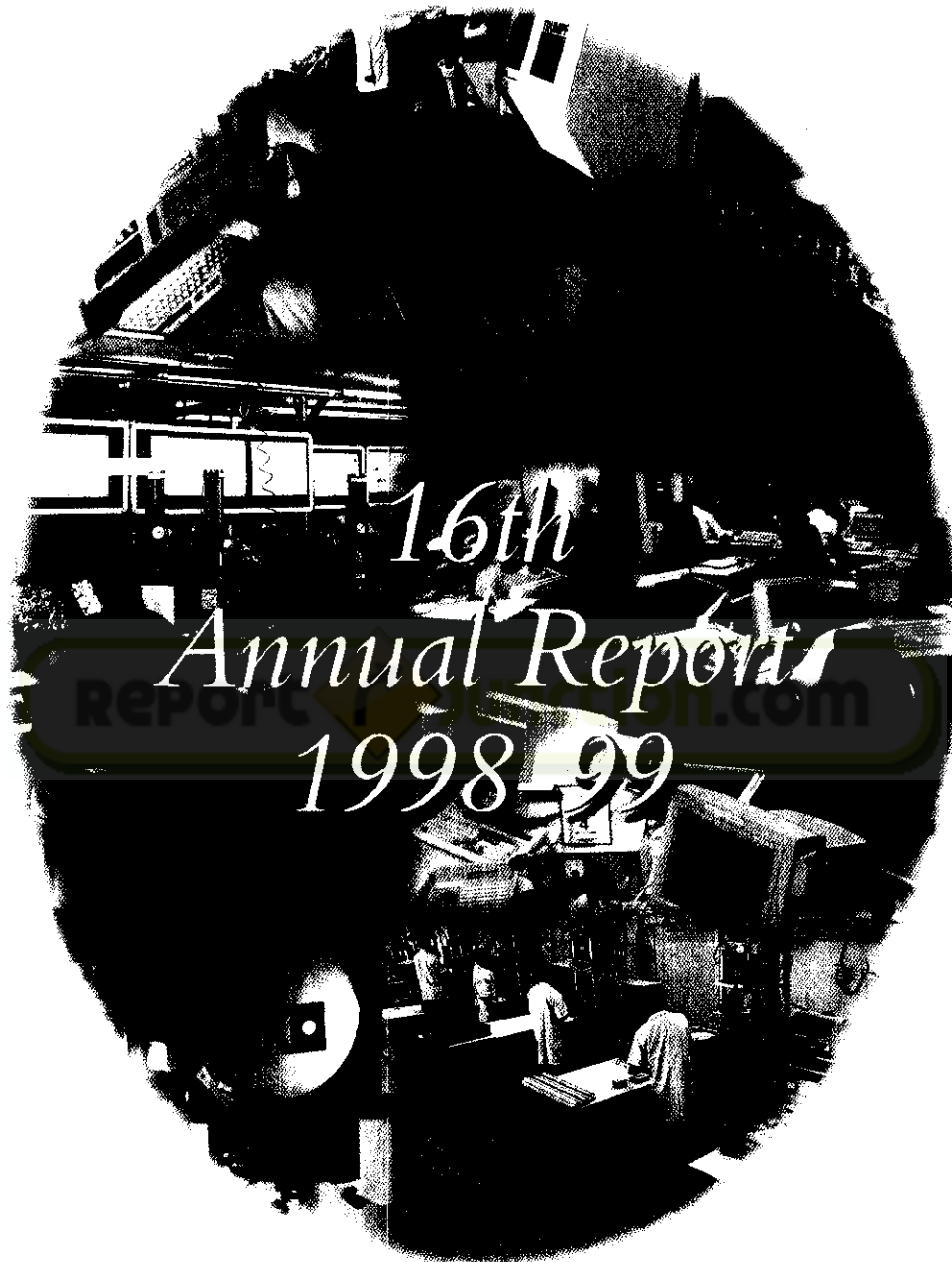


HAVELL'S



HAVELL'S INDIA LTD.

16th Annual Report 1998-99



Havell's is
different.
We are an
Independent
Medium-sized
company with
a small company
Culture and
a truly
Global perspective.



