

V.R BANSAL & ASSOCIATES
CHARTERED ACCOUNTANTS

B-11, Sector -2, Noida
Uttar Pradesh
Mobile: 9810186101,9810052850
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To
The Members
Standard Electrical Limited

We have audited the attached Balance Sheet of Standard Electrical Limited, as at 31st March, 2011 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and the Cash Flow Statement for the period ended on that date. 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.

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

As required by the Companies (Auditors Report) Order, 2003, as amended by the Companies (Auditors Report) (Amendment) Order 2004, issued by the Central Government in terms of subsection (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.

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 purpose 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 and proper returns for the purpose of our audit have been received in respect of branches not visited by us;
- iii) the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

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Branch office: A-69, Vijay Block, Laxmi Nagar, Delhi-110092, Telefax: 22433950, 22016191

- iv) in our opinion, the Balance Sheet , the Profit and loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of Companies Act, 1956.
- v) on the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 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 the absence of the notification in the Official Gazette of the Central Government, the Company has not made any provision for cess payable under section 441A of the Companies Act, 1956. As per the explanations given to us, the required provision for cess payable shall be made in accordance with the notification, as and when issued by the Central Government in its Official Gazette.
- vii) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting polices and notes thereon, 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 31st March, 2011 and
- b) in the case of Profit and Loss Account, of the profit of the Company for the year ended on that date; and
- c) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For V.R. BANSAL & ASSOCIATES
Chartered Accountants
Registration No.016534 N
Sd/-

(RAJAN BANSAL)
Partner
Membership No. : 093591

Dated : 20th May 2011
Place : NOIDA

ANNEXURE TO THE AUDITORS' REPORT

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) The fixed assets have been physically verified by the management at reasonable intervals. As explained to us, the discrepancies noticed on physical verification of fixed assets were not material in relation to the size and nature of fixed assets and have been properly dealt with in the books of accounts. In our opinion, the frequency of the physical verification is reasonable having regard to the size of the Company and the nature of its business.
- (c) In our opinion, the fixed assets disposed off during the year do not constitute substantial part of fixed assets of the Company and such disposal, in our opinion, has not affected the going concern status of the Company.
- (ii) (a) The inventories have been physically verified during the year by the management at reasonable intervals.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventories, we are of the opinion that the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of stocks as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) In our opinion and as per the informations given to us, the Company has not granted or taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii) (a to g) of the Order are not applicable to the Company.
- (iv) In our opinion, 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 and services. Further, on the basis of our examination and according to the information and explanations given to us, no major weaknesses in the aforesaid internal control system has been noticed.

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- (v) (a) As per prima facie examination of the register maintained under section 301 of the Act, we are of the opinion that the transactions that need to be entered in the register in pursuance of section 301 of the Act have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made during the year, aggregating in value of Rupees five lakhs or more with each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted deposits from public. Therefore, directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed thereunder are not applicable for the year under audit.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanations given to us the Company is not required to maintain cost records as prescribed by Central Government u/s 209(1) (d) of the Companies Act 1956.
- (ix) (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, VAT / Sales Tax, Service Tax, Custom Duty, Cess or any other statutory dues with the appropriate authorities. There are no arrears of outstanding statutory dues as at 31st March 2011 for a period of more than six months from the date they become payable. However, the Company has not made any provision towards cess payable u/s 441A of the Companies Act, 1956, since the required notification has not been issued by the Central Government in this regard.
- (b) The particulars of dues of Income Tax/Sales Tax/VAT/Custom Duty/Service Tax/Excise Duty/Cess or any other Government dues which have not been deposited on account of any dispute are disclosed in Note No. 8 of Schedule 16 to the Balance Sheet.
- (x) The Company has no accumulated losses as at 31st March, 2011 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- (xi) The Company has not defaulted in repayment of dues to any financial institution or banks. The Company has not issued any debentures.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- (xiii) The provisions of any special statute applicable to a chit fund/nidhi/mutual benefit fund/ societies are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing or trading in shares, debentures, securities and other investments. Accordingly, the provisions of clauses 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanation given to us, the Company has not given any guarantees for loans taken by others from Banks or Financial Institutions.
- (xvi) On the basis of examination of accounting records and cash flow statements, and as per the explanations given to us, we are of the opinion that, the term loans were applied for the purpose for which the loans were obtained.
- (xvii) On the basis of examination of accounting records and cash flow statements, and as per the explanations given to us, we are of the opinion that the funds raised on short-term basis have not been used for long-term investments.
- (xviii) The Company has issued and allotted 40000 equity shares of Rs. 10/- each fully paid up to Holding company M/s Havells India Limited, a company covered under register maintained under section 301 of the Act. The said shares have been allotted at par. In our opinion, the price at which such shares are issued are not prejudicial to the interests of the company.
- (xix) The Company has not issued any debentures. Accordingly, the provisions of clauses 4(xix) of the Order are not applicable to the Company.
- (xx) During the year, the Company has not raised any money by way of public issue.
- (xxi) During the checks carried out by us and as per information made available to us, no fraud on or by the Company has been noticed or reported during the year under audit.

For V.R. BANSAL & ASSOCIATES
Chartered Accountants
Registration No.016534 N
Sd/-

(RAJAN BANSAL)
Partner
Membership No. : 093591

Dated : 20th May 2011
Place : NOIDA

**Standard Electrical Limited
Balance Sheet**

	Schedule No.	As at 31.03.2011	As at 31.03.2010
I. SOURCES OF FUNDS			
1. SHARE CAPITAL			
Share capital	1	5,00,000	1,00,000
Reserves and surplus	2	56,33,69,804	36,62,15,148
		<u>56,38,69,804</u>	<u>36,63,15,148</u>
2. LOAN FUNDS			
Secured loans	3	-	5,39,37,145
3. DEFERRED INCOME TAX (NET)			
		2,10,78,900	1,73,56,692
		<u>58,49,48,703</u>	<u>43,76,08,984</u>
II. APPLICATION OF FUNDS			
1. FIXED ASSETS			
Gross block	4	30,71,49,782	29,45,41,373
Less: Accumulated depreciation		4,73,58,661	3,73,15,152
Net block		<u>25,97,91,122</u>	<u>25,72,26,220</u>
Add: Capital work-in-progress		2,70,081	4,00,192
Total fixed assets		<u>26,00,61,202</u>	<u>25,76,26,412</u>
2. CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	5	9,68,21,412	12,45,74,419
Sundry debtors		14,88,78,308	8,43,91,692
Cash and bank balances		9,08,14,051	3,36,94,936
Other current assets		44,00,020	39,12,029
Loans and advances		11,68,35,429	3,21,89,653
		<u>45,77,49,219</u>	<u>27,87,62,729</u>
Less: Current Liabilities and Provisions			
Current liabilities	6	13,05,87,744	9,54,40,719
Provisions		22,73,975	33,39,438
		<u>13,28,61,719</u>	<u>9,87,80,157</u>
NET CURRENT ASSETS		32,48,87,501	17,99,82,572
		<u>58,49,48,703</u>	<u>43,76,08,984</u>
Accounting policies, contingent liabilities and notes on accounts	16		

