

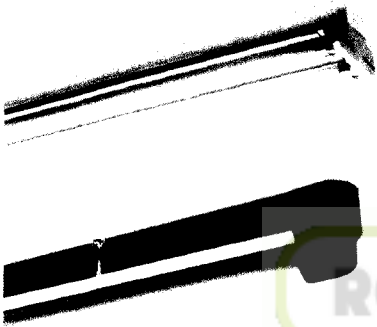
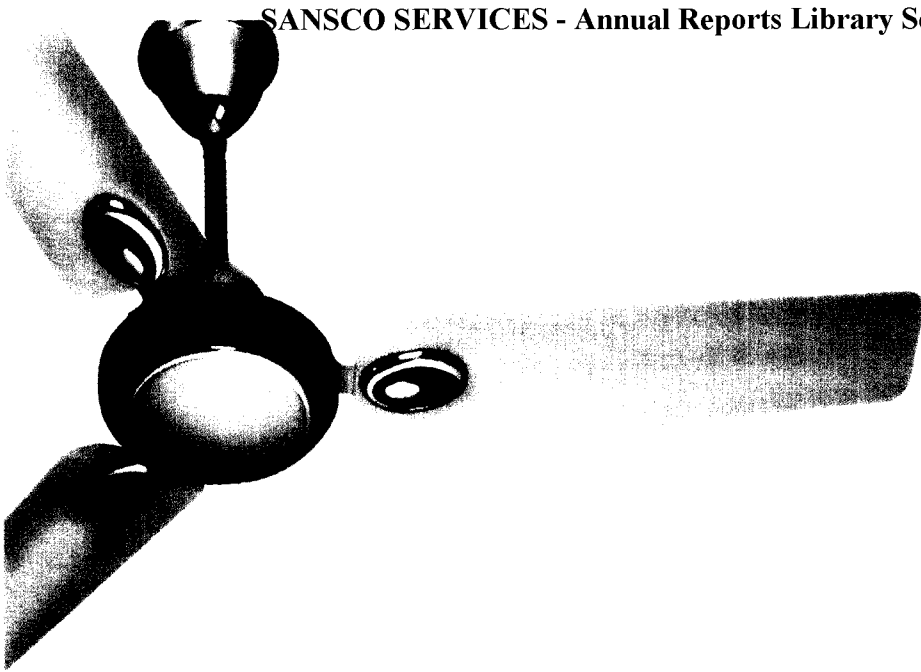


21st

Annual Report 2003-04

HAVELL'S INDIA LTD.

21st Annual Report 2003-04



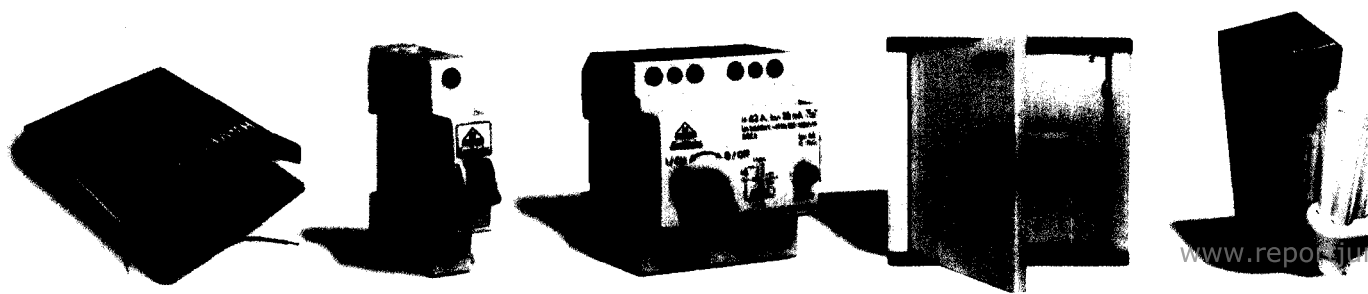


The past year has been an exciting and eventful one at Havell's. We have entered new business segments and have expanded our operations. In view of our success in the electrical switchgear products we have expanded into related fields of Fans, CFLs and Lighting fixtures. These products shall make our business more consumer and distribution oriented, which is our strength.

