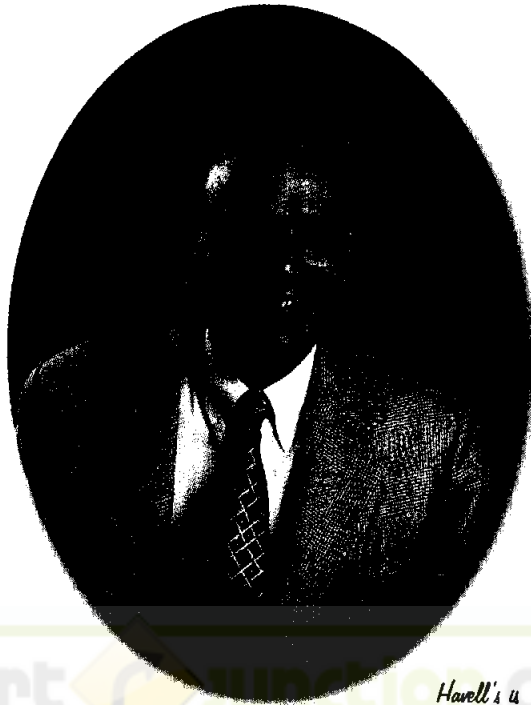


HAVELL'S



HAVELL'S INDIA LTD.

17th Annual Report 1999-2000



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*Havell's is
different.*

*We are an
independent
Medium-sized
company with a
small company
Culture and a
truly Global
perspective.*



CORPORATE INFORMATION

BOARD

Sh. Qimat Rai Gupta
Sh. Surjit Gupta
Sh. Rajesh Gupta
Sh. Anil Gupta
Ms. Sabine Geyer

Chairman Cum Managing Director
Director
Director
Director
Director

COMPANY SECRETARY

Ritu Roongta

AUDITORS

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

Statutory Auditor

BANKERS

Canara Bank
Fountain, Delhi - 110 006

ICICI Bank Ltd.
9A, Connaught Place, New Delhi - 110 001

The Bank of Rajasthan Ltd.
82, Janpath, New Delhi - 110 001

Punjab National Bank
Civil Lines, Delhi - 110 054

REGISTERED OFFICE

1, Raj Narain Marg
Civil Lines, Delhi - 110 054
Ph : 3935237, Fax 3921500

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

The Delhi Stock Exchange Association Limited.
Stock Exchange, Mumbai.

NOTICE



NOTICE is hereby given that the Seventeenth Annual General Meeting of the Members of Havell's India Limited will be held on Friday, the 8th September, 2000 at 4.30 P.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, 2000 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, 2000.
3. To appoint a Director in place of Sh. Surjit Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To regularise the appointment of Ms. Sabine Geyer as Director of the Company.
5. 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.

Regd. Office :

1, Raj Narain Marg
Civil Lines
Delhi 110 054

Delhi, 30th June, 2000

By Order of the Board

Sd/-
Surjit Gupta
Director

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 Monday, 28th August, 2000 till Thursday, 31st August, 2000. (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 31st August, 2000.
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. Those members who have so far not encashed their dividend warrants from the accounting year ended 31st March, 1996 to 31st March, 1999 may approach the company with their dividend warrants for revalidation.
8. There is no special business of the Company.

Regd. Office :

1, Raj Narain Marg
Civil Lines
Delhi 110 054

Delhi, 30th June, 2000

By Order of the Board

Sd/-
Surjit Gupta
Director



DIRECTORS REPORT

Your Directors have pleasure in presenting the 17th Annual Report and audited financial accounts for the year ended 31st March, 2000:

Financial Results

	(Rs. in Lacs)	
	1999-2000	1998-99
Gross Sales	10513.30	8247.48
Less Excise	1342.68	1237.39
Net Sales	9170.62	7010.09
Other Income	89.17	84.98
Total Expenditure	8261.58	6354.52
Interest	451.40	337.85
Net profit after interest but before Depreciation and Taxation	546.81	402.70
Less Depreciation	101.87	88.73
Profit before Taxation	444.94	313.97
Less Taxation	113.14	68.73
	331.80	245.24
Add Balance brought forward from previous year	571.90	454.35
	903.70	699.59
Appropriation of Profits		
Proposed Dividend	97.90	97.90
Transfer to General Reserve	25.00	20.00
Corporate Dividend Tax	21.54	9.79
Balance carried over to balance sheet	759.26	571.90
	903.70	699.59

Performance of the Company

Your Company has made a jump of **27% in the turnover** from Rs. 8247.48 Lacs in the last Financial Year 1998-99 to Rs. 10513.30 Lacs in this financial year. The Net Profit has increased from Rs. 245.24 Lacs to Rs. 331.80 Lacs in this financial year showing a jump of 35% over the previous financial year.