CORPORATE INFORMATION

CHAIRMAN CUM MANAGING DIRECTOR

Qimat Rai Gupta

DIRECTORS

Surjit K. Gupta
Anil Gupta
Albert Geyer

EXECUTIVE DIRECTOR

Rajesh K. Gupta

COMPANY SECRETARY

Ritu Aggarwal

AUDITORS

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

BANKERS

Canara Bank
Fountain, Delhi-110 006
ICICI Banking Corporation Ltd.
9A, Connaught Place, New Delhi-110 001
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

13 Alipur Road,
Exchange Store Building, Civil Lines,
Delhi-110 054.

LISTED IN

Delhi Stock Exchange Association Ltd.
Stock Exchange, Mumbai
Ahmedabad Stock Exchange
Jaipur Stock Exchange
(Delistment being considered from ASE & JSE)



NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Members of Havell's India Limited will be held on Friday, the 30th July, 1999 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, 1999 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, 1999.
3. To appoint a Director in place of Sh. Anil Gupta, 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 a Special Resolution :**

"Resolved that in accordance with the provisions of section 198, 269, 309, schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and any amendments/re-enactments thereof and subject to such approval as may be necessary the Company approves the payment of remuneration of Sh. Qimat Rai Gupta, Chairman cum Managing Director of the Company, for a period of 3 years with effect from March 21, 1999 on the terms and conditions as set out in the draft agreement submitted before this meeting, copy whereof initialled by the chairman for the purpose of identification."

"Resolved further that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, proper or expedient to give effect to this resolution."

Regd. Office :

1, Raj Narain Marg, Civil Lines
Delhi 110 054

Delhi, 12th May, 1999

By Order of the Board

Surjit Gupta
Director



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 Saturday, 26th June, 1999 till Wednesday, 30th June, 1999. (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 30th June, 1999.
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 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 1995-96 to the Central Government in October 1999. 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, 1997 and 31st March, 1998 may immediately approach the company with their dividend warrants for revalidation.
8. The explanatory statement pursuant to sec. 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 of the accompanying notice are as under :

Item No. 5 :

Sh. Qimat Rai Gupta was reappointed as Managing Director of the Company for a period of five years with effect from March 21, 1997 on the terms and conditions as approved by the General Body of shareholders at the thirteenth Annual General Meeting of the Company held on 13th September, 1996. In the explanatory statement pursuant to section 173(2) of the Companies Act, 1956 which was submitted to the General body of shareholders at that time, it was mentioned that the terms and conditions for reappointment of Sh. Qimat Rai Gupta as on 21.03.1997 were not being revised because the Board was not fully satisfied with the profits made by the Company. Now that, the Company is making good profits and considering the vast experience and expertise of Sh. Qimat Rai Gupta and his valuable continuing services to the Company it is proposed to revise the terms and conditions of service of Sh. Qimat Rai Gupta as reproduced below :

1. Period : Three years with effect from 21.03.99
 2. Remuneration

Salary	: Rs. 60,000/- per month
Commission	: 1% of net profit subject to ceiling of 50% of the salary
Perquisites	: Perquisites shall be allowed in addition to salary and commission but shall restrict to an amount equal to the annual salary or Rs. 1,20,000/- per annum whichever is less.
- For this purpose perquisites are classified into three categories A, B and C :

**Category 'A'**

- a) **Housing:** The expenditure incurred by the Company on hiring unfurnished accommodation subject to a ceiling of 60% of the salary over and above 10% payable by the whole time Director OR in case the accommodation is owned by the Company 10% of the salary of whole time Director shall be deducted by the Company. OR

In case no accommodation is provided by the Company the whole time Director shall be entitled to House Rent Allowance subject to the ceiling laid under the first option.

The expenditure incurred by the Company on gas, electricity, water and furnishing will be valued as per the Income Tax Act, 1962. This will however be subject to a ceiling of 10% of the salary of the whole time Director.

- b) **Medical Reimbursement :** Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over the period of three years.
- c) **Leave Travel Concession :** For self and family once a year incurred in accordance with the rules of the Company.
- d) **Club Fees :** Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed
- e) **Personal Accident Insurance :** Premium not exceeding Rs. 2,000/- p.a.

Category 'B'

- i) Company's contribution towards Provident Fund, Superannuation Fund. This will not be included for the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- ii) Gratuity payable shall not exceed half a months' salary for each completed year of service, subject to ceiling of Rs. 2.50 Lacs.