For and on behalf of the Board of Directors

Sd/-
Anil Gupta
Director

Noida, 20th May, 2011

Sd/-
Ameet Gupta
Director

As per attached Auditor's Report of even date
For V.R.Bansal & Associates
Chartered Accountants

Sd/-
Rajan Bansal
Partner
Membership No. 93591

**Standard Electrical Limited
Profit and Loss Account**

		Year Ending 31.03.2011	Year Ending 31.03.2010
	Schedule No.		
1. INCOME			
Turnover (Gross)	7	96,78,23,433	89,90,61,506
Less: Excise duty		-	19,64,836
Turnover (Net)		<u>96,78,23,433</u>	<u>89,70,96,670</u>
Other Income	8	57,89,422	1,03,92,349
		<u>97,36,12,854</u>	<u>90,74,89,019</u>
2. EXPENDITURE			
Materials cost	9	50,16,81,117	47,72,13,912
Manufacturing	10	7,64,19,608	7,15,03,728
Personnel	11	4,77,20,192	6,06,87,694
Office and administration	12	6,08,74,295	5,04,58,212
Selling and distribution	13	6,89,49,389	8,69,38,769
Interest and financial	14	35,43,131	60,43,353
Managerial remuneration	15	-	5,22,581
Miscellaneous expenditure written off		-	7,560
Depreciation		1,08,75,648	1,15,00,283
		<u>77,00,63,379</u>	<u>76,48,76,092</u>
3. PROFIT BEFORE TAX		<u>20,35,49,476</u>	<u>14,26,12,927</u>
Tax expense			
Current tax		4,11,50,000	2,55,32,858
Income Tax of earlier years		1,87,659	(56,370)
Mat Credit entitlement		(3,86,65,047)	(2,03,47,666)
Deferred tax		37,22,208	(57,44,161)
		<u>63,94,820</u>	<u>(6,15,339)</u>
4. PROFIT AFTER TAX		<u>19,71,54,656</u>	<u>14,32,28,266</u>
5. PROFIT FOR APPROPRIATION			
Brought forward from previous year		14,32,26,062	(2,206)
Profit for the year		<u>19,71,54,656</u>	<u>14,32,28,266</u>
Profit available for appropriation		<u>34,03,80,718</u>	<u>14,32,26,060</u>
APPROPRIATIONS			
Balance carried over to Balance Sheet		<u>34,03,80,718</u>	<u>14,32,26,062</u>
		<u>34,03,80,718</u>	<u>14,32,26,062</u>
Basic and diluted earnings per share (EPS) (Rs.per equity share of Rs.10/- each)		3,943	2,865
Accounting policies, contingent liabilities and notes on accounts	16		

For and on behalf of the Board of Directors

Sd/-
Anil Gupta
Director

Noida, 20th May, 2011

Sd/-
Ameet Gupta
Director

As per attached Auditor's Report of even date
For V.R.Bansal & Associates
Chartered Accountants

Sd/-
Rajan Bansal
Partner
Membership No. 93591

STANDARD ELECTRICAL LIMITED

**CASH FLOW STATEMENT ANNEXED TO AND FORMING
PART OF BALANCE SHEET AS AT 31st MARCH 2011**

A. CASH FLOW FROM OPERATING ACTIVITIES	31.03.2011	31.03.2010
	Rs.	Rs.
Net Profit before tax and extraordinary items	20,35,49,476	14,26,12,929
<u>Adjustments for</u>		
Depreciation	1,08,75,648	1,15,00,283
Loss on Sale of Fixed Assets	12,43,257	1,74,99,393
Profit on sale of Fixed Assets	(2,36,049)	(5,80,035)
Interest Income	(13,96,778)	(2,02,707)
Interest Paid	15,04,950	38,61,314
Unrealised Foreign exchange (gain)/loss	9,12,235	(50,27,246)
Provision/(writtenback) for doubtful debts	29,30,849	72,86,809
Miscellaneous Expenditure Written Off	-	7,560
Operating Profit before working capital changes	21,93,83,587	17,69,58,301
<u>Adjustments for</u>		
Trade and Other Receivables	(11,32,48,301)	(5,91,02,533)
Inventories	2,77,53,007	3,50,35,817
Trade Payables	3,72,58,488	1,83,21,145
Other Liabilities	(21,06,976)	(8,84,91,907)
Cash generated from operations	16,90,39,806	8,27,20,823
Direct taxes paid	(4,24,03,122)	(2,75,51,850)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	12,66,36,683	5,51,69,173
Net Cash received (+) / used (-) from Operating Activities	12,66,36,683	5,51,69,173
B. CASH FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,54,11,566)	(58,00,193)
Sale of fixed assets	10,93,922	1,00,35,210
Interest Received	13,96,778	2,02,707
Net Cash used in Investing Activities	(1,29,20,866)	44,37,724
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	4,00,000	-
Proceed/Repayment(-) of short term borrowings	-	(5,50,26,481)
Proceed/Repayment(-) of long term borrowings	(5,39,37,145)	(3,19,16,830)
Interest Paid	(15,04,950)	(38,61,314)
Net Cash received (+) / used (-) from Financing Activities	(5,50,42,094)	(9,08,04,626)
Net increase (+) / decrease (-) in cash and cash equivalents (A+B+C)	5,86,73,723	(3,11,97,729)
Cash and Cash Equivalents as at the beginning of the year	3,07,24,041	92,440
Cash and Cash Equivalents taken over as per scheme of arrangement	-	6,18,29,330
Cash and Cash Equivalents as at the close of the year	8,93,97,764	3,07,24,041

Notes:

- 1 The cash flow statement has been prepared under the indirect method set out in 'Accounting Standard (AS) 3 Cash Flow Statements', as specified in the Companies (Accounting Standards) Rules, 2006.
- 2 Additions to Fixed Assets include movements of capital work-in-progress during the year.
- 3 Cash and cash equivalents as at the close of the year does not include Rs. 14,16,287/- (Previous year Rs. 29,70,895/-) on account of fixed deposit under margin money and interest accrued on fixed deposit.

