

Light is Life...

Annual Report
2010-11

BOARD OF DIRECTORS

| | | |
|------------------------------|---|--------------------|
| Mr. Raj Krishan Sahgal | — | Chairman |
| Mr. Rajesh Kochhar | — | Managing Director |
| Mr. Steven Mark Enderby | — | Director |
| Mr. Gurdeep Singh | — | Director |
| Mr. Padmanabh Pundrikay Vora | — | Director |
| Mr. Shomik Mukherjee | — | Director |
| Mr. Ganapati Rathinam | — | Director |
| Mr. Susanta Kumar Neogi | — | Executive Director |

AUDITORS

M/s. Arun K. Gupta & Associates
D-58, East of Kailash, New Delhi – 110 065

SECRETARIAL AUDITORS

M/s. Chandrasekaran Associates
11-F, Pocket-IV, Mayur Vihar Phase-I, Delhi – 110 091

INTERNAL AUDITORS

M/s. Ernst & Young Pvt. Ltd.
Golf View Corporate Tower-B, Sector-42
Sector Road, Gurgaon – 122 002

REGISTERED OFFICE

59-A, Noida Special Economic Zone,
Phase-II, Noida, Distt. Gautam Budh Nagar,
Uttar Pradesh. - 201 305

I N D E X

| CONTENTS | PAGE NO(S). |
|---|--------------------|
| Standalone Annual Report - Halonix Limited | 1-53 |
| Consolidated Annual Report - Halonix Limited | 54-79 |
| Annual Report of Subsidiary Company – Halonix Technologies Limited | 80-93 |

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Twentieth Annual General Meeting of the Members of Halonix Limited will be held on Tuesday, the 2nd day of August, 2011 at 10.00 a.m. at the Registered Office of the Company at 59-A, NSEZ, Phase – II Noida, District Gautam Budh Nagar (U.P.) - 201 305 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March, 2011, Profit & Loss Account for the year ended on that date and the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Raj Krishan Sahgal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ganapati Rathinam, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Arun K. Gupta & Associates, Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-
“**RESOLVED THAT** pursuant to provisions of Section 257 of the Companies Act, 1956, Mr. Padmanabh Pundrikay Vora, be and is hereby appointed as a Director of the Company liable to retire by rotation.”
6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-
“**RESOLVED THAT** pursuant to provisions of Section 257 of the Companies Act, 1956, Mr. Shomik Mukherjee, be and is hereby appointed as a Director of the Company liable to retire by rotation.”
7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-
“**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, if required the Remuneration of Mr. Rajesh Kochhar, Managing Director of the Company be and is hereby increased by way of Performance Bonus of Rs. 15,00,000/- for the period 16-11-2009 to 15-11-2010, i.e. period of one year from the date of joining, in addition to the existing Salary Structure of the Company as mentioned below:-
 1. Basic Salary: Rs. 4,73,000/- per month.
 2. House Rent Allowance: 60% of Basic Salary.
 3. Perquisites and other benefits: Perquisites and other benefits be allowed in addition to salary, as per details given hereunder:-
 - (i) **Medical Reimbursement:** Medical expenses incurred for self and family, subject to a limit of Rs. 15,000/- per annum.
 - (ii) **Leave Travel Concession:** For self and family, subject to a limit of Rs. 1,00,000/- per annum.
 - (iii) **Furniture and Fixtures:** Expenses incurred on Furniture and Fixtures, subject to a limit of Rs. 1,00,000/- per annum.
 - (iv) **Books and Periodicals:** Expenses incurred on Books and Periodicals, subject to a limit of Rs. 36,000/- per annum.
 - (v) **Telephone:** All business calls made from residence will be reimbursed by the Company.
 - (vi) **Car:** The Company will provide a Car with driver.
 - (vii) **Provident Fund:** Contribution to Provident Fund as per Company Rules.
 - (viii) **Gratuity:** Gratuity payable as per Gratuity Rules.
 - (ix) **Leave Encashment:** Encashment of leave at the end of tenure as per Company Rules.

RESOLVED FURTHER THAT the above remuneration to Mr. Rajesh Kochhar, Managing Director of the Company shall be the minimum remuneration in case of loss or inadequacy of profit.

RESOLVED FURTHER THAT in the event Mr. Rajesh Kochhar resigns from the Company, he will be required to give three calendar months' notice and in the case of his employment being terminated by the Company, he will be entitled to receive three months notice of termination from the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all the necessary steps in this regard."

By Order of the Board

(Sanjiv Kashyap)
Chief Financial Officer &
Company Secretary

Place : Noida
Dated: 20.05.2011

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

2. **Proxies in order to be effective, must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting. A Proxy form is appended with the admission slip.**

3. The notice of the Annual General Meeting will be sent to those members/ beneficial owners whose name will appear in the register of members/ list of beneficiaries received from the depositories as on Friday, July 1, 2011. As a part of its green initiatives in corporate governance, the Ministry of Corporate Affairs vide its circular no. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively, has allowed the companies to send official communication and documents to its members through e-mail. Accordingly, the Company has decided to henceforth send documents like Notice of Annual General Meeting, financial statements, Directors' Report etc. to the members through e-mail at the email provided by the depositories and registered with the Company.

Shareholders are requested to update their preferred e-mail ids with their depository participants which will be used for the purpose of sending the official communication through email.

Shareholders whose email id is not registered with the Company will be sent a copy of this meeting notice with the Annual Report. Shareholders whose email ids are registered with the Company and who wish to receive physical copies of the annual report may send their request to the Company's Secretarial Department situated at its registered office, 59-A, Noida Special Economic Zone, Phase-II, Noida, District Gautam Budh Nagar, Uttar Pradesh, Pin – 201 305 and to the Registrar and Share Transfer Agent at M/s. Alankit Assignments Ltd. situated at 2E/21, Jhandewalan Extension, New Delhi -110055.

4. In terms of the provisions of the Companies Act, 1956 and Listing Agreement with the Stock Exchanges where the shares of the Company are listed the Register of Members and Share Transfer Books of the Company will remain closed on Friday, the 22nd July, 2011 for the purpose of Annual General Meeting.
5. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days except Saturday and Sunday between 11.00 A.M. and 1.00 P.M. upto the date of the Annual General Meeting.
6. Shareholders who are holding shares in physical form are requested to address all correspondence concerning registration of transfers, transmissions, sub-division, consolidation of shares or any other share related matters and/or change in address or updation thereof to the Company's RTA, M/s. Alankit Assignments Ltd. situated at 2E/21, Jhandewalan Extension, New Delhi -110055.

Shareholders, whose shareholding are in electronic format are requested to direct change of address notification(s), registration of email address and updation of bank account detail to their respective depository participants.

7. Shareholders wishing to claim dividends which remain unclaimed are requested to contact Company's Secretarial Department at the Registered Office by sending letter in original duly signed by the registered shareholder. Shareholders are requested to note that the amount of dividend lying unclaimed after seven years from the date of transfer of Company's unpaid dividend account, will be transferred to Investor Education and Protection Fund as per Section 205A of the Companies Act, 1956.

8. **Appointment/Re-appointment of Directors**

The detail of Directors appointed/re-appointed at the ensuing Annual General Meeting are reproduced below in terms of Clause 49 of the Listing Agreement.

Mr. Raj Krishan Sahgal, an Australian National holding Person of Indian Origin (PIO) document aged about 73 years is a Graduate Electrical Engineer from Faraday House College Of Engineering, London U.K; AMP graduate Harvard Business School, USA and Fellow of Institution of Engineering & Technology, U.K. Mr. Sahgal was the Managing Director of Osram Pvt. Ltd, India from November 1993 to November 2001 and prior to that had worked in various senior positions with OSRAM GmbH Germany, General Electric Company (GEC) in UK, India and Australia and London Electricity Board, London UK.

As on 31st March, 2011 Mr. Raj Krishan Sahgal is an Independent and Non-Executive Director on the Board of the Company. He is Chairman of the Audit Committee and member of Remuneration Committee of the Company. Mr. Raj Krishan Sahgal is not holding any shares in the Company.

Mr. Ganapati Rathinam, aged about 43 years, is a Fellow member of the Institute of Company Secretaries of India and a commerce and law graduate. He has spent about ten years with various organizations looking after their finance, legal and secretarial function and fund raising for them. He has been with CDC/ Actis now for about ten years and is currently a Partner with Actis responsible for transaction execution amongst other key areas. He brings with him a wealth of experience in PE transactions, M&A's and legal matters.

As on 31st March, 2011 Mr. Ganapati Rathinam, is an Independent and Non-Executive Director on the Board of the Company. Mr. Ganapati Rathinam is not holding any shares in the Company. As at 31st March, 2011 he is on the Board of Swaraj Automotive Limited, The Nilgiri Dairy Farm Private Limited and Pune Sholapur Expressway Private Limited. He is member of the Remuneration Committee, Audit Committee and Share Committee of The Nilgiri Dairy Farm Private Limited.

Mr. Padmanabh Pundrikay Vora, aged about 68 years, is a First Class First and Gold Medalist Bachelor of Commerce from Gujarat University, a qualified Chartered Accountant and CAIIB-ranking All India First with more than 26 years of working experience and thereafter working on consultancy basis. During this period he has worked with organizations State Bank of India at the Middle and Junior Management Levels, as Financial Advisor, General Manager (Development Banking) and Executive Director (Finance) of Gujarat Industrial Investment Corporation Limited, with Fertilizers & Chemicals Travancore Limited [FACT Ltd.], Kerala as Director (Finance) and Acting Chairman and Managing Director; Director(Finance) with Gujarat State Fertilizers Company Limited[GSFC Ltd.], Gujarat; Chairman and Managing Director of National Housing Bank; and lastly as Chairman and Managing Director with Industrial Development Bank of India. After retiring as Chairman and Managing Director of IDBI, has worked as a Consultant with C3 Advisors Pvt. Ltd. and Deloitte Touche Tohmatsu India Pvt. Ltd. Mr. P. P. Vora has an expertise in Accounting, auditing, tax advisory matters, Restructuring, Project Finance, Statutory Matters relating to RBI, SEBI, Corporate Laws, Advisors to various Government bodies, Valuation of business and shares, Inward Strategy with regard to JV partner search and selection, Globalisation, Due Diligence exercises and rehabilitation of sick companies.