Your Directors are pleased to recommend a **dividend** of Rs. 2.00/- 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. 119.44 Lacs out of the profits including provision made for Corporate Dividend Tax of Rs. 21.54 Lacs, and a transfer of Rs. 25.00 Lacs to the general reserve.

Switchgear & Controlgear Division

The two divisions resulted in a turnover of Rs. 5066.86 Lacs as compared to Rs. 3954.56 Lacs for the previous year, a growth of 28%. This has been possible due to the enhanced brand and quality images of the Company and the fact that Indian market for the product group is expanding. We should all feel proud that our Company is now the market leader in domestic Switchgear products like MCBs, DBs etc. in India. The effort is now on international marketing and the Company is getting its products certified by internationally recognised authorities. The Company is expected to post another excellent growth in the coming year when we start getting substantial volumes in export markets.

Meter Division

During the financial year, the Meter Division resulted in sales of Rs. 1407.89 Lacs. The Company is currently investing heavily to expand its capacity and upgrade its manufacturing facility to produce excellent quality products comparable to any international production. The current year is projected to show an increase of over 35%.

Cable Division

Cable has shown tremendous growth in sales from Rs. 2613.94 Lacs to Rs. 4038.56 Lacs a 55% growth over the previous year. The Company is getting recognised as a quality manufacturer in the country leading to fast growth in volume. A similar growth is expected in the current year.

Standard Electricals Limited

Your Company acquired a controlling stake of 60% in another industry major, Standard Electricals Limited on April 1st, 2000. Standard is a well-established brand and Company in the electrical switchgear industry since 1958. It locked a turnover of Rs. 3700 Lacs last year with a product portfolio consisting of MCBs, RCCBs, DBs, Fuse switches, Changeover Switches, HRC Fuses, LT panels. The two companies are going to hugely benefit out of synergies like economies of scale in manufacturing, sharing of R&D expenses, joint product development.



Joint Venture

Your foreign collaborator M/s Geyer AG has shown a continuing confidence in your Company by investing in the shares of your Company. It has been allotted 87700 Equity Shares @ Rs. 140/- each including premium of Rs. 130/- per share under section 81(1A) of the Companies Act, 1956 vide special resolution passed by you dated 31.03.2000 and Board resolution dated 30.06.2000 by which the paid up capital of your Company is now Rs. 4,98,28,000/-.

The joint venture Company namely "Havell's Dorman Smith Limited" of your Company has shown an impressive growth with a profit of Rs. 125.86 Lacs compared to Rs. 99.33 Lacs for the previous year. The products of the Company namely MCCBs and Modular Plate switches have acquired a premium position in the market and the Company is projected for a growth of over 75% in turnover this year.

Restructuring Plan

Your Company is working on a plan to restructuring the group activities, which shall be placed before you in the near future in an EGM called specially for this purpose. The proposal shall consolidate the Switchgear activities carried out in various group companies into the flagship company, Havell's India Limited. It shall make your Company further strong in both financial and market perception terms.

Dematerialisation of the shares

The Board of Directors is pleased to inform you that the equity shares of your Company have been dematerialised with effect from 01.06.2000 with the ID No. INE176B01018. We introduced this facility as optional but now as per the SEBI circular SMDRP/POLICY/CIR-23/2000 dated May 29, 2000, Havell's is also in the compulsory list of Dematerialisation trading making DEMAT compulsory for the Havell's shareholders. Till date we have registered in NSDL only but now the Company is also planning to be registered with CDSL.

Adequacy of Internal Controls

Havell's has a proper and adequate system of internal controls to ensure that all assets are safeguarded, and protected against loss from unauthorised use or disposition, and that transactions are authorised, recorded, and reported correctly.

The internal controls system is supplemented by an extensive programme of internal audits, review by management, and documented policies, guidelines and procedures. The internal control system is designed to ensure that the financial and other records are reliable, for preparing financial statements and other data, and for maintaining accountability of assets.

Training Programmes

Today in Havell's, learning is a continuous process. Havell's recognises that training and development, as well as continuous learning by individuals is a necessity for organisational survival, growth and expansion, in the rapidly changing business environment. Havell's believes that training can be a competitive differentiator. Havell's has recently introduced a training program of two months with association of NIIT for the Computer awareness for the whole staff in Delhi. Havell's has a separate department of H.R.D. (Human Resources Development) which usually organises training programs on technical skills, presentation skills, marketing skills, and behavioural management as per requirement of participant.

Environmental Consciousness

Havell's is highly conscious about our environment. We are ensuring that no pollution is generated from our factories. The Company has invested in treatment plants for all dangerous chemicals and waste generated from the manufacturing process. The Company is using generators with low noise pollution, so as not to disturb the outside environment. Efforts are made to maintain green belts and parks inside and outside the factories.