For and on behalf of the Board of Directors

Sd/-
Anil Gupta
Director

Sd/-
Ameet Gupta
Director

As per attached Auditor's Report of even date
For V.R.Bansal & Associates
Chartered Accountants
(Registration No. 016534N)

Sd/-
Rajan Bansal
Partner
Membership No. 93591

Noida, 20th May, 2011

**Standard Electrical Limited
Schedules**

	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
SCHEDULE NO. 1		
SHARE CAPITAL		
Authorised 50,000 (Previous Year 10,000) Equity Shares of Rs.10/- each fully paid up	<u>5,00,000</u>	<u>1,00,000</u>
Issued, Subscribed and Paid Up 50,000 (Previous Year 10,000) Equity Shares of Rs.10/- each fully paid up (held by holding Company 'Havells India Limited')	<u>5,00,000</u>	<u>1,00,000</u>
	<u><u>5,00,000</u></u>	<u><u>1,00,000</u></u>
 SCHEDULE NO. 2		
RESERVES AND SURPLUS		
General Reserve Surplus in pursuance of scheme of arrangement As per last Balance Sheet	<u>22,29,89,086</u>	<u>22,29,89,086</u>
	<u>22,29,89,086</u>	<u>22,29,89,086</u>
Profit and loss account Surplus transferred from Profit and loss account	<u>34,03,80,718</u>	<u>14,32,26,062</u>
	<u><u>56,33,69,804</u></u>	<u><u>36,62,15,147</u></u>
 SCHEDULE NO. 3		
SECURED LOANS		
Working capital loans from banks Cash Credit account	-	1,16,18,396
Term Loans from Banks External Commercial Borrowings	-	4,23,18,749
	<u>-</u>	<u><u>5,39,37,145</u></u>

Standard Electrical Limited
SCHEDULE NO. 4

FIXED ASSETS

Sl. No.	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 01.04.2010	Additions during the year	Sales/ Adjustment	As on 31.03.2011	Upto 31.03.2010	For the year	Sales/ Adjustment	To date	As At 31.03.2011	As At 31.03.2010
		(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
1	Industrial Land-Leasehold	4,40,86,357	-	-	4,40,86,357	-	-	-	-	4,40,86,357	4,40,86,357
2	Factory Building	13,53,10,709	-	-	13,53,10,709	1,32,58,559	-	-	1,77,77,937	11,75,32,772	12,20,52,150
3	Offices and Godowns	37,52,030	-	-	37,52,030	19,29,092	-	-	19,90,250	17,61,780	18,22,938
4	Plant and Machinery	5,42,51,959	1,06,53,187	14,79,203	6,34,25,943	1,00,96,355	28,26,174	2,29,199	1,26,93,330	5,07,32,613	4,41,55,604
5	Dies and Tools	1,22,82,411	38,58,500	-	1,61,40,911	9,71,781	7,43,095	-	17,14,876	1,44,26,035	1,13,10,630
6	Generators	19,06,756	-	-	19,06,756	2,82,335	91,083	-	3,73,418	15,33,338	16,24,421
7	Furniture and Fixtures	86,25,787	1,54,557	1,55,953	86,24,391	25,85,366	5,98,171	74,426	31,09,111	55,15,280	60,40,421
8	Electric Fans and Installations	1,60,27,378	-	-	1,60,27,378	19,56,599	7,61,300	-	27,17,899	1,33,09,479	1,40,70,779
9	Water Supply Installations	-	25,641	-	25,641	-	848	-	848	24,793	-
10	Weighing Scale	59,857	28,057	-	87,914	12,710	3,554	-	16,264	71,650	47,147
11	EDP Equipments	54,25,890	3,70,778	4,76,571	53,20,097	34,30,286	6,24,934	-	38,39,942	14,80,155	19,95,604
12	Office Equipments	18,02,171	1,67,810	3,37,180	16,32,801	6,68,612	86,196	2,15,278	6,98,468	9,34,333	11,33,559
13	Airconditioners	55,59,740	2,83,148	-	58,42,888	5,98,745	2,76,234	56,340	8,74,979	49,67,909	49,60,995
14	Motor Cars	28,46,787	-	4,84,360	23,62,427	9,90,737	2,26,579	-	9,60,521	14,01,906	18,56,050
15	R & D Block	26,03,540	-	-	26,03,540	5,33,975	56,845	-	5,90,820	20,12,720	20,69,565
	Total	29,45,41,372	1,55,41,677	29,33,267	30,71,49,782	3,73,15,152	1,08,75,648	8,32,138	4,73,58,662	25,97,91,120	25,72,26,220
	Capital Work in Progress - Plant and Machinery	4,00,192	2,70,081	4,00,192	2,70,081	-	-	-	-	2,70,081	4,00,192
	Current Year	29,49,41,564	1,58,11,758	33,33,459	30,74,19,862	3,73,15,152	1,08,75,648	8,32,138	4,73,58,662	26,00,81,201	25,76,26,412
	Previous years	36,77,10,674	93,72,233	8,21,41,344	29,49,41,564	7,74,29,604	1,15,00,284	5,16,14,736	3,73,15,152	25,76,26,412	-

Note:

- 1) Depreciation has been provided on the rates prescribed in Schedule XIV of the Companies Act 1956 on SLM basis.
- 2) Depreciation on assets for a value not exceeding Rs. 5000/- has been provided @ 100%

SCHEDULE NO. 5	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
CURRENT ASSETS, LOANS AND ADVANCES		
Inventories (as taken, valued and certified by the management)		
Raw materials and components	3,81,52,802	4,23,11,835
Semi finished goods	26,36,097	43,63,629
Finished goods (including goods in transit Rs. 425014/- (Last year Rs. 1851839/-)	5,33,73,977	7,52,06,046
Packing materials	19,46,340	25,17,083
Fuel and Gases	4,49,421	1,75,826
Scrap materials	2,62,775	-
	<u>9,68,21,412</u>	<u>12,45,74,419</u>
Sundry debtors (unsecured)		
Debts outstanding for a period exceeding six months		
considered good	4,45,383	1,69,06,865
considered doubtful	1,02,17,658	72,86,809
	<u>1,06,63,041</u>	<u>2,41,93,674</u>
Less: Provision for doubtful debts	1,02,17,658	72,86,809
	4,45,383	1,69,06,865
Other debts -considered good	<u>14,84,32,925</u>	<u>6,74,84,827</u>
	<u>14,88,78,308</u>	<u>8,43,91,692</u>
Cash and bank balances		
Cash in hand	1,00,940	1,88,429
With scheduled banks :		
Current accounts	3,92,96,823	16,23,243
Cash credit accounts	-	2,89,12,368
Fixed deposit account		
Margin money	6,60,558	24,88,617
Other fixed deposits	5,00,00,000	-
Pledged with government departments	24000	17,000
Interest accrued on fixed deposits	7,31,729	4,65,279
	<u>9,08,14,051</u>	<u>3,36,94,936</u>
Other current assets - (considered good)		
DEPB licences in hand	-	80,784
Export incentives receivable	14,00,020	8,31,245
Capital investment subsidy receivable	30,00,000	30,00,000
	<u>44,00,020</u>	<u>39,12,029</u>
Loans and advances (unsecured- considered good)		
Advances recoverable in cash or in kind or for value to be received	5,35,97,418	90,74,169
Earnest money and security deposits	9,09,712	17,99,561
Balance of VAT with sales tax department	23,47,329	-
Mat credit entitlement	5,99,80,970	2,13,15,923
	<u>11,68,35,429</u>	<u>3,21,89,653</u>
	<u>45,77,49,219</u>	<u>27,87,62,729</u>