At present Mr. Padmanabh Pundrikay Vora, is Director with J Kumar Infraprojects Limited, Nakoda Limited, National Securities Depositories Limited, Omaxe Limited, Reliance Capital Trustee Co. Ltd., Sterling Add Life India Limited, Zandu Realty Ltd., Reliance Commercial Finance Private Limited, Reliance Home Finance Private Limited, Rama Cylinders Pvt. Ltd., The Nilgiris Dairy Farms Pvt. Ltd. Mr. Vora is Chairman and member of Audit Committee of J Kumar Infraprojects Limited and National Securities Depositories Limited and member of Audit Committee of Zandu Pharmaceuticals Limited, Reliance Capital Trustee Company Limited and Reliance Consumer Finance Private Limited. Mr. Padmanabh Pundrikay Vora has been appointed as member of Audit Committee and Remuneration Committee of the Company. Mr. Vora is not holding any shares in the Company.

Mr. Shomik Mukherjee, aged about 39 years, is an MBA from the London Business School with working experience as an Engagement Manager on Strategic and operational matters with McKinsey & Co., London, consultant with Accenture and as a sales and marketing manager with Unilever in India. Currently Mr. Shomik Mukherjee is a partner with Actis, where he supports the India team on portfolio management issues.

Presently, Mr. Shomik Mukherjee is Director on the Board of Paras Pharmaceuticals Ltd., Nilgiri Dairy Farm Pvt. Ltd., Tigaksha Mettallics Pvt. Ltd., Sterling Addlife India Limited and Chairman of Share Committee of Nilgiri Dairy Farm Pvt. Ltd. and member of Audit Committee of Sterling Addlife India Limited. Mr. Mukherjee has been appointed as member of Audit Committee and Share Committee of the Company. Mr. Shomik Mukherjee is not holding any shares in the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No. 5

Mr. Padmanabh Pundrikray Vora, aged about 68 years, has been appointed as an Additional Director of the Company with effect from 20th May, 2011. As per the provisions of section 260 of the Companies Act, 1956, Mr. Padmanabh Pundrikray Vora holds office of Director only upto the date of ensuing Annual General Meeting.

The Company has received notice in writing from members of the Company under section 257 of the Companies Act, 1956 alongwith requisite deposit, proposing appointment of Mr. Padmanabh Pundrikray Vora for the office of Director. The Board recommends the resolution for your approval.

None of the Directors of the Company except Mr. Padmanabh Pundrikray Vora is concerned or interested in the said resolution.

Item No. 6

Mr. Shomik Mukherjee, aged about 39 years, has been appointed as an Additional Director of the Company with effect from 20th May, 2011. As per the provisions of section 260 of the Companies Act, 1956, Mr. Shomik Mukherjee holds office of Director only upto the date of ensuing Annual General Meeting.

The Company has received notes in writing from members of the Company under section 257 of the Companies Act, 1956 along with requisite deposit, proposing appointment of Mr. Shomik Mukherjee for the office of Director. The Board recommends the resolution for your approval.

None of the Directors of the Company except Mr. Shomik Mukherjee is concerned or interested in the said resolution.

Item No. 7

Mr. Rajesh Kochhar has been appointed as Managing Director of the Company with effect from 16th November, 2009 to 15th November, 2012, for a period of three years and for the same you have accorded your permission by passing the special resolution through Postal Ballot on 30th March, 2010. Mr. Rajesh Kochhar, being a Managing Director of the Company, looks after day to day business affairs of the company under the supervision and control of the Board of Directors of the Company. Mr. Kochhar is having very wide and rich experience of over 30 years in the field of Lighting Industry.

During the period 16-11-2009 to 15-11-2010, i.e. within one year of his tenure, he proved his experience and worth to the Company. The Company achieved various milestones with the experience of Mr. Rajesh Kochhar, the Company could inter-alia, have the following major achievements :

1. Re-structuring of operations of the Company, including Vendor Due Diligence.
2. The Auto Lighting Business of the Company is performing well.
3. Cost reduction measures, increased market share, increased various product lines, increased capacity utilization and increased attention on the Emerging Technologies, competitors and market strategies.

On the basis of the abovesaid achievements and on the recommendation of Remuneration Committee and the approval of the Board, the Board has increased the remuneration of Mr. Rajesh Kochhar, Managing Director of the Company, by Rs. 15,00,000/- by way of performance bonus for the period 16.11.2009 to 15.11.2010 in addition to the existing salary structure.

None of the Directors except Mr. Rajesh Kochhar is concerned or interested in this resolution. Your directors propose to pass this resolutions as a special resolution.

DETAILED INFORMATION AS PER SCHEDULE XIII OF THE COMPANIES ACT, 1956:

I. GENERAL INFORMATION :

| | |
|--|---|
| Nature of Industry | Manufacturing and Trading of Electric Lamps, parts and fittings thereof. |
| Commencement of commercial production | w.e.f. 1st February, 1993. |
| Financial Performance | During the year under review, Gross Sales was recorded at Rs. 43,269.12 lacs as against Rs. 45,077.74 lacs in 2009-2010, a decrease of 4.01% over 2009-10. The Gross Sales for the Automotive Business in 2010-2011 has increased from Rs. 21,980.26 lacs in 2009-2010 to Rs. 24,897.88 lacs i.e. by 13.3% and the Earning before interest, depreciation and taxes has increased from Rs. 4,939 lacs to Rs. 5,304 lacs i.e. 7.4% over 2009-2010. In case of General lighting business, the gross sales before discount & warranties in 2010-2011 have decreased from Rs. 25,615 lacs in 2009-2010 to Rs. 22,336 lacs i.e. by 12.8%. The Earning before interest, depreciation and taxes for general lighting business has |

| | |
|---|---|
| | improved from Rs. (2,164) lacs in 2009-2010 to Rs. (2,033) lacs i.e. 6% in 2010-2011. Profit before tax (PBT) after providing for Obsolete Inventories, Doubtful Debts, Warranty Claims and prior period adjustments was Rs. (1,008.07) lacs against Rs. (1,930.26) lacs and Net Profit after tax at Rs. (884.22) lacs as against Rs. (1927.13) lacs in 2009-2010 respectively. The Company produced 910.44 lacs electric lamps as against 923.79 lacs electric lamps last year, a decrease of 1.44%. The operating results of the Company have been lower on account of: - 1) High Warranty Returns in CFL business.2) Withdrawal of exposure from the OLM business and focusing on own brand for CFL business. Reduction of exposure from high warranty prone areas/ markets in the CFL business. |
| Export performance and net foreign exchange collaborations | The Foreign Exchange Earnings for financial year ended on 2011 is Rs. 12661.27 lacs as against Rs. 12542.38 lacs on 2010. Further the Company is trying to increase exports by exploring new markets in USA, Europe and Middle East. |
| Foreign Investments or Collaborations, if any | As on 31 st March, 2011 foreign shareholders hold 21820225 equity shares representing 77.88% holding in the Company. |

II. INFORMATION ABOUT MR. RAJESH KOCHHAR, MANAGING DIRECTOR:

| | |
|--|--|
| Background details | Mr. Rajesh Kochhar, aged 52 years, is a Bachelor of Engineering in Electronics from BITS Pilani, 1979. Prior to joining Halonix, he worked for a short while in Landis+Gyr Limited, a Swiss multinational specializing in energy metering as Chief Executive Officer-India. Before that, he was with Wipro as Chief Executive – C&I Business, Wipro Lighting for more than seventeen years. He played a key role in enabling Wipro to become a major player in the Indian lighting industry. He has been appointed by the Board of Directors at their meeting held on 14th November, 2009 as Managing Director (MD) of Halonix Limited for a period of three years w.e.f. 16th November, 2009 in terms of section 269, read with Schedule XIII of the Companies Act, 1956. |
| Past Remuneration | Rs. 99,00,220/- in Financial Year 2010-2011 plus performance bonus paid of Rs. 15,00,000/-. |
| Job Profile and his suitability | Mr. Rajesh Kochhar will look after all the day to day managerial activities. Mr. Kochhar being associated with the Company since November, 2009. The Company, under his guidance and control, has sailed through many difficult situations with ease. Apart from that, his knowledge and experience of a number of years and his industrial background helps the management to create a history in its industrial field under his guidance and supervision. |

Performance Bonus in addition to the Remuneration

On the recommendation of Remuneration Committee and the approval of the Board, the Board has increased the remuneration of Mr. Rajesh Kochhar, Managing Director of the Company, by Rs. 15,00,000/- by way of performance bonus for the period 16.11.2009 to 15.11.2010 in addition to the existing salary structure as detailed hereunder, subject to the approval of Shareholders and Central Government, if required:-

- BASIC SALARY:** Rs. 4,73,000/- per month.
- HOUSE RENT ALLOWANCE:** 60% of Basic Salary.
- PERQUISITES AND OTHER BENEFITS:** Perquisites and other benefits be allowed in addition to salary, as per details given hereunder:-
 - Medical Reimbursement:** Medical expenses incurred for self and family subject to a limit of Rs. 15,000/- per annum.
 - Leave Travel Concession:** For self and family, subject to a limit of Rs. 1,00,000/- per annum.

- (iii) **Furniture and Fixtures:** Expenses incurred on Furniture and Fixtures, subject to a limit of Rs. 1,00,000/- per annum.
- (iv) **Books and Periodicals:** Expenses incurred on Books and Periodicals, subject to a limit of Rs. 36,000/- per annum.
- (v) **Telephone:** All business calls made from residence will be reimbursed by the Company.
- (vi) **Car:** The Company will provide a Car with driver.
- (vii) **Provident Fund:** Contribution to Provident Fund as per Company Rules.
- (viii) **Gratuity:** Gratuity payable as per Gratuity Rules.
- (ix) **Leave Encashment:** Encashment of leave at the end of tenure as per Company Rules.

The aforesaid remuneration shall be payable to Mr. Rajesh Kochhar, as Managing Director, as the minimum remuneration in the event of loss and /or inadequacy of profits in any of the financial year during his tenure as Managing Director of the Company.

Comparative remuneration profile

Our Company is engaged in manufacturing and trading of Automotive Halogen Lamps, Compact Fluorescent Lamps, components and parts and fittings thereof. The payment of remuneration is commensurate to other lighting majors.

Pecuniary relationship directly or indirectly with the company or relationship with the Managerial personnel, if any

The appointee is not having any pecuniary relationship with the Company either directly or indirectly.

III. OTHER INFORMATION:

| | |
|--|---|
| (i) Reasons of loss or inadequate profit | <ul style="list-style-type: none"> 1) High Warranty Returns in CFL business. 2) Withdrawal of exposure from the OLM business and focusing on own brand for CFL business. 3) Reduction of exposure from high warranty prone areas/ markets in the CFL business. |
| (ii) Steps taken or proposed to be taken for improvement | The Company will take every necessary and possible step for its improvement and future growth. |
| (iii) Expected increase in productivity and profits in measurable terms | The company is confident that it will achieve its target. |

By Order of the Board

Place : Noida
Dated: 20.05.2011

(Sanjiv Kashyap)
Chief Financial Officer &
Company Secretary

DIRECTORS' REPORT**To the Members of the Company**

Your Directors have pleasure in presenting the **Twentieth Annual Report** on the business and operations of the Company together with the Audited Statement of Accounts for the financial year ended 31st March, 2011.

