control System

The Company's philosophy towards control systems is mindful of leveraging resources towards optimisation while ensuring the protection of its assets. The Company deploys a robust system of internal controls that facilitates the accurate and timely compilation of financial statements and management reports; ensures regulatory and statutory compliance; and safeguards stakeholders' interest by ensuring highest level of governance and periodic communication with the stakeholders.

The Audit Committee & Sub Audit Committee reviews the effectiveness of the internal control system in the Company and also invites the concern functional Heads to provide an update on their functions from time to time. Company's Internal Risk Management & Governance Team also conduct periodic assurance reviews to assess the adequacy of internal control systems and reports to Audit & Sub Audit Committee.

Business Management Group (BMG) has been formed to ensure optimum & effective utilisation of available resources and to facilitate the process owners for timely action against operational, process improvements & compliance issues.

Corporate Governance

Havells believes that risk management and internal control are fundamental to effective corporate governance and development of a sustainable business. Company has a robust process to identify key risks and action plans that can mitigate these risks. A clearly structured and fully implemented corporate governance system is our highest priority.

Risk Management framework

Our risk management framework comprises of the following key components:

1. Risk Management Structure

Risk management structure at Havells spans across the enterprise at all levels. The Company's organisational structure of Risk Management is summarized below:

2. Risk Categorisation & Treatment

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. The bottom-up approach is supported by workshop with the respective management at Branch, Factory and Corporate function level, whereas the top-down approach ensure that potential risks and opportunities are discussed on management level and are included in the subsequent reporting process.

3. Risk Management Practices

The key risk management practices include those relating to risk assessment, measurement, monitoring, reporting, mitigation actions and integration with strategy and business planning.

- **Risk Identification and assessment**

To strengthen the business processes & their effectiveness our Risk Management & Governance Team along with respective Business Management Group and external Internal Auditors keep reviewing all process control & their design efficiency on a regular basis. Periodic assessment of business risk & their treatment is done accordingly and action taken status is presented before the Board & Audit Committee on a periodical interval.

- **Risk measurement, mitigation & monitoring**

A dashboard has been created through "Control Manager-a Self-monitoring Software Tools", which help in monitoring & mitigation of defined risks. Assessment of Top risks and action taken status on their mitigation plan are reviewed on a periodical interval.

- **Risk reporting**

The top risks outlining the risk level, trend, exposure, potential impact and their mitigation plans, summarize action taken status & improvements plan is presented before the Board of Directors and Audit Committee. Operational risks/ issues are discussed & reported to appropriate levels within the organisation on a regular interval.

During the financial year, Sub Audit Committee met seventeen times to discuss the Internal Audit reports. Minutes of the same along with action taken status are discussed in Audit Committee and necessary steps are taken as per the guidance of the Board & Audit Committee.

Sub Audit Committee is chaired by the Joint Managing Director / Director –Finance and attended by respective Plant/ Branch/ H.O team along with respective functional Head and Internal Auditors which is co-ordinated by Risk Management & Governance Team.

"Risk Management is an inseparable aspect of managing change and other form of decision making"

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 the group's 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 conforms to the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges stipulating Corporate Governance compliances.

BOARD OF DIRECTORS

SIZE AND COMPOSITION OF THE BOARD

The Board of Directors of the Company has an optimum combination of executive and non-executive directors with not less than fifty percent of the Board comprising of non-executive directors.

As on 31st March, 2012, your Company's Board has a strength of 10 (Ten) Directors comprising 3 (Three) Executive and 7 (Seven) Non-Executive Directors, latter including 5 (Five) Independent Directors. The Chairman of the Board is an Executive Director.

The members of the Board are drawn from various fields having considerable expertise in their respective areas. Together they bring diverse experience, varied perspectives, complementary skills and vast expertise.

The names and category of Directors on Board of the Company and other Directorship(s)/ Committee Membership(s)/ Chairmanship(s) held by them is summarized as under:

Composition of the Board of Directors as at 31st March, 2012

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	6	Nil	Nil
Shri Anil Gupta (Joint Managing Director)	Non Independent	6	1	1
Shri Rajesh Gupta (Director Finance)	Non Independent	Nil	Nil	Nil
NON-EXECUTIVE DIRECTORS				
Shri Surjit Gupta	Non Independent	5	Nil	Nil
Shri Sunil Behari Mathur	Independent	12	5	3
Shri Avinash P. Gandhi	Independent	11	3	4
Shri Vijay Kumar Chopra	Independent	11	4	4
Shri Surender Kumar Tuteja	Independent	13	6	4
Dr. Adarsh Kishore	Independent	2	Nil	2
Shri Niten Malhan	Non-independent-Representative of Warburg Pincus as Investor	6	7	Nil

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.*

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:
  - Statutory audit firm or the internal audit firm that is associated with the company.
  - 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.

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 in March, 2012.

Relationships between Directors inter-se

Shri Qimat Rai Gupta is the husband of Shri Surjit Gupta's sister and Shri Anil Gupta is the son of Shri Qimat Rai Gupta.

BOARD MEETINGS

During the year under review the Board met 5 (five) times on 27th May 2011, 01st August 2011, 31st October 2011, 30th January 2012 and 15th March 2012. In terms of clause 49 of the Listing Agreement the gap between any two meetings did not exceed four months.

Information provided to the Board Members

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 for meetings held during FY 2011-12 & for the last AGM is given below:

Name of Directors	Attendance in Board Meetings (No. of Board Meetings held: 5)	Attendance in AGM held on 01st August, 2011
Shri Qimat Rai Gupta	4	Yes
Shri Anil Gupta	5	Yes
Shri Rajesh Gupta	5	Yes
Shri Surjit Gupta	5	Yes
Shri Sunil Behari Mathur	5	Yes
Shri Avinash P. Gandhi	5	Yes
Shri Vijay Kumar Chopra	5	Yes
Shri Surender Kumar Tuteja	4	Yes
Dr. Adarsh Kishore	4	No
Shri Niten Malhan	3	No

Note: *During the financial year 2011-12, the Board of Directors has also passed 1(One) Resolution by Circulation dated 03rd October, 2011 with the consent of the majority of directors then in India.*

CODE OF CONDUCT

The Company 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 31st March 2012.

Qimat Rai Gupta
Noida, May 30, 2012 Chairman and Managing Director

Company's Policy on Prohibition of Insider Trading

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 full text policy is available on the website of Company www.havells.com under Company Investor Section.

COMMITTEES OF THE BOARD

AUDIT COMMITTEE
COMPOSITION OF AUDIT COMMITTEE

The Company has constituted a qualified and independent audit committee as required under section 292A of the Companies Act, 1956 as also in fulfillment of the requirements of clause 49 of the Listing Agreement. The Committee comprises 5 (Five) Non- Executive Directors as members. All members are financially literate and possess sound knowledge of accounts, finance and audit matters. The Company Secretary of the Company acts as Secretary to the Audit Committee. The Internal Auditors of the Company attend the meetings of the Audit Committee on invitation of the Chairman of the Committee.

The Composition of Audit Committee as on 31st March, 2012, is given below:

Name of Directors	Category	Designation
Shri V K Chopra#	Independent	Chairman
Shri Sunil Behari Mathur	Independent	Member
Shri Avinash P Gandhi	Independent	Member
Shri Niten Malhan	Non-Independent	Member
Shri Surjit Gupta	Non-Independent	Member

The Chairman of the Audit Committee attended the last AGM to answer shareholder queries.

#Appointed as Audit Committee Chairman w.e.f. 01-04-2012 in place of Sh. S.B. Mathur.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Audit Committee has extensive powers and the Committee has access to all requisite information of the Company. 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 payment for any other services.
- Reviewing with the management the financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement as featured in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - Any changes in accounting policies and practices and reasons thereof
  - Major accounting entries based on the exercise of judgment by management
  - Significant adjustments made in the financial statements arising out of audit findings
  - Compliance with listing and other legal requirements relating to financial statements
  - Any related party transaction
  - Qualifications in the draft audit report
- Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing with management, statutory and internal auditors, the adequacy of internal control systems and internal audit function.
- Reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors on any significant findings and follow up thereon.

- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with external/ statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.
- Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- Reviewing the functioning of Whistle Blower mechanism in the Company.
- Considering such other matters the Board may specify.
- Reviewing other areas that may be brought under the purview of role of Audit Committee as specified in Listing Agreement and the Companies Act, as and when amended.

AUDIT COMMITTEE MEETINGS

During the financial year 2011-12, Audit Committee met 6 (Six) times on 27th May 2011, 01st August 2011, 14th September 2011, 31st October 2011, 30th January 2012 and 14th March 2012 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 2011-12 is given below:

Name of Directors	Designation	Meetings Attended (No. of Meetings held : 6)
Shri V K Chopra	Chairman	6
Shri Avinash P. Gandhi	Member	5
Shri Sunil Behari Mathur	Member	6
Shri Niten Malhan	Member	5
Shri Surjit Gupta	Member	6

REMUNERATION COMMITTEE

COMPOSITION OF REMUNERATION COMMITTEE

The Company has constituted a Remuneration Committee in conformity with the requirements of Clause 49 of the Listing Agreement. The Committee comprises four Non-Executive Directors, the Chairman being Non-Executive and Independent. The Company Secretary of the Company acts as Secretary to the Remuneration Committee. The Composition of Remuneration Committee as on 31st March, 2012 is given below:

Member	Category	Designation
Shri Avinash P. Gandhi	Independent	Chairman
Shri V K Chopra	Independent	Member
Shri S K Tuteja	Independent	Member
Shri Surjit Gupta	Non- Independent	Member

ROLE OF REMUNERATION COMMITTEE

The Remuneration Committee of the 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 2011-12, Remuneration Committee met once on 27th May 2011.

Attendance record of Remuneration Committee members for the meeting held during FY 2011-12 is given below:

Name of Directors	Designation	Meetings Attended (No. of Meetings held : 1)
Shri Avinash P. Gandhi	Chairman	1
Shri V K Chopra	Member	1
Shri S K Tuteja	Member	-
Shri Surjit Gupta	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 Shareholders, Board and Committees thereof.

The Company does not have any Employee Stock Option Scheme.

Details of remuneration/ sitting fees paid to Directors during the financial year 2011 – 12 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	9535888	–	120.14	285.34*	405.48
Shri Anil Gupta (Joint Managing Director)	01-04-2009 to 31-03-2014	3467948	–	90.14	190.23**	280.37
Shri Rajesh Gupta (Director – Finance)	01-04-2010 to 31-03-2015	239680	–	100.14	190.23**	290.37
Shri Surjit Gupta	–	6530160	–	–	–	–
Shri Sunil Behari Mathur	–	–	2.40	–	–	2.40
Shri Avinash P. Gandhi	–	–	2.40	–	–	2.40
Shri Vijay Kumar Chopra	–	–	2.60	–	–	2.60
Shri S K Tuteja	–	–	1.00	–	–	1.00
Dr Adarsh Kishore	–	–	0.80	–	–	0.80
Shri Niten Malhan	–	–	–	–	–	–

**As per the approved terms, Shri Qimat Rai Gupta is entitled to Commission @ 0.75% of the profit before tax.*

***As per the approved terms, Shri Anil Gupta and Shri Rajesh Gupta are entitled to 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 constituted a 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, 2012 is given below:

Member	Category	Designation
Shri Surjit Gupta	Non-Independent	Chairman
Shri Anil Gupta	Executive	Member
Shri Rajesh Gupta	Executive	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 is placed before the Board for its information and review.

MEETINGS OF SHAREHOLDERS' & INVESTORS' GRIEVANCE COMMITTEE

During the financial year 2011-12, the Committee met 18 (Eighteen) times. The number of shareholder grievances received and resolved during FY 2011-12 is given below:

S. No.	Nature of Grievance	Received	Resolved	Maximum Period of Reply (in days)
1	Change of Address	1	1	1
2	Dividend related queries	23	23	2
3	Annual Report	26	26	1
4	Bonus	6	6	1
5	Others	4	4	1
	TOTAL	**60**	**60**	

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 constituted a Finance Committee comprising of one Non-Executive and two Executive Directors of the Company. The Company Secretary of the Company acts as the Secretary to the Committee. The Composition of Finance Committee as on 31st March, 2012 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

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 2011-12, the Finance Committee met 28 (Twenty Eight) times. A summary of Finance Committee meetings is placed before the Board for its information and review.

MANAGEMENT

The detailed Management Discussion and Analysis (MDA) Report forms an integral part of this Annual Report.

GENERAL MEETINGS (AGM & EGM) HELD DURING THE PAST 3 YEARS

Type of Meeting	Date of Meeting	Time	Place	Detail of Special Resolution(s) passed, if any
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
YEAR 2010-11				
Extra Ordinary General Meeting (Court Convened)	21st April, 2010	11:00 am	Shah Auditorium Shree Delhi Gujrati Samaj Marg, Civil Lines, Delhi - 110 054	1. Approval of the Scheme of Arrangement and demerger entered into between Havells India Limited, Seven Wonders Holidays Private Limited and Standard Electrical Limited.
Annual General Meeting	29th September, 2010	4:00 pm	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi – 110 003	1. Modification in the terms of appointment for increasing the remuneration of Shri Qimat Rai Gupta, Chairman and Managing Director of the Company. 2. Amendment of the Memorandum of Association of the Company for increasing the Authorized Share Capital of the Company from Rs. 40 crores to Rs. 100 crores. 3. Issuance of Bonus Shares in the ratio of 1:1.
YEAR 2011-2012				
Extra Ordinary General Meeting (Court Convened)	02nd April, 2011	11.30 am	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi – 110 003	1. Approval of the Scheme of Amalgamation entered into between Havells India Limited and Standard Electrical Limited.
Annual General Meeting	01st August, 2011	10.00 am	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi - 110 003	—-

Special Resolution passed through the Postal Ballot Procedure

There was no Special Resolution passed through Postal Ballot procedure during the Financial Year 2011-12.

No Resolution requiring Postal Ballot as required by the Companies (Passing of Resolution by Postal Ballot) Rules, 2011, has been placed for Shareholder's approval at this Annual General Meeting.

DISCLOSURES

(a) Materially significant related party transactions.

During the financial year 2011-12, 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. 14 of Other Notes on 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 policy named 'Idea & Satark'. The policy has been implemented by the Company to promote a culture of innovative thinking, creativity and vigilance in all corners of its business. Under '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. '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 entered into with the Stock Exchanges.

The Company has adopted two non-mandatory requirements of the clause 49 of the Listing Agreement viz.

- Remuneration Committee of the Board which has been constituted to determine the remuneration package of the Executive Directors and
- Whistle Blower Policy wherein a mechanism has been established for the employees to report to the management about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

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

During the financial year 2011-12, your company has not raised proceeds / funds from public issue, rights issue, preferential issue etc.

MEANS OF COMMUNICATION

(i) Financial Results

The quarterly/ half-yearly/ annual financial results are published in Business Standard (English Daily) and Business Standard (Hindi Daily). The financial results and the official news releases are also placed on the Company's website www.havells.com. With the introduction of NSE Electronic Application Processing System (NEAPS), web based application designed for corporates by NSE w.e.f. September, 2011, the Company is regular in posting its Shareholding Pattern and Corporate Governance Report electronically at https://www.connect2nse.com/LISTING.

(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 2012-13)

Day	:	Monday
Date	:	16th July, 2012
Time	:	3.00 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, 2012	End July 2012
Quarter ending September 30, 2012	End October 2012
Quarter ending December 31, 2012	End January 2013
Year ending March 31, 2013	End May 2013

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

(iv) Date of Book Closure

The books will remain closed from 6th day of July 2012, Friday to 12th day of July 2012, Thursday for the purpose of Dividend.

(v) Dividend Payment Date

The Board of Directors of your Company has recommended a dividend of Rs. 6.50 per equity share of Rs. 5/- each i.e. @ 130 % for the financial year 2011-12. Date of payment of dividend would be within 30 days from 16th July, 2012.

(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 2012-13 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 2011-12 are as under:

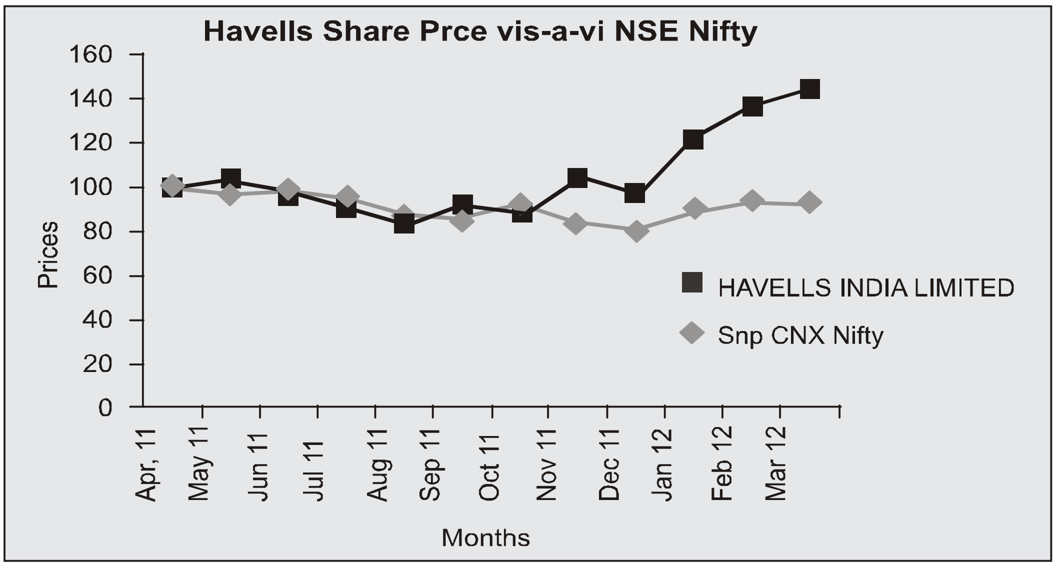
	NSE			BSE		
Period	**High(Rs.)**	**Low(Rs.)**	**Volume (No. of Shares)**	**High(Rs.)**	**Low(Rs).**	**Volume (No. of Shares)**
April 2011	422.70	318.00	5804797	422.50	372.00	1254194
May 2011	416.00	312.60	5987430	415.90	363.10	3081958
June 2011	451.25	376.00	11634980	451.25	375.40	2527990
July 2011	403.85	355.95	9958881	405.70	352.00	2131614
August 2011	371.70	313.35	6006185	371.00	313.00	1763631
September 2011	375.00	329.90	3850979	374.00	330.00	444656
October 2011	371.95	336.00	2451995	370.00	335.00	261187
November 2011	430.80	354.00	9503039	431.40	365.00	1812634
Decenber 2011	445.25	366.00	6422837	444.95	365.00	942169
January 2012	484.80	384.75	6653177	484.00	384.20	1127363
February 2012	601.70	472.00	9711317	564.85	472.00	1331008
March 2012	615.80	503.00	7725462	616.00	510.00	1046130

*(**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.*

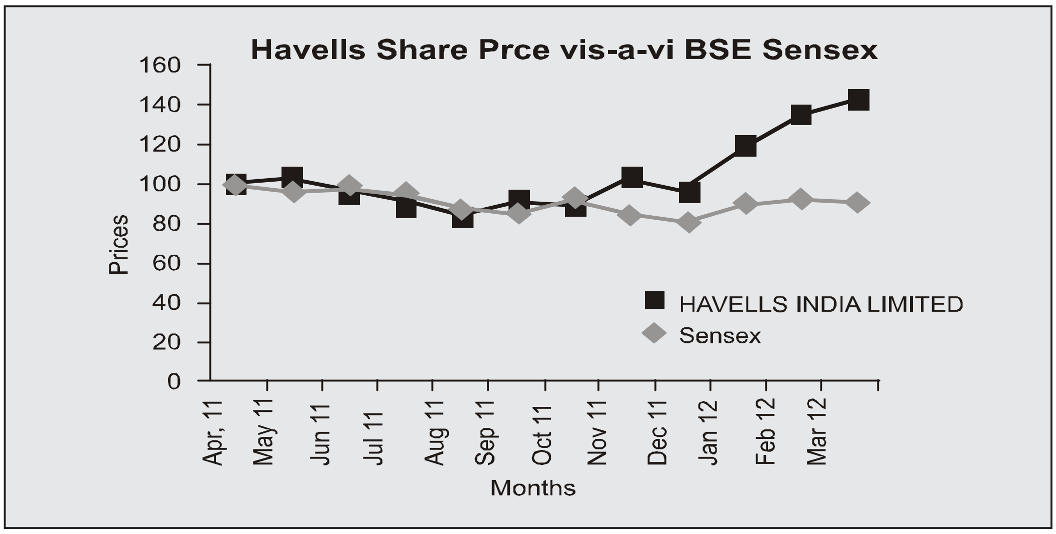
(x) Stock Performance

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 01st April, 2011

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



Share prices and BSE SENSEX are indexed to 100 as on 01st April, 2011

(xi) Registrar & Share Transfer Agents

M/s MCS Limited

F-65, 1st Floor, Okhla Industrial Area, Phase - I

New Delhi – 110 020

Telephone No.: 011 – 41406149-52

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 31st March, 2012

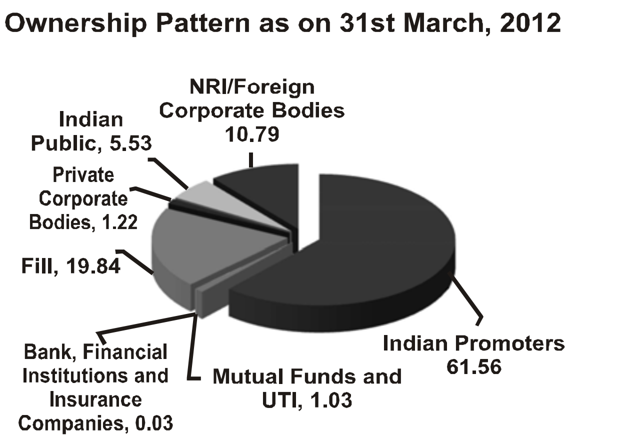
Shareholding of nominal Value of Rs. 5/- each	Share-holders (Number)	% of Total Share-holders	No. of Shares	Nominal Value (in Rs.)	% of Nominal Value
(Rs.)					
Upto 5,000	27980	93.83	2879224	14396120	2.31
5,001 — 10,000	1135	3.81	1755056	8775280	1.41
10,001 — 20,000	322	1.08	982573	4912865	0.79
20,001 — 30,000	110	0.37	554220	2771100	0.44
30,001 — 40,000	74	0.25	535342	2676710	0.43
40,001 — 50,000	27	0.09	246775	1233875	0.20
50,001 — 100,000	56	0.19	789537	3947685	0.63
100,001 & Above	111	0.38	117032085	585160425	93.79
Grand Total	**29815**	**100.00**	**124774812**	**623874060**	**100.00**

Ownership Pattern as on 31st March, 2012

Category	No. of Shareholders	No. of Shares Held	% of Total Holding
Promoters			
Indian Promoters	11	76812852	61.56
Institutional Investors			
Mutual Funds and UTI	16	1284219	1.03
Bank, Financial Institutions and Insurance Companies	3	45260	0.03
FII	114	24759902	19.84
Others			
Private Corporate Bodies	693	1525968	1.22
Indian Public	28278	6885304	5.53
NRI/Foreign Corporate Bodies	700	13461307	10.79
Grand Total	**29815**	**124774812**	**100.00**

List of Shareholders other than Promoters holding more than 1% as on 31st March, 2012

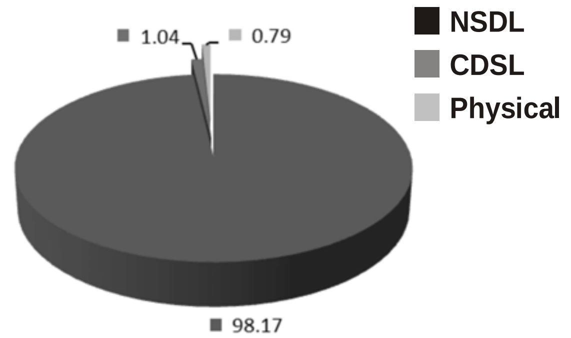
S. No.	Name of Shareholder	Name of Share Held	% of Total Share-holding
1.	HSBC Bank (Mauritius) Limited A/c Jwalamukhi Investment Holdings	2524716	2.02
2.	Citigroup Global Markets Mauritius Private Ltd	4025660	3.23
3.	Warburg Pincus International LLC A/C Woodcrest Investment Ltd	4607600	3.69
4.	Nalanda India Equity Fund Limited	5224947	4.19
5.	Seacrest Investment Ltd	12820000	10.27
	TOTAL	**29202923**	**23.40**



(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 31st March, 2012, 123792859 Equity shares out of 124774812 Equity Shares of the Company, forming 99.21 % 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 on the NSE and BSE.