SCHEDULE NO. 6		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry creditors:		
Total outstandings dues of Micro and Small enterprises	43,06,811	6,87,574
Total outstandings dues of creditors	9,74,60,540	6,38,25,776
Security deposite from customers/agents	1,27,38,253	1,34,54,910
Sales Tax Payable	72,88,187	65,99,564
Yes Bank Limited (Current Account)	-	35,06,252
Interest accrued but not due	-	1,59,887
Other liabilities	87,93,954	72,06,757
	<u>13,05,87,744</u>	<u>9,54,40,720</u>
PROVISIONS		
Income tax (net of TDS and advance tax)	22,73,975	33,39,438
	<u>22,73,975</u>	<u>33,39,438</u>
	<u>13,28,61,719</u>	<u>9,87,80,158</u>

	Year Ending 31.03.2011 (Rs.)	Year Ending 31.03.2010 (Rs.)
SCHEDULE NO. 7		
TURNOVER (GROSS)		
Sale of goods	1,00,77,29,650	93,86,20,331
Less : Turnover discount, incentives and rebates	<u>4,83,54,929</u>	<u>4,31,43,709</u>
	95,93,74,720	89,54,76,622
Scrap materials	66,13,787	15,62,857
Export Incentives	<u>18,34,925</u>	<u>20,22,027</u>
	<u><u>96,78,23,433</u></u>	<u><u>89,90,61,506</u></u>

SCHEDULE NO. 8

OTHER INCOME		
Interest on deposits and from customers [TDS Rs. 87,317/-, Previous year Rs.23,832/-]	13,96,778	2,02,707
Exchange fluctuations (Net)	-	68,48,314
Miscellaneous receipts	36,76,999	27,61,293
Profit on sale of fixed assets	2,36,049	5,80,035
Excess provisions of bad debts	3,06,288	-
Income Tax refund	<u>1,73,308</u>	-
	<u><u>57,89,422</u></u>	<u><u>1,03,92,349</u></u>

SCHEDULE NO. 9

MATERIALS COST

Raw materials and components consumed	34,19,05,397	30,63,61,753
Packing material (primary) consumed	1,76,81,297	1,65,90,368
Purchase of traded goods	11,87,97,596	13,79,15,845
Add: Opening stocks		
Traded goods	2,81,87,076	36182603
Finished goods	4,70,18,970	47501014
Semi finished goods	<u>43,63,629</u>	<u>12232004</u>
	7,95,69,675	9,59,15,621
Less: Closing stocks		
Traded goods	3,02,36,885	2,81,87,076
Finished goods	2,31,37,092	4,70,18,970
Semi finished goods	26,36,097	43,63,629
Scrap materials	<u>2,62,775</u>	-
	<u>5,62,72,849</u>	<u>7,95,69,675</u>
	<u><u>50,16,81,117</u></u>	<u><u>47,72,13,912</u></u>

SCHEDULE NO. 10

MANUFACTURING EXPENSES

Rates and taxes	1,44,000	5,78,120
Job charges	5,67,93,741	5,21,22,892
Power, fuel and water	49,52,326	48,94,642
Consumable stores and tools consumed	41,79,669	63,51,127
Repairs and Maintenance		
Machinery	10,80,591	7,93,143
Building	1,91,024	1,42,897
Others	15,83,132	19,49,459
Research and development expenses	11,53,744	-
Testing expenses	42,67,784	27,62,659
Other manufacturing expenses	<u>20,73,597</u>	<u>19,08,789</u>
	<u><u>7,64,19,608</u></u>	<u><u>7,15,03,728</u></u>

	Year Ending 31.03.2011 (Rs.)	Year Ending 31.03.2010 (Rs.)
SCHEDULE NO. 11		
PERSONNEL EXPENSES		
Salaries, wages, bonus and other benefits	4,32,97,639	5,54,29,586
Contribution towards PF and ESI	27,97,416	37,75,396
Employees welfare	16,25,137	14,82,712
	<u>4,77,20,192</u>	<u>6,06,87,694</u>
SCHEDULE NO. 12		
OFFICE AND ADMINISTRATION EXPENSES		
Rent	2,50,64,455	80,30,544
Rates and taxes	1,66,907	1,63,626
Printing and stationary	13,47,588	15,27,054
Postage, telephone and communications expenses	19,23,479	24,00,708
Electricity and water charges	69,270	1,96,602
Travelling, conveyance and vehicle maintenance	1,01,69,355	1,34,74,620
Legal and professional	18,26,100	19,77,356
Auditor's remuneration		
Audit fee	3,86,050	3,50,000
Taxation matters	2,20,600	2,01,500
Insurance	23,79,994	24,43,790
Loss on sale/discard of fixed assets	12,43,257	1,74,99,393
Miscellaneous office expenses	1,60,77,240	21,93,019
	<u>6,08,74,295</u>	<u>5,04,58,212</u>
SCHEDULE NO. 13		
SELLING AND DISTRIBUTION EXPENSES		
Advertisement and Sales promotion	1,07,83,732	77,67,399
Freight, Packing, insurance and cartage outward	3,13,23,095	2,93,48,637
Cash Discount	1,35,46,172	1,05,76,186
Commission on sales	74,09,276	1,85,09,832
Debtors factoring charges	3,01,784	1,07,87,017
Bad debts, liquidity damages and short recoveries	10,24,255	22,80,956
Provision for doubtful debts	32,37,137	72,86,809
Sales tax and Service tax paid	12,07,330	3,44,981
Miscellaneous selling expenses	1,16,608	36,951
	<u>6,89,49,389</u>	<u>8,69,38,769</u>
SCHEDULE NO. 14		
INTEREST AND FINANCIAL EXPENSES		
Interest		
On fixed loans	3,89,533	13,15,916
On others	11,15,416	25,45,398
Bank charges	16,00,155	21,82,039
Exchange fluctuations (Net)	4,38,026	-
	<u>35,43,131</u>	<u>60,43,353</u>
SCHEDULE NO. 15		
MANAGERIAL REMUNERATION		
Managing Director's remuneration	-	5,22,581
	<u>-</u>	<u>5,22,581</u>

STANDARD ELECTRICAL LIMITED
SCHEDULE NO. 16

ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES TO ACCOUNTS FOR THE YEAR ENDING 31ST MARCH, 2011

A. SIGNIFICANT ACCOUNTING POLICIES

1 Accounting Convention

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 referred to in Section 211 (3C) of the Companies Act, 1956, 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.