FINANCIAL RESULTS*(Rs. in lacs)*

| PARTICULARS | Year ended 31.03.2011 | Year ended 31.03.2010 |
|---|--------------------------|--------------------------|
| Gross Sales and other Income | 43,430.71 | 45,113.37 |
| Profit before Interest, Depreciation & Tax | 3,105.56 | 2,372.92 |
| Depreciation | 1,334.73 | 1,300.36 |
| Gross Profit | 1,760.82 | 1,072.56 |
| Interest | 1,494.22 | 1,445.83 |
| Profit Before Tax | 266.62 | (327.26) |
| Less : Provision for Obsolete Inventories, Doubtful Debts and Warranty Claims | 1,193.01 | 1,135.88 |
| Less: Adjustments relating to earlier years (Net) | 81.68 | 421.11 |
| Provision for Tax | 123.85 | (3.12) |
| Profit After Tax | (884.22) | (1,927.13) |
| Balance of Profit / (Loss) brought forward | 4,053.52 | 5,980.66 |
| Balance of Profit carried forward to next year | 3,169.30 | 4,053.52 |

Previous year's figures have been regrouped/ rearranged wherever considered necessary.

FINANCIAL AND OPERATIONAL PERFORMANCE

During the year under review, Gross Sales was recorded at Rs. 43,269.12 lacs as against Rs. 45,077.74 lacs in 2009-2010, a decrease of 4.01% over 2009-10. The Gross Sales for the Automotive Business in 2010-2011 has increased from Rs. 21,980.26 lacs in 2009-2010 to Rs. 24,897.88 lacs i.e. by 13.3% and the Earning before interest, depreciation and taxes has increased from Rs. 4,939 lacs to Rs. 5,304 lacs i.e. 7.4% over 2009-2010. In case of General lighting business, the gross sales before discount & warranties in 2010-2011 have decreased from Rs. 25,615 lacs in 2009-2010 to Rs. 22,336 lacs i.e. by 12.8%. The Earning before interest, depreciation and taxes for general lighting business has improved from Rs. (2,164) lacs in 2009-2010 to Rs. (2,033) lacs i.e. 6% in 2010-2011. Profit before tax (PBT) after providing for Obsolete Inventories, Doubtful Debts, Warranty Claims and prior period adjustments was Rs. (1,008.07) lacs against Rs. (1,930.26) lacs and Net Profit after tax at Rs. (884.22) lacs as against Rs. (1,927.13) lacs in 2009-2010 respectively. The Company produced 910.44 lacs electric

lamps as against 923.79 lacs electric lamps last year, a decrease of 1.44%. The operating results of the Company have been lower on account of: -

- 1) High Warranty Returns in CFL business.
- 2) Withdrawal of exposure from the OLM business and focusing on own brand for CFL business.
- 3) Reduction of exposure from high warranty prone areas/ markets in the CFL business.

BUSINESS/OPERATIONS**AUTO BUSINESS**

The Auto ancillary business saw robust growth but there was a shortage of halogen capacity globally. Halonix sales grew 15% YOY driven by a strong performance by the OEM segment. The OEM sales grew by 37% and Halonix Branded sales grew by 27%. Exports grew by 3% and were hampered mainly on account of capacity constraints. Halonix gained market share in OEM segment from competitors in both 2 wheelers (5%) as well as 4 wheelers (4%). New customers / markets have been developed in Latin America, Middle-East as well as new International OEM customers. During the year, three new production lines were commercialized and the full benefit of these will be accruing this year.

GENERAL LIGHTING BUSINESS

The General Lighting branded business had a flat year with the retail sales growing by 2% year on year. The industry was plagued by the infusion of low price LPF lamps despite their production being illegal, which put price pressure on HPF lamps. However by the end of the year the situation had improved substantially and going forward we see stabilization in prices and sales volumes.

There is a rapid shift taking place from Ordinary Incandescent Lamps to energy efficient Compact Fluorescent Lamps (CFLs) also in turn because of the efforts of the Government to replace Ordinary Incandescent Lamps with energy saving Lamps under the CER / Bachat lamp Yojana scheme. Halonix executed one such project in Chattisgarh and in the coming years, the CFL market is set to show tremendous growth driven by the carbon credits. With our installed capacity, we are poised to benefit from the increasing usage of CFL's.

The company has taken a strategic decision to get out of the Private labeling business as such saw a 68% dip in the sales for this segment. The company had to provide in this year, the warranty of the CFL lamps sold earlier which impacted the bottomline adversely. However this is a one time cost and the company expects to rebound strongly here-after based on the growth in the branded retail sales. The company has also focused on increasing the product basket in the general lighting business which will help the company to achieve better top and bottom line.

LUMINAIRES BUSINESS

Luminaires business has grown by nearly 30% over the previous year. There has been significant progress in the network expansion and most of the major metro cities have exclusive showrooms put up by the channel partners. Thus providing our customers an opportunity to experience the product before purchasing them.

The basic foundation has been laid for an aggressive growth ahead in Infrastructure and Domestic segments of the market. The company has been making rapid strides in LED business segment. The strong technical team in the division has been able to develop and offer high quality and high performance products in the LED space. This has led to the positioning of our brand in the institutional segment as a premium one.

With strong growth being witnessed in Domestic and institutional segments, our luminaires division is poised for greater heights in the months ahead.

DIVIDEND

Due to loss and inadequacy of profits in the Company, your Board has decided not to recommend any Dividend for the year 2010-2011.

RESTRUCTURING OF OPERATIONS OF THE COMPANY

The Board of Directors of the Company in its meeting held on 06.05.2010 approved the sale and transfer of its General Lighting Business, on a Slump Sale and Going concern basis, to its wholly owned subsidiary, Halonix Technologies Limited (HTL), with effect from 01.04.2010. The company bifurcated its operations into Automotive and General Lighting businesses and obtained two independent valuation reports for the General Lighting business as on 31.03.2010. The shareholders of the Company also accorded their approval for the sale of General Lighting business to HTL and its subsequent sale. In terms of the Accounting Standard-24 on "Discontinuing Operations", the company made requisite disclosures and reported its financial results for the quarters ended September 30, 2010 and December 31, 2010 since the proposed sale of business constituted "discontinuing operation" within the meaning of this Accounting Standard. The Slump Sale Agreement for sale of General Lighting business has not been executed as on 31.03.2011. The Board of Directors of the Company, in its meeting held on 20.05.2011 i.e. before signing of the Accounts, has decided not to Sell and transfer its General Lighting business and continue both Automotive and General Lighting businesses as two separate and distinct lines of business ie. Strategic Business units to continue to avail economies of scale and synergies between the two businesses.

ACQUISITION OF ASSETS AND TRADEMARKS OF COMPANIES IN EUROPE

During the year 2010-11, the company acquired 100% shareholding of International Lamps Holding Company S.A

(ILHC) and through ILHC two downstream subsidiaries namely Luxlite Lamps Sarl in Luxembourg and Trifa Lamps GmbH in Germany. The Company, including through its wholly owned subsidiary ILHC and downstream subsidiaries Luxlite Lamp Sarl and Trifa Lamps GmbH, entered into an Agreement to acquire their business, with Luxlite Sarl and Trifa Gluhlampenwerk am Trifels GmbH. Halonix Limited has extended Corporate guarantee and SBLC aggregating to Euro 2.7 million to Trifa Lamps GmbH for its working capital requirements.

Since the terms & conditions of the various agreements entered into by the parties could not be fulfilled either in terms of spirit or by action, the Board of Directors decided that the acquisition of overseas entities be called off. Further, as per the terms of the Agreements, the transaction shall get RESTITUTED and the Seller shall be required to refund the purchase price towards sale and purchase of the Sale Shares / equity investment and / or unsecured loans made by the Purchaser to the Company. Accordingly, the accounts of the subsidiaries have not been consolidated with the Company's accounts as on 31.03.11. The Directors of the Company are also of the opinion that all the dues from overseas companies are fully recoverable, including the Corporate guarantee and SBLC aggregating to Euro 2.7 million.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

a) Industry Structure and Development

Your company retained its position as a market leader in Automotive Halogen Lamps in India with supplies to all major OEMs in 4-Wheeler and 2-Wheeler Industry. It is also a major exporter to developed countries. New capacities were added during the year which will help the company achieve higher sales in the coming year. With almost all the major automobile manufacturers setting up production bases in India, we are looking at robust growth for the company in the coming years.

Your Company is also a leading player in Compact Fluorescent Lamps and managed to retain its market share in the retail trade despite a difficult year for the industry. The industry was plagued by the infusion of low price LPF lamps despite their production being illegal, which put price pressure on HPF lamps. However by the end of the year the situation had improved substantially and going forward we see stabilization in prices and sales volumes. As you would be aware a rapid shift is taking place from ordinary Incandescent Lamps to energy efficient Compact Fluorescent Lamps (CFLs) also because of the efforts of the Government to replace ordinary Incandescent Lamps with energy saving Lamps under the CER / Bachat lamp Yojana scheme. Your company was involved in such a project in Chattisgarh. In the coming years the CFL market is set to show tremendous growth driven by the carbon credits.

b) Opportunities and Threats**Opportunities**

- Government thrust on use of energy efficient equipments as well as the willingness of the investor community to fund the CDM/CER projects will provide a huge thrust to the CFL Lamps industry. Your company is poised to benefit from the same.
- With all the Company's CFL manufacturing now consolidated at Haridwar unit, it will provide additional advantage in terms of quality, quantity and cost competitiveness over its rivals.
- In the auto halogen industry we continue to be the low cost and good quality manufacturer.
- Introduction of new generation lamps like LED, HID in Auto and LED's in General Lighting.
- Introduction of new Fixtures and Fittings for the new generation lamps.
- Brand Building and the expansion of domestic distribution network by the Company will increase reach and the pricing power with the final customer.
- The Company has launched range of Home Lighting Luminaires, a nascent emerging market but with huge growth potential in India.