Particulars	As on 31st March, 2012		As on 31st March, 2011	
	Number of Shares	Percentage	Number of Shares	Percentage
Shares in Demat Form	123792859	99.21	123688566	99.13
NSDL	122493667	98.17	121932525	97.72
CDSL	1299192	1.04	1756041	1.41
Shares in Physical Form	981953	0.79	1086246	0.87
Total	**124774812**	**100.00**	**124774812**	**100.00**



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

There are no GDRs/ADRs/Warrants outstanding as on 31st March, 2012.

(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 a. Domestic Switchgears b. Industrial Switchgear	 - Distt. Solan, Baddi, Himachal Pradesh - 14/3, Mathura Road, Faridabad - Plot No.6, Site - IV, Sahibabad Industrial Area, Sahibabad (U.P.)
2.	Capacitors	Plot No.6, Site - IV, Sahibabad Industrial Area, Sahibabad (U.P.)
3.	PCB Assembly Line	E-1, Sector-59, Noida - 201307
4.	Motor	SP-181 – 189, Industrial Area, Phase II, Neemrana, Alwar, Rajasthan.
5.	Cable Division	A/461-462 & SP – 215, Matsya Industrial Area, Alwar, Rajasthan
6.	Lighting and Fixture Division	SP-181 – 189, Industrial Area, Phase II, Neemrana, Alwar, Rajasthan.
7.	Electrical Consumer Durable – Fan Division	Plot No. 2A, Sector – 10, BHEL Industrial Estate, Haridwar, Uttranchal
8.	Centre for Research & Innovation (CRI)	QRG Towers, 2D, Sector – 126, Expressway, Noida – U.P. - 201304

(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 – 41406149-52
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.

Update E-mails for receiving notice/ documents in e-mode

As a responsible corporate citizen, the Company sustenance the concept of 'Green Initiative' of Corporate Governance taken by the Ministry of Corporate Affairs, Government of India (MCA), by its circular, allowing electronic delivery of documents including the Notice calling General Meetings, Annual Report etc. to shareholders at their e-mail address previously registered with the Depository Participants (DPs)/Company/Registrars & Share Transfer Agents instead of physical dispatch.

In accordance of the same, your company had proposed to send Notice calling General Meetings, Annual Report and other documents in electronic mode in future vide its letter issued in December, 2011 to all the shareholders on their email addresses. It was also requested to inform the Company in case the shareholders wish to receive the above documents in physical form. Accordingly, the Annual Report alongwith Notice will be sent to the shareholders in electronic mode at their email addresses.

The shareholders who have not registered their email addresses with the Company are requested to kindly register their e-mail addresses with the Company in the Form annexed with the Notice of Annual General Meeting enabling the Company to better service shareholder correspondence through e-mode. The shareholders have also an option to register their email addresses with their Depository through Depository Participant.

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 2004-05 will be due for transfer to Investor Education and Protection Fund on 26th August 2012 in terms of Section 205A of the Companies Act, 1956. Members who have not encashed their Dividends for the financial year ended 31st March 2005 or any subsequent year(s) are requested to lodge their claims with the Company.

A separate communication in this regard has already been sent to the Shareholders of the Company who have not encashed their dividend warrants, providing them details of the unencashed warrants and requesting them to comply with the procedure for seeking payment of the same.

In respect of Final Dividend for the financial year ended 31st March 2005, it will not be possible to entertain claims which are received by the Company after 25th August 2012. 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
2004-05	Final	2.50/-	20-07-2005	26-08-2012
2005-06	Final	2.50/-	27-06-2006	03-08-2013
2006-07	Final	2.50/-	05-07-2007	11-08-2014
2007-08	Final	2.50/-	11-07-2008	17-08-2015
2008-09	Final	2.50/-	25-08-2009	01-10-2016
2009-10	Interim	1.25/-	28-01-2010	06-03-2017
2009-10	Final	2.50/-	29-09-2010	05-11-2017
2010-11	Final	2.50/-	01-08-2011	07-09-2018

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 and Circular No. MRD/DoP/SE/RTA/Cir-03/2010 dated 7th January, 2010 has made it mandatory that a copy of the PAN Card is to be furnished to the Company in the following cases:

- registration of physical transfer of shares;
- 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 are to be changed in the physical shares held jointly by two or more shareholders.

Investors, therefore, are requested to furnish the self-attested copy of PAN card, at the time of sending the physical share certificate(s) to the Company, for effecting any of the above stated requests.

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.

Consolidation of Multiple Folios

Shareholder(s) of the Company who have multiple accounts in identical name(s) or holding more than one Share Certificate 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 / Email Id

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 / email Id 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 / email Id 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)
Noida, May 30, 2012 **Chairman & Managing Director**

CEO'S/CFO'S CERTIFICATE
TO WHOMSOEVER IT MAY CONCERN

We, Qimat Rai Gupta, Chairman and Managing Director and Rajesh Gupta, Director – Finance of Havells India Limited, to the best of our Knowledge and belief, certify that:

a. We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2012 and that to the best of our knowledge and belief :
   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed, to the auditors and the Audit Committee, wherever applicable, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the auditors and the Audit Committee, wherever applicable,
   i. significant changes in internal control over financial reporting during the year;
   ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

	For Havells India Limited	**For Havells India Limited**
	(Qimat Rai Gupta)	**(Rajesh Gupta)**
Noida, May 30, 2012	**Chairman & Managing Director**	**Director (Finance)**

AUDITORS' CERTIFICATE

To
The Members of Havells India Limited

We have examined the compliance of conditions of Corporate Governance by Havells India Limited, for the year ended on March 31, 2012, as stipulated in Clause 49 of Listing Agreement of the said Company with stock exchange(s).

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For **V.R. Bansal & Associates**	For **S.R. Batliboi & Co.**
Chartered Accountants	Chartered Accountants
Registration No. 016534N	Registration No. 301003E
(V.P. Bansal)	**(Manoj Gupta)**
Partner	Partner
Membership No. 8843	Membership No.83906
Noida, May 30, 2012	Noida, May 30, 2012

financial statements

S. R. Batliboi & Co.
Chartered Accountants
Golf View Corporate Tower - B,
Sector -42, Sector Road,
Gurgaon -122002, Haryana.

V. R. Bansal & Associates
Chartered Accountants
B-11, Sector - 2,
Noida - 201 301

Auditors' Report

To the Members of
Havells India Limited

1. We have audited the attached Balance Sheet of Havells India Limited ('the Company') as at March 31, 2012 and also the statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. 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.
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 principles 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. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. 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 purposes 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;
   iii) the balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
   iv) in our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
   v) on the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 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 our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 March 31, 2012;
      b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
      c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & CO.
Firm registration number: 301003E
Chartered Accountants

per Manoj Gupta
Partner
Membership No.: 83906

For V.R. BANSAL & ASSOCIATES
Firm registration number: 016534N
Chartered Accountants

per V.P. Bansal
Partner
Membership No.: 8843

Place : Noida
Date : May 30, 2012

Annexure referred to in paragraph 3 of our report of even date

Re: **Havells India Limited** ('the Company')

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

(b) All fixed assets were physically verified by the management in the current year in accordance with a planned programme of verifying them once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) There was no substantial disposal of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of clauses 4(iii) (a) to (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.

(b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of clauses 4(iii) (e) to (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, 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. The Company's activity does not involve any sale of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public.

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

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, related to the manufacture of electrical goods, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows.

Name of the Statute	Nature of the Dues	Amount (Rs. in crores)	Period to which the amount relates	Forum where dispute is pending
Income-Tax Act 1961	Disallowances and additions to taxable income.	1.37	AY 2006-07 to AY 2007-08	Income Tax Appellate Tribunal, New Delhi
Income-Tax Act, 1961	Disallowances and additions to taxable income.	0.36	AY 2005-06	High Court of Delhi
Central excise Act, 1944	Excise duty demand/ disallowance of Cenvat credit on various items.	6.19	FY 1987-88 to FY 2009-10	Commissioner Appeals (Ecise & Custom)
Central excise Act, 1944	Excise duty demand/ disallowance of Cenvat credit on various items.	3.59	FY 1994-95 to FY 2010-11	CESTAT, New Delhi
Sales Tax/ VAT	Sales tax / VAT demand on various matters.	5.49	FY 2008-09 to FY 2010-11	High Court, Patna
Sales Tax/ VAT	Sales tax / VAT demand on various matters.	0.09	FY 2005-06 to FY 2009-10	Deputy Commissioner (Appeals), Ernakulum
Sales Tax/ VAT	Sales tax / VAT demand on various matters.	0.01	FY 2003-04 to FY 2006-07	Joint Commissioner (Appeals), Faridabad
Sales Tax/ VAT	Sales tax / VAT demand on various matters.	0.93	FY 2005-06 to FY 2010-11	Additional Commissioner (Appeals), Noida
Sales Tax/ VAT	Sales tax / VAT demand on various matters.	0.27	FY 2007-08 to FY 2008-09	Commissioner (Appeals)
Sales Tax/ VAT	Sales tax / VAT demand on various matters.	0.88	FY 2008-09	Special Commissioner (Appeals), Chennai
Sales Tax/ VAT	Sales tax / VAT demand on various matters.	0.36	FY 2005-06 FY 2007-08 & FY 2008-09	Tribunal (Commercial Tax)
Custom Act	Customs demand on various matters.	0.22	FY 2006-07	CESTAT, New Delhi
The Rajasthan tax of entry of goods into local areas Act, 1999	Demand of entry tax in the state of Rajasthan on purchase of few items.	0.75	FY 2010-11 & FY 2011-12	High Court of Rajasthan
The Himachal Pradesh tax of entry of goods into local areas Act, 2010	Demand of entry tax in the state of Himachal Pradesh on purchase of few items.	0.85	FY 2010-11 & FY 2011-12	High Court of Himachal Pradesh

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company has no outstanding dues to financial institutions or debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by its subsidiaries from banks and financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company.

(xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised money by way of public issue of shares/ debentures in the current year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. BATLIBOI & CO.
Firm registration number: 301003E
Chartered Accountants

per Manoj Gupta
Partner
Membership No.: 83906

For V.R. BANSAL & ASSOCIATES
Firm registration number: 016534N
Chartered Accountants

per V.P. Bansal
Partner
Membership No.: 8843

Place : Noida
Date : May 30, 2012

BALANCE SHEET AS AT MARCH 31, 2012

	Notes	As At 31 March 2012 Rs.in crores	As At 31 March 2011 Rs.in crores
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
Share capital	2	62.39	62.39
Reserves and surplus	3	1545.93	1278.42
		1608.32	**1340.81**
2 Non-current liabilities			
Long-term borrowings	4	69.27	85.71
Deferred tax liabilities (net)	5	55.61	53.62
Other long-term liabilities	6	2.72	0.75
Long-term provisions	7	0.34	0.24
		127.94	**140.32**
3 Current liabilities			
Short-term borrowings	8	27.81	16.41
Trade payables	9	542.46	428.20
Other current liabilities	10	211.78	186.97
Short-term provisions	11	128.64	57.47
		910.69	**689.05**
	Total	**2646.95**	**2170.18**
II ASSETS			
1 Non-current assets			
Fixed assets	12		
Tangible assets		772.09	703.45
Intangible assets		5.47	5.16
Capital work-in-progress		56.39	21.69
Non-current investments	13	775.07	715.47
Long-term loans and advances	14	41.47	29.53
Other non-current assets	15	0.34	0.32
		1650.83	**1475.62**
2 Current assets			
Inventories	16	648.88	469.85
Trade receivables	17	159.71	111.75
Cash and bank balances	18	136.21	49.18
Short-term loans and advances	19	39.66	52.43
Other current assets	20	11.66	11.35
		996.12	**694.56**
	Total	**2646.95**	**2170.18**
Significant accounting policies	1		
Contingent liabilities and commitments	30		
Other notes on accounts	31		

The accompanying notes are an integral part of the finanacial statements.

As per our report of even date

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

Per V.P. Bansal
Partner
Membership No. 8843

Noida, May 30, 2012

For S.R. Batliboi & Co.
Chartered Accountants
(Registration No. 301003E)

Per Manoj Gupta
Partner
Membership No. 83906

For and on behalf of Board

Qimat Rai Gupta
Chairman & Managing Director

Surjit Gupta
Director

Sanjay Gupta
Company Secretary

Sanjay Johri
Associate Vice President- Accounts

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

		Notes	Year ended 31 March 2012 Rs. in crores	Year ended 31 March 2011 Rs. in crores
I	**INCOME**			
	Revenue from operations (gross)	21	3830.56	3045.60
	Less: Excise duty		214.95	163.95
	Revenue from operations (net)		**3615.61**	**2881.65**
	Other income	22	7.17	17.72
			3622.78	**2899.37**
II	**EXPENSES**			
	Cost of materials consumed	23	2051.59	1706.44
	Purchases of traded goods	24	353.38	301.54
	(Increase)/ decrease in inventories	25	(113.88)	(113.80)
	Employee benefits expense	26	141.71	110.34
	Other expenses	27	727.12	536.58
			3159.92	**2541.10**
III	**Profit before finance costs, tax, depreciation and extraordinary item**		**462.86**	**358.27**
	Finance costs	28	44.39	19.11
	Depreciation and amortization expense	29	44.66	29.34
IV	**Profit before tax and extraordinary items**		**373.81**	**309.82**
	Less : Extraordinary items (net of tax)		–	(0.47)
V	**Profit before tax**		**373.81**	**310.29**
VI	**Tax expenses**			
	Current tax		74.85	62.17
	MAT credit entitlement		(6.76)	(4.14)
	Income tax for earlier year		0.41	0.40
	Deferred tax		(0.12)	9.81
	Total tax expense		**68.38**	**68.24**
VII	**Profit for the year**		**305.43**	**242.05**
VIII	**Earnings per equity share {refer note 31 (16)} [nominal value of share Rs.5/-]**			
	Basic and Diluted Earnings per share excluding extraordinary items		24.48	19.36
	Basic and Diluted Earnings per share including extraordinary items		24.48	19.40
	Significant accounting policies	1		
	Contingent liabilities and commitments	30		
	Other notes on accounts	31		

The accompanying notes are an integral part of the finanacial statements.

As per our report of even date

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

Per V.P. Bansal
Partner
Membership No. 8843

For S.R. Batliboi & Co.
Chartered Accountants
(Registration No. 301003E)

Per Manoj Gupta
Partner
Membership No. 83906

For and on behalf of Board

Qimat Rai Gupta
Chairman & Managing Director

Surjit Gupta
Director

Sanjay Gupta
Company Secretary

Sanjay Johri
Associate Vice President- Accounts

Noida, May 30, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	Year ended 31 March 2012 Rs. in crores	Year ended 31 March 2011 Rs. in crores
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	373.81	310.29
Adjustments for:		
Depreciation and amortization expense	44.66	29.34
Provision for dimunition in value of investment in subsidiary company	–	0.36
Loss on sale of fixed assets	12.22	0.58
Profit on sale of fixed assets	(0.13)	(0.07)
Expense charged to Business Re-construction reserve	–	(0.18)
Unrealised foreign exchange loss	1.23	3.76
Provision for doubtful trade receivables	0.33	1.86
Interest income	(0.78)	(0.47)
Finance costs	41.35	15.81
Miscellaneous expenditure written off	–	0.02
Operating Profit before working capital changes	**472.69**	**361.30**
Adjustments for:		
(Increase) in trade receivables	(32.83)	(36.89)
Decrease in loans and advances	19.28	9.94
Decrease in other current assets	0.21	0.35
(Increase) in inventories	(167.91)	(152.91)
Increase in trade payables	104.08	167.52
Increase in other liabilities and provisions	36.34	46.31
Cash generated from operations	**431.86**	**395.62**
Income taxes paid (net of refunds)	(74.65)	(53.52)
Extraordinary items (net of tax)	–	(0.47)
Cash Flow before extraordinary items	357.21	341.63
Net Cash from Operating Activities	**357.21**	**341.63**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including working capital in progress	(137.57)	(162.83)
Bank deposits (having original maturity of more than three months) held as margin money	(0.12)	0.20
Investment in shares of subsidiary companies	(59.65)	(184.12)
Slump sales of Bhiwadi Unit	–	6.33
Sale of fixed assets	1.75	1.09
Interest received	0.78	0.47
Net Cash used in Investing Activities	**(194.81)**	**(338.86)**

	Year ended 31 March 2012 Rs. in crores	Year ended 31 March 2011 Rs. in crores
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short term borrowings	11.40	14.20
Repayment of long term borrowings	(18.61)	0.61
Finance costs	(41.35)	(15.75)
Dividend tax paid	(5.06)	(5.06)
Dividends paid	(31.19)	(15.60)
Net Cash used in Financing Activities	**(84.81)**	**(21.60)**
Net increase (+) / decrease (-) in cash and cash equivalents (A+B+C)	**77.59**	**(18.83)**
Cash and cash equivalents at the beginning of the year	49.15	67.99
Effect of exchange differences on cash and cash equivalents held in foreign currency	0.31	–
Cash and cash equivalents transferred in pursuance of sale of bath fitting division	–	(0.01)
Cash and cash equivalents taken over on Amalgamation (Note-1)	8.94	–
Cash and cash equivalents at the end of the year (Note-3)	**135.99**	**49.15**

Notes:

1 Cash and cash equivalents include Rs. 8.94 crores transferred on amalgamation of Standard Electrical Limited with the Company.

2 The amalgamation of Standard Electrical Limited with the Company is a non cash transaction.

3 Components of cash and cash equivalents

Cash in hand	0.02	0.05
Balances with banks:		
Current accounts	43.82	0.86
Cash Credit accounts	91.75	47.93
Unpaid dividend account*	0.40	0.31
	135.99	**49.15**
Add: Deposits held as margin money against bank guarantees	0.22	0.03
	136.21	**49.18**

* The company can utilise the said amount only towards settlement of unpaid dividend liability.

As per our report of even date

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

Per V.P. Bansal
Partner
Membership No. 8843

For S.R. Batliboi & Co.
Chartered Accountants
(Registration No. 301003E)

Per Manoj Gupta
Partner
Membership No. 83906

For and on behalf of Board

Qimat Rai Gupta
Chairman & Managing Director

Surjit Gupta
Director

Sanjay Gupta
Company Secretary

Sanjay Johri
Associate Vice President- Accounts

Noida, May 30, 2012

CORPORATE INFORMATION

Havells India Limited ('the Company') was incorporated in India in 1983 and registered under the Indian Companies Act, 1956. The Company is one of the largest and India's fastest growing electrical and power distribution equipment manufacturer with products ranging from Industrial & Domestic Circuit Protection Switchgear, Cables, Motors, Fans, Power Capacitors, CFL Lamps, and Luminaries for Domestic, Commercial & Industrial applications, Modular Switches, Water Heaters and Domestic Appliances covering the entire range of household, commercial and industrial electrical needs. The Company along with its subsidiary companies owns some of the prestigious global brands like Crabtree, Sylvania, Concord, Luminance, Linolite & Standard. The Company's manufacturing facilities are located at Faridabad in Haryana, Alwar and Neemrana in Rajasthan, Haridwar in Uttarakhand, Sahibabad and Noida in Uttar Pradesh and Baddi in Himachal Pradesh. The Company is also having Centre for Research & Innovation at Noida in Uttar Pradesh, which was started in the year 2007.

The Company is also having global presence by way of operation of Sylvania acquired by it in 2007. Sylvania is having its presence in 52 countries across Europe, Asia and America region.

1 SIGNIFICANT ACCOUNTING POLICIES

1.01 Basis of preparation

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 notified under the Companies (Accounting Standards) Rules, 2006 (as amended), 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.

1.02 Presentation and disclosure of financial statements

The presentation and disclosure of the financial statements have been made in accordance with the revised Schedule VI notified by the Central Government vide notification no. S.O 447(E), dated 28th February 2011 (as amended by notification no. F No. 2/6/2008-CL-V, dated 30th March 2011) which has become effective for accounting periods commencing on or after 1st April 2011. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

1.03 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

1.04 Fixed Assets and Capital work-in-progress

a) Tangible 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 to finance qualifying fixed assets is capitalised.

b) Subsequent expenditure related to an item of tangible asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day to day repair and maintenance expenditure are charged to the statement of profit and loss for the period during which such expenses are incurred.

c) 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.

d) 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 commencement of commercial production.

e) 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.

Research and development costs
Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when 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.

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

1.05 Depreciation and Amortisation

a) 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, which approximates the useful lives of the assets estimated by the management. 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%.

b) 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 statement of profit and loss.

c) Intangible assets are amortised on a straight line basis over six years being estimated useful life of the assets.

1.06 Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

1.07 Inventories

i) Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a moving weighted average basis.

ii) Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

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

iv) Dies and fixtures are valued at depreciated cost on the basis of amortization over their estimated lives as technically assessed.

v) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

1.08 Foreign currency transactions

i) Initial recognition

Transactions in foreign currency are recorded at exchange rate prevailing on the date of transaction. Exchange differences arising on the settlement of monetary items during the year are recognised as income or expense.

ii) 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 Statement of Profit and Loss. Non monetary assets and liabilities denominated in foreign currency are carried at historical cost using the exchange rate at the date of transaction.

iii) Translation of integral and non integral foreign operations

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.

iv) Forward exchange contracts

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period.

1.09 Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to a fixed asset, the same is adjusted from the cost of the respective asset.

1.10 Retirement Benefits

a) Gratuity

The employee's Gratuity Fund Scheme, which is defined benefit plan, is managed by Trust maintained with Life Insurance Corporation of India (LIC). 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 asset or liability in the books. Actuarial gains/losses for defined benefit plans are recognised in full and are immediately taken to the statement of profit and loss and are not deferred.

b) Provident and other Fund

Retirement benefit in the form of Provident fund is a defined contribution scheme. The contribution to Provident fund and Employees State Insurance Scheme is made in accordance with the relevant fund/ scheme and is treated as revenue expenditure. The Company has no obligation other than the contribution payable to the Provident fund and Employee State Insurance.

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.

1.11 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

i) Sale of goods

Revenue from sale of goods is 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 are exclusive of sales tax and value added tax. Excise duty is deducted from revenue (gross) to arrive at revenue from operation (net). Sales do not include inter-divisional transfers.

ii) Export Incentives

Export incentives such as DEPB and Duty Drawback benefits are recognised on post export basis on the basis of their entitlement rates. DEPB Licenses in hand are carried at cost. Benefits under the advance licence scheme are accounted for at the time of purchase of imported raw materials and sale of licences

iii) Interest

Interest income is recognised on a time proportion basis.

iv) Claims

Claims are recognised when there exists reasonable certainty with regard to the amounts to be realised and the ultimate collection thereof.

1.12 Prior period Items/Extraordinary items

Prior period expenses/incomes, 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' notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

Items of income or expense that arise from events or transactions that are distinct from ordinary activities of the enterprise and are not expected to recur frequently or regularly are treated as extraordinary items.

1.13 Segment reporting

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

1.14 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The number of shares and dilutive shares are adjusted by issue of bonus shares, if any.

1.15 Taxes on Income

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

i) 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.

ii) 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. 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. 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.

iii) Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent it is not reasonably certain that the Company will pay normal income tax during the specified period.

1.16 Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

1.17 Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

1.18 Borrowing costs

Borrowing cost includes interest and other costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

1.19 Provisions and Contingent Liabilities

Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Provision for warranty

Product warranty costs are accrued in the year of sales of products, based on past experience. The Company periodically reviews the adequacy of product warranties and adjust warranty percentage and warranty provisions for actual experience, if necessary. The timing of outflow is expected to be within one to two years.

Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

1.20 Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

Notes on Accounts for the year ended March 31, 2012

	As At 31 March 2012 Rs. in crores	As At 31 March 2011 Rs. in crores
2 SHARE CAPITAL		
a) Authorized		
20,01,00,000 (Previous Year 2,00,000,000) equity shares of Rs.5/- each	100.05	100.00
Issued, subscribed and fully paid-up		
12,47,74,812 (Previous Year 12,47,74,812) equity shares of Rs.5/- each	62.39	62.39

b) Reconciliation of the shares outstanding at the beginning and at the end of the year

	31 March 2012		31 March 2011	
	No. of shares	**(Rs. in crores)**	**No. of shares**	**(Rs. in crores)**
At the beginning of the year	12,47,74,812	62.39	6,23,87,406	31.19
Issued during the year - Bonus Shares	-	-	6,23,87,406	31.19
Outstanding at the end of the year	**12,47,74,812**	**62.39**	**12,47,74,812**	**62.39**

c) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.5/- per share. Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 March 2012, the amount of per share dividend recognized as distributions to equity shareholders is Rs. 6.50 (Previous Year Rs. 2.50).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

d) Details of shareholders holding more than 5% shares in the Company is set out below

	31 March 2012		31 March 2011	
	No. of shares	**% holding**	**No. of shares**	**% holding**
Shri Qimat Rai Gupta, Chairman*	95,35,888	7.64	95,35,888	7.64
Shri Surjit Gupta, Director	65,30,160	5.23	65,30,160	5.23
QRG Enterprises Limited	3,79,71,776	30.43	3,79,71,776	30.43
Ajanta Mercantile Limited	1,23,69,600	9.91	1,23,69,600	9.91
Seacrest Investment Limited	1,28,20,000	10.27	1,28,20,000	10.27

*Share holding of Shri Qimat Rai Gupta, Chairman includes 26,64,000 Equity shares (previous year 26,64,000 equity shares) for and behalf of M/s Guptajee & Company, a firm in which he is a partner.

e) Aggregate number of shares issued as fully paid up pursuant to contract without payment being received in cash or by way of bonus shares during the period of five years immediately preceding the date of Balance Sheet:

	31 March 2012 No. of shares	31 March 2011 No. of shares
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash.	22,19,000	42,06,805
Equity shares allotted as fully paid up bonus shares by capitalization of securities premium account and general reserve.	6,23,87,406	8,92,66,689

		As At 31 March 2012 Rs. in crores	As At 31 March 2011 Rs. in crores
3	**RESERVES AND SURPLUS**		
a)	**Capital Reserve**	**7.61**	**7.61**
b)	**Securities Premium Account**		
	As per the last Balance sheet	–	21.68
	Less: Amounts utilized toward issue of fully paid bonus shares	–	21.68
		–	–
c)	**General reserve**		
	As per the last balance sheet	93.98	79.25
	Add: Transferred in pursuance of scheme of amalgamation	22.30	–
	Add: Amount transferred from surplus as per the statement of profit and loss	30.55	24.25
	Less: Capitalised by way of issue of bonus shares	–	9.52
		146.83	**93.98**
d)	**Business Reconstruction Reserve***		
	As per the last balance sheet	398.46	398.64
	Less: Expenses on scheme of arrangement	–	0.18
		398.46	**398.46**
e)	**Surplus as per the statement of profit and loss**		
	As per the last balance sheet	778.37	596.82
	Add: Transferred in pursuance of scheme of amalgamation	34.04	–
	Profit for the year	305.43	242.05
		1117.84	838.87
	Less Appropriations :		
	Proposed final equity dividend	(81.10)	(31.19)
	Corporate tax on proposed dividend	(13.16)	(5.06)
	Transfered to general reserve	(30.55)	(24.25)
	Net surplus in the statement of profit and loss	**993.03**	**778.37**
		1545.93	**1278.42**

* The Company had created Business Reconstruction Reserve Account in the financial year 2009-10 by transfer of Rs. 400 crores from securities premium account for the purpose of adjustment of certain expenses as per the scheme of arrangement entered into by the Company with its subsidiary and associate company as approved by the Hon'ble High Court of Delhi vide their order dated 19.08.2010.

4	**LONG TERM BORROWINGS**		
	Term loans	69.27	85.71
	Term loan from bank (secured)	69.27	85.71

Term loan is from Canara Bank, Prime Corporate Branch-II, New Delhi. The loan is repayable in 16 equal quarterly instalments of Rs. 7.88 crores each commencing from 1 April 2011 and is secured by way of :-

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

ii) hypothecation of plant and machinery and other fixed assets purchased out of the above said loan.

		As At 31 March 2012 Rs. in crores	As At 31 March 2011 Rs. in crores
5	**DEFERRED TAX LIABILITIES (NET)**		
	Deferred tax liability		
	on account of difference in rates and method of depreciation of fixed assests	64.97	57.86
	Others	1.03	2.07
		66.00	**59.93**
	Deferred tax asset		
	on account of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis	9.01	5.37
	on account of provision for doubtful trade receivable not treated as expense under Income Tax Act.	1.38	0.94
		10.39	**6.31**
	Deferred income tax liability (Net)		
	at the end of year	**55.61**	**53.62**
	on account of amalgamation with Standard Electrical Limited *	2.11	–
	for the year	**(0.12)**	**9.81**

* Transferred from amalgamated company

Deferred tax liability	
on account of difference in rates and method of depreciation of fixed assets	2.41
Others	0.08
	2.49
Deferred tax asset	
on account of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis on	0.05
account of provision for doubtful debts not treated as expense under Income Tax Act.	0.33
	0.38
Deferred income tax liability (Net)	**2.11**

		31 March 2012	31 March 2011
6	**OTHER LONG TERM LIABILITIES**		
	Retention money from contractors	2.72	0.75
		2.72	**0.75**
7	**LONG TERM PROVISIONS**		
	Product warranties (refer note 11)	0.34	0.24
		0.34	**0.24**
8	**SHORT TERM BORROWINGS**		
	Loans repayable on demand (from banks)		
	Cash credit accounts (Secured) {refer point (a) and (b)}	27.81	8.23
	Packing credit foreign currency account (Secured) {refer point (a) and (b)}	–	8.18
		27.81	16.41

a) 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.

b) Working capital limits from consortium banks are secured by way of:

i) pari-passu first charge by way of hypothecation on stocks of raw material, semi-finished goods, finished goods, stores and spares, bill receivables, book debts and all movable and other current assets of the Company.

ii) pari-passu first charge by way of Equitable Mortgage on land and building at 14/3, Mathura Road, Faridabad

iii) pari-passu second charge by way of hypothecation on plant and machinery, generators, furniture and fixtures, electric fans and installation.

	As At 31 March 2012 Rs. in crores	As At 31 March 2011 Rs. in crores
9 TRADE PAYABLES		
Trade payables	542.46	428.20
	542.46	**428.20**

a) Trade payables include acceptances Rs. 195.28 crores (previous year 128.55 crores

b) Trade payables include Rs. 8.09 crores due to subsidiary companies (previous year Rs. 12.44 crores)

c) 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, 2012 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.

	31 March 2012	31 March 2011
i) Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act:		
Principal	6.29	10.57
Interest	0.37	0.27
ii) 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.	–	–
iii) 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.	0.36	0.26
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.01	0.01
v) 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.	–	–

The total dues of Micro and Small Enterprises which were outstanding for more than stipulated period were at Rs. 1.64 crores (Previous year Rs.1.30 crores) as on the balance sheet date.

	31 March 2012	31 March 2011
10 OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings (refer note no. 4)	31.50	31.50
Interest accrued but not due on borrowings	0.02	–
Interest accrued and due on borrowings {refer point (a)}	0.12	–
Unpaid dividend {refer point (b)}	0.40	0.31
Creditors for capital goods	6.84	5.83
Other payables		
Sales incentives payable	46.10	48.28
Trade deposits	16.20	13.41
Advances and progress payments from customers	37.37	38.55
Excise duty payable {refer point (c)}	16.12	6.45
Sales tax payable	23.86	17.05
Service tax payable	0.02	0.09
Other statutory dues payable	7.46	6.92
Other liabilities {refer point (d)}	25.77	18.58
	211.78	**186.97**

a) Interest accrued and due of Rs. 0.12 crore has been debited by the Bank on 1st April 2012.

b) Investor Protection and Education Fund is being credited by the amount of unclaimed dividend after seven years from the due date.The Company has transferred and deposited a sum of Rs. 0.01 crore (previous year Rs. 0.02 crore) out of unclaimed dividend pertaining to the financial year 2003-04 to Investor Education and Protection Fund of Central Government in accordance with the provisions of Section 205C of the Companies Act, 1956.

c) The Company has made a provision of excise duty payable amounting to Rs. 16.12 crores (previous year Rs. 6.45 crores) on stocks of finished goods and scrap material at the end of the 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.

d) Other liabilities include expenses payable and other miscellaneous deposits.

e) 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.

	As At 31 March 2012 Rs. in crores	**As At 31 March 2011** Rs. in crores
11 SHORT TERM PROVISIONS		
i) **Provision for employee benefits**		
Gratuity {refer note 31 (10)}	3.22	2.37
	3.22	**2.37**
ii) **Other provisions**		
Product warranties {refer point (a)}	18.78	9.18
Litigations {refer point (b)}	2.60	0.71
Proposed equity dividend {refer point (c)}	81.10	31.19
Corporate dividend tax	13.16	5.06
Income Tax (net of advance tax and TDS)	9.74	8.91
Wealth Tax	0.04	0.05
	125.42	**55.10**
	128.64	**57.47**

a) Provision for warranties

A provision is recognised for expected warranty claims on products sold during the last one to two years, based on past experience of the level of repairs and returns. It is expected that significant portion of these costs will be incurred in the next financial year and all will have been incurred within two years after the reporting date. Assumptions used to calculate the provisions for warranties were based on current sales levels and current information available about returns based on one to two years warranty period for all products sold. The table below gives information about movement in warranty provisions.

At the beginning of the year	9.42	2.56
Arising during the year	28.05	9.13
Utilized during the year	18.35	2.27
Unused amount reversed	–	–
At the end of the year	**19.12**	**9.42**
Current portion	18.78	9.18
Non-current portion (refer note 7)	0.34	0.24

b) Provision for litigations

i) During the financial year 2008-09, a demand for Rs. 0.59 crores has been raised by the Central Excise Department towards additional custom duty in cases where the duty has been paid through DEPB. The Company is contesting the same in the view of notification No. 28/(RE2003)/2002-2007 dated 28.01.2004 issued by Ministry of Commerce and Industry, Department of Commerce. A provision of Rs. 0.28 crores has been made towards the estimated liability on this account.

ii) During the financial year 2010-11, the Central Excise Department, Jalandhar raised a demand for Rs. 0.10 crores towards differential excise duty on finished goods sold by the branches at higher selling price. The Company is contesting the same and however expects the liability on this account and the provision has been made accordingly.

iii) The Company has challenged the constitutional validity of Entry of Goods into Local Area Act, 2010 before the Hon'ble High Court of Himachal Pradesh at Shimla. The Company has deposited 1/3rd of assessed tax and the Apex Court has granted the stay for balance 2/3rd the amount against submission of Bank Guarantee. The Company has made provision for the total amount of entry tax amounting to Rs. 1.21 crores (previous year Rs. 0.19 crores).

iv) The Company has challenged the constitutional validity of the entry tax under Entry Tax Act 1999, before the Hon'ble High Court of Judicature, Rajasthan Jaipur Bench, Jaipur. The said Court has granted the stay on entry tax. Subsequently, the Hon'ble Supreme Court has granted the stay to the extent 50% of total amount of liability. The Company has made provision for the total amount of entry tax amounting to Rs. 0.30 crores (previous year Rs. 0.29 crores).

	As At 31 March 2012 Rs. in crores	**As At 31 March 2011** Rs. in crores
The table below gives information about movement in litigation provisions:		
At the beginning of the year	0.71	0.23
Arising during the year	1.89	0.48
Utilized during the year	–	–
Unused amount reversed	–	–
At the end of the year	**2.60**	**0.71**
Current portion	2.60	0.71
Non-current portion	–	–

c) Provision for dividend

The Company has proposed dividend for the year @ 130% (previous year @ 50%) on its equity capital and a provision for corporate dividend tax including surcharge and education cess thereon has been made.

12 FIXED ASSETS

(Rs. in crores)

		GROSS BLOCK					DEPRECIATION					NET BLOCK	
Sl. No.	Description	As at 01.04.2011	Transferred in pursuance of scheme of amalgamation	Addition during the year	Sales during the year	As at 31.03.2012	Upto last year	Transferred in pursuance of scheme of amalgamation	For the year	Sales during the year	To date	As at 31.03.2012	As at 31.03.2011
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
a)	**Tangible**												
1	Industrial land												
	Freehold	27.53	–	–	–	27.53	–	–	–	–	–	27.53	27.53
	Leasehold	70.41	4.41	0.37	–	75.19	–	–	–	–	–	75.19	70.41
2	Buildings	235.79	13.91	50.42	0.02	300.10	21.16	1.98	8.35	–	31.49	268.61	214.63
3	Plant and machinery	369.07	8.16	37.95	17.16	398.02	50.17	1.34	26.04	4.37	73.18	324.84	318.90
4	Furniture and fixtures	24.44	0.86	3.46	1.56	27.20	5.58	0.31	2.57	0.99	7.47	19.73	18.87
5	Vehicles	7.88	0.24	0.72	1.19	7.65	2.57	0.10	0.71	0.66	2.72	4.93	5.31
6	R & D Equipments	4.17	0.26	1.44	0.08	5.79	1.70	0.20	0.32	0.03	2.19	3.60	2.47
7	Office Equipments	28.01	1.28	4.06	2.65	30.70	10.59	0.54	3.39	1.41	13.11	17.59	17.42
8	Electric fans and installations	33.08	1.60	2.75	0.22	37.21	5.18	0.27	1.85	0.16	7.14	30.07	27.91
	Total tangible assets	**800.38**	**30.72**	**101.17**	**22.88**	**909.39**	**96.95**	**4.74**	**43.23**	**7.62**	**137.30**	**772.09**	**703.45**
	Previous year	**639.06**	**–**	**167.84**	**6.52**	**800.38**	**70.84**	**–**	**28.23**	**2.14**	**96.93**	**703.45**	**568.22**
b)	**Intangible Assets**												
1	Computer Software	7.33	–	1.73	0.03	9.03	2.41	–	1.34	0.02	3.73	5.30	4.91
2	Technical know-how	0.51	–	–	–	0.51	0.25	–	0.09	–	0.34	0.17	0.25
	Total intangible assets	**7.84**	**–**	**1.73**	**0.03**	**9.54**	**2.66**	**–**	**1.43**	**0.02**	**4.07**	**5.47**	**5.16**
	Previous year	**4.89**	**–**	**2.99**	**0.04**	**7.84**	**1.57**	**–**	**1.11**	**–**	**2.68**	**5.16**	**3.32**
c)	**Capital Work-in-Progress**	**21.69**	**0.03**	**73.63**	**38.96**	**56.39**	**–**	**–**	**–**	**–**	**–**	**56.39**	**21.69**
	Previous year	**29.69**	**–**	**76.03**	**84.03**	**21.69**	**–**	**–**	**–**	**–**	**–**	**21.69**	**29.69**
	Total-Current Year	**829.91**	**30.75**	**176.53**	**61.87**	**975.32**	**99.61**	**4.74**	**44.66**	**7.64**	**141.37**	**833.95**	**730.30**
	Previous year	**673.64**	**–**	**246.86**	**90.59**	**829.91**	**72.41**	**–**	**29.34**	**2.14**	**99.61**	**730.30**	**601.23**

Notes:-
1. Freehold land includes two plots at Bawana and Narela Industrial Area in respect of which possession has not been taken yet.
2. The title deed in respect of freehold land at Badli is yet to be executed.
3. Buildings include Rs.0.05 crore being the cost of premises purchased at Leonard Road, Bangalore, title deed in respect of which has not been executed as yet.
4. Land taken on lease are in the nature of perpetual lease

	As At 31 March 2012 Rs. in crores	As At 31 March 2011 Rs. in crores
13 NON-CURRENT INVESTMENTS		
Trade investments, long term (valued at cost unless stated otherwise)		
Unquoted equity instruments in subsidiary companies		
Havell's Cyprus Limited		
56,140 (Previous year 56,140) equity shares of 1 Euro each fully paid up	0.36	0.36
Less: Provision for diminution in value of shares	(0.36)	(0.36)
	–	–
Havell's Holdings Limited		
103,792,326 (Previous year 96,103,639) Ordinary Shares of 1 GBP each fully paid up	775.07	715.42
Havells Exim Limited		
1000 (Previous year 1000) Equity Shares of 1 Hong Kong Dollars each fully paid up	0.00	0.00
Standard Electrical Limited		
Nil (Previous year 50,000) Equity Shares of Rs.10/-each fully paid up	–	0.05
Aggregate amount of unquoted investments	**775.07**	**715.47**
Aggregate provision for diminution in value of Investment	0.36	0.36

a) The Company has invested a sum of Rs. 0.36 crores in its wholly owned subsidiary 'Havell's Cyprus Limited' against which a provision of Rs. 0.36 crores for diminution of value of investment has been made, since the said company is under liquidation.

b) The Company has invested a sum of Rs. 59.65 crores (previous year Rs. 184.02 crores) in its wholly owned subsidiary company 'Havell's Holdings Limited' during the year. The total investment in the said subsidiary company as at the end of the year is Rs. 775.07 crores (previous year Rs. 715.42 crores) and there is an accumulated loss of Rs. 643.31 crores (previous year Rs. 710.93 crores) in the consolidated financial statements of the said subsidiary company.

(i) During the year, the group companies key focus was profitability improvement through an array of better price realisation, better product mix, channel development and new products launches particularly in Europe and a positive sales trend in emerging economies. During the year, the Sylvania Group of Companies (Havell's Holdings Limited and its subsidiaries) earned a net profit after tax of Rs. 67.09 crores as against a profit of Rs. 43.57 crores during the corresponding previous year. The profit before finance cost, tax and depreciation of these companies is Rs. 233.27 crores as against Rs. 201.17 crores during the corresponding previous year.

(ii) Management is of the opinion that the Net Enterprise Value (EV) of the Sylvania group of companies exceeds the amount of investment made and hence there is no impairment in the value of investment in these companies.

14 LONG TERM LOANS AND ADVANCES		
Unsecured- considered good		
Capital advances	1.37	1.02
Security deposits	6.24	7.50
MAT Credit entitlement	33.67	20.91
Other loans and advances		
Prepaid expenses	0.19	0.10
	41.47	**29.53**

	As At 31 March 2012 Rs. in crores	As At 31 March 2011 Rs. in crores
15 OTHER NON-CURRENT ASSETS		
Long term trade receivables (unsecured-considered good)	0.34	0.32
	0.34	**0.32**
16 INVENTORIES		
Raw materials and components {includes in transit Rs. 16.40 cores (previous year Rs. 2.88 crores)}	169.30	117.01
Work-in-progress	49.05	35.70
Finished goods {includes in transit Rs. 5.63 cores (previous year Rs. 0.07 crores)}	268.13	182.68
Stock in trade (traded goods) {includes in transit Rs. 4.97 cores (previous year Rs. 14.41 crores)}	116.75	96.93
Stores and spares	7.84	4.87
Loose tools	0.07	0.02
Dies and fixtures	26.90	21.31
Packing materials	7.93	9.53
Fuel and gases	0.63	0.41
Scrap materials	2.28	1.39
	648.88	**469.85**

a) Inventories other than scrap materials and dies and fixtures have been taken at lower of cost and net realisable value.

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

c) Dies and fixtures are valued at depreciated cost on the basis of amortization over their estimated usefull lives as technically assessed.

	As At 31 March 2012 Rs. in crores	As At 31 March 2011 Rs. in crores
17 TRADE RECEIVABLES		
Outstanding due for a period exceeding six months from due date of payment		
Unsecured, considered good	1.75	1.79
Unsecured, considered doubtful	4.26	2.91
	6.01	4.70
Less: Provision for doubtful receivables	4.26	2.91
	1.75	1.79
Other receivables		
Unsecured, considered good*	157.96	109.96
	159.71	**111.75**

* Trade receivables include Rs. 1.03 crores (previous year Rs. 5.58 crores) due from subsidiaries/stepdown subsidiary companies.

	As at 31 March 2012 Rs. in crores	As at 31 March 2011 Rs. in crores
18 CASH AND BANK BALANCES		
a) Cash and cash equivalents		
Balances with banks:		
Current accounts	43.82	0.86
Cash credit accounts	91.75	47.93
Cash in hand	0.02	0.05
Unpaid dividend account	0.40	0.31
	135.99	49.15
b) Other bank balances		
Deposits held as margin money against bank guarantees	0.22	0.03
with original maturity of more than three months*	**0.22**	**0.03**
	136.21	**49.18**

* Including bank deposits of Rs. 0.01 crores (previous year 0.01 crores) with more than 12th month maturity.