Payment to Exchequer

Corresponding to the increase in turnover, there is an increase in payment of taxes by the Company from Rs. 68.73 Lac to Rs. 113.14 Lac during the financial year ended 31.03.2000. This increase along with an excise duty of Rs. 1342.68 Lac totaling Rs. 1411.41 Lac indicates that your Company is a regular contributor to the government exchequer and is contributing fully to the growth of our nation as a responsible corporate citizen.

Social Obligation

The charitable trust from Havell's group started a mobile dispensary, which visits various slum areas around Delhi to give free medical services to the people there. This mobile hospital visits a particular area according to pre defined schedule and provide free medical aids. The trust is also planning to purchase land for opening Charity hospital for free medical services. Your Company also carried out relief operations during the devastating cyclone in the state of Orissa by providing food, Cloths and other basic requirements.

Corporate Governance

The Company believes that good corporate practices enable the Board to direct and control the affairs of a company in an efficient manner. Havell's always complies with all rules and regulations related to any law or act efficiently. We are regular in correspondence with Stock Exchange, Registrar of Companies, SEBI or any other concerned authority related to any information or any query. All requirements are fulfilled to all departments/authority well within time. Even though the new Corporate Governance prescribed by the listing agreements is applicable for your Company in the financial year 2001-2002, your Company is trying to fulfill all requirements in this financial year itself. We are in the process to constitute an Audit Committee.

Y2K Compliance

The Company has successfully managed Y2K bug without any disruption. We constituted a team especially for the purpose of finding out all computer problems due to Y2K bug. This team visited all factories, branches and profit centers and tested whole unit to solve out this problem. All computer systems of the Company rolled over to the new millennium without any problem. Such work was completed by end of November 1999 and the cost came to approximately Rs. 1 Crore. Now the whole Computer channel of Company is going on successfully.



DIRECTORS REPORT

Comments on Auditors Report

There is no negative remark in the Auditor's Report on the Annual Accounts of the Company for the financial year 1999-2000 as enclosed with the Balance Sheet. However with reference to point no. 6 of the Auditor's Report, during the financial year 1999-2000, inventories have been valued at cost or net realisable value whichever is lower to comply with the requirements of Accounting Standards (AS-2) issued by the Institute of Chartered Accountants of India. Again with reference to point no. 16, now the Company is maintaining proper cost records as per section 209(1)(d) of the Companies Act, 1956 for electrical cable. All other notes are self-explanatory.

Fixed Deposit

The Company continued its Fixed Deposit Scheme and receiving an excellent response. The interest rates being offered by the Company are competitive and with increasing safety consciousness in investors. During the year, the Company received Fixed Deposits aggregating to Rs. 2.35 Crores.

Human Resources

The relations with employees 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 co operation 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.

Particulars of Employees

Information in accordance with sub-section (2A) of Section 217 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.

Directors

Sh. Surjit Gupta is retiring by rotation at the forthcoming Annual General Meeting and being eligible offers himself for reappointment. 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 reappointed.

Acknowledgments

Your Board places on record their appreciation for the overwhelming cooperation and assistance received from IDBI and our bankers namely Canara Bank, ICICI Bank Ltd., Bank of Rajasthan and Punjab National Bank, Central and State Government Departments and Local Authorities, Contractors, Suppliers, Dealers and Customers, during the period under review.

ANNEXURE - A PARTICULARS OF EMPLOYEES



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

S. No.	Name	Designation	Remuneration (Rs.)	Age	Qualifications	Experience	Date of Appointment	Previous Employment
1.	Sh. Qimat Rai Gupta	Chairman Cum Managing Director	11,32,890/-	64 Yrs.	B.A.	30 years	08.08.1983	Self Employed
2.	Sh. Rajesh Gupta	Director	7,02,966/-	42 Yrs.	F.C.A., AIIA (USA)	19 years	01.12.1980	N/A
3.	Sh. Anand Bagalwadi	President Marketing	7,05,800/-	43 Yrs.	B.Tech., D.I.I.S.c	20 years	01.04.1999	Rittal India (P) Ltd.
4.	Sh. Pushpinder Singh	President Marketing	2,96,186/-*	49 Yrs.	BE	30 years	01.05.1999	LAP Kable Ltd.

Notes :

1. Remuneration includes Salary, Commission, and HRA
2. The above appointment is contractual in nature
3. Sh. Qimat Rai Gupta is in the relation with Sh. Surjit Gupta and Sh. Anil Gupta, Directors of the Company.
4. Sh. Rajesh Gupta, Sh. Anand Bagalwadi & Sh. Pushpinder Singh are not in the relation of any Director of the Company.
5. * Part of the year.

For and On Behalf of Board of Directors

Delhi, 30th June, 2000

Sd/-
Qimat Rai Gupta
 Chairman Cum Managing Director

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