The company has also increased its marketing network both in India and internationally. We have opened our offices in Dubai and Bangladesh and are now marketing our products in over 40 countries.

Havell's is synonymous with quality electrical products. We have registered a healthy CAGR of over 30 percent over the past decade.

We dedicate our success to you, our valued shareholders. We intend to continue to provide our customers with higher levels of quality and to serve you with our best efforts for many years to come.



HAVELL'S**PROGRESS AT A GLANCE****ANNUAL REPORT 2003-04****PROGRESS AT A GLANCE OF LAST 10 YEARS****Results for the year**

(Rs. In Lacs)

PARTICULARS	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Turnover	2159.74	2856.61	4985.48	6212.15	8247.48	10513.30	17108.20	22203.36	29308.25	41922.40
Index	1.00	1.32	2.31	2.88	3.82	4.87	7.92	10.28	13.57	19.41
PBDT	230.03	281.98	344.64	299.03	402.70	546.81	1118.67	1487.09	1650.67	3274.77
Index	1.00	1.23	1.50	1.30	1.75	2.38	4.86	6.46	7.18	14.24
Depreciation	27.31	37.03	54.69	76.31	88.73	101.87	119.42	190.93	232.07	264.26
Index	1.00	1.36	2.00	2.79	3.25	3.73	4.37	6.99	8.50	9.68
PBT	202.72	244.95	289.95	222.72	313.97	444.94	999.25	1296.16	1418.60	3010.51
Index	1.00	1.21	1.43	1.10	1.55	2.19	4.93	6.39	7.00	14.85
Tax	57.67	79.88	59.78	75.02	68.73	113.14	378.21	438.80	522.63	914.40
Index	1.00	1.39	1.04	1.30	1.19	1.96	6.56	7.61	9.06	15.86
PAT	145.05	165.07	230.17	147.70	245.24	331.80	621.04	857.36	895.97	2096.11
Index	1.00	1.14	1.59	1.02	1.69	2.29	4.28	5.91	6.18	14.45

Year end position

(Rs. in Lacs)

Gross Block	703.56	1036.91	1337.08	1618.36	1764.94	2011.81	2384.58	3488.90	4136.11	5547.10
Index	1.00	1.47	1.90	2.30	2.51	2.86	3.39	4.96	5.88	7.88
Net Block	642.83	939.31	1184.79	1391.48	1450.34	1598.91	1855.71	2579.72	3000.51	4631.03
Index	1.00	1.46	1.84	2.16	2.26	2.49	2.89	4.01	4.67	7.20
Net Current Assets	921.90	1034.60	1445.52	2106.73	2550.59	3169.60	4964.45	6518.07	9457.52	11597.50
Index	1.00	1.12	1.57	2.29	2.77	3.44	5.39	7.07	10.26	12.58
Net Worth	895.21	1004.41	1309.33	1385.71	1529.65	1748.42	2289.30	3386.26	4100.08	5935.09
Index	1.00	1.12	1.46	1.55	1.71	1.95	2.56	3.78	4.58	6.63
Dividend (in %)	15%	15%	15%	15%	20%	20%	20%	25%	25%	40%
EPS (In Rs.)*	1.63	1.85	2.56	1.51	2.51	3.39	6.26	8.59	7.73	18.08
Share Capital	448.07	448.33	489.51	489.51	489.51	489.51	498.28	579.56	579.56	579.56
Reserves & Surplus	498.65	599.15	858.78	928.75	1066.30	1278.66	1904.37	2815.11	3522.42	5357.01
Book Value (In Rs.)*	9.99	11.20	13.37	14.15	15.62	17.86	22.97	29.21	35.37	51.20

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



HAVELL'S**ANNUAL REPORT 2003-04****BOARD OF DIRECTORS**

Sh. Qimat Rai Gupta, Chairman & Managing Director
 Sh. Surjit Gupta, Director
 Sh. Rajesh Gupta, Director (Finance)
 Sh. Anil Gupta, Director
 Sh. P.K. Kaul, Director
 Dr. Abid Hussain, Director
 Sh. N.S. Vasant, Director
 Sh. Tarun Banga, Director
 Ms. Sabine Geyer, Director