19 SHORT TERM LOANS AND ADVANCES		
Other loans and advances (unsecured -considered good)		
Advances against materials and services	12.71	18.96
Prepaid expenses	9.04	7.41
Security deposits	3.25	2.95
Other advances	0.59	0.23
Balance with Statutory/Government authorities:		
Excise duty	0.41	1.58
Service tax	0.19	2.13
VAT	0.01	0.11
Other deposits with Statutory/Government authorities	13.46	19.06
	39.66	**52.43**
20 OTHER CURRENT ASSETS		
Unsecured, considered good		
Earnest money	1.45	1.47
Retention money	1.68	0.39
Export incentives receivable	6.30	5.40
DEPB licences in hand	0.28	0.35
Capital investment subsidy receivable	0.60	1.50
Claims and other debts	1.18	2.15
Interest accrued on deposits	0.17	0.09
	11.66	**11.35**

		Year ended 31 March 2012 Rs. in crores	Year Ended 31 March 2011 Rs. in crores
21	**REVENUE FROM OPERATIONS**		
	Sale of products		
	Finished goods	3388.55	2722.05
	Traded goods	590.38	432.33
		3978.93	3154.38
	Less: Turnover discount, incentives and rebates	173.21	133.29
		3805.72	3021.09
	Sale of services	–	0.77
	Other operating revenue		
	Scrap sales	19.15	18.80
	Export incentives	5.69	4.94
	Revenue from operations (gross)	**3830.56**	**3045.60**
	Less: Excise duty	214.95	163.95
	Revenue from operations (net)	**3615.61**	**2881.65**
	Details of products sold		
	Finished goods		
	Switchgears	896.68	726.55
	Cables	1787.38	1382.29
	Lighting and fixtures	293.25	242.85
	Electrical consumer durables	411.22	369.14
	Others	0.02	1.22
		3388.55	**2722.05**
	Traded goods		
	Switchgears	78.83	68.47
	Lighting and fixtures	310.20	233.98
	Electrical consumer durables	201.35	129.76
	Others	–	0.12
		590.38	**432.33**
		3978.93	**3154.38**
22	**OTHER INCOME**		
	Interest income	0.78	0.47
	{Tax deducted at source Rs. 0.02 crore (previous year Rs. 0.01 crore)}		
	Exchange fluctuation (net)	–	10.30
	Miscellaneous income	4.61	3.87
	Profit on sale of fixed assets	0.13	0.07
	Excess provisions no longer required written back	1.65	3.01
		7.17	**17.72**
23	**COST OF MATERIALS CONSUMED**		
	Copper	654.93	515.53
	Aluminium	375.83	342.93
	General plastic	142.69	105.77
	Paints and chemicals	122.09	116.28
	Steel	103.85	87.86
	Engineering plastic	28.65	15.91
	Packing materials	96.06	74.77
	Others	527.49	447.39
		2,051.59	**1,706.44**

	Year ended 31 March 2012 Rs. in crores	Year Ended 31 March 2011 Rs. in crores
24 PURCHASE OF TRADED GOODS		
Switchgears	37.04	30.09
Lighting and fixtures	187.53	175.25
Electrical consumer durables	128.81	96.14
Others	–	0.06
	353.38	**301.54**
25 (INCREASE)/DECREASE IN INVENTORY		
(Increase) / decrease in inventories*	(113.88)	(113.80)
	(113.88)	**(113.80)**

* (Increase) **/** decrease in inventories is as under:

	Inventories at the beginning of the year	Transfered from amalgamated company	Transferred in pursuance of sale of Bath fitting Division	Inventories at the end o the year	(Increase) / decrease in inventories
Traded goods					
Current Year	96.93	3.02	–	116.75	**(16.80)**
Previous Year	54.56	–	(3.60)	96.93	**(45.97)**
Work-in-progress					
Current Year	35.70	0.26	–	49.05	**(13.09)**
Previous Year	29.57	–	(0.86)	35.70	**(6.99)**
Finished Goods					
Current Year	182.68	2.32	–	268.13	**(83.13)**
Previous Year	129.18	–	(7.31)	182.68	**(60.81)**
Scrap Material					
Current Year	1.39	0.03	–	2.28	**(0.86)**
Previous Year	1.43	–	(0.07)	1.39	**(0.03)**
Total					
Current Year	**316.70**	**5.63**	**–**	**436.21**	**(113.88)**
Previous Year	**214.74**	**–**	**(11.84)**	**316.70**	**(113.80)**

	Year ended 31 March 2012 Rs. in crores	Year ended 31 March 2011 Rs. in crores
Details of inventory at the beginning of the year		
Traded goods		
Switchgears	6.76	6.74
Lighting and Fixtures	59.11	33.10
Electrical Consumer Durables	31.03	9.68
Others	0.03	5.04
	96.93	**54.56**
Work in progress		
Switchgears	6.47	8.19
Cables	20.96	12.24
Lighting and Fixtures	4.49	1.91
Electrical Consumer Durables	3.78	6.48
Others		0.75
	35.70	**29.57**
Finished Goods		
Switchgears	45.25	45.75
Cables	80.26	49.49
Lighting and Fixtures	23.79	13.76
Electrical Consumer Durables	33.32	14.30
Others	0.06	5.88
	182.68	**129.18**
Details of inventory at the end of the year		
Traded goods		
Switchgears	7.52	6.76
Lighting and Fixtures	64.07	59.11
Electrical Consumer Durables	45.16	31.03
Others	–	0.03
	116.75	**96.93**
Work in progress		
Switchgears	8.49	6.47
Cables	24.74	20.96
Lighting and Fixtures	11.22	4.49
Electrical Consumer Durables	4.60	3.78
	49.05	**35.70**
Finished Goods		
Switchgears	77.31	45.25
Cables	128.45	80.26
Lighting and Fixtures	28.75	23.79
Electrical Consumer Durables	33.62	33.32
Others	–	0.06
	268.13	**182.68**
26 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages, bonus, commission and other benefits	126.75	98.21
Contribution towards PF, Family Pension and ESI	6.73	4.86
Gratuity expense {refer note 31(10)}	2.72	2.86
Staff welfare expenses	5.51	4.41
	141.71	**110.34**
Employee benefits expense include managerial remuneration as detailed below:		
Salaries, bonus and other benefits	3.10	2.91
Contribution towards PF	0.12	0.10
Commission	6.66	5.54
	9.88	8.55

	Year ended 31 March 2012 Rs. in crores	Year ended 31 March 2011 Rs. in crores
27 OTHER EXPENSES		
Consumption of stores and spares	24.07	23.81
Power and fuel	49.78	42.81
Job work charges	91.87	72.98
Increase/(decrease) in excise duty in inventory of finished goods and scrap	9.67	2.28
Rent	28.79	27.28
Repairs and maintenance		
Plant and machinery	9.01	8.78
Buildings	1.58	1.37
Others	4.26	2.95
Rates and taxes	0.66	0.56
Insurance	4.77	3.44
Trade mark fee and royalty	38.53	29.80
Research and development expenses {refer note 31(4)}	8.33	7.42
Travelling and conveyance	32.67	24.08
Legal and professional charges	5.49	5.78
Payment to Auditors		
As auditor:		
Audit fee	1.20	0.40
Taxation matters	0.05	0.05
Reimbursement of expenses	0.02	0.00
Exchange Fluctuations (Net)	3.38	–
Donation	6.08	0.68
Freight and forwarding expenses	130.52	99.59
Service tax paid	5.59	4.63
Advertisement and sales promotion	112.18	71.99
Cash discount	35.02	29.14
Commission on sales	25.68	23.10
Product warranties and after sales services	38.73	12.21
Trade receivables factoring charges	18.91	14.92
Loss on sale/discard of fixed assets	12.22	0.58
Provision for diminution in value of non current investment	–	0.36
Provision for doubtful trade receivables	1.11	1.86
Miscellaneous expenses	26.95	23.73
	727.12	**536.58**
28 FINANCE COSTS		
Interest expense	31.89	15.81
Bank charges	3.04	3.30
Exchange difference to the extent considered as an adjustment to borrowing cost {refer note 31(8)}	9.46	–
	44.39	**19.11**
29 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of tangible assets	43.23	28.23
Amortization of intangible assets	1.43	1.11
	44.66	**29.34**

		2011-12 Rs. in crores	2010-11 Rs. in crores
30	**CONTINGENT LIABILITIES AND COMMITMENTS**		
A	**Contingent liability (to the extent not provided for)**		
a	Claims/Suits filed against the Company not acknowledged as debts	6.28	3.46
b	Bank guarantees opened with banks	79.01	78.62
c	Letter of credits opened with banks	30.34	37.20
d	Liability towards banks against receivable buyout facilities	48.51	35.23
e	Export bills discounted with banks	–	26.04
f	Bonds to excise department against export of excisable goods/purchase of goods without payment of duty (to the extent utilised)	20.44	15.86
g	Custom duty payable against export obligation	19.32	24.46
h	Disputed tax liabilities in respect of pending cases before Appellate Authorities {amount deposited under protest Rs. 6.93 crores (previous year Rs. 4.22 crores)}	26.39	14.27
i	Demand raised by Uttarakhand Power Corporation Limited	2.60	–
j	Corporate Guarantees given on behalf of subsidiary companies (to the extent of outstanding obligation)	193.83	100.72
B	**Commitments**		
	Estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	29.01	23.13

i) 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 trade receivables are insured and the bankers have recourse on the Company to the extent of 10% of the sanctioned amount. As on the date of Balance Sheet, total trade receivables assigned to the bankers are at Rs. 244.75 crores (previous year Rs. 241.04 crores). With the result, the trade receivables at the end of the year stand reduced by the said amount. A sum of Rs.18.91 crores (previous year Rs.14.92 crores) on account of charges paid for this facility has been debited to trade receivables factoring charges account.

b) The Company has arranged channel finance facility for its customers from Yes Bank Limited and Axis Bank Limited . As per the terms of the bankers, the trade receivables are insured and the bankers have recourse on the Company to the extent of 5% of the limit utilised in case of Yes Bank Limited and 10% of the limit sanctioned in case of Axis Bank Limited. As on the balance sheet date, the total trade receivables who have availed this facility were at Rs. 269.54 crores (Previous year Rs. 116.73 crores).

ii) 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. 130.77 crores (previous year Rs. 127.34 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. 60.66 crores (Previous Year 51.55 crores) in respect of which application for export obligation discharge certificates (EODC) will be filed with the Director General Foreign Trade (DGFT) within the stipulated time.

b) Further the Company is under obligation to export goods worth Rs. 61.86 crores (previous year Rs. 109.83 crores) in respect of duty free imports made by the Company against advance licenses. Out of the said amount , export obligation of Rs. 42.82 crores (previous year Rs. 91.68 crores) has been fulfilled by the Company as at the end of the year in respect of which application for export obligation discharge certificates (EODC) will be filed with the Director General Foreign Trade (DGFT) within the stipulated time.

iii) That the Company has disputed various tax liabilities before the appellate authorities, as detailed below:

Sl.	Description	Period to which relates	Disputed amount (Rs.in crores) 2011-12	2010-11
a)	**Excise / Customs**			
	Show cause notices/ demands issued by excise authorities on various matters, against which the Company has filed replies or in process of that or against the demands the Company has gone on appeal.	1987-98 to 2010-11	10.39	6.41
b)	**Income Tax**			
	Disallowances / addition to taxable income on various matters by the income tax authorities, against which the Company has gone on appeal.	2004-05 to 2008-09	6.52	4.94
c)	**Sales Tax/VAT**			
	Show cause notices/ demands issued by sales tax / VAT authorities on various matters, against which the Company has filed replies or in process of that or against the demands the Company has gone on appeal.	2003-04 to 2010-11	9.33	2.77
d)	**Others**			
	Demand of local area development tax by the concerned authorities.	2001-02	0.12	0.12
	Demand of octroi along with penalty in the state of Maharashtra by the concerned authorities.	2010-11	0.03	0.03
	Total		**26.39**	**14.27**

Based on favourable decisions in similar cases, legal opinion taken by the Company, discussions with the solicitors, etc., the Company does not expect any liability against these matters and hence no provision has been considered in the books of 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.

iv) a) The Company has given an irrevocable and unconditional corporate guarantee of Rs. 34.17 crores (Euro 5 millions) {previous year Rs. 31.62 crores (Euro 5 millions)} to Deutsche Bank in respect of credit facilities and other financial accommodation sanctioned to the step down subsidiary company 'Havells Sylvania Europe Limited' . The outstanding amount of the said credit facility as on the date of the Balance sheet is Rs.14.52 crores (Euro 2.12 Million) {Previous year Rs.11.88 crores (Euro 1.88 Million)}.

b) The Company has given a corporate guarantee of Rs. 100 crores (previous year Rs. 100 crores) to Yes Bank Limited in respect of 'standby letter of credit' facility sanctioned to its subsidiary company 'Havells Exim Limited' . The outstanding amount of the said credit facility as on the date of the Balance sheet is Rs. 93.60 crores (previous year Rs. 25.60 crores).

c) The Company has given a corporate guarantee of Rs. 93.62 crores (USD 18.30 millions) {previous year Nil} to Standard Chartered Bank (Hong Kong) Limited in respect of the credit facilities sanctioned to its subsidiary company 'Havells Exim Limited'. The outstanding amount of the said credit facility as on the date of the Balance sheet is Rs. 74.17 crores (previous year Nil).

d) The Company has given a corporate guarantee of Rs. 102.31 crores (USD 20 millions) {previous year Nil} to ICICI Bank Limited, Hong Kong in respect of the credit facilities sanctioned to its subsidiary company 'Havells Exim Limited'. The outstanding amount of the said credit facility as on the date of the Balance sheet is Rs. 11.54 crores (previous year Nil).

e) Subsequent to the date of Balance sheet, the Company has furnished irrevocable and unconditional guarantee to DBS Bank limited Singapore for Rs. 282 crores (Euro 42 million) in respect of facility of Rs. 269 crores (Euro 40 million) sanctioned to Havell's Holdings Limited as per deed of guarantee executed between the Company and DBS Bank Limited, Singapore on 10th April 2012.

31 OTHER NOTES ON ACCOUNTS

1 The Company has the following subsidiaries as on 31st March 2012:

	Name of Subsidiary	Country of incorporation	Date of control	Nature	Extent of control
1	Havell's Holdings Limited *	Isle of Man	09.03.2007	Wholly Owned Subsidiary	100%
2	Havell's Cyprus Limited **	Cyprus	20.07.2006	Wholly Owned Subsidiary	100%
3	Havells Exim Limited	Hong Kong	24.10.2010	Wholly Owned Subsidiary	100%

* Havell's Holdings Limited has 53 wholly owned subsidiaries/step-down subsidiaries as on the balance sheet date.

** Company is under liquidation

2 Standard Electrical Limited, a wholly owned subsidiary Company (transferor company) which was engaged in the business of manufacture of electrical and power distribution Equipments has been amalgamated with the Company in order to increase efficiency by pooling of resources and their optimum utilization, thereby availing synergies from combined resources pursuant to the Scheme of Amalgamation under section 391 and 394 of the Companies Act 1956 as approved by the Hon'ble High Court of Delhi vide their order dated September 27, 2011 which became effective on 15th October 2011 on filing of the said order with the Registrar of Companies, NCT of Delhi and Haryana.

Accordingly:

a) All the assets and liabilities of Standard Electrical Limited have been transferred to and vested in the Company with retrospective effect from the appointed date i.e. 1st April 2011. The scheme has accordingly been given effect to in the accounts of the Company.

b) The Amalgamation is in the nature of merger and the method of accounting used for the purpose of amalgamation is 'Pooling of Interest' as defined in Accounting Standard 14, 'Accounting for Amalgamations' notified under the Companies (Accounting Standards) Rules, 2006 (as amended). Accordingly all the assets and liabilities of the transferor company have been transferred to the Company at their respective book values as on 31st March 2011.

c) In consideration of transfer of assets and liabilities of the transferor company, 50000 equity shares held by the Company in the transferor company, stand extinguished, as the transferor Company is a wholly owned subsidiary company.

The value of assets and liabilities of the transferor company amalgamated with the company is as under:

	(Rs. in crores)
Tangible fixed assets	26.01
Current assets	45.78
Current liabilities and provisions	(13.29)
Reserves and surplus	(56.34)
Deferred tax liability	(2.11)
Equity shares cancelled against investment of the transferor company	(0.05)

d) No reserve or goodwill has been generated in the process as the transferor company is a wholly owned subsidiary company. The authorized share capital of the Company has increased by 1,00,000 Equity Shares @ Rs. 5 per share on merging the Authorised share capital of the transferor company with the Company without any further act or deed on the part of the Company, including payment of Stamp Duty or fee to the Registrar of Companies. The Memorandum of Association and Articles of Association of the Company also stand amended accordingly.

e) The Amalgamation is a non cash transaction and hence, has no impact on the cash flow of the Company for the current year.

3 The Company has entered into a Joint Venture Contract with 'Shanghai Yaming Lighting Co. Ltd., Shanghai, China on 26th December 2011 for forming a joint venture company for production and sale of lighting lamps and lighting accessories. Accordingly, a Company 'Jiangsu Havells Sylvania Lighting Co. Ltd.' has been formed vide certificate of approval dated 13th February 2012 issued by the People's Government of Jiangsu Province. Subsequent to the date of Balance sheet, the Company has remitted a sum of Rs. 5.07 crores (USD 1 million) towards capital contribution in the said joint venture company.

4 Research and development expenses debited to the statement of profit & loss include the following:

		(Rs. in crores)	
		2011-12	2010-11
a)	Employee benefits expense	5.01	4.23
b)	Cost of materials consumed	0.74	0.69
c)	Rent	2.16	0.63
d)	Other expenses	0.42	1.87
		8.33	**7.42**

5 A sum of Rs. 5.79 crores (previous year Nil) has been credited to turnover discount, incentives and rebates account in the statement of profit and loss, being excess provisions for earlier years written back.

6 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.

7 The Company, as a 'Settlor', has established irrevocable determinate contributory trust known as 'Havells Business Partner Trust' vide Deed of Indenture executed on 07.10.2010 with the object for holding the distribution commission/sales incentive accrued to the Participating Dealers, for a period of at least three years from the date of such contribution to the Trust and to make investment in permitted securities for the benefit of Participating Dealers. A sum of Rs. 25.66 crores have been contributed towards this trust for the current year (previous year Rs. 13.25 crores) on behalf of the Participating Dealers.

8 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, had 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. 15.18 crores has been recognised as exchange loss in respect of the long term borrowings during the year (previous year exchange gain Rs. 10.30 crores).

Out of the said loss, Rs. 9.46 crores have been treated as finance cost being the exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs as per the Accounting Standard -16, " Borrowing Costs" notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

9 Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise as at 31st March, 2012 are as under:

(Figures in crores)

	GBP		USD		EURO		JPY		CHF	
	Foreign	Indian	Foreign	Indian	Foreign	Indian	Foreign	Indian	Foreign	Indian
Export trade receivables										
Current Year	0.01	1.06	0.38	19.18	0.01	0.55	–	–	–	–
Previous Year	0.01	0.39	0.45	20.29	0.08	4.83	–	–	–	–
Import trade payables										
Current Year	–	–	0.70	35.76	0.03	2.12	–	–	0.00	0.04
Previous Year	0.00	0.01	0.46	20.19	0.03	1.88	1.88	1.01	0.00	0.08
Foreign currency loan from banks										
Current Year	–	–	1.93	98.48	–	–	–	–	–	–
Previous Year	–	–	2.68	119.80	–	–	–	–	–	–

10 As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:

Defined Contribution Plan

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

(Rs. in crores)

	2011-12	2010-11
Employer's Contribution towards Provident Fund (PF)	4.69	3.20
Employer's Contribution towards Family Pension Scheme	1.67	1.30
Employer's Contribution towards Employee State Insurance (ESI)	0.37	0.36

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.

		2011-12	2010-11
a)	**Reconciliation of opening and closing balances of Defined Benefit obligation**		
	Defined Benefit obligation at beginning of the year	9.52	6.56
	Current Service Cost	1.67	1.27
	Interest Cost	0.80	0.54
	Actuarial (gain) / loss	1.02	1.68
	Benefit paid	(0.75)	(0.53)
	Defined Benefit obligation at year end	12.26	9.52
b)	**Reconciliation of opening and closing balances of fair value of plan assets**		
	Fair value of plan assets at beginning of the year	7.15	6.35
	Expected return on plan assets	0.72	0.60
	Actuarial gain / (loss)	0.05	0.02
	Employer contribution	1.87	0.61
	Benefits paid	(0.75)	(0.43)
	Fair value of plan assets at year end	9.04	7.15
c)	**Reconciliation of fair value of assets and obligations**		
	Fair value of plan assets	9.04	7.15
	Present value of obligation	12.26	9.52
	Amount recognised in Balance Sheet- Asset / (Liability)	(3.22)	(2.37)
d)	**Expenses recognised during the year**		
	Current Service Cost	1.67	1.27
	Interest Cost	0.80	0.54
	Expected return on plan assets	(0.72)	(0.60)
	Actuarial (gain) / loss	0.97	1.66
	Net Cost debited to statement of profit and loss	2.72	2.86
e)	**Actuarial assumptions**		
	Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)
	Discount rate (per annum)	8.75%	8.50%
	Expected rate of return on plan assets (per annum)	9.30%	9.30%
	Rate of escalation in salary (per annum)	6.00%	6.00%
	Attrition Rate	5.00%	5.00%

f) **Actual return on plan assets**				0.77	0.64
g) **Amounts for current and previous periods:**					
	2011-12	2010-11	2009-10	2008-09	2007-08
Present value of obligation	12.26	9.52	6.56	5.53	5.14
Fair value of plan assets	9.04	7.15	6.35	5.53	5.14
Surplus/(Deficit)	(3.22)	(2.37)	(0.21)	–	–
Experience adjustments on plan liabilities and assets*	–	–	–	–	–

* The experience adjustments on plan liabilities and assets are not readily available and hence not disclosed.

h) The plan assets are maintained with Life Insurance Corporation of India Gratuity Scheme.

i) The Company expects to contribute Rs. 3 crores (previous year Rs. 2 crores) to the plan during the next financial year.

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.

11 In accordance with accounting standard AS-28 "Impairment of Assets", notified under the Companies (Accounting Standards) Rules, 2006 (as amended), 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 2012, the Company has identified its principal cash generating units into Switchgear Divisions (Faridabad, Haryana and Sahibabad, Uttar Pradesh) , EOU Division and Switchgear Divisions (Baddi, Himachal Pradesh), Cable Division (Alwar, Rajasthan), Fan Divisions at Haridwar (Uttarakhand), Electric Motor, CFL and Fixtures Divisions at Neemrana (Rajasthan), Printed Circuit Board division (Noida, Uttar Pradesh) and Company's Head Office and branches at various locations.

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

12 In the opinion of the Board, any of the assets, other than fixed assets and non-current investments 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.

13 **Segment Reporting**

The segment reporting of the company has been prepared in accordance with Accounting Standard (AS-17), " Segment Reporting", notified under the companies (Accounting Standards) Rules, 2006 (as amended).

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 and 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, borrowings and other assets and liabilities that can not be allocated to a segment on reasonable basis have been disclosed as "Unallocated".

(Rs. in crores)

		2011-12	2010-11
(i)	**Primary- Business Segment**		
A.	**Revenue**		
	Segment Revenue		
	Switchgears	896.15	734.39
	Cables	1592.99	1231.81
	Lighting and fixtures	554.39	444.67
	Electrical consumable durables	572.08	469.15
	Others	–	1.63
		3615.61	2881.65
B.	**Results**		
	Segment Results		
	Switchgears	336.28	271.90
	Cables	146.13	90.04
	Lighting and fixtures	139.33	82.03
	Electrical consumable durables	165.03	129.47
	Others	–	0.61
		786.77	574.05
	Unallocated expenses net of income	368.57	245.12
	Operating Profit	**418.20**	**328.93**
	Finance Costs	44.39	19.11
	Profit before extraordinary items and tax	**373.81**	**309.82**
	Income tax expense	68.38	68.24
	Profit after tax but before extraordinary items	**305.43**	**241.58**
	Add: Extraordinary items (net of tax)	–	0.47
	Profit after tax and after extraordinary items	**305.43**	**242.05**
C.	**Other Information**		
	Segment Assets		
	Switchgears	493.91	410.84
	Cables	530.75	431.02
	Lighting and fixtures	362.35	290.52
	Electrical consumable durables	199.50	164.23
		1586.51	1296.61
	Unallocated	1060.44	873.57
		2646.95	2170.18

(Rs. in crores)

	2011-12	2010-11
Segment Liabilities		
Switchgears	100.57	92.99
Cables	342.66	246.45
Lighting and fixtures	84.39	66.77
Electrical consumable durables	55.71	57.54
	583.33	463.75
Unallocated	455.30	365.62
	1038.63	829.37
Capital Expenditure		
Switchgears	18.26	49.94
Cables	9.99	52.29
Lighting and fixtures	45.44	43.04
Electrical consumable durables	24.63	8.09
	98.32	153.36
Unallocated	39.25	9.47
	137.57	162.83
Depreciation and amortisation expense		
Switchgears	11.36	9.33
Cables	17.29	7.70
Lighting and fixtures	6.57	4.82
Electrical consumable durables	3.01	2.58
	38.23	24.43
Unallocated	6.43	4.91
	44.66	29.34
Non-cash expenses other than depreciation		
Switchgears	5.94	0.01
Cables	1.00	0.02
Lighting and fixtures	3.06	0.01
Electrical consumable durables	1.21	0.00
	11.21	0.04
Unallocated	2.12	2.78
	13.33	2.82

(ii) Secondary- Geographical Segments

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

	2011-12	2010-11
Revenue-Domestic Market	3442.79	2704.21
Revenue-Overseas Market	172.82	177.44
	3615.61	2881.65
Fixed assets located (Including Capital work-in-progress)		
Within India	833.94	730.28
Outside India	0.01	0.02
	833.95	730.30
Capital Expenditure		
Within India	137.57	162.83
Outside India	–	–
	137.57	162.83
Trade receivables		
Within India	138.45	86.01
Outside India	21.60	26.06
	160.05	112.07

14 Related party transactions

The related parties as per the terms of Accounting Standard (AS-18), " Related Party Disclosures", notified under the Companies (Accounting Standards) Rules, 2006 (as amended) are disclosed below:-

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

1 **Related party where control exists**

Subsidiary Companies	Relationship
Havell's Cyprus Limited	WOS*
Havell's Holdings Limited	WOS
Standard Electrical Limited	WOS**
Havells Exim Limited	WOS
Havells Malta Limited	WOS of Havell's Holdings Limited
Havells Netherlands Holding B.V.	WOS of Havells Malta Limited
Sylvania India Limited	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 (BVI-1) Ltd	WOS of Havells Netherlands B.V.
Havells USA 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. and 51 % held by Thai Lighting Asset Co., Ltd
Guangzhou Havells Sylvania Enterprise Limited	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 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 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 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 Brasil Illuminacao Ltda.	WOS of Sylvania Lighting International B.V.
Havells Sylvania Argentina S.A.	WOS of 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 Mexico S.A. de C.V.	WOS of Sylvania Lighting International B.V.
Havells Mexico Servicios Generales SA 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 Europe Limited
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) Ltd	WOS of Havells Sylvania Holdings BVI-1 Limited
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) Ltda	WOS of Sylvania Lighting International B.V.
Havells Sylvania (Malaysia) Sdn. Bhd	WOS of Havells Sylvania Asia Pacific 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
Panama Americas Trading Hub SA	WOS of Sylvania Lighting International B.V.
PT. Havells Sylvania Indonesia	74% held by Flowil Lighting International (Holding) B.V. and 26% hold by Havells Sylvania (Thailand) Limited
Havells Sylvania Tr Elektrik Urunleri Ticaret Limited Sirketi	99.95% held by of Havells Sylvania Europe Ltd. and 0.05 % held Havells Sylvania UK Ltd.
Thai Lighting Asset Co., Ltd.	# 49% of shares held by Flowil International Lighting (Holding) B.V. and 51% held by minorities

Notes:

a) WOS refers to ‘Wholly Owned Subsidiary’

b) * The Company is under liquidation

c) ** During the year Standard Electrical Limited has been Amalgamated with the Company.

d) # During the year, Thai Lighting Assets Co Ltd has acquired additional 51% shares in Havells Sylvania Thailand Ltd . In Thai Lighting Assets Co. Ltd, Minorities hold 51% of ordinary shares (representing Euro 12,443 as at 31st March,2012) but the majority of voting rights and profit sharing rights are held by the Group (Company and its subsidiaries). The beneficial ownership of the entity lies with the Group.

e) Havells Sylvania TR Elektrik Ürünleri Ticaret Limited Sirketi, Thai Lighting Asset Co. Ltd. and PT Havells Sylvania Indonesia were incorporated during the year.

