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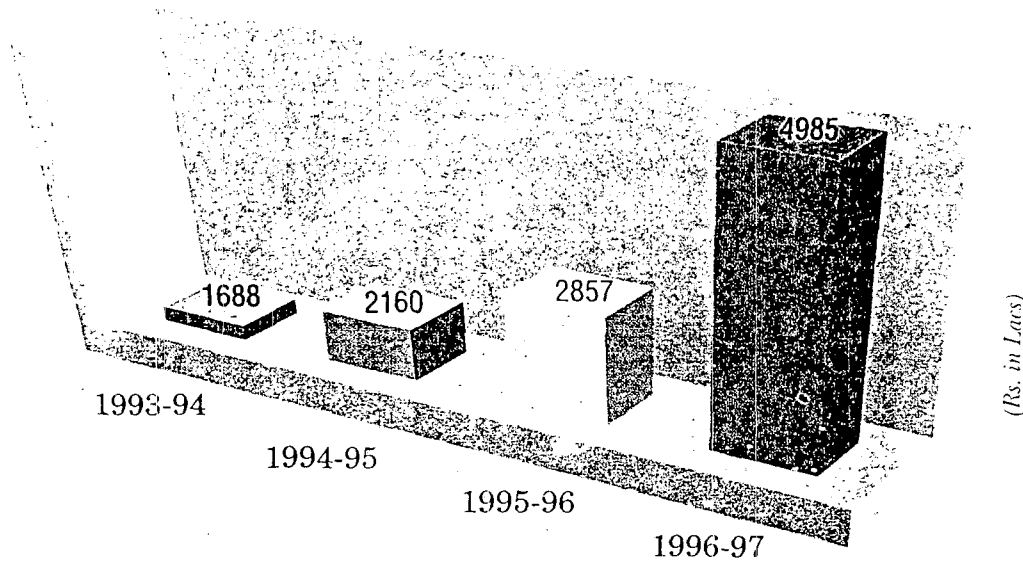
# 14<sup>th</sup> ANNUAL REPORT

1996-97



**HAVELL'S INDIA LTD.**

## Sales Growth



An advertisement for HAVELL'S ALLIANCES. The central text 'HAVELL'S' is in large, bold, white letters. Below it, the word 'ALLIANCES' is written in a stylized font, with a globe graphic behind it. Surrounding the globe are five logos of partner companies, each with its name and country of origin: GEYER (Germany), SCHIELE (Germany), DORMAN SMITH (United Kingdom), Grabtree (United Kingdom), and PETERREINS (Germany). The background is dark with a starry pattern. A watermark 'Report Junction.com' is visible at the top.

## HAVELL'S INDIA LIMITED



## CORPORATE INFORMATION

**CHAIRMAN CUM MANAGING DIRECTOR**

Qimat Rai Gupta

**DIRECTORS**

Surjit K. Gupta  
Anil Gupta  
Albert Geyer

**EXECUTIVE DIRECTOR**

Rajesh K. Gupta

**COMPANY SECRETARY**

Preeti Grover

**AUDITORS**

V.P. Bansal & Co.  
Chartered Accountants  
1/18-B, Asaf Ali Road, Delhi - 110 002

**BANKERS**

- 1) Canara Bank  
Fountain, Delhi - 110 006
- 2) ICICI Banking Corporation Ltd.  
9 A, Connaught Place, New Delhi - 110 001
- 3) The Bank of Rajasthan Ltd.  
82, Janpath, New Delhi - 110 001

**REGISTERED OFFICE**

1, Raj Narain Marg  
Civil Lines, Delhi - 110 054  
Ph : 2935237, Fax 2921500

**WORKS**

**Switchgear Division**  
Road No. 9, Samepur Badli,  
Delhi - 110 041

**Controlgear Division**  
14/3, Mathura Road,  
Faridabad - 121 002

**Meter Division**  
6, Tilak Nagar Industrial Area  
New Delhi - 110 058

**Cable Division**  
A/461-462, Matsya Industrial Area  
Alwar, Rajasthan

**SHARE DEPARTMENT**

1, Raj Narain Marg  
Civil Lines, Delhi - 110 054  
Ph : 2935237, Fax 2921500, 2933237  
E Mail : Havell's @iasdl 01.vsnl. net in