Threats

- Increasing cost of commodities especially rare earth minerals will have a substantial cost impact.
- High Energy prices, high inflation and high Interest cost may adversely affect the Company.
- Slowdown in Automobile and Housing Sector because of high interest rates is a distinct possibility and may impact the topline and bottomline of the Company.
- Euro zone is passing through a financially volatile period especially with the debt restructuring of some of the Euro zone countries. Due to our substantial exposure to the European market in auto halogens our sales and profits could be adversely affected if there is financial turmoil in these markets.
- New legislations on environment may affect the workings of your company especially with regards to heavy metals and hazardous materials.

c) Outlook

With the Automobile sector expected to grow between 12-15% and the economy growing at 9%, it will boost demand for the auto lamps produced by the Company. There has been growth in the real estate and infrastructure sector which will boost the requirement for the Compact Fluorescent Lamps. Also the Bachat Lamp Yojana under which the lamps are provided to the end consumers at a nominal price against CERs earned by investors will give

exponential growth in the near future. The company has also ventured into Home Lighting Luminaires which at present is a nascent market but with more disposable income available to consumers in a growing economy, the potential is huge. We intend to benefit from this by having the first mover advantage.

The Company has taken various steps to rationalize its production facilities as well as operating cost besides taking steps to manage its current assets better. This should improve both profitability and capital efficiency.

d) Risks and Concern

The Company's risk management strategy encompasses the in-depth identification, assessment and prioritization of risk followed by speedy mobilization of resources to minimize, monitor, and control the profitability of unfortunate events.

Excessive volatility in the Company's key raw materials can have severe impact on its profitability. As the Company derives a portion of its revenues from exports and pays for purchases with foreign exchange, excessive volatility in currency rates can significantly impact profitability.

e) Financial Performance vis-a-vis Operational Performance

Your Company recorded a Gross Sales of Rs. 43,269.12 lacs. Loss before tax after providing for Obsolete Inventories, Doubtful Debts, Warranty Claims and prior period adjustments was Rs. 1,008.07 lacs and Net loss of Rs. 884.22 lacs.

f) Segmentwise or Productwise Performance

The company has bifurcated its operations into Automotive and General Lighting businesses during the year. The Board of Directors of the Company, in its meeting held on 20.05.2011 i.e. before signing of the Accounts, has decided not to Sell and transfer its General Lighting business and continue both Automotive and General Lighting businesses as two separate and distinct lines of business i.e. Strategic Business units, to continue to avail economies of scale and synergies between the two businesses. The Gross Sales for the Automotive Business in 2010-2011 has increased from Rs. 21,980.26 lacs in 2009-2010 to Rs. 24,897.88 lacs i.e. by 13.3% and the Earning before interest, depreciation and taxes has increased from Rs. 4,939 lacs to Rs. 5,304 lacs i.e. 7.4% over 2009-2010. In case of General lighting business, the gross sales before discount & warranties in 2010-2011 have decreased from Rs. 25,615 lacs in 2009-2010 to Rs. 22,336 lacs i.e. by 12.8%. The Earning before interest,

depreciation and taxes for general lighting business has improved from Rs. (2,164) lacs in 2009-2010 to Rs. (2,033) lacs i.e. 6% in 2010-2011.

g) Internal Control System and their adequacy

The Company has an adequate system of internal controls commensurate with its size to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition. Transactions are authorized, recorded and reported correctly.

The Company's internal control systems are further supplemented by an extensive programme of internal audit by an independent firm of Chartered Accountants and periodic review by management.

The internal control system is designed to ensure that all financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

h) Developments in Human Resources & Industrial Relations Front

There was seamless transition to a SBU structure, bringing greater focus to the Auto, GLS and Luminaries businesses. Employees continue to be the cornerstone of the organization, as demonstrated by the successful commissioning of new lines at a fraction of the estimated cost through innovative efforts of the team. Industrial Relations have been generally harmonious in all units.

Sound human resource development policies of the Company ensure that each employee grows as an individual and contributes to the performance of the Company. Regular in-house training programs for employees at all levels help in this objective.

The number of persons employed in the Company is 2,470 (on company rolls) as on 31st March, 2011.

i) Cautionary Note

Certain statements in the 'Management Discussion and Analysis' section may be forward-looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which would be different from what the Directors envisage in terms of the future performance and outlook.

Investors are cautioned that this discussion contains forward looking statement that involve risks and uncertainties including, but not limited to, risks inherent in the Company's growth strategy, dependence on certain businesses, dependence on availability of qualified and trained manpower and other factors discussed. The following discussion and analysis should be read in conjunction with the

Company's financial statements and notes on accounts.

CORPORATE GOVERNANCE

Our focus on corporate governance are, where investor and public confidence in companies is no longer based strictly on financial performance or products and services but on a company's structure, its board of directors, its policies and guidelines, its culture and the behavior of not only its officers and directors, but also all of its employees.

Our approach is proactive, starting with our Leadership Team. It is also deeply ingrained in our corporate culture, guiding how we work and how we do business. We apply and adhere to the rules—not just those required by government, but also those we impose on ourselves (OSHAs, ISO etc) to meet the highest possible standards.

We continually discuss bylaws and governance practices, changing our policies when necessary and pointing out areas where we need to improve our performance. We also compare our practices to the criteria used by outside organizations to evaluate corporate performance.

As an organization we are proud of our strong commitment for maintaining the highest standards of corporate governance. As a listed Company, necessary measures are taken and systems put in place to comply with the Listing Agreement with Stock Exchanges.

A separate Report on Corporate Governance along with a Certificate of Compliances of conditions of Corporate Governance from the Practicing Company Secretary forms part of this Report.

QUALITY POLICY / CERTIFICATION

The Company is committed to provide consistent good quality products to its customers worldwide and for achievement of world class quality in the products manufactured, every employee is involved in ensuring quality of products at all times. Management on its part is fully committed to further improve quality and provide all resources to accomplish this task. The Company is also committed to continuously improve safety and health of employees and working environment through institutionalizing proactive safety, health and environmental management strategies.

CERTIFICATION(S)

The Company is certified for ISO 9002 since Nov. 1994 & QS 9000:1998/ISO 9001:1994 since Jan. -2002, ISO/TS 16949:2002 since May, 2003 by RWTUV, Germany. The Company has also certified for ISO 14001:2004 and OHSAS 18001: 1999 since Apr. -2005 by RWTUV, Germany.

The Company is certified for ISO:9001:2008 and ISO/TS 16949:2009 for all units located in Noida, valid until 2012 and ISO: 14001:2004, OHSAS: 18001:2007 is valid until 2014 for all units by TUV NORD INDIA PVT. LTD., Germany.

The Certification of ISO 9001:2008 and ISO/TS 16949:2009 are valid until Feb., 2014. For Dehradun plant and Haridwar plant certification of ISO 9001:2008 is valid until Aug., 2011.

The Company's (59-A) testing lab is NABL accredited in July 2010 and SA 8000 Certified.

The Company's units at A1, Phase-II, Noida and Haridwar are certified for RoHS compliance and the audit was performed by Intertek. Your Company was the first Company in India to be certified with RoHS compliance through certification audit and this certification is valid till 2013 and also approved by BIS for the CFL products.

DIRECTORS' RESPONSIBILITY STATEMENT

Board of Directors of your Company state:

- i. that in the preparation of the annual accounts, applicable accounting standards had been followed alongwith proper examination relating to material departures, if any;
- ii. that the directors have selected such accounting policies and applied them consistently and made judgments 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 loss of the Company for the year under review;
- iii. that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the directors have prepared the annual accounts on a going concern basis.

PUBLIC DEPOSITS

The Company has not accepted any deposits from Public, during the year under review.

DIRECTORS

Mr. Raj Krishan Sahgal, and Mr. Ganapati Rathinam, Director(s), are liable to retire by rotation at the forthcoming Annual General Meeting, and being eligible offer themselves for re-appointment.

Mr. Susanta Kumar Neogi has been appointed as an Executive Director for a period of one year with effect from 8th day of September, 2010.

Mr. Padmanabh Pundrikay Vora, Independent and Non-Executive has been appointed as an Additional Director with effect from 20th May, 2011. The Company has received notice along with requisite deposit under section 257 of the Companies Act, 1956 for his appointment at the ensuing Annual General Meeting. The Board recommends the same for your approval.

Mr. Shomik Mukherjee, Non-Executive and representative of Argon India Limited and Argon South Asia Limited has been appointed as an Additional Director with effect from 20th May, 2011. The Company has received notice along with requisite deposit under section 257 of the Companies Act, 1956 for his appointment at the ensuing Annual General Meeting. The Board recommends the same for your approval.

In terms of Clause 49 of the Listing Agreement with Stock Exchanges, the details of the Directors to be appointed / re-appointed are contained in the accompanying notice for convening the ensuing Annual General Meeting.

During the period, Mr. Jayant Davar, Director, resigned and was relieved from the Board of the Company with effect from 11th August, 2010. Mr. Girija Shankar Tripathy, Director, resigned and was relieved from the Board of the Company with effect from 28th January, 2011. Your Board of Directors wish to place on record their sincere appreciation for the guidance and valuable contribution made by Mr. Jayant Davar and Mr. Girija Shankar Tripathy in the deliberations of the Board during their tenure as Directors of the Company.

AUDITORS

M/s. Arun K. Gupta & Associates, Auditors of the Company, retire at the forthcoming Annual General Meeting, and being eligible offer themselves for re-appointment. The Company has received an eligibility letter under section 224(1B) of the Companies Act, 1956 from the Auditors and recommend their appointment for your approval.

AUDITORS' COMMENT IN THE AUDITORS REPORT

The Auditors Report of the Company do not carry any comment/ qualification to the Audited Financial Results for the financial year ended 31st March, 2011.

LISTING OF SHARES

The Equity Shares of the Company are listed on Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. The Listing Fees for the financial year 2011-2012 has been paid.

COST AUDIT

The Board of Directors, in pursuance of an order made under section 233B of the Companies Act, 1956, has appointed M/s. J.K. Kabra & Co., Cost Accountants, New Delhi as Cost Auditors for conducting audit of the cost accounts maintained by the Company for the financial year ended 31st March, 2011.

SUBSIDIARY COMPANY

The Company has one non-listed 100% wholly owned subsidiary company "Halonix Technologies Limited". There are no operations during the year in the Company. The Balance Sheet, Profit and Loss Account and schedules thereto along with the Statement in terms of Section 212 of the Companies Act, 1956 forms part of this Annual Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information under section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given below:

A. Conservation of Energy

The company continues its policy of priority to energy conservation measures including regular review of energy conservation, consumption and effective control of utilization of energy.

The following energy conservation measures were implemented during the year under review.

- APFC (Auto Power Factor correction Panel) 360 KVAR has been installed to control the reactive power losses now the power factor reading is completely controlled.
- Low wattage lamps replaced in place of high wattage

lamps like 250W MHL lamps have been replaced by T5 (28W) and spiral lamps (55W) to reduce the power consumption of lights.