2 Associates

QRG Enterprises Limited
Guptajee & Company
QRG Foundation
QRG Medicare Limited
QRG Central Hospital and Research Centre Limited

3 Key Management Personnel

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

	2011-12	(Rs. in crores) 2010-11
(B) Transactions during the year		
(i) Purchase of traded goods		
Associates		
QRG Enterprises Limited	0.26	0.25
Subsidiaries / Step down Subsidiaries		
Standard Electrical Limited	–	0.14
Havells Exim Limited	14.70	13.61
Sylvania India Limited	–	2.76
Havells Sylvania Fixture UK Limited	0.19	1.96
Havells Sylvania Lighting Belgium	0.54	0.09
Havells Sylvania Germany Gmbh	0.56	0.79
Havells Sylvania (Guangzhou) Enterprises Ltd	0.01	-
Havells Sylvania Europe Limited	4.17	1.47
Havells Sylvania UK Limited	0.21	0.55
Havells Sylvania Asia Pacific Limited	–	0.30
Havells Sylvania France S.A.S.	0.74	–
	21.38	21.92
(ii) Purchase of stores and spares		
Subsidiaries / Step down Subsidiaries		
Standard Electrical Limited	–	0.03
Havells Sylvania Lighting Belgium	–	0.01
	–	0.04
(iii) Sale of Products		
Associates		
Q. R. G. Foundation	0.04	–
QRG Central Hospital and Research Centre Limited	0.01	0.01
Subsidiaries / Step down Subsidiaries		
Standard Electrical Limited	–	12.51
Sylvania India Limited	–	0.03
Havells Sylvania Europe Limited	20.45	46.96
Havells USA Inc.	0.19	0.06
Havells Sylvania Lighting Belgium	0.23	0.08
Havells Sylvania (Thailand) Limited	0.62	4.01
Havells Sylvania Peru S. A. C.	–	0.25
Havells Sylvania Tunisia S.A.R.L.	0.03	0.00
Havells SLI de Mexico S.A. de C.V.	–	0.49
Havells Exim Limited	21.18	–
Havells Sylvania Asia Pacific Limited	1.95	–
Havells Sylvania (Guangzhou) Enterprises Ltd	0.03	–
Havells Sylvania Germany Gmbh	0.14	–
Havells Sylvania Dubai FZCO	0.80	–
	45.67	64.40
(iv) Sales return		
QRG Enterprises Limited	–	0.03
(v) Commission on sales		
Associates		
Guptajee and Company	5.64	4.31

(Rs. in crores)

		2011-12	2010-11
(vi)	**Purchase of tangible fixed assets**		
	Associates		
	QRG Enterprises Limited	0.01	0.02
	Guptajee and Company	–	16.75
	Subsidiaries / Step down Subsidiaries		
	Standard Electrical Limited	–	0.07
	Havells Sylvania Lighting Belgium	1.31	4.27
	Havells Sylvania Germany Gmbh	–	2.02
	Havells Sylvania Europe Limited	0.01	–
		1.33	23.13
(vii)	**Sales of tangible fixed assets**		
	Subsidiaries / Step down Subsidiaries		
	Standard Electrical Limited	–	0.01
(viii)	**Rent / Usage Charges Paid**		
	Associates		
	Guptajee and Co.	–	0.01
	QRG Enterprises Limited	19.34	17.42
		19.34	17.43
(ix)	**Miscellaneous Income (Service charges received)**		
	Associates		
	QRG Enterprises Limited	0.04	0.04
	Subsidiaries / Step down Subsidiaries		
	Standard Electrical Limited	–	1.30
	Havells Exim Limited	0.25	–
		0.29	1.34
(x)	**Trade mark fees and Royalty**		
	Associates		
	QRG Enterprises Limited	37.92	29.28
(xi)	**Donation paid**		
	Associates		
	Q. R. G. Foundation	6.00	0.65
(xii)	**Sale of services**		
	Subsidiaries / Step down Subsidiaries		
	Havells Sylvania Europe Limited	–	0.23
	Havells USA Inc	–	0.54
		–	0.77
(xiii)	**Reimbursement of Expenses received/(paid)**		
	Associates		
	QRG Enterprises Limited	–	0.96
	Guptajee & Co.	0.03	–
	QRG Medicare Limited	0.04	–
	Subsidiaries / Step down Subsidiaries		
	Havells Sylvania Europe Limited	0.31	0.28
	Havells SLI de Mexico S.A. de C.V.	–	0.05
	Havells Sylvania (Thailand) Limited	0.11	–
	Flowil International Lighting (Holding) B.V.	0.37	–
	Havells USA Inc	0.19	–
	Havells Sylvania Germany Gmbh	(0.01)	–
	Havells Sylvania (Guangzhou) Enterprises Ltd	(0.03)	–
	Havells Sylvania Lighting France S.A.S	(0.04)	–
	Havells Netherlands B.V.	0.05	
		1.02	1.29

		2011-12	2010-11
			(Rs. in crores)
(xiv)	**Investments in equity shares**		
	Subsidiaries / Step down Subsidiaries		
	Standard Electrical Limited	–	0.04
	Havell's Holdings Limited	59.65	184.02
	Havell's Cyprus Limited	–	0.19
	Havells Exim Limited	–	0.00
		59.65	184.25
(xv)	**Rent received**		
	Associates		
	QRG Enterprises Limited	0.05	0.03
(xvi)	**Managerial remuneration**		
	Key Management Personnel		
	Sh. Q. R. Gupta	4.06	3.58
	Sh. Anil Gupta	2.80	2.48
	Sh. Rajesh Gupta	3.02	2.49
		9.88	8.55
(xvii)	**Corporate Guarantee**		
	Subsidiaries / Step down Subsidiaries		
	Havells Exim Limited	195.93	100.00
(C)	**Balances at the year end**		
(i)	**Trade Receivables**		
	Subsidiaries / Step down Subsidiaries		
	Havells USA Inc.	–	0.20
	Havells SLI de Mexico S.A. de C.V.	–	0.56
	Havells Sylvania Tunisia S.A.R.L.	–	0.00
	Standard Electrical Limited	–	0.28
	Havells Sylvania Europe Limited	–	4.48
	Havells Sylvania Asia Pacific Limited	0.22	–
	Havells Sylvania Dubai FZCO	0.33	–
	Havells Sylvania (Thailand) Limited	0.43	0.05
	Havells Netherlands B.V.	0.05	–
		1.03	5.57
(ii)	**Trade Payables**		
	Associates		
	Guptajee & Company	0.27	0.41
	Subsidiaries / Step down Subsidiaries		
	Havells Sylvania Lighting Belgium	–	0.04
	Havells Sylvania Germany Gmbh	0.12	0.14
	Havells Sylvania Europe Limited	0.03	–
	Havells Sylvania (Guangzhou) Enterprises Ltd	–	0.01
	Havells Sylvania Fixtures Netherlands B.V.	–	1.41
	Havells Exim Limited	7.63	10.43
	Havells Sylvania Lighting France S.A.S	0.04	–
		8.09	12.44

15 a) The Company has taken various residential/ commercial premises under cancellable operating leases. These lease agreements are normally renewed on expiry. There are no restrictions placed upon the company by entering into these leases and there are no subleases.

b) The Company has also taken few commercial premises under non-cancellable operating leases. There are no restrictions placed upon the company by entering into these leases and there no subleases. Normally there are renewal and escalation clauses in these contracts. The total of future minimum lease payments in respect of such leases as on 31.03.2012 is as follows:

- not later than one year Rs. 4.11 crores (previous year Rs. 3.10 crores)
- later than one year and not later than five years Rs. 2.63 crores (previous year Rs. 4.98 crores)
- later than five years Nil (previous year Nil)

Lease payments recognised in the statement of profit and loss as an expense for the year is Rs. 28.79 crores (Previous year Rs. 27.28 crores)

16 Earnings per share

a) Basic and Diluted Earnings per share excluding extraordinary items

Numerator for earning per share			
Profit before taxation		373.81	309.82
Provision for deferred tax and Income tax		(68.38)	(68.24)
Profit after taxation		305.43	241.58
Denominator for earnings per share			
Weighted number of equity shares outstanding during the period	Nos.	12,47,74,812	12,47,74,812
Earning per share-Basic and Diluted excluding extraordinary items (one equity share of Rs. 5/- each)	Rs.	24.48	19.36

b) Basic and Diluted Earnings per share including extraordinary items

Numerator for earning per share			
Profit before taxation		373.81	309.82
Provision for deferred tax and Income tax		(68.38)	(68.24)
Adjustment to net earnings:			
Add: Extraordinary items net of tax		–	0.47
Profit after taxation		305.43	242.05
Denominator for earning per share			
Weighted number of equity shares outstanding during the period	Nos.	12,47,74,812	12,47,74,812
Earning per share-Basic and Diluted including extraordinary items (one equity share of Rs. 5/- each)	Rs.	24.48	19.40

17 CIF value of Imports

Raw materials and components	211.82	156.34
Traded goods	161.41	134.81
Machinery and other fixed assets	16.91	24.36
Spare parts	1.95	0.11
R&D Equipments	0.05	0.15
Dies and Tools	0.19	–

18 Expenditure in foreign currency

Travelling and conveyance	1.18	1.93
Advertisement and sales promotion	1.06	1.03
Product warranty and after sales services	0.23	2.34
Others	1.70	1.17

19 Dividend in foreign currencies

		Paid during 2011-12	Paid during 2010-11
Year to which relates		2010-11	2009-10
		Final	Final
a) Number of non-resident shareholders		927	560
b) Number of shares held		3,29,60,350	1,73,67,248
c) Amount of dividends	(Rupees in crores)	8.24	4.34
	(Amount in Foreign Currency)	Nil	Nil

20 Earnings in foreign exchange

F.O.B. value of exports *	171.29	173.82
Merchanting Trade Sales	1.26	1.33
Reimbursement of Expenses	–	0.77

* excluding export of Rs. 7.91 crores made through merchant exporters (previous year Rs. 7.79 crores)

21 Value of imported/Indigenous raw materials and components/stores and spares consumed and percentage thereof

Raw materials consumed	**(%)**		**(%)**	
Indigenous	87.55	1796.23	88.69	1513.41
Imported	12.45	255.36	11.31	193.03
	100.00	2051.59	100.00	1706.44
Stores and Spares consumed				
Indigenous	90.69	21.83	99.41	23.67
Imported	9.31	2.24	0.59	0.14
	100.00	24.07	100.00	23.81

22 The figures have been rounded off to the nearest crore of rupees upto two decimal places. The figure 0.00 wherever stated represents value less than Rs. 50000/-.

23 Till the year ended 31st March 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956,has become applicable to the Company. The Company has reclassified previous year figures to confirm to this year's classification.

24 Note No.1 to 31 form integral part of the balance sheet and statement of profit and loss.

As per our report of even date

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

Per V.P. Bansal
Partner
Membership No. 8843

Noida, May 30, 2012

For S.R. Batliboi & Co.
Chartered Accountants
(Registration No. 301003E)

Per Manoj Gupta
Partner
Membership No. 83906

For and on behalf of Board

Qimat Rai Gupta
Chairman & Managing Director

Surjit Gupta
Director

Sanjay Gupta
Company Secretary

Sanjay Johri
Associate Vice President- Accounts

consolidated financial statements

S. R. Batliboi & Co.
Chartered Accountants
Golf View Corporate Tower - B,
Sector -42, Sector Road,
Gurgaon -122002, Haryana

V. R. Bansal & Associates
Chartered Accountants
B-11, Sector - 2,
Noida - 201 301

Auditors' Report

The Board of Directors
Havells India Limited

We have audited the attached consolidated balance sheet of Havells India Group, as at March 31, 2012, and also the consolidated statement of profit and loss and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Havells 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.

We conducted our audit in accordance with the 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs.0.13 crore as at March 31 2012, the total revenue of Rs. Nil and cash flows amounting to Rs.(0.20 crore) for the year then ended. These financial statements and other financial information have been audited by other auditor whose report has been furnished to us, and our opinion is based solely on the report of other auditor.

The accompanying consolidated financial statements include total assets, total revenues, cash flows and profit before tax of Rs.2,308.28 crores, Rs.2,948.22 crores, Rs.(22.10) crores and Rs.106.94 crores respectively, in relation to Havells Malta Limited and Havells Exim Limited. Such financial information, to the extent it pertains to the period from April 1, 2011 to December 31, 2011, has been extracted from the financial statements of Havells Malta Limited and Havells Exim Limited for the year ended December 31, 2011, prepared under International Financial Reporting Standards ("IFRS") and generally accepted accounting principles in Hong Kong ("Hong Kong GAAP") which were audited by other auditors, which we have relied upon for this purpose. We have audited such extraction process, the conversion of such financial information from IFRS and Hong Kong GAAP to accounting principles generally accepted in India, the financial information for the period from January 1, 2012 to March 31, 2012, as well as the assets and liabilities as at March 31, 2012.

We report that the consolidated financial statements have been prepared by the Havells' management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements, notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).

Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated balance sheet, of the state of affairs of the Havells India Group as at 31st March 2012;

(b) in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and

(c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & CO.
Firm registration number: 301003E
Chartered Accountants

per Manoj Gupta
Partner
Membership No.: 83906

For V.R. BANSAL & ASSOCIATES
Firm registration number: 016534N
Chartered Accountants

per V.P. Bansal
Partner
Membership No.: 8843

Place : Noida
Date : May 30, 2012

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

	Notes	As At 31 March 2012 Rs. in crores	As At 31 March 2011 Rs. in crores
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
Share capital	2	62.39	62.39
Reserves and surplus	3	893.22	591.35
		955.61	**653.74**
2 Minority Interest		0.09	0.58
3 Non-current liabilities			
Long-term borrowings	4	438.64	581.53
Deferred tax liabilities (net)	5	55.61	55.85
Other long-term liabilities	6	15.44	13.64
Long-term provisions	7	301.96	270.92
		811.65	**921.94**
4 Current liabilities			
Short-term borrowings	8	429.87	375.38
Trade payables	9	1069.92	817.80
Other current liabilities	10	700.61	674.63
Short-term provisions	11	207.64	119.46
		2408.04	**1987.27**
	Total	**4175.39**	**3563.53**
II ASSETS			
1 Non-current assets			
Fixed assets	12		
Tangible assets		988.62	962.92
Intangible assets		39.75	32.58
Capital work-in-progress		66.25	24.90
Goodwill		362.46	335.41
Long-term loans and advances	13	46.20	38.95
Other non-current assets	14	0.34	0.32
		1503.62	**1395.08**
2 Current assets			
Inventories	15	1367.75	1086.00
Trade receivables	16	890.53	772.08
Cash and bank balances	17	233.64	177.85
Short-term loans and advances	18	168.19	120.57
Other current assets	19	11.66	11.95
		2671.77	**2168.45**
	Total	**4175.39**	**3563.53**
Significant accounting policies	1		
Contingent liabilities and commitments	29		
Other notes on accounts	30		

The accompanying notes are an integral part of the finanacial statements.

As per our report of even date

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

Per V.P. Bansal
Partner
Membership No. 8843

Noida, May 30, 2012

For S.R. Batliboi & Co.
Chartered Accountants
(Registration No. 301003E)

Per Manoj Gupta
Partner
Membership No. 83906

For and on behalf of Board

Qimat Rai Gupta
Chairman & Managing Director

Surjit Gupta
Director

Sanjay Gupta
Company Secretary

Sanjay Johri
Associate Vice President- Accounts

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

		Notes	Year ended 31 March 2012 Rs. in crores	Year ended 31 March 2011 Rs. in crores
I	**INCOME**			
	Revenue from operations (gross)	20	6733.15	5776.58
	Less: Excise duty		214.95	163.95
	Revenue from operations (net)		**6518.20**	**5612.63**
	Other income	21	41.35	23.72
			6559.55	**5636.35**
II	**EXPENSES**			
	Cost of materials consumed	22	2565.25	2585.85
	Purchases of traded goods	23	1248.82	837.99
	(Increase)/ decrease in inventories	24	(186.86)	(231.34)
	Employee benefits expense	25	790.44	640.47
	Other expenses	26	1443.22	1222.64
			5860.87	**5055.61**
III	**Profit before finance costs, tax, depreciation and extraordinary item**		**698.68**	**580.74**
	Finance costs	27	128.10	90.16
	Depreciation and amortization expense	28	94.85	80.44
IV	**Profit before tax and extraordinary items**		**475.73**	**410.14**
	Less : Extraordinary items (net of tax)		–	(0.47)
	Less : Exceptional expenses		–	3.59
V	**Profit before tax**		**475.73**	**407.02**
VI	**Tax expenses**			
	Current tax		112.40	100.79
	MAT credit entitlement		(6.76)	(8.01)
	Income tax for earlier years		0.41	0.42
	Deferred tax		(0.24)	9.89
	Total tax expense		**105.81**	**103.09**
VII	**Profit for the year (before adjustment of minority interest)**		**369.92**	**303.93**
	Less: Share of profit transfer to minority		0.00	0.36
VIII	**Net Profit after taxes and minority interest**		**369.92**	**303.57**
IX	**Earnings per equity share {refer note 30 (18)} [nominal value of share Rs.5/-]**			
	Basic and Diluted Earnings per share excluding extraordinary items		29.65	24.29
	Basic and Diluted Earnings per share including extraordinary items		29.65	24.33
	Significant accounting policies	1		
	Contingent liabilities and commitments	29		
	Other notes on accounts	30		

The accompanying notes are an integral part of the finanacial statements.

As per our report of even date

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

Per V.P. Bansal
Partner
Membership No. 8843

For S.R. Batliboi & Co.
Chartered Accountants
(Registration No. 301003E)

Per Manoj Gupta
Partner
Membership No. 83906

For and on behalf of Board

Qimat Rai Gupta
Chairman & Managing Director

Surjit Gupta
Director

Sanjay Gupta
Company Secretary

Sanjay Johri
Associate Vice President- Accounts

Noida, May 30, 2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	Year ended 31 March 2012 Rs. in crores	Year ended 31 March 2011 Rs. in crores
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	475.73	407.02
Adjustments for:		
Depreciation	94.85	80.44
Loss on Sale of Fixed Assets	16.46	0.70
Profit on Sale of Fixed Assets	(7.88)	(0.09)
Foreign currecy translation reserve	(25.70)	(46.38)
Expenses charged to Business Re-construction reserve	–	(0.18)
Unrealised foreign exchange loss	(0.94)	5.52
Provision for Doubtful debts	12.81	1.86
Interest Income	(1.65)	(0.76)
Finance cost Expense	128.10	90.16
Miscellaneous Expenditure Written Off	–	0.02
Operating Profit before working capital changes	**691.78**	**538.31**
Adjustments for:		
(Increase) in Trade Receivables	(130.67)	(78.16)
(Increase)/Decrease in Loans and advances	(48.12)	22.97
(Increase)/Decrease in other current assets	0.30	0.29
(Increase) in Inventories	(281.75)	(275.12)
Increase in Trade Payables	252.09	192.27
Increase/(decrease) in Other liabilities and provisions	87.76	(62.07)
Cash generated from operations	**571.39**	**338.49**
Income taxes paid	(109.72)	(85.03)
Extraordinary items	–	(0.47)
Cash Flow before extraordinary items	461.67	252.99
Net Cash from Operating Activities	**461.67**	**252.99**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets and addition in Capital Work in Progress	(171.64)	(188.64)
Bank deposits (having original maturity of more than three months)	44.08	(18.57)
Slump sales of Bhiwadi Unit	–	6.33
Sale of fixed assets	20.58	23.91
Interest Received	1.65	0.76
Net Cash used in Investing Activities	**(105.33)**	**(176.21)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short term borrowings	54.49	53.95
Proceeds from long term borrowings	–	4.52
Repayment of long term borrowings	(146.92)	(13.07)
Finance Cost	(128.10)	(90.16)
Dividend Tax paid	(5.06)	(5.06)
Dividends paid	(31.19)	(15.60)
Net Cash used in Financing Activities	**(256.78)**	**(65.42)**
Net increase (+) / decrease (-) in cash and cash equivalents (A+B+C)	99.56	11.36
Cash and Cash Equivalents at the beginning of the year	130.59	119.24
Effect of exchange differences on cash and cash equivalents held in foreign currency	0.31	–
Cash and Cash Equivalents transferred in pursuance of sale of bath fitting division	–	(0.01)
Cash and Cash Equivalents at the end of the year (Note-1)	**230.46**	**130.59**

	Year ended 31 March 2012 Rs. in crores	Year ended 31 March 2011 Rs. in crores
Notes :		
1 **Components of cash and cash equivalents**		
Cash in hand	0.91	2.44
Balances with banks:		
Current accounts	137.39	75.98
Cash Credit accounts	91.76	51.86
Unpaid dividend account*	0.40	0.31
	230.46	**130.59**
Deposits held as margin money against bank guarantees	1.88	45.32
Deposits with orginal maturity for more than 12 months	1.30	1.94
	233.64	**177.85**

* The company can utilise the said amount only towards settlement of unpaid dividend liability.

As per our report of even date

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

Per V.P. Bansal
Partner
Membership No. 8843

Noida, May 30, 2012

For S.R. Batliboi & Co.
Chartered Accountants
(Registration No. 301003E)

Per Manoj Gupta
Partner
Membership No. 83906

For and on behalf of Board

Qimat Rai Gupta
Chairman & Managing Director

Surjit Gupta
Director

Sanjay Gupta
Company Secretary

Sanjay Johri
Associate Vice President- Accounts

1 SIGNIFICANT ACCOUNTING POLICIES

1.01 Basis of preparation

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 notified under the Companies (Accounting Standards) Rules, 2006 (as amended), 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.

1.02 Presentation and disclosure of financial statements

The presentation and disclosure of the financial statements have been made in accordance with the revised Schedule VI notified by the Central Government vide notification no. S.O 447(E), dated 28th February 2011 (as amended by notification no. F No. 2/6/2008-CL-V, dated 30th March 2011) which has become effective for accounting periods commencing on or after 1st April 2011. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

1.03 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

1.04 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 it's 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 results and financial position of all the Group Companies are translated into the reporting 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.

d) 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.

e) Minority interest's share in net assets of 'the Group' is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

1.05 Fixed Assets and Capital work-in-progress

a) Tangible 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. Tangible assets are further adjusted by the amount of CENVAT credit and VAT credit wherever applicable and subsidy directly attributable to the cost of tangible assets. Interest and other borrowing costs during construction period to finance qualifying fixed assets is capitalised.

b) Subsequent expenditure related to an item of tangible asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing tangible assets, including day to day repair and maintenance expenditure are charged to the statement of profit and loss for the period during which such expenses are incurred.

c) 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.

d) 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 commencement of commercial production.

e) 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:

i) 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 were 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.

ii) 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 on straight line basis 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.

iii) Technical know-how

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

iv) 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 perpetual existence and are not amortised. Impairment testing is performed annually and whenever a triggering event has occurred to determine whether the carrying value exceeds the recoverable amount.

v) Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when 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.