## HAVELL'S INDIA LIMITED



## NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Members of Havell's India Limited will be held on Friday, the 5th September, 1997 at 10.30 A.M. at Shah Auditorium, Raj Niwas Marg, Civil Lines, Delhi 110 054 to transact the following business :

**Ordinary Business :**

1. To consider and adopt the Audited Balance Sheet as at 31st March, 1997 and the Profit & Loss Account for the year ended on that date and the reports of Board of Directors' and Auditors' thereon.
2. To declare dividend for the financial year ended on 31st March, 1997.
3. To appoint a Director in place of Mr. Albert Geyer, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of Next Annual General Meeting and to authorise the Board to fix their remuneration.

**Special Business :**

5. To consider and if thought fit to pass, with or without modification, the following Resolution as an ordinary Resolution :

"RESOLVED THAT in accordance with the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), and enabling provisions in the Memorandum and Articles of Association of the Company and subject to guidelines issued by the Securities & Exchange Board of India (SEBI), and such other approvals, permissions and sanctions, as may be necessary, and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company ('the Board') to issue, offer and allot 400,000 Equity shares of Rs. 10/- each at a premium of Rs. 26/- per share to M/s Geyer A.G., Germany, foreign collaborators of the Company by way of Preferential Allotment, which will raise the paid up Capital of the Company to Rs. 489.51 lacs."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilisation of the proceeds of Issue of the Securities and further to do all such acts, deeds, matters and things and to finalise and execute all such deeds, documents and writings as it may in its absolute discretion deem necessary."

6. To consider and if thought fit to pass, with or without modification, the following Resolution as a Special Resolution :

"RESOLVED THAT pursuant to Section 370 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the Board of Directors of the Company be and is hereby authorised to give guarantee or provide securities, from time to time, on such terms and conditions as the Board may think fit, in connection with loan(s) made by any other person to or to any other person by, any other bodies corporate including companies under the same management provided that the aggregate of the guarantee(s) so given or securities so provided shall not at any time exceed the sum of Rs. 25 crores in aggregate including guarantee(s)/securities already provided, if any."

Regd. Office :

1. Raj Narain Marg  
Civil Lines  
Delhi 110 054

Delhi, 16th June, 1997

By Order of the Board

PREETI GROVER  
Company Secretary

## HAVELL'S INDIA LIMITED



## NOTICE

## NOTES

1. ANY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF/HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE MEETING.
2. The Register of Members and Share Transfer Register will remain closed from Friday, 1st August, 1997 till Tuesday, 5th August, 1997. (both days inclusive).
3. The dividend, if any declared, shall be payable to those Shareholders whose name(s) will appear in the Register of Members on 5th August, 1997.
4. Shareholders seeking any information with regard to accounts are requested to write to the Company atleast 10 days before the meeting so that the information be made available by the management at the day of the meeting.
5.
  - i) No tax at source would be deducted from the Dividend payable to Shareholders as per the provisions of Finance Act, 1997.
  - ii) Members are requested to immediately intimate any change in Address to the Company at Share Department 1, Raj Narain Marg, Civil Lines, Delhi 110 054 so that change could be effected in the Register of Members before closure.
  - iii) Members may intimate their Saving account/Current Account No. and the name of Bank with whom such account is held to enable the Company to print the said detail on the Dividend Warrant to prevent fraudulent encashment of the same.
6. Members/Proxies are requested to fill in and sign the Attendance Slip for attending the meeting.
7.
  - i) Members are hereby informed that the Company would transfer the Unclaimed Dividend for the Financial Year 1993-94 to the Central Government in October 1997. Members who have not claimed the aforesaid dividend may approach the Company for the same.
  - ii) Those members who have so far not encashed their dividend warrants for the accounting year ended 31st March, 95 and 31st March, 1996 may immediately approach the company with their dividend warrants for revalidation.
8. The explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of special business is annexed hereto.

## ANNEXURE TO THE NOTICE

## Explanatory Statement Pursuant to Sec. 173(2) of the Companies Act, 1956

The explanatory statement for item No. 5 & 6 of the accompanying notice are as under :

## Item No. 5 :-

At the last Annual general Meeting, the shareholders had passed a Special Resolution under Section 81(1-A) of the Companies Act, 1956 authorising the Board of Directors to issue Equity Shares and/or any other kind of securities with or without premium so as not to exceed the Authorised Capital of Rs. 10 crore.