- Motion sensors and time based sensors installed for auto switching of plant and boundary lights to control the unusual working of lights.

During the year under report, Company has consumed units of energy as detailed below:-

Electric Energy – 137.43 (previous. year 135.22) lac units supplied by Power Corporation, 21.47 (previous year 18.87) lac units generated by DG sets.

Diesel – 7.09 (previous. year 5.78) lac litres for running of DG sets.

- (b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy – No major additional investment is required.

- (c) Impact of the measures at(a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods. – Not applicable

B. Technology Absorption

Particulars regarding Research & Development, Technology Absorption, Adaptation and Innovation are given under in prescribed Form 'B'.

FORM 'B'

1. Research & Development (R & D) :

- (i) Specific Areas in which R&D carries by the Company
1. Commercialized LED based tail lights E-Homologation.
 2. For LED lighting investment close to about Rs. 30 lacs was done for tooling/ testing/ new design testing and validating and generating IES files related to LED.
- (ii) Benefits derived as a result of the above R&D
1. Company has been able to develop products which on validation has proven to be more effective products than the products available in the market.

(iii) Future Plan of Action

The Company will continue product development and other regular activities related to for tooling/ testing/ new design testing and validating and generating new products to improve quality and reduce cost by increasing the raw material efficiency and reducing wastage. To commercialize the products developed. Penetrate market.

(iv) Expenditure on R & D

During the year Company has invested close to INR 20 lacs for tooling / testing / New Design testing and validation.

2. Technology Absorption, Adaptation and Innovation

- (i) Efforts in brief made towards technology absorption, adaptation and innovation : Technology to manufacture Halogen Lamps and CFL Lamps has been fully absorbed.
- (ii) Benefits derived as a result of the above efforts. : Stabilized Operations
- (iii) Details of technology imported during last five years
- (a) Technology Imported : N.A.
 - (b) Year of Import : N.A.
 - (c) Has technology been fully absorbed : N.A.
 - (d) If not fully absorbed, area where this has not taken place. : N.A.

C. Foreign Exchange Earnings and Outgo

| PARTICULARS | Current Year (Rs. in Lacs) | Previous Year (Rs. in Lacs) |
|--|-------------------------------|--------------------------------|
| 1. Foreign Exchange Earnings | 12,661.27 | 12,542.38 |
| 2. Foreign Exchange Outgo - | | |
| (a) Raw Materials | 10,247.65 | 11,017.68 |
| (b) Capital Goods | 1,178.94 | 183.38 |
| (c) Spare Parts | 261.01 | 220.10 |
| (d) Foreign Traveling/ Selling Expenses | 244.50 | 83.51 |
| (e) Dividend | NIL | 85.82 |

Activities relating to export, initiative taken to increase the export, development of new export markets for products and export plan.

The Company taking necessary steps to increase export activities. The Company is having a unit in NSEZ. The Company is trying to acquire marketing Company in Europe.

PERSONNEL

Report on Particulars of the employees required in terms of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, is as under:

| Sr. No. | E-Name | Age | Designation | Remuneration Received (Rs.) | Qualification | Experience (Years) | Date of Comm. of Employment | Last Employment |
|---|--------------------|-----|----------------------------|-----------------------------|------------------|--------------------|-----------------------------|--------------------|
| <u>Employed throughout the year</u> | | | | | | | | |
| 1. | Mr. Rajesh Kochhar | 54 | Managing Director | 1,14,00,220 | B.E. Electronics | 33 | 16.11.2009 | Landis + Gyr Ltd. |
| 2. | Mr. Rakesh Zutshi | 43 | Director Sales & Marketing | 62,68,782 | BSc., MBA | 21 | 09.07.2007 | Gujarat Glass Ltd. |
| <u>Employed for part of the year</u> | | | | | | | | |
| Nil | | | | | | | | |

Nature of Employment

- The employment is contractual.

Other Terms and Conditions

- The terms and conditions of employment are based on the board resolution, shareholders resolution and appointment letter.

Nature of Duties

- All the above personnel look after day-to-day activities of the Company under the supervision of Board of Directors of the Company.
- No employee as mentioned above are related to each other.

The above employees are not holding any shares in the Company.

ACKNOWLEDGMENT

Your Directors wish to place on record their gratitude to NSEZ Authorities, Banks, Business Associates and Shareholders for their unstinted support, assistance and co-operation.

Your Company and its Directors also acknowledge with thanks the full fledged co-operation received from the employees at all levels.

For and on behalf of the Board

Place : Noida

Date : 20.05.2011

RAJ KRISHAN SAHGAL

Chairman

CORPORATE GOVERNANCE REPORT AS ON 31ST MARCH, 2011

Corporate Governance

In endeavor to improve the Corporate Governance Practices and in spirit to move towards voluntary disclosures, rather than restricting itself to disclosures required under the law, the Company has started an exercise to review the existing Code of Conduct for its Board Members and Senior Management of the Company.

The Company is committed to moral accountability, social responsibility, compliance with the law and has a strong, independent and knowledgeable Board charged with the responsibility to:-

- Ensure legal and ethical conduct by every one in the Company.
- Protect the interest of the investors, customers, employees, lenders, suppliers and the community.
- Advise and counsel the MD with the view to make the Company stronger and more successful.
- Support investments and decisions that serve the interest of the Company and the stakeholders and caution in cases of investments and decisions which may not benefit the Company.
- Prevent conflicts of interest and ensure that the right people are making the decisions and monitor, on ongoing basis, the results of the decisions that are likely to affect the Company most.

The Company's Corporate guidelines emphasize:-

- First and foremost 'The quality of strength of character'.
- An enquiring and independent mind, practical wisdom and mature judgment.
- Principle-centered directors, leaders and senior management.
- Structure that promotes transparency and culture that the right questions are asked without fear and that checks and balances are in place to ensure that the answers reflect what is best for the creation of long term sustainable wealth and value.

Risk Management is also seen by the Company as an essential element of Corporate Governance and therefore, the Board is charged with the oversight of this function.

I. BOARD OF DIRECTORS**(A) Composition of Board**

The present Board consists of one Managing Director, one Executive Director, and six Non-Executive Directors. The Non-Executive Directors, with their diverse knowledge, experience and expertise, bring in their valuable independent judgment to the deliberations and decisions of the Board. Apart from the sitting fees being paid for attending Board / Committee Meetings, the non-executive Directors did not have any material pecuniary relationship or transaction with the Company during the year 2010-2011.

The Company has a non-executive Chairman and the Company meets the requirements relating to the composition of Independent and Non-Independent Directors of the Board of Directors of the Company.

(B) Non-Executive Directors' compensation and disclosures

The Non-Executive Directors of the Company are paid sitting fee as fixed by the Board of Directors within the limits prescribed under the Companies Act, 1956. No stock options were granted to non-executive Directors during the year under review.

(C) Other provisions as to Board and Committees

During the year 2010-2011, 9 meetings of the Board of Directors were held on 17th April, 2010, 6th May, 2010, 26th May, 2010, 23rd July, 2010, 10th August, 2010, 26th August, 2010, 1st November, 2010, 2nd February, 2011 and 25th March, 2011.

The 19th Annual General Meeting of your Company was held on Friday, the 24th September, 2010 at 9.30 a.m. at the Registered Office of the Company at 59-A, Noida Special Economic Zone, Phase-II, Noida, District Gautam Budh Nagar, Uttar Pradesh-201 305.

The details about the directors, attendance in the Board Meeting and Annual General Meeting are given below :-

| Name | Category | Board Meetings Attended During the year | Attendance at the AGM held on 24.09.2010 | No.of Directorship in Companies other than Halonix Limited | No.of Committees & Positions held as Member | as Chairman |
|--------------------------------|--------------------------------------|---|--|--|---|-------------|
| Mr. Raj Krishan Sahgal | Independent & Non-Executive Director | 8 | Yes | – | – | 1 |
| Mr. Rajesh Kochhar | Managing Director | 8 | Yes | – | 1 | – |
| Mr. Steven Mark Enderby* | Non- Executive Director | 7 | Yes | 4 | 2 | 1 |
| Mr. Gurdeep Singh | Independent & Non-Executive Director | 6 | Yes | 4 | 1 | 1 |
| Mr. Jayant Davar** | Independent & Non-Executive Director | 1 | No | N.A. | N.A. | N.A. |
| Mr. Girija Shankar Tripathy*** | Independent & Non-Executive Director | 4 | No | N.A. | N.A. | N.A. |
| Mr. Ganapati Rathinam | Independent & Non-Executive Director | 9 | Yes | 1 | 1 | – |
| Mr. Susanta Kumar Neogi | Executive Director | 9 | No | – | 1 | – |

*Representative of Argon India limited and Argon South Asia Limited

**Mr. Jayant Davar, resigned from the Board of Directors with effect from 11th August, 2010.

***Mr. Girija Shankar Tripathy, resigned from the Board of Directors with effect from 28th January, 2011.

– Mr. S.K. Neogi was inducted as Executive Director for a period of one year from 8th day of September, 2010 to 7th September, 2011.

Note:-

1. Directorship in Private Company, Foreign Companies and Companies under section 25 of the Companies Act, 1956 have not been considered.
2. For the purpose of membership & Chairmanship in a Committee only Audit Committee and Shareholders' Investors' Grievance Committee of Public Limited Company have been considered.
3. The above composition is as at 31st March, 2011.

None of the Directors of the Board serve as Member of more than 10 Committees nor do they Chair more than 5 Committees.

(D) Code of Conduct

- (i) The Board of Directors has laid down Code of Conduct for all Board Members and Senior Management of the Company. The copies of Code of Conduct as applicable to the Directors (including Senior Management of the Company) are uploaded on the website of the Company www.halonix.co.in.
- (ii) The Members of the Board of Directors and Senior Management personnel have affirmed compliance with the Code applicable to them during the year ended March 31, 2011. The Annual Report of the Company contains a Certificate duly signed by the Managing Director in this regard.

II. AUDIT COMMITTEE

(A) Qualified and Independent Audit Committee

The Company complies the provisions related to Audit Committee in terms of Clause 49 of the Listing Agreement as well as in terms of the provisions of Section 292A of the Companies Act, 1956. Its functioning is as under:-

- (i) As at 31.03.2011 the Audit Committee consists of the three Non-Executive Directors as members, Two of them are independent directors.