2 Use of Estimates

The preparation of financial statements under generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that effect the reported statements of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenue and expenses during the year. The actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

3 Fixed Assets, Capital work-in-progress and Depreciation

a) Fixed 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 subsidy directly attributable to the cost of fixed assets. Interest and other borrowing costs during construction period on borrowings to finance fixed assets is capitalised.

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

c) 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 over their useful life. Depreciation on fixed assets added/dropped off during the year is provided on pro-rata basis. Depreciation on assets for a value not exceeding Rs.5,000/- acquired during the year is provided at the rate of 100%.

d) 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.

e) 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.

4 Intangible assets

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 on a straight line basis over six years being estimated useful life of the assets.

5 Inventories

a) Raw materials and components, semi finished goods, finished goods, stores and spare parts and packing materials have been taken at lower of cost and net realisable value after providing for obsolescence wherever appropriate. Excise duty has been added in the value of inventory of finished goods and scrap material, except at Haridwar Unit of the Company which are exempted from payment of excise duty.

b) The inventories are valued on the basis of moving weighted average method.

c) Cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition excluding duties and taxes subsequently recoverable from the taxing authorities in case of input materials.

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

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

7 Government Grants and Subsidies

Subsidies towards capital costs for setting up of new industrial units are adjusted from the cost of fixed assets.

8 Retirement Benefits

a) Gratuity

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 liability in the books.

b) Provident and other Fund

Contribution to Provident fund and Employees State Insurance Scheme is made in accordance with the relevant fund/scheme and is treated as revenue expenditure.

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.

9 Research and Development

Intangible Assets arising from development are recognized if the asset is identifiable and future economic benefits from the assets are probable. Expenditure on research is recognized as an expense when it is incurred. Research and development costs include salaries and other related cost of personnel, cost of material and services consumed. Cost incurred on development projects relating to the design of new or improved products are recognised as an expense when incurred as the criteria for capitalisation is not fulfilled.

10 Revenue Recognition

The principles of revenue recognition are given below:

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. Sales include excise duty but are exclusive of value added tax. Sales do not include inter-divisional transfers.

b) Export Incentives

Export incentives such as DEPB benefits are recognised on post export basis on entitlement rates. DEPB Licenses in hand are carried at cost.

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.

11 Prior period Items/ Exceptional Items

Prior period expenses/income are shown as prior period item 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' issued by the Institute of Chartered Accountants of India.

12 Borrowing Costs

Interest and other borrowing costs directly attributable to the acquisition, construction or installation of qualifying capital assets till the date of commercial use of the assets are capitalised. Other borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

13 Segment Information - Basis of Information

The accounting policies adopted for segment reporting are in line with accounting policies used in the preparation of financial statements of the Company. The Company identifies its business segment as primary reporting segment and geographical segment as a secondary reporting segment. Revenue, expense, assets and liabilities, which relate to the Company as a whole and do not relate to any segment, are not allocated.

14 Earnings Per Share

The earnings considered in ascertaining the Company's Earnings Per Share (EPS) comprises the net profit after tax. The number of shares used in computing Basic and diluted EPS is weighted average number of shares outstanding during the year.

15 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 Indian 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.

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.

- 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 account 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.

16 Impairment of assets

At each Balance Sheet date an assessment is made whether there is any indication of impairment of the carrying amount of the Company's assets. The recoverable amount of such assets are estimated, if any indication exists. Impairment loss is recognised wherever the carrying amount of the assets exceeds its recoverable amount.

17 Leases

Assets taken on lease, under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Operating lease payments are recognised as expense in Profit and loss account.

18 Contingent Liabilities and Provisions

Provisions

Provisions are recognised as liability only when these can be measured by using a substantial degree of estimation and where present obligations of the enterprise arise from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits. Provisions are not discounted to its present value and are determined based on management estimate to settle the obligation at the balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities

Contingent liabilities are disclosed by way of notes and are not recognised as an item of expense in the profit and loss account. Contingent gains are not recognised.

B CONTINGENT LIABILITIES

	2011	2010
a Estimated amount of capital contracts remaining to be executed and not provided for (net of Advances)	11,95,00,000	-
b Bonds to excise department against export of excisable goods without payment of duty	50,00,000	50,00,000
c Suits filed against the Company not acknowledged as debts	2,80,54,122	2,91,53,000
d Liability towards banks against debtors buyout facilities	-	2,22,79,299
e Disputed tax liabilities in respect of pending cases before Appellate Authority	3,77,98,335	6,74,418
f Bank guarantee obtained from bank	3,81,887	3,81,887

C NOTES TO ACCOUNTS

- The name of Company has been changed to 'Standard Electrical Limited' (formerly known as 'Seven Wonders Holidays Pvt. Limited') vide fresh certificate of incorporation consequent upon change of name dated 20th October 2010 issued by the Registrar of Companies, Delhi and Haryana.
- The Company's manufacturing unit at Haridwar (Uttarakhand) is 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 unit is eligible for deduction as provided under section 80 IC of the Income Tax Act, 1961.
- Sundry debtors include a sum of Rs. Nil (Previous year Rs. 5,16,248/-) due from holding company as under :

Name of the Company	Relationship	(Amount in Rs.)			
		Amount due		Maximum Amount	
		As at 31st March		During the year	
		2011	2010	2011	2010
Havells India Limited	Holding Company	-	5,16,248	41,57,957	52,30,543

- Sundry creditors include a sum of Rs. 27,56,411/- (Previous year Rs. Nil/-) due to holding company 'Havells India Limited'.

- 5 Loans and advances include a sum of Rs. 14,16,741/- (Previous year Rs. Nil) due from the company under the same management as under:

<u>Name of the Company</u>	<u>Amount due</u>		<u>Maximum Amount</u>	
	As at 31st March		During the year	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
QRG Corporate Services Limited	14,16,741	12,431	14,16,741	12,431

- 6 The Company has a system of obtaining periodic confirmations from debtors and creditors. Necessary entries have been passed on reconciliation of accounts wherever required.
- 7 a) 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, 2011 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.