In the Directors' Report to the Shareholders for the year 1995-96, it was mentioned that Geyer A.G. Germany, the Foreign Collaborators of this Company had signed a M.O.U with the group to set up another Joint Venture for export of Miniature Circuit Breakers to Europe. Instead of setting up another Joint Venture, the foreign collaborators expressed a desire to increase their holding in the Company. The Company also needed additional funds for expansion and increase of production capacities in existing products. After negotiations, the Board of Directors were in-principle agreeable to issue them further 400,000 Equity

**HAVELL'S INDIA LIMITED**

Shares of Rs. 10/- per share at a premium of Rs. 26/- per share . Applications were made to Reserve Bank of India(RBI) and Securities and Exchange Board of India (SEBI) for the necessary approvals , including exemption from (Substantial Acquisition of Shares and Takeover) Regulations issued by SEBI. RBI approval for issue of these shares at a premium of Rs. 26/- per share was obtained and the Foreign collaborators have already remitted the amount which is held as application money received in advance in the accounts of the Company.

The application with SEBI was pending when the New Takeover Regulations came into effect on 20.2.97. Thereafter, SEBI has taken the stand that our case would fall under the purview of New Takeover Regulations , under which Preferential Allotment is exempt subject to certain conditions prescribed therein. As no specific allottees nor the number of shares and the price at which they would be issued was mentioned in the Special Resolution passed on 13.9.96 , the Board of Directors could not go ahead with allotment of these shares.

After the proposed Preferential Allotment , there would be neither any change in the Board of Directors of the Company , nor any change in control and management of Company. The shareholding of Foreign Collaborators would go up from 6.22 % to 13.89 % on the increased Paid Up Capital of Rs. 489.51 lacs. The proposed Special Resolution is required to be passed to issue the shares to the Foreign Collaborators at the terms agreed upon . In accordance with the guidelines issued by SEBI on August 4, 1994 , the Auditors' Certificate certifying that the Preferential Issue is being made in accordance with the guidelines would be placed before the Meeting.

The Board of Directors recommend the resolution for the approval of the members. Mr. Albert Geyer, Director of the Company is deemed to be interested in the Resolution as he is also a Director in Geyer A.G. , Germany. No other Director is concerned or interested in this resolution.

**Item No. 6:**

Havell's India Ltd. is one of the Promoter Companies of Havell's Dorman Smith (P) Ltd.(HDSPL) ( formerly Havell's Hanson Electricals (P) Ltd. ). HDSPL needs to borrow from Banks/Financial Institutions for working Capital Finance and Long Term Fund Requirements . Your Company may give corporate guarantee to Bank/Financial Institution for loan taken by HDSPL. It may also in future, be required to furnish guarantee(s), provide securities and stand surety in favour of Govt. Authorities, Institutions, Banks etc. in connection with loan(s) made by any other person to or to any other person by , any other bodies corporate, whether under same management or otherwise. It is therefore proposed to pass the Special Resolution to authorise the Board of Directors to give such guarantee(s) or loans upto Rs. 25 crores in accordance with Section 370 of the Companies Act, 1956.

The Directors may be deemed to be concerned or interested in the resolution to the extent, if any in case the guarantee(s) is/ are given in relation to other bodies corporate in which they may be Director(s) or Member(s).

Your Directors recommend the resolution for your approval.

**Regd. Office :**

1, Raj Narain Marg  
Civil Lines  
Delhi 110 054

By Order of the Board

**PREETI GROVER**  
Company Secretary

Delhi, 16th June, 1997



## HAVELL'S INDIA LIMITED



## DIRECTORS REPORT

Contd.....