Category 'C'

The Company shall provide a car with driver and telephone at the residence. Provisions of the car for use in Company's business and telephone at residence will not be considered as perquisites. Personal long distance telephone calls and use of car for private purpose shall be billed by the Company.

In the event of loss or inadequacy of profits in any year during the period of his appointment, the Company shall pay the remuneration and perquisite except commission, subject to a cut of 10% of the salary aforesaid.

To provide flexibility in the matter, the Board of Directors may be authorised to alter/vary the remuneration and terms and conditions as the Board may consider necessary and as may be agreed to by Sh. Qimat Rai Gupta, subject to the ceiling that the total remuneration payable shall not exceed 5 percent of the Net Profit for one Managing/whole time Director and 10 percent of the Net Profit where there is more than one Managing/whole time Director.

The Board recommends this resolution for approval of the shareholders.

Sh. Anil Gupta, Director and Sh. Surjit Gupta, Director are interested in this resolution as they are related to Sh. Qimat Rai Gupta.

This statement may be regarded as an abstract of the terms and Memorandum of Interest under section 302 of the Companies Act, 1956.

Regd. Office :

1, Raj Narain Marg, Civil Lines
Delhi 110 054

Delhi, 12th May, 1999

By Order of the Board

Surjit Gupta
Director



Electrical Excellence
for over 40 years

DIRECTORS REPORT

Your Directors have pleasure in presenting the 16th Annual Report and audited financial accounts for the year ended 31st March, 1999 :

Financial Results

(Rs. in Lacs)

	1998-99	1997-98
Gross Sales	8247.48	6212.15
Less Excise	1237.39	950.93
Net Sales	7010.09	5261.22
Other Income	84.93	34.12
Total Expenditure	6354.52	4739.98
Interest	337.85	256.33
Net profit after interest but before Depreciation and Taxation	402.70	299.03
Less Depreciation	88.73	76.31
Profit before Taxation	313.97	222.72
Less Taxation	68.73	75.02
	245.24	147.70
Add Balance brought forward from previous year	454.35	392.38
	699.59	540.08

Appropriation of Profits

Proposed Dividend	97.90	70.66
Transfer to General Reserve	20.00	8.00
Corporate Dividend Tax	9.79	7.07
Balance carried over to balance sheet	571.90	454.35
	699.59	540.08

Performance of the Company

In the financial year 1998-99, your Company has justified its commitment through the recently concluded financial results showing a quantum jump of 33% increase in turnover from Rs. 6212.15 Lacs to Rs. 8247.48 lacs over the last financial year and a growth of 66% in the Net Profit as compared to last year i.e. from Rs. 147.70 Lacs to Rs. 245.24 Lacs.

Dividend

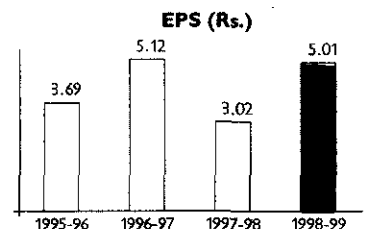
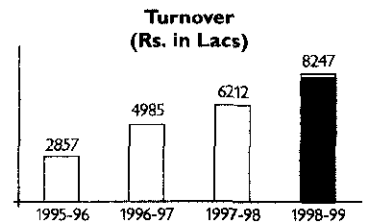
You would be pleased to know that inspite of heavy commitments of investment in new projects, your Directors are recommending a **dividend** of Rs. 2/- per share on fully paid up equity shares of Rs. 10/- each of the Company. The proposed dividend, if approved at the ensuing Annual General Meeting, would result in appropriation of Rs. 107.69 Lacs out of the profits including provision made for Corporate Dividend Tax of Rs. 9.79 Lacs, and would entail a transfer of Rs. 20.00 Lacs to the general reserve.

Switchgear & Controlgear Division

The Switchgear Division grew by a nominal 4% to Rs.3954.46 Lacs, but the year was spent to continuously improve the productivity and contain costs. There have been excellent developments in the last year which should result in good growth in the current year. The company shall start exporting these products to other countries thus opening new markets. Also, the company has started working vigorously in various areas within the country by opening new marketing offices, and strengthening its sales staff, which should result in excellent results in areas where it was comparatively weak earlier. Havell's is gaining not only in volumes but also its brand image and its position as a market leader.