COMPANY SECRETARY

Ms. Ritu Mehrotra

AUDITORS

M/s V.P. Bansal & Co.,
 Chartered Accountants
 1/18-A, Asaf Ali Road, New Delhi-110 002

BANKERS**Canara Bank**

Janpath, New Delhi-110 001

State Bank of India

Industrial Finance Branch
 Jawahar Vyapar Bhawan, 1, Tolstoy Marg, New Delhi-110 001

Corporation Bank

Industrial Finance Branch
 Hindustan Times House,
 K.G. Marg, New Delhi-110 001

IDBI Bank Ltd.

Surya Kiran Building, K.G. Marg, New Delhi-110 001

Union Bank of India

Industrial Finance Branch.
 M-11, Connaught Circus, New Delhi-110 001

REGISTERED OFFICE

1/7, Ram Kishore Road,
 Civil Lines, Delhi-110 054

CORPORATE OFFICE

E-1, Sector-59, Noida-201 307 (U.P.)
 Tel. : +91-120-2587815-26 Fax : +91-120-2583904

WORKS**Domestic Switchgear Division**

Road No. 9, Samepur Badli, Delhi-110 041

Industrial Switchgear 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

Fan Division

D-6, Sector - 8, Noida, (U.P.)

CFL Division

14/3, Mathura Road, Faridabad-121 002

SHARE TRANSFER AGENT

MCS Limited
 (Unit- Havell's India Limited)
 W-40, Okhla Industrial Area, Phase - II, New Delhi - 110 020
 Tel. : 011- 26384908
 Website : www.mcsind.com

LISTED IN

The Stock Exchange, Mumbai
 The National Stock Exchange of India Ltd.

CONTENTS	Pages
Notice of Annual General Meeting	2
Directors' Report	4
Corporate Governance Report	11
Management Discussions & Analysis Report	18
Auditors' Report	21
Accounts of Havell's India Ltd.	24

**HAVELL'S
NOTICE****ANNUAL REPORT 2003-04**

NOTICE is hereby given that the Twenty First Annual General Meeting of **HAVELL'S INDIA LIMITED** will be held at Shah Auditorium, Raj Niwas Marg, Civil Lines, Delhi - 110 054 on Monday, the 19th day of July, 2004 at 03:30 P. M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2004, the Profit and Loss Account for the year ended on that date and the Reports of the Auditors and Directors thereon.
2. To declare dividend for the financial year ended on 31st March, 2004.
3. To appoint a Director in place of Shri Surjit Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Anil Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to authorise Board of Directors/ Audit Committee to fix their remuneration.

SPECIAL BUSINESS

6. To pass with or without modification, the following resolution as an **ORDINARY RESOLUTION TO ENHANCE BORROWING LIMITS**

"RESOLVED THAT in modification to the resolution passed at the Annual Genral Meeting of the Company held on 8th September, 1992 and pursuant to the provisions of Section 293 (1) (d) of the Companies Act 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company and / or any Committee thereof to borrow at its discretion, either from the Company's Bank or any other Indian or Foreign Bank(s), Financial Institution(s) and / or any other Lending Institutions or persons from time to time such sum(s) of money(s) and the sum(s) to be borrowed together with the money(s) already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers / FIs in the ordinary course of business) with or without security on such terms and conditions as they may think fit shall exceed the aggregate of the paid-up capital and free reserve of the Company that is to say, reserves not set apart for any specific purpose provided that the total amount together with the money(s) already borrowed by the Board of Directors/Committee shall not exceed the sum of Rupees 400 Crores (Rupees Four Hundred Crores only) at any one time."

7. To pass the item through Postal Ballot

TO PROVIDE SECURITY UNDER SECTION 293(1)(a) OF THE COMPANIES ACT, 1956 IN CONNECTION WITH BORROWING LIMITS

**By Order of the Board
For Havell's India Limited**

Delhi, 6th May, 2004

Ritu Mehrotra
Company Secretary

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 Tuesday, the 13th day of July, 2004 to Monday, the 19th day of July, 2004 (both days inclusive).
3. The dividend, if any declared, shall be payable to those Shareholders whose name(s) stand registered:
 - a) as Beneficial Owner as at the end of business on 12th July, 2004 as per the lists to be furnished by National Securities Depositories Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and
 - b) as member in the Register of Members of the Company/ Registrar & Share Transfer Agent after giving effect to valid share transfers in physical form lodged with the Company as at the end of business on 12th July, 2004.