Your Directors have pleasure in presenting the 14th Annual Report and audited accounts for the year ended 31st March, 1997

## Financial Results

	(Rs. in Lacs)	
	1996-97	1995-96
Gross Sales	4985.48	2856.61
less Excise	717.24	422.36
Net Sales	4268.24	2434.25
Other Income	14.26	17.85
Total Expenditure	3757.36	2066.50
Interest	180.50	103.62
Net profit after interest but before Depreciation and Taxation	344.64	281.98
Less Depreciation	54.69	37.03
Taxation	59.78	79.88
	230.17	165.07
Add Balance brought forward from previous year	246.64	156.94
Add Investment Allowance Reserve written back	1.73	0.04
Less Payment against short provision for dividend	—	.01
	478.54	322.04
<b>Appropriation of Profits</b>		
Proposed Dividend	67.43	67.10
Transfer to General Reserve	12.00	8.30
Corporate Dividend Tax	6.74	—
Balance carried over to balance sheet	392.37	246.64
	478.54	322.04

## Performance of the Company

Your Company has made a quantum jump of 75% increase in turnover from Rs. 2856.61 Lacs in the last Financial Year 1995-96 to Rs. 4985.48 Lacs. The Net Profit has increased from 165.07 Lacs to Rs.230.17 Lacs in the recently concluded financial year showing a jump of 39% as compared to last year.

You would be pleased to know that in spite of heavy commitments of investment in new projects, your Directors are recommending to maintain a dividend of Rs. 1.50/- per share on fully paid up equity shares of Rs. 10/- each of the Company. The proposed dividend, if approved at the ensuing Annual General Meeting, would result in appropriation of Rs. 74.17 Lacs out of the profits including provision made for Corporate Dividend Tax of Rs. 6.74 Lacs, and would entail a transfer of Rs. 12 Lacs to the general reserve.

## Switchgear &amp; Controlgear Division

The two divisions resulted in sales of Rs. 2715.51 Lacs, a modest increase during the recessionary phase last year. However, the first few months of this year are showing tremendous signs of recovery. With infusion of fresh funds received from Geyer A.G., Germany it has been possible to considerably increase the production capacities of Miniature Circuit Breakers and Earth Leakage Circuit Breakers, and hence the MCB division plans to increase its turnover by almost 50% in the current year.

One of the biggest achievements during the year is that the JV partners have tested the MCBs and have entered into an agreement with the Company to exclusively market the MCBs in the world wide markets. This would give a tremendous boost to the sales and profitability and would enhance the leading position of Havell's in the domestic and international markets.

## Meter Division

The Meter unit which was started in November, 1995 has shown excellent results for the Financial Year 1996-97. Your Directors had reported in the last year's Report that they expect a turnover of Rs. 1000 Lacs in this division whereas the Division has reported a Turnover of Rs. 1353 Lacs and surpassed our expectations.

**HAVELL'S INDIA LIMITED****DIRECTORS REPORT**

Contd.....

**Cable Division**

Cable Division, started in February 1996, has shown excellent sales performance during its first full year of operations and has recorded a turnover of Rs.875 Lacs. From the very beginning, Havell's has put tremendous efforts towards churning out top quality cables in the industry and hence worked day and night to achieve the ISO 9001 certification in record time for the industry. These quality standards and the certificates are very well received and recognized by the customers which would be a great catalyst towards increase in sales during the current year.

To take maximum benefits from the synergy of Havell's brand and the vast marketing and sales network, Havell's launched its cables under its own brand name during the current year. Also since Havell's is very well known in the domestic segment for its excellent quality MCBs and ELCBs, Havell's plans to take maximum advantage of the existing manufacturing infrastructure at Alwar. It has launched Havell's Domestic Wires last month in the market which is receiving a tremendous response from All India Dealer Network.

The company is quite hopeful to increase its turnover in the Cable Division steeply during the current year.

**Increase of stake of Geyer (Foreign Promoter)**

Geyer AG, Germany, have been your company's collaborators since 1989 from whom the company has always benefited especially in upgrading the products and manufacturing processes. They had expressed their desire to increase their stake in the Company. Considering the need of funds for increasing the production capacities and expansion in various divisions, the Board of Directors had in principle agreed to issue them further 400,000 shares at a price of Rs. 36/- per share (Rs. 10/- per share at a premium of Rs.26/- per share) on preferential basis. Pursuant to this allotment of shares to Geyer A.G, their stake in the Company would go up from 6.22% to 13.89% on the increased Paid-Up Capital of Rs. 4.89 Crores.