- (ii) Mr. Raj Krishan Sahgal, the Chairman of the Audit Committee is an independent Director.
- (iii) All members of the Committee are finance literate, Mr. Steven Mark Enderby, is a qualified accountant having the requisite financial management expertise.
- (iv) The Chairman of the Audit Committee, Mr. Raj Krishan Sahgal was present at the last Annual General Meeting of the Company held on 24th day of September, 2010.
- (v) The Chief Finance Officer / Director-Finance, Internal Auditors, representatives of the Statutory Auditor and such other officials of the Company are invited to attend the Audit Committee meetings as and when required.
- (vi) The Company Secretary acts as the Secretary to the Committee.

(B) Meeting and Composition of Audit Committee

During the year, 4 Audit Committee meetings were held on 6th May, 2010, 10th August, 2010, 1st November, 2010 and 2nd February, 2011.

Number of meetings attended by the Members are given below:

| Name of Members | Composition of the Audit Committee | No. of Meetings Attended |
|-------------------------------|------------------------------------|--------------------------|
| Mr. Raj K. Sahgal | Independent | 4 |
| Mr. Steven Mark Enderby | Non-executive | 4 |
| Mr. Gurdeep Singh | Independent | 3 |
| Mr. Girija Shankar Tripathy** | Independent | 2 |

**Mr. Girija Shankar Tripathy, resigned from the Board of Directors with effect from 28th January, 2011.

(C) Powers of Audit Committee

The Audit Committee has powers including:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

(D) Role of Audit Committee

1. Review of Company's financial reporting process, the financial statements and financial/risk management policies.
2. Recommendation to the Board on appointment of statutory auditors and fixation of audit fee and other fees to the auditors.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particulars reference to:
 - a. Matters required to be included in the Director's Responsibility Statement, to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- 5A. Reviewing, with the management, the statement of uses/application of funds raised through an issue, public issue, rights issue, preferential issue, etc., the statement of funds utilized for purposes other than those stated in the offer document / prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public issue or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.

7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with the Statutory and internal auditors on any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, wherever applicable.
12. A. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
13. Carrying out any other function as is mentioned in the terms of reference of the audit Committee.
14. To carry out any of the function contained as per the Companies Act, 1956 and the Listing Agreement.

(E) Review of information by Audit Committee

The Audit Committee review the following mandatorily as and when required:

1. Financial Statement and draft audit report including quarterly/half-yearly financial information.
2. Management discussion and analysis of financial condition and results of operations of the Company.
3. Statement of significant related party transactions.
4. Letter issued related to Internal Control Weaknesses.
5. The reports of Internal Auditors.
6. The appointment/remuneration of the Internal Auditors.

(F) Export activities

Activities relating to exports, initiatives taken to increase export, development of new export market for products and arvic aervics, and export plans. The Company is taking necessary steps to increase export activities. The Company is having two plants in Noida NSEZ.

III. SUBSIDIARY COMPANY

1. The Company has one non listed non-material Subsidiary Company “Halonix Technologies Limited”.
2. The Audit Committee also reviews the financial statements, in particular, the investments made by the unlisted subsidiary Company.
3. The minutes of the Board Meetings of the unlisted subsidiary Company are placed at the subsequent Board Meetings of the Company. The Management brings to the attention of Board of Directors, a statement of all significant transactions and arrangements entered into by the subsidiary company.

IV. DISCLOSURES

(A) Basis of related party transactions

There is no material significant related party transaction that may have potential conflict with the interest of the Company at large.

- (B)** There is no non-compliance by the Company and there are no penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital markets, during the last three years.

(C) Disclosure of Accounting Treatment

The Financial statement of Company are prepared as per the prescribed Accounting Standards and reflects true and fair view of the business transactions in the Corporate Governance.

(D) Whistle Blower Policy

There is no need in the Company to establish a mechanism called 'Whistle Blower Policy' for employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy in the Company.

(E) The Company has complied with the mandatory conditions of Corporate Governance and constituted Remuneration Committee as per the non-mandatory requirements.

(F) Board Disclosures Risk Management

The Company has laid down procedures to inform the Board of Directors about the Risk Management and its minimization procedures. The Audit Committee and the Board of Directors review these procedures periodically.

(G) Proceeds from public issues, right issues preferential issues, etc.

During the year under review, no money has been raised by the Company by way of Public Issues, Right Issues, Preferential Issues etc.

(H) Remuneration of Directors

(1) Executive Directors

- The remuneration of the executive directors is decided by the remuneration committee based on the qualification, experience, industry benchmarks, the Company's performance vis-à-vis the industry, performance track record of the executive director/ appointee(s). The Company pays remuneration by way of salary, perquisites, commission and allowances.
- Remuneration paid to the past/present executive directors of the company during 2010-2011 is as under:-

(Amount in Rs.)

| Name of the Executive Director | Salary and other Allowances | Perquisites | Contribution to Provident Fund | Service Tenure | Contract Notice Period | No. of Shares of the Company |
|--------------------------------|-----------------------------|-------------|--------------------------------|----------------|------------------------|------------------------------|
| Mr. Rajesh Kochhar | 9219100 | 1500000 | 681120 | 15.11.2012 | 3 Months | Nil |
| Mr. S.K. Neogi | 4079398 | 1449932 | 398600 | 07.09.2011 | 3 Months | Nil |

- There is no stock option scheme in the Company.
- There is no severance clause/ fees attached to remuneration of any Director.

(2) Non-Executive Directors

- The Non-Executive Directors are paid sitting fee only for attending the Board/Committee Meetings in terms of the Companies Act, 1956. A sitting fee of Rs. 5,000 per meeting of the Board and Rs. 2,500 per committee meeting of the Audit Committee, Remuneration Committee, and Compensation Committee, are paid.

(b) Payment of sitting fees to Non-Executive Directors for the year ended 31st March, 2011 :-

| Name | Sitting Fees Paid (in Rs.) |
|----------------------|----------------------------|
| Mr. Raj K Sahgal | 57,500 |
| Mr. Steven M Enderby | 50,000 |
| Mr. Gurdeep Singh | 42,500 |
| Mr. G. Rathinam | 45,000 |
| Mr. Jayant Davar | 5,000 |
| Mr. G. Tripathy | 25,000 |

- The non-executive directors have disclosed that they do not hold any shares and/or convertible instruments in the Company.
- There has been no pecuniary relationship or transactions of the non-executive directors' vis-à-vis the Company during the year under review.
- The Company has constituted the Remuneration Committee in the Company which approves the remuneration being paid to the executive directors of the company.

(f) The detail of composition of Remuneration Committee as on 31st March, 2011 is as under:-

| Name of Members | Composition of the Remuneration Committee |
|-------------------------|--|
| Mr. Gurdeep Singh | Independent |
| Mr. Raj Krishan Sahgal | Independent |
| Mr. Steven Mark Enderby | Non-executive |

During the year ended 31st March, 2011, the Committee held three meetings on 26th August, 2010, 2nd February, 2011 and 25th March, 2011. Mr. Gurdeep Singh is the Chairman of the Remuneration Committee.

Number of meetings attended by the Members are given below:

| Name of Members | Composition of the Remuneration Committee | Meetings Attended |
|-------------------------|--|--------------------------|
| Mr. Gurdeep Singh | Independent | 2 |
| Mr. Raj Krishan Sahgal | Independent | 3 |
| Mr. Steven Mark Enderby | Non-Executive | 2 |

(I) Management

The Management Discussion and Analysis Report has been included separately in the Annual Report to the shareholders.

(J) Shareholders Information

- (i) Mr. Raj Krishan Sahgal, Director and Chairman of the Company, Mr. Ganapati Rathinam, Director, are retiring by rotation at the forthcoming Annual General Meeting of the Company. The brief resume and other details of these directors are given with Notice of the Annual Report.

Mr. P. P. Vora, an Independent Director and Mr. Shomik Mukherjee, representative of Argon India Limited & Argon South Asia Limited have been appointed as Additional Directors with effect from 20th May, 2011. As per the provisions of section 260 of the Companies Act, 1956, Mr. P. P. Vora and Mr. Shomik Mukherjee Additional Director(s), hold office only upto the date of ensuing Annual General Meeting. The Company has received notices under section 257 of the Companies Act, 1956 proposing their appointment as Director liable to retire by rotation. The brief resume and other details of these directors are given with Notice of the Annual Report.

During the period under review, Mr. Jayant Davar and Mr. Girija Shankar Tripathy, Directors, resigned from the Board of Directors of the Company with effect from 11th August, 2010 and 28th January, 2011 respectively. Your Board of Directors wish to place on record their sincere appreciation for the guidance and valuable contribution made by Mr. Jayant Davar and Mr. Girija Shankar Tripathy in the deliberations of the Board during their tenure as Directors of the Company.

- (ii) The quarterly results are put on the Company's website www.halonix.co.in
- (iii) Shareholders'/Investors' Grievance Committee Meeting termed as Share Committee of the Company, is constituted under the Chairmanship of a non-executive Director to consider and look into the matter of Shareholders' / Investors' Grievances and to suggest the remedial and improvement measures and to redress the same.

The composition of Shareholders' Investors' Grievance Committee, termed as Share Committee is as under:-

| Name of Members | Composition of the Share Committee | Meetings Attended |
|-------------------------------|---|--------------------------|
| Mr. Steven Mark Enderby | Non-executive | 05 |
| Mr. Rajesh Kochhar | Executive | 24 |
| Mr. S. K. Neogi | Executive | 25 |
| Mr. Girija Shankar Tripathy** | Independent | 07 |

**Mr. Girija Shankar Tripathy, resigned from the Board of Directors with effect from 28th January, 2011.

Mr. Steven Mark Enderby is the Chairman of the Committee.

25 Share Committee Meetings were held in the financial year ended 31st March, 2011.

Mr. Sanjiv Kashyap, Chief Financial Officer and Company Secretary of the Company is the Compliance Officer and can be contacted at:

Mr. Sanjiv Kashyap, Chief Financial Officer, Company Secretary and Compliance Officer, Halonix Limited, 59-A, Noida Special Economic Zone, Phase-II, Noida, District Gautam Budh Nagar, Uttar Pradesh-201305.

Phone: 91-11-0120-4012103(D), 91-11-0120-4012222,

Fax: 91-11-0120-2562943

email : sanjiv.kashyap@halonix.co.in

36 investors' complaints/queries were received during the year and all of them have been resolved during the year. No complaint was pending as on March 31, 2011.

- (iv) The Board of Directors of the Company has delegated the power of Share Transfer to the Share Committee and the Registrar and Share Transfer Agents. The meetings of the Share Committee to consider share transfer formalities are generally held on fortnightly basis. During the year company held 25 meetings of Share Committee Meeting.