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

1.06 Depreciation and Amortisation

a) 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 which approximate the useful life of the assets estimated by the management and for Group Companies based on management estimate of useful economic life as follows:

Assets	Useful life
Building	20-39 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 acquired during the year is provided at the rate of 100%. In case of group companies, assets for a value below Rs. 68340 (Euro 1000) is charged off in the statement of profit and loss.

b) 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.

1.07 Inventories

a) Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a moving weighted average basis.

b) Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

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

d) Dies and fixtures are valued at depreciated cost on the basis of amortization over their estimated lives as technically assessed.

e) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

1.08 Foreign currency transactions

a) **Initial recognition**

Transactions in foreign currency are recorded at exchange rate prevailing on the date of transaction. Exchange differences arising on the settlement of monetary items during the year are recognised as income or expense.

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 Statement of Profit and Loss. Non monetary assets and liabilities denominated in foreign currency are carried at historical cost using the exchange rate at the date of transaction.

c) **Transalation of Integral and non integral foreign operation**

The operations of foreign branches of the 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**

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period.

1.09 Derivative Financial Instruments

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11 are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the statement of profit and loss.

1.10 Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, the same is adjusted from the cost of the respective asset.

1.11 Retirement Benefits

a) **Gratuity**

The employee's Gratuity Fund Scheme, which is defined benefit plan, is managed by Trust maintained with Life Insurance Corporation of India (LIC). 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 asset or liability in the books. Actuarial gains/losses for defined benefit plans are recognised in full and are immediately taken to the statement of profit and loss and are not deferred.

b) **Provident and other Fund**

Retirement benefit in the form of Provident fund is a defined contribution scheme. The contribution to Provident fund and Employees State Insurance Scheme is made in accordance with the relevant fund/scheme and is treated as revenue expenditure. The Company has no obligation other than the contribution payable to the Provident Fund and Employees State Insurance.

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 contribution and defined benefit 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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged to the statement of profit and loss statement in the period in which they arise and are not deferred.

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 pay 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 the statement of profit and loss 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 immediately charged to the statement of profit and loss in accordance with the accounting policy.

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

The Group recognises a liability and an expense for bonus and profit-sharing when there is a present obligation to make such payment as a result of past event and reliable estimate of the obligation can be made.

1.12 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

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. Excise duty is deducted from revenue (gross) to arrive at revenue from operation (net). Sales include WEEE levy but are exclusive of sales tax and value added tax. Sales do not include inter-divisional transfers.

b) **Export Incentives**

Export incentives such as DEPB and Duty Drawback benefits are recognised on post export basis on the basis of their entitlement rates. DEPB Licenses in hand are carried at cost. Benefits under the advance licence scheme are accounted for at the time of purchase of imported raw materials and sale of licences

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.

1.13 Prior period Items/Extraordinary items

Prior period expenses/incomes, are shown as prior period items in the statement of profit and loss as per the provisions of AS-5 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies' notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

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 , write down of inventories and signifficant disposals of fixed assets. Items of income or expense that arise from events or transactions that are distinct from ordinary activities of the enterprise and are not expected to recur frequently or regularly are treated as extraordinary items.

1.14 Segment reporting

Identification of segments

The group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.The analysis of geographical segments is based on the areas in which major operating divisions of the group operate.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the group as a whole.

1.15 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The number of shares and dilutive shares are adjusted by issue of bonus shares, if any.

1.16 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. 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. 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.

   At each reporting date, the group re-assesses unrecognized deferred tax assets.It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

c) Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss statement and shown as MAT Credit entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent it is not reasonably certain that the Company will pay normal income tax during the specified period.

1.17 Impairment of assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

1.18 Leases

a) **Finance 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**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

1.19 Borrowing costs

Borrowing cost includes interest and other costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

1.20 Provisions and Contingent Liabilities

Provisions

A provision is recognized when the group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Provision for warranty

Product warranty costs are accrued in the year of sales of products, based on past experience. The group periodically reviews the adequacy of product warranties and adjust warranty percentage and warranty provisions for actual experience, if necessary. The timing of outflow is expected to be within one to two years.

Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The group does not recognize a contingent liability but discloses its existence in the financial statements.

1.21 Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

Notes on Accounts for the year ended March 31, 2012

	As At 31 March 2012	As At 31 March 2011
2 SHARE CAPITAL	Rs.in Crores	Rs.in Crores
a) Authorized		
20,01,00,000 (Previous Year 20,00,00,000) equity shares of Rs.5/- each	100.05	100.00
Issued, subscribed and fully paid-up		
12,47,74,812 (Previous Year 12,47,74,812) equity shares of Rs.5/- each	62.39	62.39

b) Reconciliation of the shares outstanding at the beginning and at the end of the year

	31 March 2012		31 March 2011	
	No. of shares	(Rs. in crores)	No. of shares	(Rs. in crores)
At the beginning of the year	12,47,74,812	62.39	6,23,87,406	31.19
Issued during the year - Bonus Shares	–	–	6,23,87,406	31.19
Outstanding at the end of the year	**12,47,74,812**	**62.39**	**12,47,74,812**	**62.39**

c) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.5/- per share. Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 March 2012, the amount of per share dividend recognized as distributions to equity shareholders is Rs. 6.50 (Previous Year Rs. 2.50).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

d) Details of shareholders holding more than 5% shares in the Company is set out below

	31 March 2012		31 March 2011	
	No. of shares	% holding	No. of shares	% holding
Shri Qimat Rai Gupta, Chairman*	95,35,888	7.64	95,35,888	7.64
Shri Surjit Gupta, Director	65,30,160	5.23	65,30,160	5.23
QRG Enterprises Limited	3,79,71,776	30.43	3,79,71,776	30.43
Ajanta Mercantile Limited	1,23,69,600	9.91	1,23,69,600	9.91
Seacrest Investment Limited	1,28,20,000	10.27	1,28,20,000	10.27

*Share holding of Shri Qimat Rai Gupta, Chairman includes 26,64,000 Equity shares (previous year 26,64,000 equity shares) for and behalf of M/s Guptajee & Company, a firm in which he is a partner

e) Aggregate number of shares issued as fully paid up pursuant to contract without payment being received in cash or by way of bonus shares during the period of five years immediately preceding the date of Balance Sheet:

	31 March 2012 No. of shares	31 March 2011 No. of shares
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash.	22,19,000	42,06,805
Equity shares allotted as fully paid up bonus shares by capitalization of securities premium account and general reserve.	6,23,87,406	8,92,66,689

	As At 31 March 2012 Rs. in crores	As At 31 March 2011 Rs. in crores
3 RESERVES AND SURPLUS		
a) Capital Reserve	**7.61**	**7.61**
b) Securities Premium Account		
As per the last balance sheet	–	21.68
Less: Amounts utilized toward issue of fully paid bonus shares	–	21.68
	–	–
c) General reserve		
As per the last balance sheet	117.90	103.17
Add: Amount transferred from surplus as per the statement of profit and loss	30.55	24.25
Less: Capitalised by way of issue of bonus shares	–	9.52
	148.45	**117.90**
d) Business Reconstruction Reserve*		
As per the last balance sheet	104.93	105.11
Less: Expenses on scheme of arrangement	–	0.18
	104.93	**104.93**
e) Foreign currency translation reserve		
As per the last balance sheet	(32.38)	(18.77)
Add: Exchange difference during the year on net investment in non-integral foreign operations	25.70	(13.61)
	(6.68)	**(32.38)**
f) Surplus as per the statement of profit and loss		
As per the last balance sheet	393.29	150.22
Add: Profit for the year	369.92	303.57
Share of minority interest	0.51	–
	763.72	453.79
Appropriations :		
Proposed final equity dividend	(81.10)	(31.19)
Corporate tax on proposed dividend	(13.16)	(5.06)
Transfer to general reserve	(30.55)	(24.25)
Net surplus in the statement of profit and loss	**638.91**	**393.29**
	893.22	**591.35**

* The company had created Business Reconstruction Reserve Account in the financial year 2009-10 by transfer of Rs. 400 crores from securities premium account for the purpose of adjustment of certain expenses as per the scheme of arrangement entered into by the Company with its subsidiary and associate company as approved by the Hon'ble High Court of Delhi vide their order dated 19.08.2010.

	As At 31 March 2012 Rs. in crores	As At 31 March 2011 Rs. in crores
4. LONG TERM BORROWINGS		
Term loans		
From Canara Bank Limited -secured	69.27	85.71
From Barclays bank -secured	352.49	425.23
From Banco Lafise -secured	5.84	15.48
Finance lease obligations-secured	11.04	55.11
	438.64	**581.53**

a) Term loan from Canara Bank, Prime Corporate Branch-II, New Delhi is repayable in 16 equal quarterly instalments of Rs. 7.88 crores each commencing from April 1, 2011 and is secured by way of :-

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

ii) hypothecation of plant and machinery and other fixed assets purchased out of the above said loan.

b) Term loan from Barclays Bank, London led consortium are secured by way of mortgages on freehold properties and fixed and floating charges on the assets of group companies in France, Germany, Belgium, UK, Netherland, Ecuador, Brazil and Colombia. Out of the total loan of Rs. 431.97 crores, Rs. 79.48 crores is repayable in two equal installments on June 2012 and December 2012 (refer note 10) and balance Rs. 352.49 crores is repayable in April 2013.

c) Term Loan from Banco Lafise, Panama, S.A. is secured by way of mortgages on company's property (land and building) in Costa Rica. Out of the total loan, Rs. 3.17 crores is repayable in August 2013 and balance Rs. 2.67 crores is repayable in September 2013.

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

5 DEFERRED TAX LIABILITIES (NET)		
Deferred tax liability		
on account of difference in rates and method of depreciation of fixed assets	97.03	84.98
Others	11.33	8.24
	108.36	**93.22**
Deferred tax asset		
on account of expenditure charged to the statement of profit and for loss but purposes on payment basis allowed tax	51.37	36.42
on account of provision for doubtful trade receivables not treated as expense under Income Tax Act.	1.38	0.95
	52.75	**37.37**
Deferred income tax liability (Net)		
at the end of year	**55.61**	**55.85**
for the year	**(0.24)**	**9.89**

The group companies did not recognise deferred tax assets in respect of losses amounting to Rs.1692.56 crores (previous year Rs. 1237.33 crores), due to absence of reasonable certainity that sufficient future taxable income will be available against which such deferred tax assets can be realised.

		As At 31 March 2012 Rs. in crores	As At 31 March 2011 Rs. in crores
6	**OTHER LONG TERM LIABILITIES**		
	Retention money from contractors	2.72	0.75
	Environmental liabilities*	12.72	12.89
		15.44	**13.64**

* The environment liabilities relate to clean up and remediation cost of water contamination for the factory located in Belgium and for a site in Mullins, US.

7	**LONG TERM PROVISIONS**		
	Retirement benefit obligations	301.62	270.68
	Product warranties (refer note 11)	0.34	0.24
		301.96	**270.92**

* Retirement benefit obligations are defined obligation plan in group companies relating to pension obligations, early retirement plans and post retirement medical benefits.

8	**SHORT TERM BORROWINGS**		
	Loans repayable on demand (from banks)		
	Cash credit/working capital limits (Secured) {refer point (a) and (b)}	295.68	243.22
	Cash credit/working capital limits (Unsecured)	134.19	123.98
	Packing credit foreign currency account (Secured) {refer point (a) and (b)}	–	8.18
		429.87	**375.38**

a) Working capital limits 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 are secured by way of :

i) pari-passu first charge by way of hypothecation on stocks of raw material, semi-finished goods, finished goods, stores and spares, bill receivables, book debts and all movable and other current assets of the Company.

ii) pari-passu first charge by way of Equitable Mortgage on land and building at 14/3, Mathura Road, Faridabad

iii) pari-passu second charge by way of hypothecation on plant and machinery, generators, furniture and fixtures, electric fans and installation.

b) Working capital limits from Barclays Bank, London led consortium are secured by way of mortgages on freehold properties and fixed and floating charges on the assets of group companies in France, Germany, Belgium, UK, Netherlands, Ecuador, Brazil and Colombia.

9	**TRADE PAYABLES**		
	Trade payables	1069.92	817.80
		1069.92	**817.80**

Trade payables include acceptances Rs. 374.60 crores (previous year Rs. 154.15 crores)

		As At 31 March 2012 Rs. in crores	As At 31 March 2011 Rs. in crores
10	**OTHER CURRENT LIABILITIES**		
	Current maturities of long-term borrowings (refer note no. 4)	110.98	149.55
	Current maturities of finance lease obligation (refer note no. 4)	47.56	10.85
	Interest accrued but not due on borrowings	1.06	6.58
	Interest accrued and due on borrowings {refer point (a)}	0.12	–
	Unpaid dividend {refer point (b)}	0.40	0.31
	Creditors for capital goods	6.84	5.83
	Other payables		
	Sales incentives payable	114.81	114.68
	Trade deposits	16.20	14.68
	Advances and progress payments from customers	37.37	38.55
	Excise duty payable {refer point (c)}	16.12	6.45
	Sales tax payable	150.78	112.66
	Service tax payable	0.02	0.09
	Other statutory dues payable	21.11	19.46
	Other liabilities {refer point (d)}	177.24	194.94
		700.61	**674.63**

a) Interest accrued and due of Rs. 0.12 crores has been debited by the Bank on 1st April 2012.

b) Investor Protection and Education Fund is being credited by the amount of unclaimed dividend after seven years from the due date.The Company has transferred and deposited a sum of Rs. 0.01 crore (previous year Rs. 0.02 crore) out of unclaimed dividend pertaining to the financial year 2003-04 to Investor Education and Protection Fund of Central Government in accordance with the provisions of Section 205C of the Companies Act, 1956.

c) The Company has made a provision of excise duty payable amounting to Rs. 16.12 crores (previous year Rs. 6.45 crores) on stocks of finished goods and scrap material at the end of the 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.

d) Other liabilities include expenses payable and other miscellaneous deposits.

e) 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.

		31 March 2012	31 March 2011
11	**SHORT TERM PROVISIONS**		
i)	Provision for employee benefits		
	Gratuity	3.22	2.37
		3.22	**2.37**
ii)	**Other provisions**		
	Product warranties {refer point (a)}	25.98	15.78
	Litigations {refer point (b)}	28.02	11.47
	Restructuring {refer point (c)}	15.51	12.33
	Mark to market loss on derivatives	9.93	13.63
	Proposed equity dividend {refer point (d)}	81.10	31.19
	Corporate Dividend tax	13.16	5.06
	Income Tax (net of advance tax and TDS)	30.68	27.58
	Wealth Tax	0.04	0.05
		204.42	**117.09**
		207.64	**119.46**

a) Provision for warranties

A provision is recognised for expected warranty claims on products sold during the last one to two years, based on past experience of the level of repairs and returns. It is expected that significant portion of these costs will be incurred in the next financial year and all will have been incurred within two years after the reporting date. Assumptions used to calculate the provisions for warranties were based on current sales level and current information available about returns based on one to two years warranty period for all products sold. The table below gives information about movement in warranty provisions.

	As At 31 March 2012 Rs. in crores	**As At 31 March 2011** Rs. in crores
At the beginning of the year	16.02	8.77
Arising during the year	42.18	23.69
Utilized during the year	31.88	16.44
Unused amount reversed	-	-
At the end of the year	**26.32**	**16.02**
Current portion	25.98	15.78
Non-current portion (refer note no. 7)	0.34	0.24

b) Provision for litigations

i) During the financial year 2010-11, the Central Excise Department, Jalandhar raised a demand for Rs. 0.10 crores towards differential excise duty on finished goods sold by the branches at higher selling price. The Company is contesting the same and however expects the liability on this account and the provision has been made accordingly.

ii) During the financial year 2008-09, a demand for Rs. 0.59 crores has been raised by the Central Excise Department towards additional custom duty in cases where the duty has been paid through DEPB. The Company is contesting the same in the view of notification No. 28/(RE2003)/2002-2007 dated 28.01.2004 issued by Ministry of Commerce and Industry, Department of Commerce. A provision of Rs. 0.28 crores has been made towards the estimated liability on this account.

iii) The Company has challenged the constitutional validity of Entry of Goods into Local Area Act, 2010 before the Hon'ble High Court of Himachal Pradesh at Shimla. The Company has deposited 1/3rd of assessed tax and the Apex Court has granted the stay for balance 2/3rd the amount against Bank Guarantee. The Company has made provision for the total amount of entry tax amounting to Rs. 1.21 crores (previous year Rs. 0.19 crores).

iv) The Company has challenged the constitutional validity of the entry tax under Entry Tax Act 1999, before the Hon'ble High Court of Judicature, Rajasthan Jaipur Bench, Jaipur. The said Court has granted the stay on entry tax. Subsequently, the Hon'ble Supreme Court has granted the stay to the extent 50% of total amount of liability. The Company has made provision for the total amount of entry tax amounting to Rs. 0.30 crores (previous year Rs. 0.29 crores).

v) In case of group companies, litigations provision amounting to Rs. 14.66 crores (previous year Rs. 5.63 crores) are related to Social Security calculation disputes in Spain, VAT dispute in UK, product quality claim in Belgium, disputes under WEEE regulation and of Art. 81, 82 EC in UK and Labour claims in Brazil related to factories closed in past.

The table below gives information about movement in litigation provisions:

	As At 31 March 2012 Rs. in crores	As At 31 March 2011 Rs. in crores
At the beginning of the year	11.47	5.36
Arising during the year	16.55	6.11
Utilized during the year	–	–
Unused amount reversed	–	–
At the end of the year	**28.02**	**11.47**
Current portion	28.02	11.47
Non-current portion	–	–

c) **Restructuring Provision**

The restructuring provision relates to the remodelling of the business to ensure that the Group remains competitive in the current economic scenario in Europe. The table below gives information about movement in restructuring provisions:

At the beginning of the year	12.33	108.41
Arising during the year	3.18	10.39
Utilized during the year	–	106.47
Unused amount reversed	–	–
At the end of the year	**15.51**	**12.33**
Current portion	15.51	12.33
Non-current portion	–	–

d) **Provision for dividend**

The Company has proposed dividend for the year @130% (previous year @ 50%) on its equity capital and a provision for corporate dividend tax including surcharge and education cess thereon has been made.

12. FIXED ASSETS

(Rs. in crores)

Sl. No.	Description	GROSS BLOCK					DEPRECIATION					NET BLOCK	
		As At 01.04.2011	Foreign Currency realignment	Additions during the year	Sales during the year	As at 31.03.2012	Up to Last Year	Foreign Currency realignment	For the year	Sales during the year	To date	As at 31.03.2012	As at 31.03.2011
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
a)	**Tangible Assets**												
1	Industrial land												
	Freehold	59.42	2.81	–	1.75	60.48	–	–	–	–	–	60.48	59.42
	Leasehold	83.90	0.55	0.56	–	85.01	–	–	–	–	–	85.01	83.90
2	Buildings												
	Freehold	396.97	10.41	52.23	16.80	442.81	134.19	7.60	15.47	10.69	146.57	296.24	262.78
	Leasehold	132.05	10.69	1.05	–	143.79	98.66	8.10	3.82	–	110.58	33.21	33.39
3	Plant and machinery	1786.45	118.34	48.22	321.25	1631.67	1360.07	113.32	53.56	301.71	1225.24	406.52	426.38
4	Furniture and fixtures	95.30	1.30	4.99	19.40	82.19	71.50	(6.49)	6.30	19.70	51.61	30.58	23.80
5	Vehicles	15.42	0.30	1.32	1.54	15.50	9.43	0.22	1.00	0.93	9.72	5.78	5.99
6	R & D Equipments	5.08	–	1.44	0.08	6.44	1.83	–	0.32	0.03	2.12	4.32	3.25
7	Office Equipments	85.05	(0.43)	9.24	11.38	82.48	60.13	(1.47)	6.83	10.07	55.42	27.06	24.92
8	Electric fans and installations	91.30	2.61	3.77	0.51	97.17	52.21	1.74	4.25	0.45	57.75	39.42	39.09
	Total tangible assets	**2750.94**	**146.58**	**122.82**	**372.71**	**2647.63**	**1788.02**	**123.02**	**91.55**	**343.58**	**1659.01**	**988.62**	**962.92**
	Previous year	2601.01	31.06	204.04	94.88	2741.23	1744.19	17.81	79.24	62.93	1778.31	962.92	856.82
b)	**Intangible Assets**												
1	Computer Software	7.33	–	1.72	0.03	9.02	2.42	–	1.34	0.02	3.74	5.28	4.91
2	Technical know-how	87.11	7.53	6.36	–	101.00	59.44	5.13	1.96	–	66.53	34.47	27.67
	Total intangible assets	**94.44**	**7.53**	**8.08**	**0.03**	**110.02**	**61.86**	**5.13**	**3.30**	**0.02**	**70.27**	**39.75**	**32.58**
	Previous year	95.28	0.72	3.56	5.73	93.83	64.74	(4.69)	1.20	–	61.25	32.58	30.54
c)	**Capital Work-in-Progress**	**24.90**	**0.61**	**81.10**	**40.36**	**66.25**	**–**	**–**	**–**	**–**	**–**	**66.25**	**24.90**
	Previous year	33.61	(0.09)	79.07	87.69	24.90	–	–	–	–	–	24.90	33.61
	Total-Current Year	**2870.28**	**154.72**	**212.00**	**413.10**	**2823.90**	**1849.88**	**128.15**	**94.85**	**343.60**	**1729.28**	**1094.62**	**1020.40**
	Previous year	2729.90	31.69	286.67	188.30	2859.96	1808.93	13.12	80.44	62.93	1839.56	1020.40	920.97

Notes:-
1. Freehold land includes two no. plots at Bawana & Narela Industrial Area in respect of which possession has not been taken yet.
2. The title deed in respect of freehold land at Badli is yet to be executed.
3. Buildings include Rs.0.05 crore being the cost of premises purchased at Leonard Road, Bangalore, title deed in respect of which has not been executed as yet.
4. Land taken on lease are in the nature of perpetual lease

	As At 31 March 2012 Rs. in crores	As At 31 March 2011 Rs. in crores
13 LONG TERM LOANS AND ADVANCES		
Unsecured- considered good		
Capital advances	1.37	1.02
Security deposits	10.97	10.92
MAT Credit entitlement	33.67	26.91
Other loans and advances		
Prepaid expenses	0.19	0.10
	46.20	**38.95**
14 OTHER NON-CURRENT ASSETS		
Long term trade receivables (unsecured-considered good)	0.34	0.32
	0.34	**0.32**
15 INVENTORIES		
Raw materials and components	286.50	198.59
{includes in transit Rs. 23.27 crores (previous year Rs. 7.67 crores)}		
Work-in-progress	62.31	49.39
Finished goods	431.30	317.25
{includes in transit Rs. 5.63 crores (previous year Rs. 0.07 crores)}		
Stock in trade (traded goods)	541.99	482.95
{includes in transit Rs. 84.01 crores (previous year Rs. 108.41 crores)}		
Stores and spares	7.84	4.87
Loose Tools	0.07	0.02
Dies and fixtures	26.90	21.32
Packing materials	7.93	9.73
Fuel and Gases	0.63	0.45
Scrap materials	2.28	1.43
	1367.75	**1086.00**

a) Inventories other than scrap materials and dies and fixtures have been taken at lower of cost and net realisable value.

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

c) Dies and fixtures are valued at depreciated cost on the basis of amortization over their estimated lives as technically assessed.