Sl. No.	Particulars	(Amount in Rs.)	
		2010-11	2009-10
1	Principal amount and interest due thereon remaining unpaid to any supplier cover under MSMED Act:		
	Principal (refer table (b) below)	13,33,211	13,67,405
	Interest	75,455	90,612
2	The amount of interest paid by the buyer in terms of Section 16, of the MSMED Act along the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
3	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.	74,314	88,491
4	The amount of interest accrued and remaining unpaid at the end of each accounting year.	1,141	2,121
5	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.	Nil	Nil

- b) The total outstanding dues of Micro and Small Enterprises which were outstanding for more than stipulated period were at Rs. 2,68,780/- (last year Rs. 2,58,036/-) as at the balance sheet date.

- 8 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:

Statute	Nature of Dues	Period to which relates	Disputed amount (in Rs.)	Forum where disputes are pending
Sales Tax/Value Added Tax	Demand/ Interest	2008-09	2,95,957	The Tribunal, Commercial Tax, Delhi
		2007-08	3,75,02,378	The Special Commissioner, Commercial Tax, Delhi
		Total	<u>3,77,98,335</u>	

No provision in respect of the aforesaid amount has been made since the Company expects no liability on these accounts.

- 9 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, has 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.4,38,026/- (Previous year exchange gain Rs. 6848314/-) has been recognised as exchange loss (net) and debited to the profit and loss account.

10 Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise as at 31st March, 2011 are as under:

	USD		EURO	
	Foreign Currency	Indian Currency (In Rs.)	Foreign Currency	Indian Currency (In Rs.)
Receivables				
Current Year	3,86,250	1,72,46,040	-	-
Previous Year	97,519	44,01,987	-	-
Payables				
Current Year	1,460	65,189	12,740	8,05,678
Previous Year	9,41,210	4,24,86,219	15,750	9,53,820

11 Foreign Currency Terms loan (USD 937,500) from Royal Bank of Scotland has been repaid during the year. The Company has recognised a sum of Rs. 2,37,500/- as exchange gain and credited the same to the Profit and Loss account.

12 Current Tax and Deferred Tax

Current Tax

The Company has made a provision for current tax in accordance with the provisions of the Income Tax Act 1961

Deferred Tax

Deferred tax resulting from timing differences between book profit and taxable income is accounted for using the current tax rate. 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 in accordance with The Accounting Standard Interpretation (ASI 3)(Revised) issued by The Institute of Chartered Accountant of India. The break-up of deferred tax assets and deferred tax liabilities is as under:

	(Amount in Rs.)	
	2010-11	2009-10
1 Deferred Tax Liability		
a) on account of difference in rates and method of depreciation	2,40,95,266	2,08,53,451
b) on account of different treatment of certain payments under Income Tax Act.	7,61,591	-
	<u>2,48,56,857</u>	<u>2,08,53,451</u>
2 Deferred Tax Assets		
a) on account of different treatment of certain payments under Income Tax Act.	4,62,838	10,76,263
c) on account of provision for doubtful debts not treated as expense under Income Tax Act.	33,15,119	24,20,496
	<u>37,77,957</u>	<u>34,96,759</u>
3 Deferred Tax Liability (Net)		
a) at the end of year	2,10,78,900	1,73,56,692
b) transfer in pursuance of scheme of arrangement	-	2,31,00,853
c) for the year	37,22,208	(57,44,161)

13 Disclosures required by Accounting Standard (AS- 29) relating to ' Provisions, Contingent Liabilities and Contingent Assets'

Provisions are recognised such as bad debts, sales incentives and other expenses of commercial nature. The provisions are recognised on the basis of past events and the probable settlement of the present obligation during the year as a result of the past events.

The movement in provisions are as under:

	(Amount in Rs.)		
	2010-11	2009-10	2009-10
	Sales incentive	Bad Debts	Bad Debts
Carrying amount at the beginning of the year	-	72,86,809	-
Additional provisions made during the year	25,00,322	32,37,137	72,86,809
Amount used during the year	8,650	-	-
Unused amounts reversed during the year	-	3,06,288	-
Carrying amount of provisions as at the end of the year	24,91,672	1,02,17,658	72,86,809

14. 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:

	(Amount in Rs.)	
	2010-11	2009-10
Employer's Contribution to Provident Fund (PF)	15,55,218	21,50,373
Employer's Contribution to Pension Scheme	8,06,849	10,73,954
Employer's Contribution to Employee State Insurance (ESI)	4,35,349	5,51,069

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. The obligation for compensated absences is recognized in same manner as gratuity.

a) Reconciliation of opening and closing balances of Defined Benefit obligation

Defined Benefit obligation at beginning of the year	39,34,720	55,45,445
Current Service Cost	2,59,094	7,37,949
Interest Cost	3,14,683	4,14,248
Actuarial (gain) / loss	(18,69,840)	(14,19,036)
Benefit paid	(4,65,145)	(13,43,886)
Defined Benefit obligation at year end	21,73,512	39,34,720

	(Amount in Rs.)	
	2010-11	2009-10
b) Reconciliation of opening and closing balances of fair value of plan assets		
Fair value of plan assets at beginning of the year	60,52,853	55,45,445
Expected return on plan assets	5,35,412	5,07,408
Actuarial gain / (loss)	2,407	-
Employer contribution	1,086	-
Benefits paid	(4,03,789)	-
Fair value of plan assets at year end	61,87,969	60,52,853
c) Reconciliation of fair value of assets and obligations		
Fair value of plan assets	61,87,969	60,52,853
Present value of obligation	21,73,512	39,34,720
Amount recognised in Balance Sheet- Asset / (Liability)	40,14,457	21,18,133
d) Expenses recognised during the year		
Current Service Cost	2,59,094	7,37,949
Interest Cost	3,14,683	4,14,248
Voluntary Contribution	-	-
Expected return on plan assets	(5,35,412)	(5,07,408)
Actuarial (gain) / loss	(18,72,247)	(14,19,036)
Net Cost debited/credited to profit and loss account	(18,33,882)	(7,74,247)

e) Actuarial assumptions

Mortality Table (LIC)	LIC 1994-96	LIC 1994-96
	Ultimate	Ultimate
Discount rate (per annum)	8.50%	8.50%
Expected rate of return on plan assets (per annum)	9.15%	9.15%
Rate of escalation in salary (per annum)	7.00%	7.00%
Attrition Rate	2.00%	2.00%

f) Amounts for current and previous periods:

	2010-11	2009-10	2008-09	2007-08
Present value of obligation	21,73,512	39,34,720	55,45,000	54,67,000
Fair value of plan assets	61,87,969	60,52,853	55,45,000	54,67,000
Surplus/(Defecit)	40,14,457	21,18,133		
Experience adjustments on plan liabilities and assets*				

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

- g) The Company was not informed by LIC of the Investment made or the breakdown of plan assets by investment type, accordingly related disclosures are not included in these financial statements.
- h) The Company has sufficient fund balance against obligation and not required to contribute any 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. The Company has no unfunded obligation as on the Balance sheet date.