Meter Division

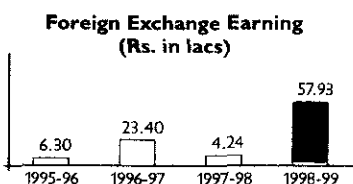
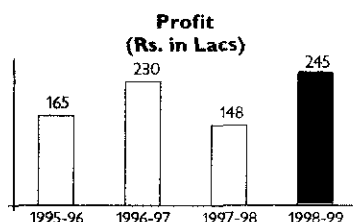
During the financial year, the Meter Division resulted in sales of Rs.1608.16 Lacs, a increase of 94% over the previous year. The results were achieved due to higher purchase by State Electricity Boards and due to the start of open-market sale through the Havell's distribution network.



Havell's India Ltd.
16th Annual Report



Electrical Excellence
for over 40 years



Havell's India Ltd.
16th Annual Report

Your Company expects to achieve even better results during current financial year. Havell's is targeting to be the largest producer of meters in India with the combined sale of its sister concern TTL Ltd.

Cable Division

With in two years of going to the market, Havell's is enjoying a reputation of a high quality manufacturer for cables. This is resulting into fast growth in sale as is reflected by the 67% growth to Rs.2613.94 Lacs from Rs.1568.80 Lacs in the previous year. The Company is also getting excellent response from its All India Dealer network for the recently launched domestic wires.

Export Growth

Considering the enormous potential of various products being currently manufactured by the group, efforts are being put forth to accelerate on export activities in line with the policies and programs of our Government, thus, earning valuable foreign exchange for the country. Havell's has tied up with Deutsche Zahler Gesselchaft (DZG) Germany in its sister concern TTL Ltd. for manufacturing single and three phase Ferraris Meters for the Indian and Export markets. These meters are being exported back to Germany and TTL has already received the first order for 100,000 meters from DZG, Germany for the current year.

Havell's Dorman Smith Limited

Havell's Dorman Smith Limited which is 50:50 JV between Havell's and Electrium, UK is manufacturing completely indigenised Moulded Case Circuit Breakers and 'Crabtree' brand modular plate switches in India. Your company has a 25% share-holding in the company. The company is gaining market position due to its excellent quality perception, showing a tremendous financial result over the previous year.

ERP Implementation

Your Company has also initiated steps to implement ERP (Enterprise Resources Planning) package in the organization to consolidate and improve the flow of information. ERP being basically an integrated company-wide software to carry out the business of the company, shall help in increasing the efficiency & also lead to effective decision-making by the management. The effects of ERP will be noticeable in the long term in the form of lower inventories and higher turnover of Working Capital and faster customer response positive in the market. It will also help in monitoring & improving the quality standards of the product.

Y2K Compliance

The Company has initiated steps to meet Y2K requirements effectively and the expenditure to ensure Y2K compliance is not expected to have any material financial impact. The Company is confident that the preventive steps taken in advance are sufficient to meet the Y2K requirements.

Comments on the observation of the Auditors in their report

Notes to the Auditors' Report for Financial Year 1998-99 are self explanatory. As per point no. 16 of the annexure to Auditor's Report, your Company started cable manufacturing only in the last year, your company is taking effective steps to maintain cost records in respect of electrical cables and hopeful to maintain all required cost records u/s 209(1) (d) of the Companies Act, 1956 in the current financial year.

Directors

Sh. Anil Gupta is retiring by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment.

Auditors

Your Company's Auditors M/s V.P. Bansal & Co., Chartered Accountants, Delhi, will retire at the forthcoming Annual General Meeting and have confirmed their eligibility and willingness to accept the office, if re-appointed. The Board recommends their re-appointment.

Fixed Deposit

The Company continued its Fixed Deposit Scheme and the procurement is showing the belief of investors over the Company. 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. 2.40 Crores.

Human Resources

The employer and employees relations were cordial throughout the year under review. Your company has a highly dedicated technical and professional team to manage various operations. The results that your Company has achieved would not have been possible without the cooperation and full support of its employees. Your Directors wish to place on record their deep sense of appreciation for the contribution made by the employees for its success.