16 TRADE RECEIVABLES		
Outstanding due for a period exceeding six months from due date of payment		
Uusecured, considered good	13.38	18.87
Unsecured, considered doubtful	31.52	26.03
	44.90	44.90
Less: Provision for doubtful receivables	31.52	26.03
	13.38	**18.87**
Other receivables		
Unsecured, considered good	877.15	753.21
Unsecured, considered doubtful	16.60	9.29
	893.75	762.50
Less: Provision for doubtful receivables	16.60	9.29
	890.53	**772.08**

	As At 31 March 2012 Rs. in crores	As At 31 March 2011 Rs. in crores
17 CASH AND BANK BALANCES		
a) **Cash and cash equivalents**		
Current accounts	137.39	75.98
Cash credit accounts	91.76	51.86
Cash in hand	0.91	2.44
Unpaid dividend account	0.40	0.31
	230.46	**130.59**
b) Other bank balances		
Deposits held as margin money against bank guarantee*	1.88	45.32
Deposits with original maturity for more than 3 months but less than 12 months	1.30	1.94
	3.18	**47.26**
	233.64	**177.85**

* Including bank deposits of Rs. 0.01 crores (previous year 0.01 crores) with more than 12th month maturity.

18 SHORT TERM LOANS AND ADVANCES		
Other loans and advances (unsecured-considered good)		
Advances against material and services	46.24	38.46
Prepaid expenses	39.15	44.03
Security deposits	45.19	14.74
Other advances	0.59	0.23
Balance with Statutory/Government authorities:		
Excise duty	0.41	1.58
Service tax	0.19	2.13
VAT	22.96	0.34
Other deposits with Statutory/Government authorities	13.46	19.06
	168.19	**120.57**

19 OTHER CURRENT ASSETS		
Unsecured, considered good		
Earnest money	1.45	1.56
Retention money	1.68	0.39
Export incentives receivable	6.30	5.54
DEPB licences in hand	0.28	0.35
Capital investment subsidy receivable	0.60	1.80
Claims and other debts	1.18	2.15
Interest accrued on deposits	0.17	0.16
	11.66	**11.95**

		Year ended 31 March 2012 Rs. in crores	Year ended 31 March 2011 Rs. in crores
20	**REVENUE FROM OPERATIONS**		
	Sale of products		
	Finished goods	4785.86	3961.02
	Traded goods	2282.88	2084.77
		7068.74	6045.79
	Less: Turnover discount, incentives and rebates	360.43	293.79
		6708.31	5752.00
	Other operating revenue		
	Scrap sales	19.15	19.46
	Export incentives	5.69	5.12
	Revenue from operations (gross)	**6733.15**	**5776.58**
	Less: Excise duty	214.95	163.95
	Revenue from operations (net)	**6518.20**	**5612.63**
	Details of products sold		
	Finished goods		
	Switchgears	896.68	827.32
	Cables	1787.38	1382.29
	Lighting and fixtures	1690.56	1381.05
	Electrical consumer durables	411.22	369.14
	Others	0.02	1.22
		4785.86	**3961.02**
	Traded goods		
	Switchgears	78.83	68.47
	Lighting and fixtures	2002.70	1886.41
	Electrical consumer durables	201.35	129.76
	Others	–	0.13
		2282.88	**2084.77**
		7068.74	**6045.79**
21	**OTHER INCOME**		
	Interest income (TDS Rs. 0.02 crores previous year Rs. 0.01 crores)	1.65	0.76
	Exchange fluctuations (net)	–	16.87
	Miscellaneous income	11.31	2.94
	Profit on sale of fixed assets	7.88	0.09
	Excess provisions no longer required written back	20.51	3.06
		41.35	**23.72**
22	**COST OF MATERIALS CONSUMED**		
	Copper	659.05	519.63
	Aluminium	407.82	373.53
	General plastic	155.00	149.59
	Paints and Chemicals	124.54	118.84
	Steel	121.79	106.84
	Engineering plastic	41.21	15.91
	Phosphor powder	43.12	30.27
	Glass	78.95	73.91
	Ballast	46.07	37.36
	Packing materials	127.64	106.05
	Others	760.06	1053.92
		2565.25	**2585.85**

	Year ended 31 March 2012 Rs. in crores	Year ended 31 March 2011 Rs. in crores
23 PURCHASE OF TRADED GOODS		
Switchgears	37.04	41.97
Lighting and fixtures	1082.97	699.82
Electrical consumer durables	128.81	96.14
Others	–	0.06
	1248.82	**837.99**
24 (INCREASE)/DECREASE IN INVENTORY		
(Increase) / decrease in inventories*	(186.86)	(231.34)
	(186.86)	**(231.34)**

* (Increase) / decrease in inventories is as under:

	Inventories at the beginning of the year	Transferred in pursuance of sale of Bath fitting Division	Inventories at the end of the year	(Increase)/decrease in inventories
Traded goods				
Current year	482.96	-	541.99	(59.03)
Previous year	325.62	(3.60)	482.96	(160.94)
Work-in-progress				
Current year	49.39	-	62.31	(12.92)
Previous year	43.88	(0.86)	49.39	(6.37)
Finished goods				
Current year	317.25	-	431.30	(114.05)
Previous year	260.59	(7.31)	317.25	(63.97)
Scrap Material				
Current year	1.42	-	2.28	(0.86)
Previous year	1.43	(0.07)	1.42	(0.06)
Total				
Current year	**851.02**	**-**	**1037.88**	**(186.86)**
Previous year	**631.52**	**(11.84)**	**851.02**	**(231.34)**

Details of inventory at the beginning of the year		
Traded goods		
Switchgears	6.76	6.74
Lighting and fixtures	445.14	304.16
Electrical consumer durables	31.03	9.68
Others	0.03	5.04
	482.96	**325.62**
Work in progress		
Switchgears	6.73	8.63
Cables	20.96	12.24
Lighting and fixtures	17.92	15.78
Electrical consumer durables	3.78	6.48
Others	–	0.75
	49.39	**43.88**
Finished Goods		
Switchgears	50.59	53.27
Cables	80.26	49.49
Lighting and fixtures	153.02	137.65
Electrical consumer durables	33.32	14.30
Others	0.06	5.88
	317.25	**260.59**

		Year ended 31 March 2012 Rs. in crores	Year ended 31 March 2011 Rs. in crores
	Details of inventory at the end of the year		
	Traded goods		
	Switchgears	7.52	6.76
	Lighting and fixtures	489.31	445.14
	Electrical consumer durables	45.16	31.03
	Others	–	0.03
		541.99	**482.96**
	Work in progress		
	Switchgears	8.49	6.73
	Cables	24.74	20.96
	Lighting and fixtures	24.48	17.92
	Electrical consumer durables	4.60	3.78
		62.31	**49.39**
	Finished Goods		
	Switchgears	77.31	50.59
	Cables	128.45	80.26
	Lighting and fixtures	191.92	153.02
	Electrical consumer durables	33.62	33.32
	Others	–	0.06
		431.30	**317.25**
25	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries, wages, bonus, commission and other benefits	762.22	615.71
	Contribution towards PF, Family Pension and ESI	6.73	5.14
	Gratuity expense	2.72	2.86
	Staff welfare expenses	18.77	16.76
		790.44	**640.47**
	Employee benefits expense include managerial remuneration as detailed below:		
	Salaries, bonus and other benefits	3.10	2.92
	Contribution towards PF	0.12	0.10
	Commission	6.66	5.54
		9.88	**8.55**
26	**OTHER EXPENSES**		
	Consumption of stores and spares	24.90	24.93
	Power and fuel	67.58	60.23
	Job work charges	100.15	93.32
	Increase / (decrease) in excise duty in inventory of finished goods and scrap	9.67	2.28
	Rent	68.05	60.58
	Repairs and maintenance		
	Plant and machinery	25.91	22.37
	Buildings	7.30	5.05
	Others	7.52	6.51
	Rates and taxes	62.39	64.00
	Insurance	16.84	14.16
	Trade mark fees and royalty	38.53	29.80
	Research and development expenses {refer note 30 (5)}	42.00	37.44
	Travelling and conveyace	91.81	82.96
	Legal and professional charges	62.96	40.83

	Year ended 31 March 2012 Rs. in crores	Year ended 31 March 2011 Rs. in crores
Payment to Auditors		
As auditor:		
Audit fee	8.36	6.52
Taxation matters	5.08	4.81
Reimbursement of expenses	0.02	0.00
Exchange fluctuations (Net)	21.18	-
Donation	6.08	0.68
Freight and forwarding expenses	244.14	227.33
Service tax paid	5.59	4.75
Advertisement and sales promotion	184.69	130.04
Cash discount	61.06	60.58
Commission on sales	68.72	63.34
Product warranties and after sales services	52.87	26.76
Trade receivable factoring charges	18.91	14.92
Loss on sale/discard of fixed assets	16.46	0.70
Provision for doubtful trade receivables	17.43	7.18
Miscellaneous expenses	107.02	130.57
	1443.22	**1222.64**

27 FINANCE COSTS

Interest expense	108.90	81.98
Bank charges	9.74	8.18
Exchange difference to the extent considered as an adjustment to borrowing cost {refer note 30 (11)}	9.46	–
	128.10	**90.16**

28 DEPRECIATION AND AMORTISATION EXPENSE

Depreciation of tangible assets	91.55	79.24
Amortization of intangible assets	3.30	1.20
	94.85	**80.44**

			2011-12 Rs. in crores	2010-11 Rs. in crores
29	**CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**			
	A	**Contingent liability (to the extent not provided for)**		
	a	Claims/Suits filed against the Company not acknowledged as debts	6.96	6.90
	b	Bank guarantees opened with Banks	93.14	87.75
	c	Letter of credits opened with banks	37.41	45.62
	d	Liability towards banks against receivable buyout facilities	48.51	35.23
	e	Export bills discounted with banks	–	26.04
	f	Bonds to excise department against export of excisable goods/purchase of goods without payment of duty (to the extent utilised)	20.44	16.36
	g	Custom duty payable against export obligation	19.32	24.46
	h	Disputed tax liabilities in respect of pending cases before Appellate Authorities {amount deposited under protest Rs. 6.93 crores (previous year Rs. 4.22 crores)}	26.39	18.05
	i	Demand raised by Uttarakhand Power Corporation Limited	2.60	–
	j	Environmental Liability	14.35	13.28
	B	**Commitments**		
		Estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	30.57	36.17

i) 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 trade receivable are insured and the bankers have recourse on the Company to the extent of 10% of the sanctioned amount. As on the date of Balance Sheet, total trade receivable assigned to the bankers are at Rs. 244.75 crores (previous year Rs. 241.04 crores). With the result, the trade receivable at the end of the year stand reduced by the said amount. A sum of Rs.18.91 crores (previous year Rs.14.92 crores) on account of charges paid for this facility has been debited to trade receivable factoring charges account.

b) The Company has arranged channel finance facility for its customers from Yes Bank Limited and Axis Bank Limited . As per the terms of the bankers, the trade receivable are insured and the bankers have recourse on the Company to the extent of 5% of the limit utilised in case of Yes Bank Limited and 10% of the limit sanctioned in case of Axis Bank Limited. As on the balance sheet date, the total trade receivable who have availed this facility were at Rs. 269.54 crores (Previous year Rs. 116.73 crores).

ii) 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. 130.77 crores (previous year Rs. 127.34 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. 60.66 crores (Previous Year 51.55 crores) in respect of which application for export obligation discharge certificates (EODC) will be filed with the Director General Foreign Trade (DGFT) within the stipulated time.

b) Further the Company is under obligation to export goods worth Rs. 61.86 crores (previous year Rs. 109.83 crores) in respect of duty free imports made by the Company against advance licenses. Out of the said amount , export obligation of Rs. 42.82 crores (previous year Rs. 91.68 crores) has been fulfilled by the Company as at the end of the year in respect of which application for export obligation discharge certificates (EODC) will be filed with the Director General Foreign Trade (DGFT) within the stipulated time.

iii) 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.	Description	Period to which relates	Disputed amount (Rs.in crores) 2011-12	2010-11
a)	**Excise / Customs**			
	Show cause notices/ demands issued by excise authorities on various matters, against which the Company has filed replies or in process of that or against the demands the Company has gone on appeal	1987-98 to 2010-11	10.39	6.41
b)	**Income Tax**			
	Disallowances / addition to taxable income on various matters by the income tax authorities, against which the Company has gone on appeal.	2004-05 to 2008-09	6.52	4.94
c)	**Sales Tax/VAT**			
	Show cause notices/ demands issued by sales tax / VAT authorities on various matters, against which the Company has filed replies or in process of that or against the demandsthe Company has gone on appeal.	2003-04 to 2010-11	9.33	6.55
d)	**Others**			
	Demand of local area development tax by the concerned authorities.	2001-02	0.12	0.12
	Demand of octroi along with penalty in the state of Maharashtra by the concerned authorities.	2010-11	0.03	0.03
	Total		**26.39**	**18.05**

Based on favourable decisions in similar cases, legal opinion taken by the Company, discussions with the solicitors, etc., the Company does not expect any liability against these matters and hence no provision has been considered in the books of 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.

30 OTHER NOTES ON ACCOUNTS

1 a) The Company has the following subsidiaries as on 31st March 2012:

	Name of Subsidiary	Country of incorporation	Date of control	Nature	Extent of control 2011-12	2010-11
1	Havell's Holdings Limited	Isle of Man	09.03.2007	WOS	100%	100%
2	Standard Electrical Limited*	India	02.02.2010	WOS	–	100%
3	Havell's Cyprus Limited**	Cyprus	20.07.2006	WOS	100%	100%
4	Havells Exim Limited	Hong Kong	24.10.2010	WOS	100%	100%
5	Havells Malta Limited	Malta	13.03.2007	WOS of Havell's Holdings Limited	100%	100%
6	Sylvania India Limited	India	21.06.2010	WOS of Havells Malta Limited	100%	100%
7	Havells Netherlands Holding B.V.	Netherlands	13.03.2007	WOS of Havells Malta Limited	100%	100%
8	Havells Netherlands B.V.	Netherlands	13.03.2007	WOS of Havells Netherlands Holding B.V.	100%	100%

9	SLI Europe B.V.	Netherlands	20.04.2007	WOS of Havells Netherlands B.V.	100%	100%
10	Havells Sylvania Holdings (BVI-1) Ltd	British Virgin Islands	20.04.2007	WOS of Havells Netherlands B.V.	100%	100%
11	Flowil International Lighting (Holding) B.V.	Netherlands	20.04.2007	WOS of SLI Europe B.V.	100%	100%
12	Sylvania Lighting International B.V.	Netherlands	20.04.2007	WOS of SLI Europe B.V.	100%	100%
13	Havells Sylvania (Thailand) Limited #	Thailand	20.04.2007	49% held by Flowil International Lighting (Holding) B.V. and 51% held by Thai Lighting Assets Co Ltd WOS of Flowil International Lighting (Holding) B.V.	100%	49%
14	Guangzhou Havells Sylvania Enterprise Limited	China	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
15	Havells Sylvania Asia Pacific Limited	Hong Kong	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
16	Havells Sylvania Sweden A.B.	Sweden	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
17	Havells Sylvania Finland OY	Finland	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
18	Havells Sylvania Norway A.S.	Norway	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
19	Havells Sylvania Fixtures Netherlands B.V.	Netherlands	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
20	Havells Sylvania Lighting Belgium N.V.	Belgium	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
21	Havells Sylvania Belgium B.V.B.A.	Belgium	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
22	Havells Sylvania Lighting France S.A.S	France	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
23	Havells Sylvania France S.A.S.	France	20.04.2007	WOS of Havells Sylvania Lighting France SA	100%	100%
24	Havells Sylvania Italy S.P.A.	Italy	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%

25	Havells Sylvania Portugal Lda	Portugal	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
26	Havells Sylvania Greece A.E.E.E.	Greece	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
27	Havells Sylvania Spain S.A.	Spain	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
28	Havells Sylvania Germany Gmbh	Germany	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
29	Havells Sylvania Switzerland A.G	Switzerland	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
30	Havells Sylvania Brasil Illuminacao Ltda.	Brazil	20.04.2007	WOS of Sylvania Lighting International B.V.	100%	100%
31	Havells Sylvania Argentina S.A.	Argentina	20.04.2007	WOS of Sylvania Lighting International B.V.	100%	100%
32	Havells Sylvania N.V.	Dutch Antilles	20.04.2007	WOS of Sylvania Lighting International B.V.	100%	100%
33	Havells Sylvania Colombia S.A.	Colombia	20.04.2007	WOS of Havells Sylvania Holdings BVI-1 Limited	100%	100%
34	Havells SLI de Mexico S.A. de C.V.	Mexico	20.04.2007	WOS of Sylvania Lighting International B.V.	100%	100%
35	Havells SLI Servicios Generales Mexico S.A. deCV	Mexico	20.04.2007	WOS of Havells SLI de Mexico SA de CV	100%	100%
36	Havells Sylvania EI Salvador S.A.de C.V.	EI Salvador	20.04.2007	WOS of Havells Sylvania Export N.V.	100%	100%
37	Havells Sylvania Guatemala S.A.	Guatemala	20.04.2007	WOS of Havells Sylvania Export N.V.	100%	100%
38	Havells Sylvania Costa Rica S.A.	Costa Rica	20.04.2007	WOS of Havells Sylvania Export N.V.	100%	100%
39	Havells Sylvania Panama S.A.	Panama	20.04.2007	WOS of Havells Sylvania Export N.V.	100%	100%
40	Havells Sylvania Venezuela C.A.	Venezuela	20.04.2007	WOS of Havells Sylvania Colombia S.A.	100%	100%
41	Havells Sylvania Europe Limited	United Kingdom	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
42	Havells Sylvania UK Limited	United Kingdom	20.04.2007	WOS of Havells Sylvania Europe Limited	100%	100%

43	Havells Sylvania Fixtures UK Limited	United Kingdom	20.04.2007	WOS of Havells Sylvania Europe Limited	100%	100%
44	Havells Sylvania Tunisia S.A.R.L.	Tunisia	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
45	Havells Sylvania Export N.V	Dutch Antilles	20.04.2007	WOS of Sylvania Lighting International B.V.	100%	100%
46	Havells Sylvania Holdings (BVI-2) Ltd	British Virgin Islands	20.04.2007	WOS of Havells Sylvania Holdings BVI-1 Limited	100%	100%
47	Havells Sylvania Dubai FZCO	Dubai	07.01.2008	WOS of Havells Sylvania Europe Limited	100%	100%
48	Havells Sylvania (Shanghai) Ltd	China	14.01.2008	WOS of Havells Sylvania Asia Pacific Limited	100%	100%
49	Havells Sylvania Peru S. A. C.	Peru	18.01.2008	WOS of Havells Sylvania Colombia S.A.	100%	100%
50	Havells Sylvania Iluminacion (Chile) Ltda	Chile	10.09.2008	WOS of Sylvania Lighting International B.V.	100%	100%
51	Havells Sylvania (Malaysia) Sdn. Bhd	Malaysia	10.09.2008	WOS of Havells Sylvania Asia Pacific Limited	100%	100%
52	Havells USA Inc.	Delaware	31.12.2010	WOS of Havells Netherlands B.V.	100%	100%
53	Panama Americas Trading Hub SA	Panama	28.05.2010	WOS of Sylvania Lighting International B.V.	100%	100%
54	Havells Sylvania Poland S.P.Z.O.O	Poland	29.05.2009	99% held by Flowil International Lighting (Holding) B.V. & 1% held by Havells Sylvania Europe	100%	100%
55	Havells Sylvania TR Elektrik Ürünleri Ticaret Limited Şirketi	Turkey	17.11.2011	99.95% held by of Havells Sylvania Europe Ltd and 0.05% held Havells Sylvania UK Ltd	100%	–
56	Thai Lighting Asset Co. Ltd. #	Thailand	20.02.2012	49% held by Flowil International Lighting (Holding) B.V.	49%	–
57	PT Havells Sylvania Indonesia	Indonesia	31.05.2011	74% held by Flowil Lighting International (Holding) B.V. and 26% held by Havells Sylvania Thailand Ltd	100%	–

Notes:

i) WOS refers to 'Wholly Owned Subsidiary'

ii) *During the year Standard Electrical Limited has been Amalgamated with the Company. {refer note 30(2)}

iii) ** The Company is under liquidation

iv) # During the year, Thai Lighting Assets Co Ltd has acquired additional 51% shares in Havells Sylvania Thailand Ltd, In Thai Lighting Assets Co. Ltd, Minorities hold 51% of ordinary shares (representing Euro 12443 as at 31st March,2012) but the majority of voting rights and profit sharing rights are held by the Group. The beneficial ownership of the entity lies with the Group.

v) Havells Sylvania TR Elektrik Ürünleri Ticaret Limited Sirketi, Thai Lighting Asset Co. Ltd. and PT Havells Sylvania Indonesia were incorporated during the year.

b) In the consolidated financial statements, the audited figures of subsidiary company 'Havell's Holding Limited 'have been incorporated for the financial year 2011-12 and of 'Havells Malta Limited' and 'Havells Exim Limited' on the basis of the audited financial statements for the calendar year 2011 and further adjustment for the quarter ended March 2012 and March 2011 which have been approved by their respective Board of the group companies.

2 Standard Electrical Limited, a wholly owned subsidiary Company (transferor company) which was engaged in the business of manufacture of electrical and power distribution equipments has been amalgamated with the Company in order to increase efficiency by pooling of resources and their optimum utilization, thereby availing synergies from combined resources pursuant to the Scheme of Amalgamation under section 391 and 394 of the Companies Act 1956 as approved by the Hon'ble High Court of Delhi vide their order dated September 27, 2011 which became effective on 15th October 2011 on filing of the said order with the Registrar of Companies, NCT of Delhi and Haryana.

Accordingly:

a) All the assets and liabilities of Standard Electrical Limited have been transferred to and vested in the Company with retrospective effect from the appointed date i.e. 1st April 2011. The scheme has accordingly been given effect to in the accounts of the Company.

b) The Amalgamation is in the nature of merger and the method of accounting used for the purpose of amalgamation is 'Pooling of Interest' as defined in Accounting Standard 14 'Accounting for Amalgamations', notified under the Companies (Accounting Standards) Rules, 2006 (as amended). Accordingly all the assets and liabilities of the transferor company have been transferred to the Company at their respective book values as on 31st March 2011.

c) In consideration of transfer of assets and liabilities of the transferor company, 50000 equity shares held by the Company in the transferor company, stand extinguished, as the transferor Company is a wholly owned subsidiary company.

The value of assets and liabilities of the transferor company amalgamated with the company is as under:

	(Rs. in crores)
Tangible fixed assets	26.01
Current Assets	45.78
Current Liabilities and Provisions	(13.29)
Reserves and surplus	(56.34)
Deferred Tax Liability	(2.11)
Equity shares cancelled against investment of the transferor company	(0.05)

d) No reserve or goodwill has been generated in the process as the transferor Company is a wholly owned subsidiary company. The Authorized Share Capital of the Company has increased by 100000

Equity Shares @ Rs. 5/-per share on merging the Authorised share capital of Standard Electrical Limited with the Company without any further act or deed on the part of the Company, including payment of Stamp Duty or fees to the Registrar of Companies. The Memorandum of Association and Articles of Association of the Company also stand amended accordingly.

e) The Amalgamation is a non cash transaction and hence, has no impact on the cash flow of the Company for the current year.

3 Asian Terms Facility Agreement entered by the subsidiary 'Havells Netherlands Holdings B.V.' with Barclays Capital and State Bank of India on 13th March, 2007 for the loan of Rs. 232.35 crores (Euro 34 millions) has been fully repaid during the year, consequently the corporate guarantee of Rs. 232.35 crores (Euro 34 millions) {Previous Year Rs. 205.90 crores (Euro 34 millions)} given by the company for and on behalf of wholly owned subsidiary company 'Havells Netherlands Holding B.V.' in respect of this facility agreement has been released.

4 The Company has entered into a Joint Venture Contract with 'Shanghai Yaming Lighting Co. Ltd., Shanghai, China on 26th December 2011 for forming a joint venture company for production and sale of lighting lamps and lighting accessories. Accordingly, a Company 'Jiangsu Havells Sylvania Lighting Co. Ltd.' has been formed vide certificate of approval dated 13th February 2012 issued by the People's Government of Jiangsu Province. Subsequent to the date of Balance sheet, the Company has remitted a sum of Rs. 5.07 crores (USD 1 million) towards capital contribution in the said joint venture company.