**HAVELL'S
NOTICE****ANNUAL REPORT 2003-04**

4. Pursuant to the provisions of Section 192A and the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, the result of the Postal Ballot of the item no 7 seeking the consent of the members under Section 293 (1) (a) of the Companies Act, 1956 will be announced in the Meeting.
5. 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.
6.
 - i) Members are requested to immediately intimate any change in Address to MCS Limited, W-40, Okhla Industrial Area, Phase - II, New Delhi-110 020, Registrar and Transfer Agent of the Company, so that change could be effected in the Register of Members before closure.
 - ii) Members who are holding shares in Demat mode are requested to notify any change in their residential address or Bank A/c details immediately to their respective Depository Participants.
 - iii) Members who have not opted for ECS facility earlier are requested to fill up the enclosed mandate form and return it to MCS Limited, W-40, Okhla Industrial Area, Phase - II, New Delhi-110 020, to avail the ECS facility otherwise they are requested to intimate their Savings 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.
7. Members/Proxies are requested to fill in and sign the Attendance Slip for attending the meeting.
8. During the year, amount of Un-claimed Dividend for the year 1995-96 has been deposited in the Investors Education and Protection Fund.
9. In case the Dividend still remained unclaimed from the financial years 1996-97 to 2002-03, the shareholders may approach the company with their dividend warrants for revalidation.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM NO. 6**

At the Annual General Meeting held on 8th September, 1992, the Members of the Company passed the resolution u/s 293 (1)(a) & (d) of the Companies Act, 1956 to borrow and to provide security in connection with such borrowing aggregating not to exceed Rs.200 Crores.

This limit may expire this year. The Company is expanding its business and to meet the capital requirement of the Company, it is necessary to enhance the limit of borrowing under section 293 (1)(d) of the Companies Act, 1956 to Rs. 400 crores subject to approval of the members at the General Meeting.

The Directors, therefore, recommend the resolution at Item No 6 for approval of the shareholders as an Ordinary Resolution. None of the Director is concerned or interested in the resolution.

By order of the Board

Delhi, 6th May, 2004

Ritu Mehrotra
Company Secretary

HAVELL'S DIRECTORS' REPORT

ANNUAL REPORT 2003-04

Your Directors have pleasure in presenting the 21st Annual Report and audited financial accounts for the year ended 31st March, 2004 :

Financial Results

	(Rs. in Lacs)	
	2003-04	2002-03
Gross Sales	41,922.40	29,308.25
Less Excise	5,627.76	4,060.62
Net Sales	36,294.64	25,247.63
Other Income	759.97	421.29
Total Expenditure	32,582.62	22,974.12
Interest	1,197.22	1,044.13
Net profit after interest but before Depreciation and Taxation	3,274.77	1,650.67
Less Depreciation	264.26	232.07
Profit before Taxation	3,010.51	1,418.60
Less Taxation	914.40	522.63
Net Profit	2,096.11	895.97
Add Balance brought forward from previous year	2,300.56	1,668.04
Profit available for appropriation	4,396.67	2,564.01

Appropriation of Profits

Transfer to General Reserve	220.00	100.00
Interim Dividend	86.93	0.00
Proposed Dividend	144.89	144.89
Corporate Dividend Tax	29.70	18.56
Balance carried over to balance sheet	3,915.15	2,300.56
	4,396.67	2,564.01

Performance of the Company

Havell's is one of the largest Indian electrical products company manufacturing building circuit protection equipment, industrial switchgears, cables & wires, energy meters, modular switches, fans, lighting products etc. The turnover of your Company has **increased by 43%** from Rs.29308 Lacs in the last Financial Year 2002-03 to Rs.41922 Lacs in current financial year.

There is more than 130% increase in Profits of the Company. The Net Profit is increased from Rs.896 Lacs to Rs.2096 Lacs during the year under review.