- 15 In accordance with accounting standard - AS-28 "Impairment of Assets" issued by the Institute of Chartered accountant of India and made applicable w.e.f 1st April 2004 , 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 2011, the Company has identified its principal cash generating unit into Switchgear Division at Haridwar (Uttarakhand) and Company's Head Office and branches at various locations.

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.

- 16 a) The Break-up of remuneration paid to whole time Directors is as under:

Salary	Current Year	Previous Year
	Nil	5,22,581

- b) The Directors of the Company have been paid remuneration from the Companies under the same management, as under:

Name of Director	Remuneration		Name of the Company	Relationship
	Current Year	Previous Year		
Sh. Qimat Rai Gupta	3,56,51,152	1,19,35,000	Havells India Limited	Holding Company
Sh. Anil Gupta	2,47,71,002	74,65,000	- do -	
Sh. Surjit Gupta	1,50,00,000	48,00,000	QRG Enterprises Limited	Associate Company
Sh. Ameet Gupta	1,33,00,000	30,00,000	- do -	
Smt. Vinod Gupta	19,50,000	7,20,000	- do -	

- 17 In the opinion of the Board, the current assets, loans and advances 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.

18 Segment Reporting

The segment reporting of the Company has been prepared in accordance with Accounting Standard (AS-17), " Accounting for Segment Reporting" issued by the Institute of Chartered Accountants of India.

Segment Reporting Policies

a) Identification of Segments:

Primary- Business Segment

The Company has identified Switchgears as its Primary business segment on the basis of the nature of products in which it deals, the risk return profile of the 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. Tax related assets and other assets and liabilities that can not be allocated to a segment on reasonable basis have been disclosed as "Others".

	(Amount in Rs.)	
	2010-11	2009-10
(i) Primary- Business Segment		
A. Revenue		
Segment Revenue (Gross)		
Switchgears	96,18,29,637	86,64,08,562
Others	59,93,798	3,26,52,945
	<u>96,78,23,434</u>	<u>89,90,61,507</u>
B. Results		
Segment Results		
Switchgears	34,61,79,006	32,43,76,260
Others	32,31,101	1,00,82,330
	<u>34,94,10,107</u>	<u>33,44,58,590</u>
Unallocated expenses net of income	14,43,55,681	18,79,84,346
Operating Profit	20,50,54,426	14,64,74,243
Interest Expenses	15,04,950	38,61,314
Profit before tax	20,35,49,476	14,26,12,929
Tax expense	63,94,820	(6,15,339)
Profit after tax	<u>19,71,54,656</u>	<u>14,32,28,268</u>
C. Other information		
Segment Assets		
Switchgears	71,27,11,993	53,43,42,262
Others	50,98,428	20,46,879
	<u>71,78,10,421</u>	<u>53,63,89,141</u>
Segment Liabilities		
Switchgears	13,28,61,719	15,27,17,302
Others	-	-
	<u>13,28,61,719</u>	<u>15,27,17,302</u>
Capital Expenditure		
Switchgears	1,54,11,566	58,00,193
Others	-	-
	<u>1,54,11,566</u>	<u>9,87,80,157</u>
Depreciation		
Switchgears	1,08,75,648	1,15,00,283
Others	-	-
	<u>1,08,75,648</u>	<u>9,87,80,157</u>
Non-cash expenses other than depreciation		
Switchgears	42,44,345	2,42,06,167
Others	-	-
	<u>42,44,345</u>	<u>9,87,80,157</u>
(ii) Secondary- Geographical Segments		
The following is the distribution of Company's consolidated revenue by geographical market, regardless of where the goods were produced.		
Revenue-Domestic Market	91,40,19,237	84,29,31,280
Revenue-Overseas Market	5,38,04,197	5,61,30,227
	<u>96,78,23,434</u>	<u>89,90,61,507</u>
Fixed assets located (including Capital work-in-progress)		
Within India	26,00,61,202	25,76,26,412
Outside India	-	-
	<u>26,00,61,202</u>	<u>25,76,26,412</u>

19 Related party transactions

As per Accounting Standard (AS-18) issued by the Institute of Chartered Accountants of India, related parties in terms of the said standard are disclosed below:-

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

- 1 Holding Company**
Havells India Limited
- 2 Associates**
QRG Enterprises Limited
QRG Corporate Services Limited
- 3 Key Management Personnel**
Shri Anil Gupta
Shri Ameet Gupta

	(Amount in Rs.)	
(B) Transactions during the year	2010-11	2009-10
(i) Purchase of goods		
Havells India Limited	9,90,24,305	15,19,57,798
(ii) Sale of goods		
Havells India Limited	17,81,500	1,07,22,311
(iii) Sale of consumables		
Havells India Limited	-	69,000
(iv) Commission paid		
QRG Enterprises Limited	-	94,37,176
(v) Purchase of fixed assets		
Havells India Limited	68,692	21,25,262
QRG Enterprises Limited	-	37,533
(vi) Sales of fixed assets		
Havells India Limited	6,90,648	3,51,185
(vii) Payment of Rent		
QRG Enterprises Limited	-	49,20,000
(viii) SAP usage charges paid		
Havells India Limited	10,51,500	10,00,000
(ix) Service Charges paid		
Havells India Limited	1,32,36,000	-
(x) Directors remuneration		
Shri Anil Gupta	-	5,22,581
(C) Balances at the year end		
Receivables		
Havells India Limited	-	5,16,248
QRG Corporate services Limited	14,16,741	-
Payables		
Havells India Limited	27,56,411	-

20 Earnings per share

The Company has issued 40000 equity shares of Rs. 10/- each to M/s Havells India limited, the holding company on 24/07/2010 i.e. the date before the order of Hon'ble High Court of Delhi was passed/received. However, pursuant to Hon'ble High court's order passed on 19/08/2010, the assets and liabilities of Standard Electricals Limited were takenover w.e.from 01/04/2009. Consequently, 40000 equity shares issued have also been considered from 01/04/2009 for better and more appropriate presentation of EPS for current period and previous period. Previous period EPS has been reinstated accordingly.