5 Research and Development Expenses debited to the statement of profit and loss include the following:

(Rs.in crores)

	2011-12	2010-11
a) Employee benefits expense	30.34	25.88
b) Cost of materials consumed	2.64	2.70
c) Rent	2.44	0.89
d) Other expenses	6.58	7.97
	42.00	**37.44**

6 Goodwill has been determined on the basis of excess of cost to the parent over net asset acquired in subsidiary companies. Movement of Goodwill is as follows:

Balance at the beginning of the year	335.41	321.20
Realignment effect of Foreign exchange fluctuation	27.05	14.21
Balance at the end of the year	**362.46**	**335.41**

7 Exceptional items of Group companies are :

Severance, restructuring and integration cost (net of reversal of restructuring provision)	–	(3.71)
Impairment of fixed assets	–	10.32
Profit/(loss) on disposal of fixed assets	–	(22.35)
Write down of Inventories	–	19.33
	–	**3.59**

8 A sum of Rs. 5.79 crores (previous year nil) has been credited to turnover discount, incentives and rebates account in the statement of profit and loss, being provisions for earlier years written back.

9 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.

10 The Company, as a 'Settlor', has established irrevocable determinate contributory trust known as 'Havells Business Partner Trust' vide Deed of Indenture executed on 07.10.2010 with the object for holding the distribution commission/sales incentive accrued to the Participating Dealers, for a period of at least three years from the date of such contribution to the Trust and to make investment in permitted securities for the benefit of Participating Dealers. A sum of Rs. 25.66 crores have been contributed towards this trust for the current year (previous year Rs. 13.25 crores) on behalf of the Participating Dealers.

11 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, had 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. 15.18 crores has been recognised as exchange loss in the statement of profit and loss in respect of the long term borrowings during the year (previous year exchange gain Rs. 10.30 crores).

Out of the said loss, Rs. 9.46 crores have been treated as finance cost being the exchange differences arising from foreign currency borrowings to the extent that they are considered as an adjustment to interest costs as per the Accounting Standard -16, Borrowing Costs.

12 **Unhedged foreign currency exposure and derivative instruments**

a) Unhedged foreign currency exposures as at 31st March, 2012 are as under:

(Figures in crores)

	GBP		USD		EURO		JPY		CHF	
	Foreign Currency	Indian Currency	Foreign Currency	Indian Currency	Foreign Currency	Indian Currency	Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
Export trade receivables										
Current Year	0.00	0.08	0.26	13.54	0.00	0.21				
Previous Year	0.01	0.39	0.44	19.48	0.01	0.35	–	–	–	–
Import trade payables										
Current Year	–	–	0.47	23.89	0.01	0.70	–	–	0.00	0.04
Previous Year	0.00	0.01	0.22	9.75	0.00	0.29	1.88	1.01	0.00	0.08
Foreign currency loan from banks										
Current Year	–	–	1.93	98.48	–	–	–	–	–	–
Previous Year	–	–	2.68	119.80	–	–	–	–	–	–

b) Derivative instruments outstanding as at 31st March, 2012 are as under:

S.No.	Details of Derivatives	Currency/Pair of Currency	Amount in foreign currency	Amount (Rs. in Crores)	Purpose
i)	**Forward Contracts**				
	Buy*	Euro-USD	USD 25820000 (Euro 19425848)	132.76	To hedge the import ceditors
	Buy*	GBP-USD	USD 2672500 (GBP 1661696)	13.61	To hedge the import ceditors
ii)	**Interest Swap**		Euro 40000000	273.76	To hedge the interest expense on term loan

* Buy USD and Sell Euro / GBP to pay creditors.

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

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

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 3% and discount rate of 10.50%.

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.

14 In the opinion of the Board, of the company any of the assets, other than fixed assets and non-current investments 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.

15 **Segment Reporting**

The segment reporting of the group has been prepared in accordance with Accounting Standard (AS-17), "Segment Reporting" notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

Segment Reporting Policies

a) Identification of Segments:

Primary- Business Segment

The group 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 and 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, borrowings and other assets and liabilities that can not be allocated to a segment on reasonable basis have been disclosed as "Unallocated".

		2011-12 (Rs. in crores)	2010-11 (Rs. in crores)
(i)	**Primary- Business Segment**		
A.	**Revenue**		
	Segment Revenue		
	Switchgears	896.15	818.52
	Cables	1592.99	1231.81
	Lighting and fixtures	3456.98	3091.52
	Electrical consumable durables	572.08	469.15
	Others	–	1.63
		6518.20	5612.63

		2011-12 (Rs. in crores)	2010-11 (Rs. in crores)
B.	**Results**		
	Segment Results		
	Switchgears	336.28	306.52
	Cables	146.13	90.36
	Lighting and fixtures	1080.50	850.36
	Electrical consumable durables	165.03	129.47
	Others	–	0.61
		1727.94	1377.32
	Unallocated expenses net of income	1124.11	877.02
	Operating Profit	**603.83**	**500.30**
	Exceptional Expenses	–	3.59
	Finance Costs	128.10	90.16
	Profit before extraordinary items and tax	**475.73**	**406.55**
	Income tax expense	105.81	103.09
	Profit after tax but before extraordinary items	**369.92**	**303.46**
	Add: Extraordinary items (net of tax)	–	0.47
	Profit after tax	**369.92**	**303.93**
C.	**Other Information**		
	Segment Assets		
	Switchgears	493.91	482.63
	Cables	530.75	431.02
	Lighting and fixtures	2665.86	2327.55
	Electrical consumable durables	199.50	164.23
		3890.02	3405.43
	Unallocated	285.37	158.10
		4175.39	3563.53
	Segment Liabilities		
	Switchgears	100.57	106.28
	Cables	342.66	246.45
	Lighting and fixtures	1366.98	1147.41
	Electrical consumable durables	55.71	57.54
		1865.92	1557.68
	Unallocated	1353.77	1351.53
		3219.69	2909.21
	Capital Expenditure		
	Switchgears	18.26	51.48
	Cables	9.99	52.29
	Lighting and fixtures	79.39	77.65
	Electrical consumable durables	24.63	8.09
		132.27	189.51
	Unallocated	39.37	9.47
		171.64	198.98

	2011-12 (Rs. in crores)	2010-11 (Rs. in crores)
Depreciation		
Switchgears	11.36	10.42
Cables	17.29	7.70
Lighting and fixtures	56.77	54.83
Electrical consumable durables	3.01	2.58
	88.43	75.53
Unallocated	6.42	4.91
	94.85	80.44
Non-cash expenses other than depreciation		
Switchgears	5.94	0.43
Cables	1.00	0.02
Lighting and fixtures	23.62	0.01
Electrical consumable durables	1.21	0.00
	31.77	0.46
Unallocated	2.12	2.44
	33.89	2.90

(ii) Secondary- Geographical Segments

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

	2011-12 (Rs. in crores)	2010-11 (Rs. in crores)
Revenue-Domestic Market	3442.79	2776.34
Revenue-Overseas Market	3075.41	2836.29
	6518.20	5612.63
Fixed assets located (Including Capital work-in-progress)		
Within India	833.94	756.29
Outside India	260.68	264.11
	1094.62	1020.40
Capital Expenditure		
Within India	137.57	162.83
Outside India	34.07	36.15
	171.64	198.98
Trade receivables		
Within India	138.45	86.01
Outside India	752.08	686.07
	890.53	772.08

16 Related party transactions

As per Accounting Standard (AS-18), "Related Party Disclosure" notified under the Companies (Accounting Standards) Rules, 2006 (as amended), 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
Guptajee & Company
QRG Foundation
QRG Medicare Limited
QRG Central Hospital and Research Centre Limited
Appleby Trust (Isle of Man) Limited

2 Key Management Personnel

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

	2011-12 (Rs. in crores)	2010-11 (Rs. in crores)
(B) Transactions during the year		
(i) **Purchase of traded goods**		
Associates		
QRG Enterprises Limited	0.26	0.25
(ii) **Sale of products**		
Associates		
Q. R. G. Foundation	0.04	–
QRG Central Hospital and Research Centre Limited	0.01	0.01
	0.05	**0.01**
(iii) **Sales return**		
Associates		
QRG Enterprises Limited	–	0.03
(iv) **Commission on sales**		
Associates		
Guptajee and Company	5.64	4.31
(v) **Purchase of tangible fixed assets**		
Associates		
QRG Enterprises Limited	0.01	0.02
Guptajee and Company	–	16.75
	0.01	**16.77**
(vi) **Rent/Usage Charges Paid**		
Associates		
Guptajee and Co.	–	0.01
QRG Enterprises Limited	19.34	17.42
	19.34	**17.43**
(vii) **Miscellaneous Income (Service charges received)**		
Associates		
QRG Enterprises Limited	0.04	0.04
(viii) **Trade mark fees and Royalty**		
Associates		
QRG Enterprises Limited	37.92	29.28
(ix) **Donation paid Associates**		
Q. R. G. Foundation	6.00	0.65
(x) **Reimbursement of Expenses received/(paid)**		
Associates		
QRG Enterprises Limited	–	0.96
Guptajee & Co.	0.03	–
QRG Medicare Limited	0.04	–
	0.07	**0.96**
(xi) **Rent received**		
Associates		
QRG Enterprises Limited	0.05	0.03
(xii) **Legal and professional charges**		
Associates		
Appleby Trust (Isle of Man) Limited	0.10	0.10

	2011-12 (Rs. in crores)	2010-11 (Rs. in crores)
(xiii) **Managerial remuneration**		
Key Management Personnel		
Sh. Q. R. Gupta	4.06	3.58
Sh. Anil Gupta	2.80	2.48
Sh. Rajesh Gupta	3.02	2.49
	9.88	**8.55**
(C) Balances at the year end		
Trade Payables		
Associates		
Guptajee & Company	0.27	0.41

17 a) The Company has taken various residential/ commercial premises under cancellable operating leases. These lease agreements are normally renewed on expiry. There are no restrictions placed upon the company by entering into these leases and there are no subleases.

b) The Company has also taken few commercial premises under non-cancellable operating leases. There are no restrictions placed upon the company by entering into these leases and there no subleases. Normally there are renewal and escalation clauses in these contracts. The total of future minimum lease payments in respect of such leases as on 31.03.2012 is as follows:

– not later than one year Rs. 4.11 crores (previous year Rs. 3.10 crores)
– later than one year and not later than five years Rs. 2.63 crores (previous year Rs. 4.98 crores)
– later than five years Nil (previous year Nil)

Lease payments recognised in the statement of profit and loss as an expense for the year is Rs. 68.05 crores (Previous year Rs. 60.58 crores)

c) The group company has finance leases for land and building in France and Germany. The lease in France is a sale/leaseback agreement with floating interest rate of 1.8%.

Finance leases together with the present value of the net Minimum lease payments (MLP) are as follows:

(Rs. in crores)

	31 Mar 2012		31 Mar 2011	
	Minimum payments	Present value of MLP	Minimum payments	Present value of MLP
Not later than one year	48.33	47.56	12.51	10.85
Later than one year but not more than five years	10.65	9.17	49.73	47.55
Later than five years	1.93	1.87	7.87	7.56
Total minimum lease payments	60.91	58.60	70.11	65.96
Less: amounts representing finance charges	2.31	–	4.15	–
Present value of minimum lease payments	58.60	58.60	65.96	65.96

18 Earnings per share

a) Basic and Diluted Earnings per share excluding extraordinary item

Numerator for earning per share

Profit before exceptional items and Tax	475.73	410.14
Less: Exceptional Items	–	3.59
Profit before Tax	475.73	406.55
Provision for deferred tax and Income tax	(105.81)	(103.09)
Profit after taxation	369.92	303.46
Adjustment to net earnings:		
Less: Share of profit transferred to minority	0.00	0.36
	369.92	303.10

	2011-12 (Rs. in crores)	2010-11 (Rs. in crores)
Denominator for earnings per share		
Weighted number of equity shares outstanding during the period Nos.	12,47,74,812	12,47,74,812
Earning per share-Basic and Diluted excluding extraordinary items		
(one equity share of Rs. 5/- each)	29.65	24.29

b) Basic and Diluted Earnings per share including extraordinary item

	2011-12	2010-11
Numerator for earning per share		
Profit before exceptional items and Tax	475.73	410.14
Less: Exceptional Items	–	3.59
Profit before Tax	475.73	406.55
Provision for deferred tax and Income tax	(105.81)	(103.09)
Adjustment to net earnings:		
Add: Extraordinary items net of tax	–	0.47
Less: Share of profit transferred to minority	0.00	0.36
Profit after taxation	369.92	303.57
Denominator for earning per share		
Weighted number of equity shares outstanding during the period	12,47,74,812	12,47,74,812
Earning per share-Basic and Diluted including extraordinary items		
(one equity share of Rs. 5/- each)	29.65	24.33

19 The figures have been rounded off to the nearest crore of rupees upto two decimal places. The figure 0.00 wherever stated represents value less than Rs. 50000/-.

20 Till the year ended 31st March 2011, the group was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956,has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification.

21 Note No.1 to 30 form integral part of the balance sheet and statement of profit and loss.

As per our report of even date

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

Per V.P. Bansal
Partner
Membership No. 8843

Noida, May 30, 2012

For S.R. Batliboi & Co.
Chartered Accountants
(Registration No. 301003E)

Per Manoj Gupta
Partner
Membership No. 83906

For and on behalf of Board

Qimat Rai Gupta
Chairman & Managing Director

Surjit Gupta
Director

Sanjay Gupta
Company Secretary

Sanjay Johri
Associate Vice President- Accounts

Statement pursuant to exemption received under section 212(8) of the Companies Act, 1956 relating to subsidiaries for the year ended 31st March, 2012

(Rs. In crores)

Sl. NO.	Name of Subsidiary Company	Country of Incorporation	Capital	Reserves	Total Assets	Total Liabilities	Investment other than investment in subsidiaries	Turnover	Profit Before Tax	Provision for Taxation	Profit After Tax	Proposed Dividend
1	Havells Sylvania Argentina S.A.	Argentina	2.28	24.78	81.72	81.72	-	106.83	10.59	3.67	6.91	-
2	Havells Sylvania Brasila Iluminacao Ltd	Brazil	181.75	(293.91)	157.78	157.78	-	158.24	(22.96)	(0.65)	(22.32)	-
3	Havells Sylvania Colombia S.A.	Colombia	48.79	111.24	211.17	211.17	-	230.19	24.48	7.07	17.40	25.74
4	Havells Sylvania Venezuela C.A.	Venezuela	0.24	3.65	18.53	18.53	-	36.02	3.57	(0.16)	3.74	-
5	Havells Sylvania N.V. (Ecuador)	Dutch Antilles	2.32	27.35	50.38	50.38	-	81.17	12.12	2.78	9.34	-
6	Havells Sylvania El Salvador S.A. de C.V.	El Salvador	2.47	6.47	13.85	13.85	-	16.56	0.31	0.21	0.10	-
7	Havells Sylvania Guatemala S.A.	Guatemala	0.01	9.67	27.88	27.88	-	19.73	(5.07)	(1.16)	(3.91)	-
8	Havells SLI Mexico S.A. de C.V.	Mexico	12.62	26.33	97.20	97.20	-	108.94	13.64	3.47	10.17	-
9	Panama Americas Trading Hub SA	Panama	0.05	16.35	105.68	105.68	-	190.25	12.38	(0.14)	12.52	-
10	Havells Sylvania Panama S.A.	Panama	0.05	9.10	21.61	21.61	-	26.41	(0.29)	0.39	(0.69)	-
11	Havells Sylvania Peru S.A.C.	Peru	3.43	(2.55)	7.32	7.32	-	6.53	(0.86)	-	(0.86)	-
12	Havells Sylvania Europe Ltd.	UK	471.67	(71.38)	937.30	937.30	-	1,796.16	120.71	13.55	107.16	-
13	Havells Sylvania Spain S.A.	Spain	6.68	39.35	50.12	50.12	-	-	3.34	0.52	2.81	-
14	Havells Sylvania Portugal Lda	Portugal	3.75	6.25	11.51	11.51	-	-	0.25	0.05	0.20	-
15	Havells Sylvania Italy S.p.A.	Italy	23.30	12.60	47.93	47.93	-	-	1.20	0.96	0.24	-
16	Havells Sylvania Greece A.E.E.E.	Greece	2.80	(5.96)	13.56	13.56	-	17.33	(6.68)	0.20	(6.88)	-
17	Havells Sylvania Sweden A.B.	Sweden	23.11	(26.58)	2.17	2.17	-	-	(3.81)	-	(3.81)	-
18	Havells Sylvania Norway A.S.	Norway	32.27	(54.00)	0.60	0.60	-	-	(4.62)	-	(4.62)	-
19	Havells Sylvania Finland OY	Finland	0.02	1.56	2.34	2.34	-	0.05	(0.20)	(0.10)	(0.10)	-
20	Havells Sylvania Tunisia S.A.R.L.	Tunisia	0.57	(107.96)	9.83	9.83	-	20.42	(2.09)	-	(2.09)	-
21	Havells Sylvania UK Ltd.	UK	208.84	(214.65)	21.93	21.93	-	-	(4.26)	-	(4.26)	-
22	Havells Sylvania Fixtures UK Ltd.	UK	153.40	(141.54)	63.95	63.95	-	122.48	0.66	-	0.66	-
23	Havells Sylvania Lighting Belgium N.V.	Belgium	338.41	(251.04)	188.63	188.63	-	128.07	4.31	-	4.31	-
24	Havells Sylvania Poland S.p.Z.o.o	Poland	0.01	(1.62)	0.09	0.09	-	-	(0.24)	-	(0.24)	-
25	Havells Sylvania Belgium B.V.B.A.	Belgium	0.25	0.29	5.58	5.58	-	-	(0.84)	0.01	(0.85)	-
26	Havells Sylvania Germany GmbH	Germany	245.78	(196.83)	313.67	313.67	-	259.34	16.88	0.57	16.31	-
27	Havells Sylvania Fixtures Netherlands B.V.	Netherlands	22.21	158.27	154.34	154.34	-	46.79	16.89	3.35	13.54	
28	Havells Sylvania Lighting France SAS	France	71.63	(60.69)	188.10	188.10	-	119.04	0.75	1.83	(1.09)	-
29	Havells Sylvania France S.A.S.	France	53.31	23.85	65.82	65.82	-	(0.08)	(5.11)	(1.56)	(3.55)	-
30	Havells Sylvania Switzerland A.G.	Switzerland	0.44	29.47	68.38	68.38	-	-	1.97	0.15	1.82	-

31	SLI Europe B.V.	Netherlands	1,404.10	(1,239.92)	663.94	663.94	-	-	(7.61)	(13.70)	6.09	-
32	Sylvania Lighting International B.V.	Netherlands	166.87	448.11	630.82	630.82	-	-	16.51	(25.98)	42.49	-
33	Flowil International Lighting (Holding) B.V.	Netherlands	649.14	(565.99)	1,068.84	1,068.84	-	-	(42.84)	0.40	(43.24)	-
34	Havells Sylvania (Thailand) Ltd.	Thailand	0.12	54.99	95.39	95.39	-	89.53	(0.14)	0.43	(0.57)	-
35	Guangzhou Havells Sylvania Enterprise Ltd.	China	3.26	(8.99)	6.25	6.25	-	20.11	(5.97)	0.24	(6.22)	-
36	Havells Sylvania Asia Pacific Ltd.	Hong Kong	8.82	14.24	26.95	26.95	-	17.56	1.07	0.21	0.86	-
37	Havells Sylvania (Shanghai) Ltd	China	6.99	(7.95)	9.68	9.68	-	-	(0.02)	-	(0.02)	-
38	Havells Sylvania (Malaysia) Sdn. Bhd	Malaysia	0.38	(0.61)	5.84	5.84	-	6.95	(1.03)	(0.03)	(1.01)	-
39	Havells Sylvania Dubai FZCO	Dubai	0.71	16.81	31.48	31.48	-	44.64	3.28	-	3.28	-
40	Sylvania India Limited	India	0.56	(0.02)	0.55	0.55	-	-	0.03	0.00	0.03	-
41	Havell's Malta Ltd	Malta	702.80	(0.72)	702.08	702.08	-	-	(0.12)	-	(0.12)	-
42	Havell's Netherlands Holdings B.V.	Netherlands	701.45	(0.69)	793.14	793.14	-	-	(2.37)	(4.29)	1.92	-
43	Havell's Netherlands B.V.	Netherlands	751.88	(205.49)	1,304.55	1,304.55	-	-	(4.14)	-	(4.14)	-
44	Havells Sylvania Costa Rica S.A.	Costa Rica	11.10	35.93	105.84	105.84	-	122.72	8.03	2.54	5.49	-
45	Havells USA Inc.	USA	11.11	(111.69)	115.44	115.44	-	100.69	(13.14)	1.42	(14.56)	-
46	Havells Sylvania Iluminacion (Chile) Ltda	Chile	0.05	(0.66)	5.90	5.90	-	8.85	(0.68)	0.20	(0.88)	-
47	Havells Sylvania TR Elektrik Ürünleri Ticaret Limited Sirketi	Turkey	0.15	(1.02)	12.29	12.29	-	3.82	(0.92)	0.06	(0.98)	-
48	PT Havells Sylvania Indonesia	Indonesia	0.48	(1.26)	8.65	8.65	-	6.56	(1.18)	-	(1.18)	-
49	Thai Lighting Assets Co. Ltd.	Thailand	0.18	-	0.18	0.18	-	-	-	-	-	-
50	Havells Mexico Servicios Generales SA De CV	Mexico	0.02	0.40	1.31	1.31	-	-	-	-	-	-
51	Havells Sylvania Export N.V.	Dutch Antilles	0.66	12.82	10.57	10.57	-	-	-	-	-	-
52	Havells Sylvania Holdings BV1 Limited	British Virgin Islands	132.56	-	132.56	132.56	-	-	-	-	-	-
53	Havells Sylvania Holdings BV2 Limited	British Virgin Islands	38.17	-	38.17	38.17	-	-	-	-	-	-
54	Havells Exim Limited	Hong Kong	-	2.91	263.09	263.09	-	536.18	2.22	-	2.22	-
55	Havell's Holdings Limited	Isle of Man	821.07	(26.62)	702.93	702.93	-	-	(0.20)	-	(0.20)	-
56	Havell's Cyprus Limited	Cyprus	0.35	(0.35)	-	-	-	-	-	-	-	-

HAVELLS INDIA LIMITED (STANDALONE)
PROGRESS AT A GLANCE OF LAST 10 YEARS

(Rs. In crores)

Performance for the Year	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Turnover (Gross)	293.08	419.22	665.88	1,115.14	1,681.06	2,231.89	2,333.82	2,476.18*	3045.60*	3830.56*
Less: Excise Duty	40.61	56.28	83.42	111.61	133.84	176.32	135.46	104.77	163.95	214.95
Turnover (Net)	252.47	362.94	582.46	1,003.53	1,547.22	2,055.57	2,198.36	2,371.41	2,881.65	3,615.61
Profitability										
EBIDTA(before other income)	22.73	37.11	57.92	99.48	141.00	185.42	196.82	305.48	337.30	459.07
Profit before Tax	14.19	30.11	43.23	78.51	120.54	166.25	167.27	290.31	309.87	373.81
Profit After Tax	8.96	20.96	30.53	63.21	102.15	143.54	145.23	228.16	242.05	305.43
Financial Position										
Share Capital	5.79	5.79	5.79	13.44	26.88	28.96	30.08	31.19	62.39	62.39
Reserves and Surplus	35.22	53.57	80.82	162.57	235.55	620.07	901.83	1,104.00	1,278.42	1,545.93
Loan funds	94.56	101.77	174.22	109.84	56.06	35.80	70.28	115.81	133.62	128.58
Gross Block	41.36	58.23	108.24	175.65	273.61	427.88	523.41	673.64	829.91	975.32
Net Block	30.01	46.31	92.33	153.20	242.25	385.25	465.48	601.23	730.30	833.95
Total investments	15.72	3.17	3.17	3.17	3.47	164.79	387.87	531.71	715.47	775.07
Net Current Assets	94.58	115.98	172.54	138.97	84.47	166.25	165.90	161.85	82.28	183.49
Earning per share										
EPS-as reported	15.46	18.08	26.34	24.26	19.00	26.00	24.93	36.57	19.40	24.48
EPS-adjusted for bonus issue/split	0.97	2.26	3.29	6.06	9.50	13.00	12.46	18.29	19.40	24.48

*Turnover gross is after deducting turnover discount,incentive and rebates.

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