Dividend

During the year, your Company declared an Interim Dividend of Rs.1.50 per equity share of Rs.10/- each i.e. @ 15% for the Financial Year 2003-04 and paid to all those shareholders of 5795577 Equity Shares of Rs.10/- each whose names appeared in the Register of Members of the Company as on 31st October, 2003.

Your Directors are now pleased to recommend a final dividend of Rs. 1.25/- per equity share on fully paid up equity shares of Rs.5/- each i.e. @ 25% thereby making the Total Dividend for the year 2003-04 at 40%. The proposed final dividend, if approved at the ensuing Annual General Meeting and Interim Dividend already paid, would result in appropriation of Rs.261.52 Lacs (including Corporate Dividend Tax of Rs.29.70 Lacs) out of the profits. The Company has made transfer of Rs.220 Lacs to the General Reserve.

Switchgear Division

The turnover of Switchgear Division during the current year is Rs.15928 Lacs as compared to Rs.11133 Lacs for the previous year, a growth of 43 % over the last year's performance. Your Company enjoys leadership position in the Indian Market for building circuit protection equipment. Havell's Miniature Circuit Breakers are the largest selling MCBs in India. In fact, Havell's is among the top 10 MCB manufacturers in the World. Similarly, Havell's Earth Leakage Circuit Breakers have become an imperative for Indian homes and offices. Havell's also offers a wide range of compact, elegant and durable MCB Distribution Boards. The Industrial Switchgear products group includes high quality MCCBs, Changeover Switches, Fuse Switches and Motor Controlgear. The Company is moving with great emphasis towards International Market and is poised for excellent result from there.

HAVELL'S DIRECTORS' REPORT

ANNUAL REPORT 2003-04

Cable Division

Havell's also offers a complete range of domestic FR/FRLS wires, low and high voltage PVC and XLPE cables, besides, Co-Axial TV and Telephone Cables. The Company is recognised as quality manufacturers of cable with a major presence in the country leading to fast growth in volume. The cable division has shown growth of 64% as turnover of the unit has increased to Rs.17596 Lacs from the previous year's turnover of Rs.10715 Lacs.

Meter Division

The metering unit of Havell's manufactures high quality single phase and three phase energy meters. The Meter Division of the Company has shown a turnover of Rs.6004 Lacs during the year under review as compared to the previous year's turnover of Rs.7466 Lacs. The sale was lower due to decrease in selling prices for the meters purchased by State Utilities in the year. The Company is making efforts to upgrade its position by way of continuous product innovation backed by its unique distribution network and extensive reach through out the country.

CFL Division

With a strong brand in electrical products and an extensive distribution network, Havell's decided to move into electrical consumer goods segment, during the year. The Company has set up a state-of-the-art automatic plant for manufacturing Compact Fluorescent Lamps (CFLs) at Faridabad. It has a production capacity of 10 Lacs units/ month. These lamps are becoming highly popular because of their long life and energy saving properties. The CFLs Division has shown a turnover of Rs.550 Lacs in the 6 months of operation during the year. The Company is poised to become a major player in the CFL market in the current year, which shall be the first full year of operations.

Fan Division

Following the same strategy of entering electrical consumer goods segment, during the year, the Company has started a new venture at Noida for manufacturing of all kinds of Electrical Fans including premium ceiling, table, pedestal, wall mounting in innovative designs, styles, sizes and colours under its brand name. The state-of-the-art manufacturing plant includes in-house CNC machining facility, Electrostatic conveyerised paint shop, automatic stator winding machines, a complete conveyerised assembly and testing lines. In its limited period of operation during the year, this unit of the Company generated a turnover of Rs.1508 Lacs. The new plant has a production capacity of 1,00,000 fans per month. The Company aims to acquire 10% market share in the organised sector of Fans by utilising existing production infrastructure in domestic and international market by 2005.

Light Fittings

Havell's has also introduced in the market a complete range of indoor and outdoor lighting fixtures under the Brand name 'Havell's Polestar'. With this the Company has entered into Rs.2300 crore domestic lamps and luminaries market. For this purpose, the Company has acquired 24% stake in G S Lighting Pvt. Ltd., a company manufacturing light fittings. The Turnover of this unit is Rs.515 Lacs during the year.