Basic and Diluted Earnings per share

Numerator for earning per share

Profit before taxation and Prior period items	20,35,49,476	14,26,12,927
Provision for deferred tax and Income tax	63,94,820	(6,15,339)
Profit after taxation and Prior period items	19,71,54,656	14,32,28,266

Denominator for earning per share

Weighted number of equity shares	Nos. 50000	50000
Earning per share-Basic and Diluted (one equity share of Rs. 10/- each)	Rs. 3,943	2,865

21 The Company has taken various residential/ commercial premises under cancellable operating leases. These lease agreements are normally renewed on expiry.

22 Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part-II and Part-IV of Schedule VI to the Companies Act, 1956 (as certified by a Director)

	UNIT	2010-11		2009-10	
		Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
a) Turnover					
Finished Goods					
Switchgears	Nos	4043667	1,00,14,33,751	3676851	90,43,77,687
Others	Nos/Mtrs	403942	62,95,900	3636661	3,42,42,645
			<u>1,00,77,29,650</u>		<u>93,86,20,331</u>
b) Raw Materials and Components consumed					
Steel Components	Nos	69623980	8,78,40,907	74692779	5,77,44,379
Steel	KG	98149	46,80,482	109379	45,84,820
Copper Components	Nos	14320231	6,79,43,706	14737830	5,01,52,886
Copper	KG	69646	1,78,55,183	45252	1,55,54,417
Engg. Plastic Components	Nos	8026622	1,09,83,210	13286392	1,22,10,769
Engg. Plastic	KG	213668	2,32,59,110	204342	2,18,11,707
Brass Components	Nos	3158804	1,78,78,383	3101872	1,42,84,271
Silver Components	Nos	2232692	81,37,553	2251500	65,10,348
Thermosetting Components	Nos	385860	64,95,956	325199	63,50,719
Ceramic Components	Nos	6717133	55,13,427	6328578	42,97,901
Aluminum Components	Nos	418763	14,27,752	1365349	31,23,305
Others			<u>8,98,89,727</u>		<u>10,97,36,230</u>
			34,19,05,397		30,63,61,753
c) Purchases and Stocks					
Purchases-Traded Goods					
Switchgears	Nos	565307	11,29,83,351	615192	11,47,35,253
Others	Nos/Mtrs	270510	58,14,246	3427552	2,31,80,592
			<u>11,87,97,596</u>		<u>13,79,15,845</u>
Opening Stock					
Traded Goods					
Switchgears	Nos	117328	2,61,40,197	136538	2,68,32,919
Others	Nos/Mtrs	374026	20,46,879	583135	93,49,684
			<u>2,81,87,076</u>		<u>3,61,82,603</u>
Finished Goods					
Switchgears	Nos	485459	4,70,18,970	344673	4,75,01,014
Semi-Finished Goods					
			43,63,629		1,22,32,004
Closing Stocks					
Traded Goods					
Switchgears	Nos	84833	2,51,38,457	117328	2,61,40,197
Others	Nos/Mtrs	229141	50,90,420	374026	20,46,879
			<u>3,02,36,885</u>		<u>2,81,87,076</u>
Finished Goods					
Switchgears	Nos	273993	2,31,37,093	485459	4,70,18,970
Semi-Finished Goods					
			26,36,097		43,63,629
Scrap materials					
			2,62,775		
d) Capacity and Production					
Licensed Capacity #					
Installed Capacity (Per Annum) @					
Switchgears	Nos./Poles	5000000		5000000	
e) Actual Production					
Switchgears	Nos	3234771 *		3183235	

*includes 373 nos. of Switchgear items captive consumed by the Company.

No Industrial license is required for the industry.

@ installed capacity is as certified by the production manager.

		(Amount in Rs.)	
		2010-11	2009-10
23	CIF value of Imports		
	Raw materials and components	48,18,577	72,76,576
	Capital goods	65,17,814	
24	Expenditure in foreign currency		
	Travelling	4,15,076	3,00,228
	Interest paid on ECB	3,89,533	14,50,426
25	Earnings in foreign exchange		
	F.O.B. value of exports	4,51,72,957	5,32,14,074
26	Value of imported/Indigenous materials and components consumed and percentage thereof		
		(%)	(%)
	Indigenous	98.22 33,58,27,676	96.95 29,70,22,316
	Imported	1.78 60,77,721	3.05 93,39,438
		<u>34,19,05,397</u>	<u>30,63,61,753</u>
27	BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE		
a)	Registration Details		
	Registration No.	184628	184628
	Code No.	55	55
	Balance sheet date	31.03.2011	31.03.2010
b)	Capital raised during the year		
	Public issue	-	-
	Right issue	-	-
	Bonus issue	-	-
	Private placement	4,00,000	1,00,000
c)	Position of mobilisation and deployment of funds		
	Total liabilities	58,49,48,704	43,76,08,985
	Total assets	58,49,48,704	43,76,08,985
	Sources of funds		
	Paid up capital	5,00,000	1,00,000
	Reserves and surplus	56,33,69,804	36,62,15,148
	Secured loans	-	5,39,37,145
	Deferred Tax Liability (net)	2,10,78,900	1,73,56,692
		<u>58,49,48,704</u>	<u>43,76,08,985</u>
	Application of funds		
	Net fixed assets	26,00,61,202	25,76,26,412
	Net current assets	32,48,87,502	17,99,82,573
		<u>58,49,48,704</u>	<u>43,76,08,985</u>
d)	Performance of Company		
	Turnover	96,78,23,433	89,70,96,670
	Other income	57,89,422	1,03,92,349
	Total expenditure	77,00,63,379	76,48,76,092
	Profit/(Loss) before tax	20,35,49,476	14,26,12,927
	Profit/(Loss) after tax	19,71,54,656	14,32,28,268
	Weighted No of equity shares	Nos. 50000	50000
	Earning per share (basic and diluted)	Rs. 3,943	2,865
	Dividend Rate	Nil	Nil
e)	Generic names of Three principal products/services of Company (as per monetary terms)		
	Product description	ITC Code	ITC Code
	Miniature Circuit Breakers	85362030	85362030
	Switch Disconnectors	85365090	85365090
	Distribution Board	85371000	85371000

28 The figures have been rounded off to the nearest of rupees.

29 Schedule No.1 to 16 form integral part of the balance sheet and profit and loss account.

For and on behalf of the Board of Directors

As per attached Auditor's Report of even date

For V.R.Bansal & Associates

Chartered Accountants

Sd/-
Anil Gupta
Director
Noida, 20th May, 2011

Sd/-
Ameet Gupta
Director

Sd/-
Rajan Bansal
Partner
Membership No. 93591