**Havell's Dorman Smith Pvt. Ltd., U.K. (JV partners)**

This JV company, wherein Havell's India Ltd is a 25% shareholder, with Electrium Ltd. UK (formerly Hanson Electricals Ltd.,) commenced operations during the current year with the introduction of state-of-the-art 'DORMAN SMITH' brand Moulded Case Circuit Breakers (MCCBs) in India. The world class latest technology plant has been set up at Havell's premises at Faridabad. You would be pleased to know that the indigenization process for these products has been six months ahead of schedule which speaks high of the commitment of Havell's team.

The JV also has plans to introduce 'CRABTREE' branded Electrical Wiring Accessories in the Indian market which are slated to be launched in September 97. With the support of the JV partners, Havell's plans to take a leading position in both these product lines.

**New Alliances**

*Ampy Automation Digilog Ltd, U.K.* : Havell's group has signed a new JV agreement with Ampy Automation Digilog Ltd., UK, the market leaders for electronic metering equipment in UK, to set up a manufacturing base in India to meet the increasing demand for top quality energy management equipment in India.

**Statement pursuant to Clause 43 of Listing Agreement**

As there was no projection of profitability for the year ended 31st March 1997 given in the Prospectus issued by the Company on 6.9.1993, a comparison of the performance and projection for the year 1997 is not included.

**Directors :**

Mr. Aibert Geyer is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. Your Directors recommend his re- appointment.

**Auditors :**

M/s V.P. Bansal & Co., Chartered Accountants, Delhi, Statutory Auditors of the Company retire at the forthcoming Annual General Meeting and being eligible, offers themselves for re-appointment. Your Directors recommend their re-appointment for the Financial year 1997-98. Notes to the Auditors' Report are self explanatory, and therefore do not call for any further comments.

**Fixed Deposit**

The Company continued its Fixed Deposit Scheme but the procurement has been modest due to high incentives being offered by



**HAVELL'S INDIA LIMITED****DIRECTORS REPORT**

Contd.....

Finance Companies. Now, the interest rates being offered by the Company are competitive and with increasing safety consciousness in investors, the Company is hopeful of mobilizing greater funds through this route. During the year, the Company received Fixed Deposits aggregating to Rs. 83.73 Lacs.

**Human Resources**

The employer and employee relations were cordial throughout the year under review. The results that your Company has achieved would not have been possible without the co-operation and full support of its employees. Your Directors place on record their deep sense of appreciation for the devoted services of the staff and workers of the Company.

**Particulars of Employees**

The information pertaining to the employees drawing salary more than the limit prescribed pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is annexed hereto under Annexure-A which forms part of this report.

**Particulars regarding conservation of Energy, Technology Absorption and Foreign Exchange Earning 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 under Annexure B and forms part of this report.

**Acknowledgements**

Your Directors wish to express their deep sense of gratitude for the assistance and co-operation received from IDBI, RIIICO, our Financial Institutions, and Canara Bank, ICICI Banking Corporation, The Bank of Rajasthan Ltd., the Bankers of the Company, Central and State Government Departments and Local Authorities, Contractors, Suppliers, Dealers and Customers for the confidence reposed by them.

For and On Behalf of Board of Directors

Delhi, 16th June 1997

**QIMAT RAI GUPTA**  
Chairman Cum Managing Director

**ANNEXURE - A PARTICULARS OF EMPLOYEES**

**Statement of Particulars of Employees**  
**Forming part of the Directors Report under Sector 217 (2A) of the Companies Act, 1956.**

S. No.	Name	Designation	Remuneration	Age	Qualification	Experience	Date of Appointment	Previous Employment
1.	Sh. Qimat Rai Gupta	Chairman Cum Managing Director	Rs. 3,14,460	61 years	B.A.	28 years	08.08.1983	Self Employed
2.	Sh. Rajesh Gupta	Executive Director-Finance	Rs. 307615/-	40 years	F.C.A. AIIA (USA)	17 years	01.12.1980	N/A

**NOTES :**

1. Remuneration includes Salary, Commission, and HRA.
2. The above appointment is contractual in nature

For and On Behalf of Board of Directors

Delhi, 16th June 1997

**QIMAT RAI GUPTA**  
Chairman Cum Managing Director