The three new business ventures added in the year should result in an excellent growth in the current year.

International Business

The Company has put major focus on increasing its export volumes and international business. The Company has started exporting to over 40 countries, which shall result into major volume expansion in the current year. The Company has opened branch offices in Dubai and Bangladesh to provide local promotion to the markets there. The Company did Export turnover of Rs.2116 Lacs in the year under review compared to previous year's Rs.652 Lacs i.e. an increase of 225%.

Subsidiary Companies

During the year 2003-04 your company has sold out its entire shareholding in Standard Electricals Limited.

Corporate Governance

An independent Board with best business practices, transparent disclosures and empowerment of shareholders are as necessary as solid financial results for creating and sustaining the shareholder value. In line with clause 49 of the Listing Agreement, a Corporate Governance Report and a Management Discussion & Analysis Report of the Company are provided in this Annual Report.

Directors' Responsibility Statement

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that :

- (i) in the preparation of the annual accounts, 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 judgements 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;



HAVELL'S**DIRECTORS' REPORT****ANNUAL REPORT 2003-04**

- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of 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 on a going concern basis.

Directors

Smt. Nishi Goyal, has resigned from the Directorship of the Company. Further, Ms. Sabine Geyer who is appointed as Director by GEYER AG, the erstwhile foreign promoter has now become an Independent Director as Geyer AG has sold out its entire investment in the Company during the current year.

In accordance with the requirement of the Companies Act, 1956, Shri Surjit Gupta and Shri Anil Gupta, Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Auditors

M/s V. P. Bansal & Co., Chartered Accountants, Delhi, the present Auditors of the Company, retire at the forthcoming Twenty First Annual General Meeting and being eligible, offer themselves for re-appointment. They have furnished a certificate to the effect that their re-appointment, if made, will be within the limits prescribed under Section 224(1)(B) of the Companies Act, 1956.

Comments on Auditor's Report

All observations made in the Auditor's Report and notes to the accounts are self explanatory and do not call for any further comments under section 217 of the Companies Act, 1956.

Fixed Deposit

Public deposits accepted by the Company as at March 31, 2004 aggregated to Rs.814.01 Lacs. Deposits aggregating to Rs.25.89 Lacs from 29 depositors, though matured, had neither been claimed nor renewed until March 31, 2004. The Company has sent letters to all those deposit holders to claim the same.

Investors Education and Protection Fund

Pursuant to the provisions of section 205A & 205C of the Companies Act, 1956, your Company has deposited Rs.67,110/- lying unclaimed / unpaid dividend for the Financial Year 1995-96 during the current year in the Investors Education and Protection Fund.

Listing of shares

The shares of the Company are listed on National Stock Exchange of India Limited (NSE) and The Stock Exchange, Mumbai (BSE). NSE has been defined as the Designated Stock Exchange of the Company. The listing fees in respect thereof, for the year 2004-05, has already been paid to all the Stock Exchanges.

The Company has got the shares of the Company delisted from the Delhi Stock Exchange Association Limited (DSE) with effect from 23rd October, 2003.

Split of Shares

At the Extra Ordinary General Meeting of the Company held on 19th day of November, 2003, members of the Company approved the splitting of shares by change in denomination of face value of its Equity Shares from Rs.10/- to Rs.5/- each. Consequently, on 7th January, 2004, i.e. the record date fixed for this purpose, all 5795577 equity shares of Rs.10/- each were sub-divided into 11591154 equity shares of Rs.5/- each.

Personnel

Particulars of Employees required under section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 as amended forms part of this report and attached herewith as Annexure - A

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 under Annexure-B and forms part of this report.

ISO 9001:2000

Your Company is an ISO 9001:2000 certified Company following the best practices to lead the organisation towards improved performance. Customer Focus, Leadership, Involvement of People, Process Approach, System Approach to Management, Continual Improvement, Factual Approach to Decision Making and Mutually Beneficial Suppliers Relationship are the 8 quality management principles used as a basis for the development of ISO 9001:2000.