General Body Meetings

Location and time of Annual General Meetings held in the last 3 years :

| Year | Type | Date | Venue | Time | Special Resolution Passed |
|------|------|------------|---|------------|---------------------------|
| 2008 | AGM | 25.08.2008 | 59-A, NSEZ, Phase-II, Noida Distt. Gautam Budh Nagar, U.P. - 201305 | 10.00 A.M. | NO |
| 2009 | AGM | 08.09.2009 | 59-A, NSEZ, Phase-II, Noida Distt. Gautam Budh Nagar, U.P. - 201305 | 10.00 A.M. | NO |
| 2010 | AGM | 24.09.2010 | 59-A, NSEZ, Phase-II, Noida Distt. Gautam Budh Nagar, U.P. - 201305 | 09.30 A.M. | YES |

Whether Special Resolution were put through postal ballot last year

Yes

Details of voting pattern

Given hereunder

Persons who conducted the postal ballot exercise

Given hereunder

Whether Special Resolutions are proposed to be conducted through postal ballot

No

POSTAL BALLOT:

- During the year 2010-2011, in terms of the provisions of section 192A(2) read with section 293(1)(a) of the Companies Act, 1956 (the "Act") and the Companies (Passing of the resolution by postal ballot) Rules, 2001, and the Memorandum and Articles of Association of the Company, the Company sought approval of members passed by way of Ordinary Resolutions to the matters given hereunder, by voting through postal ballot:-

- Sale and transfer of non-automotive lighting product line ("General Line") to Halonix Technologies Limited.
- Sale of holding/interest in Halonix Technologies Limited (Subsidiary of Halonix Limited)

Related procedure for voting by postal ballot has been followed by the Company. Dr. S. Chandrasekaran, and/or failing him, Mr. Rupesh Agarwal, Practising Company Secretaries, had been appointed as scrutinizer, who conducted this postal ballot exercise in a fair and transparent manner and submitted his report to the Company.

Procedure Followed

- The Company has issued the postal ballot notice dated 1st July, 2010 for passing the above mentioned Resolutions. The draft resolutions together with the explanatory statement and postal ballot forms and self addressed business reply envelopes were sent to the members and other concerned under certificate of posting on 16th July, 2010.
- The Company made an advertisement regarding dispatch of postal ballot notice in The Statesman (English) and Navbharat Times (Hindi) on 21st day of July, 2010.
- Members were advised to read the instructions carefully printed on the postal ballot form and return the duly completed from in the attached self-addressed business reply envelope, so as to reach the scrutinizer not later than the close of working hours on 20th August, 2010.
- After due scrutiny of all the postal ballot forms received upto the close of working hours on 20th August, 2010. Dr. S. Chandrasekaran, a Practising Company Secretary (the Scrutinizer) submitted his report on 24.08.2010.
- The results of the postal ballot were declared by Mr. Rajesh Kochhar, Managing Director of the Company on 26.08.2010 at 10.30 A.M. at the Company's registered office at 59-A, NSEZ, Phase-II, Noida, District Gautam Budh Nagar, Uttar Pradesh-201 305. The date of declaration of results was taken as the date of passing of the Resolutions. The Managing Director declared that all Resolutions specified in the notice have been passed with requisite majority.

The details of voting pattern are as follows:

| Particulars | Net No. of Valid Votes cast through postal ballot. | No. of votes cast in favour of resolution. | No. of votes cast in against of resolution. |
|---|--|--|---|
| Sale and transfer of non-automotive lighting product line ("General Line") to Halonix Technologies Ltd. | 18513288 | 18512749 | 539 |
| Sale of holding/interest in Halonix Technologies Ltd. (Subsidiary of Halonix Ltd.) | 18513538 | 18512949 | 589 |

Means of Communication

| | |
|---|--|
| Quarterly report sent to each Household of shareholders | The results of the Company are published in the newspapers. The information is also sent to all Stock Exchanges over via e-mails also. |
| Quarterly results and in which newspaper normally published in | All quarterly results were published in Financial Express:- Mumbai, Ahmedabad, New Delhi, Lucknow, Pune, Kolkata, Chandigarh, Bangalore, Hyderabad, Chennai and Kochi (in English); Navbharat Times, New Delhi (in Hindi). |
| Any website where displayed | Yes, the results are displayed on the Company's website at www.halonix.co.in |
| Whether it also displays official News releases | No |
| Whether the website displays the Presentation made to the institutional investors and to the analysis | No |

Market Price Information

The reported high and low closing prices during the year ended March 31, 2011 on the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited, where your Company's shares are frequently traded, are given below:-

| Month | National Stock Exchange | | Bombay Stock Exchange | |
|-----------|-------------------------|-----------|-----------------------|-----------|
| | High (Rs.) | Low (Rs.) | High (Rs.) | Low (Rs.) |
| Apr, 2010 | 96.80 | 80.35 | 97.80 | 80.00 |
| May, 2010 | 98.00 | 74.25 | 98.45 | 74.60 |
| Jun, 2010 | 86.90 | 73.05 | 87.00 | 73.95 |
| Jul, 2010 | 112.95 | 76.50 | 113.40 | 77.25 |
| Aug, 2010 | 137.55 | 99.00 | 137.45 | 96.00 |
| Sep, 2010 | 167.15 | 124.85 | 166.50 | 125.45 |
| Oct, 2010 | 141.10 | 105.55 | 142.25 | 108.00 |
| Nov, 2010 | 125.50 | 108.55 | 128.00 | 109.60 |
| Dec, 2010 | 130.00 | 109.15 | 127.90 | 109.15 |
| Jan, 2011 | 125.95 | 111.00 | 125.00 | 105.20 |
| Feb, 2011 | 122.00 | 98.10 | 124.30 | 94.50 |
| Mar, 2011 | 107.00 | 94.50 | 114.00 | 93.70 |

Performance in comparison to BSE Sensex

| Month | BSE Sensex | BSE Sensex | Halonix Limited | |
|-----------|------------|------------|-----------------|-----------|
| | High | Low | High (Rs.) | Low (Rs.) |
| Apr, 2010 | 18047.86 | 17276.80 | 97.80 | 80.00 |
| May, 2010 | 17536.86 | 15960.15 | 98.45 | 74.60 |
| Jun, 2010 | 17919.62 | 16318.39 | 87.00 | 73.95 |
| Jul, 2010 | 18237.56 | 17395.58 | 113.40 | 77.25 |
| Aug, 2010 | 18475.27 | 17819.99 | 137.45 | 96.00 |
| Sep, 2010 | 20267.98 | 18027.12 | 166.50 | 125.45 |
| Oct, 2010 | 20854.55 | 19768.96 | 142.25 | 108.00 |
| Nov, 2010 | 21108.64 | 18954.82 | 128.00 | 109.60 |
| Dec, 2010 | 20552.03 | 19074.57 | 127.90 | 109.15 |
| Jan, 2011 | 20664.80 | 18038.48 | 125.00 | 105.20 |
| Feb, 2011 | 18690.97 | 17295.62 | 124.30 | 94.50 |
| Mar, 2011 | 19575.16 | 17792.17 | 114.00 | 93.70 |

General Shareholder Information

| | |
|--|--|
| Annual General Meeting, Date & Time | : Tuesday, 2nd August, 2011 at 10.00 A.M. |
| Venue | : Registered Office : 59-A, NSEZ, Phase-II, Noida, District Gautam Budh Nagar, U.P. - 201305. |
| Financial Year | : 1 st April to 31 st March of the succeeding year. |
| Date of Book Closure | : 22 nd July, 2011 |
| Listing on Stock Exchange | : Bombay Stock Exchange Limited 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001 : National Stock Exchange of India Limited "Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai - 400051 |
| Stock Code | : BSE-517296 NSE - HALONIX |
| ISIN number for NSDL & CDSL | : ISIN INE455B01016 |

Share Transfer System

Shares lodged for transfer at the Registrar's address are normally processed and approved by Share Committee on a fortnight basis. All requests for dematerialization of shares are processed and the confirmation is given to the Depositories within 15 days. Grievances received from Members and other miscellaneous correspondence on change of address, mandates etc. are processed by the Registrar and Company within 30 days.

INVESTORS CORRESPONDENCE

In case of any delay in attending from the date of receipt of request for transfer of shares, non-receipt of Dividend Warrant, non-receipt of Annual Report or any other related matter the request can be forwarded at:

(i) The Secretarial Department

Halonix Limited

59-A, NSEZ, Phase-II, Noida, District Gautam Budh Nagar, Uttar Pradesh – 201 305.

Ph. : 0120-4012222, Fax: 0120-2562943, email : halonix@halonix.co.in

(ii) Registrars and Share Transfer Agents :

M/s. Alankit Assignments Limited, 2E/21, Jhandewalan Extension, New Delhi-110 055.

Phone : 011-42541234/42341234, Fax : 011-42541201, 23552001, 23551967.

DISTRIBUTION OF SHAREHOLDING**(a) Distribution of Shareholding (No. of Shares) as on March 31, 2011 is as under:-**

| No. of Shares | No. of Shareholders | % of Shareholders | Total No. of Shares | % of Holding |
|----------------------|----------------------------|--------------------------|----------------------------|---------------------|
| 1 - 500 | 17711 | 93.30 | 2410811 | 8.60 |
| 501 - 1000 | 603 | 3.18 | 493651 | 1.76 |
| 1001 - 2000 | 280 | 1.47 | 433239 | 1.55 |
| 2001 - 3000 | 118 | 0.62 | 306402 | 1.09 |
| 3001 - 4000 | 51 | 0.27 | 183481 | 0.66 |
| 4001 - 5000 | 47 | 0.25 | 216350 | 0.77 |
| 5001 - 10000 | 98 | 0.52 | 719804 | 2.57 |
| 10001 & above | 74 | 0.39 | 23255562 | 83.00 |
| TOTAL | 18982 | 100.00 | 28019300 | 100.00 |

(b) Shareholding Pattern as on 31st March, 2011

| Category | No. of Shares held | Percentage |
|---|---------------------------|-------------------|
| Promoters | 18509587 | 66.06 |
| Institutional Investors | | |
| Mutual Funds & UTI | 33403 | 00.12 |
| Banks, Financial Institutions and Insurance Companies | 700 | 00.00 |
| FII's | 1024916 | 03.66 |
| Others | | |
| Private Corporate Bodies | 2695833 | 09.62 |
| Indian Public | 5332671 | 19.03 |
| NRIs / OCBs | 405722 | 01.45 |
| Trust | 16468 | 00.06 |
| TOTAL | 28019300 | 100.00 |

DEMATERIALISATION OF SHARES

87.16% of the shareholding of the Company have been dematerialised as on 31.03.2011 and there is sufficient liquidity in the stock.

Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity. The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

| | | |
|-----------------------------------|---|---|
| Plant Locations | : | 59-A, Noida Special Economic Zone, Phase-II, Noida, Distt. Gautam Budh Nagar, U.P. - 201 305. |
| | : | 59-D, Noida Special Economic Zone, Phase-II, Noida, Distt. Gautam Budh Nagar, U.P. - 201 305. |
| | : | A-1, Noida Special Economic Zone, Phase-II, Noida, Distt. Gautam Budh Nagar, U.P. - 201 305. |
| | : | C-8, Selaqui Industrial Area, District Dehradun, Uttaranchal. |
| | : | Plot No. 5, Sector 12, Integrated Industrial Area, Ranipur, Haridwar, Uttaranchal. |
| Address for correspondence | : | 59-A, Noida Special Economic Zone, Phase - II, Noida Distt. Gautam Budh Nagar, U.P. - 201305. Phone : 91-11-0120-4012222, Fax : 91-11-0120-2562943 email : halonix@halonix.co.in |

TRANSFER OF UNPAID/UNCLAIMED DIVIDEND FOR THE YEAR 2003-2004 TO INVESTORS PROTECTION FUND OF CENTRAL GOVERNMENT

Your Company in the year 2004, for the financial year 2003-2004 had declared its 1st Dividend to its Equity Shareholders at the rate of 10% i.e. Re. 1/- for every share held.

In the general interest of the then unclaimed dividend shareholders and as a matter of goodwill to the Company, company is sending individual letter by speed post at the last available address of the Company to enable the unclaimed dividend holders to claim their dividend on or before 29th July, 2011, i.e. before transfer of unclaimed dividend to the Investors Education and Protection Fund (IEPF) of the Central Government after a period of 7 years, as per the provisions of section 205C of the Companies Act. It will be notified on the Bombay and National Stock Exchanges to enable the shareholders to claim their unclaimed dividend.

Upon completion of 7 years of declaration, the balance unclaimed dividend will be transferred to IEPF account of the Central Government pursuant to the provisions of the Companies Act, 1956.

DECLARATION OF THE MANAGING DIRECTOR

This is to certify that the Company has laid down code of conduct for all Board Members and Senior Management of the Company and the copies of the same are uploaded on the website of the Company www.halonix.co.in. Further certified that the Members of the Board of Directors and Senior Management personnel have affirmed having complied with the code applicable to them during the year ended March 31, 2011.

Place : Noida
Date : 20.05.2011

Rajesh Kochhar
Managing Director

COMPLIANCE CERTIFICATE ON CONDITIONS OF CORPORATE GOVERNANCE

To,

The Members of
HALONIX LIMITED

We have examined all relevant records of **HALONIX LIMITED** (the Company) for the purpose of certifying the conditions of Corporate Governance under Clause 49 of the Listing Agreement with Stock Exchanges for the financial year ended 31st, March 2011. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with the conditions of Clause 49 of the Listing Agreement.

For **Chandrasekaran Associates**
Company Secretaries

Place : Noida
Date : 20.05.2011

Dr. S. Chandrasekaran
Senior Partner
(Membership No. FCS 1644, CP 715)

AUDITORS' REPORT**TO THE MEMBERS OF HALONIX LIMITED (Formally known as Phoenix Lamps Limited)**

1. We have audited the attached Balance Sheet of Halonix Limited as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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.
 2. 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 mis-statement. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (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.
 4. Further to our comments in the annexure referred to in para 3 above, we report that: -
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) 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;
 - (c) The Balance sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - (e) On the basis of written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274(1) (g) of Companies Act, 1956;
 - (f) Without qualifying our opinion we draw attention to point no. 17 of schedule-19 regarding Managerial remuneration the company has made applications/ revision application to the Central Government seeking approval for the remuneration paid to the Managing Director & erstwhile Managing Director in excess of the limits prescribed under the Companies Act/ Central Government approval obtained amounting to Rs. 207.52 Lacs for which approval is awaited.
 - (g) 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 notes thereon give the information required by the Companies Act, 1956, in the manner so required, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of Balance Sheet, of the state of the affairs of the Company, as at March 31, 2011.
 - ii) in the case of the Profit and Loss account, of the *loss* of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
- For ARUN K GUPTA & ASSOCIATES**
Chartered Accountants
Firm Registration No. 000605N

GIREESH KUMAR GOENKA
Partner
Membership No. 096655
- Place : Noida
Date : 20.05.2011

Annexure referred to in paragraph (3) of our report of even date Halonix Limited (Formally known as Phoenix Lamps Limited)

1. The Company has maintained proper records to show full particulars, including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management according to the phased programme designed to cover all the items over a period of three years which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets have been physically verified by the management during the year and no material discrepancies between the book records and physical verification have been noticed. The company has not disposed off any substantial part of fixed assets during the year and going concern status of the company is not affected.
2. The management has conducted physical verification of inventory except goods in transit at reasonable intervals. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The Company is maintaining proper records of inventory except for work in progress, which has been determined on the physical verification at the year end. No material discrepancies in inventory were noticed on physical verification.
3. (a) As informed, the Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) (herein referred to as the Order), are not applicable.

(b) As informed, the Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (e), (f) and (g) of the Order, are not applicable.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventories and fixed assets and for the sale of goods. There is no sale of services, hence provision of this clause, to the extent of sale of services are not applicable to the company. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
5. According to the information and explanations provided by the management, we are of the opinion that there are no transactions that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956, therefore paragraph 4 (v) (b) of the Order is not applicable.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A & 58AA of the Companies Act, 1956 and the rules made thereunder.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Govt. for the maintenance of Cost Records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have however, not made a detailed examination of these records with a view to determine whether they are accurate or complete.
9. a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales/Vat Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, 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 became payable.

b) According to the records of the Company, the dues outstanding of Income Tax, Wealth Tax, Sales Tax, Service Tax, Custom duty, Excise duty & Cess on account of any dispute are as follows:

| Name of the Statute | Nature of dues | Amount (Rs. in Lacs) | Period to which the amount relates | Forum where disputes are pending |
|--------------------------|-------------------------------------|--------------------------|---|--|
| Delhi Sales Tax Act 1975 | Sales Tax Demand | 0.82 | F.Y.1995-96 | D.C.-Appeal IV, Delhi |
| U.P Trade Tax Act 1948 | Demand U/s 4B | 1.04 | F.Y.2000-01 | Joint Commissioner Appeal, Noida |
| Uttarakhand Vat Act 2005 | Demand against Stock Transferred | 26.09 | F.Y.2005-06 | Joint Commissioner Appeal, Dehradun |
| U.P Vat Act 2008 | U/s 54(14) | 6.12 | F.Y.2008-09 | Deputy Commissioner, Noida |
| Income Tax Act 1961 | TDS Demand | 20.80 | F.Y 2007-08 F.Y 2008-09 F.Y 2009-10 | CIT Appeal, Ghaziabad |

10. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or bank.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund, nidhi / mutual benefit fund and societies.
14. According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures, and other investments. However during the year, the company has made an investment in International Lamps Holding Company S.A. a wholly owned subsidiary by way of acquisition of bearer shares certificate of the company. The share certificates has been kept in an escrow account.
15. Based on the audit procedures applied by us & according to the information & explanations provided by the management, the term loans taken by the company during the year have been applied for the purpose for which the loans were obtained.
16. According to the information and explanations given to us, the company has given Corporate/absolute guarantee and standby letter of credit amounting to Rs. 1704.26 Lacs (Euro 26.95 Lacs) in favor of COFACE FINANZ GMBH and/ Deutsche Bank AG, Germany towards the factoring facilities/ working capital facilities availed/to be availed by Trifa Lamps Germany GMBH, Germany, a step down wholly owned subsidiary. In our opinion the terms & conditions are not prejudicial to the interest of the company.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the company, we report that no funds raised on short term basis have been used for long term investment.
18. The Company has not made any preferential allotment of shares to parties or Companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company did not have any outstanding debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed by us for expressing our opinion on these financial statements and information & explanations given by the management, we have neither come across any instance of major fraud on or by the company noticed or reported during the year nor we have been informed of such case by the management.

For **ARUN K GUPTA & ASSOCIATES**
Chartered Accountants
FRN 000605N

GIREESH KUMAR GOENKA
Partner
Membership No. 096655

Place : Noida
Date : 20.05.2011

BALANCE SHEET

AS AT 31ST MARCH, 2011

(Rs. in Lacs)

| PARTICULARS | SCHEDULE | As At 31.03.2011 | As At 31.03.2010 |
|---|----------|---------------------|---------------------|
| SOURCES OF FUNDS | | | |
| SHARE CAPITAL | 1 | 4117.93 | 4117.93 |
| RESERVES & SURPLUS | 2 | 8587.72 | 9471.95 |
| SECURED LOANS | 3 | 13253.82 | 13243.49 |
| DEFERRED TAX LIABILITIES (NET) | | 205.64 | 364.31 |
| TOTAL | | 26165.11 | 27197.68 |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| Gross Block | 4 | 28595.29 | 26851.05 |
| Less : Depreciation | | 17573.97 | 16262.81 |
| Net Block | | 11021.32 | 10588.24 |
| Capital Work In-Progress including Capital Advances (refer note no C (2) of schedule 19) | | 836.62 | 1216.99 |
| | | 11857.94 | 11805.23 |
| INVESTMENTS | 5 | 25.04 | — |
| CURRENT ASSETS, LOANS AND ADVANCES | | | |
| (i) Inventories | 6 | 7905.99 | 8834.31 |
| (ii) Sundry Debtors | 7 | 10624.59 | 9805.95 |
| (iii) Cash and Bank Balances | 8 | 945.60 | 1375.79 |
| (iv) Other Current Assets | 9 | 318.22 | 227.05 |
| (v) Loans and Advances | 10 | 2191.31 | 1042.30 |
| TOTAL | | 21985.71 | 21285.40 |
| LESS: CURRENT LIABILITIES AND PROVISIONS | 11 | | |
| (i) Current Liabilities | | 6678.54 | 4853.56 |
| (ii) Provisions | | 1025.04 | 1039.39 |
| NET CURRENT ASSETS | | 14282.13 | 15392.45 |
| TOTAL | | 26165.11 | 27197.68 |
| NOTES FORMING PART OF ACCOUNTS | 19 | | |

As per our report of even date
For ARUN K. GUPTA & ASSOCIATES
Chartered Accountants
Firm Registration No. 000605N

RAJ KRISHAN SAHGAL
Chairman

Place: Noida
Date : 20.05.2011

GIREESH KUMAR GOENKA
Partner (M. No. 096655)

SANJIV KASHYAP
Chief Financial Officer & Company Secretary

RAJESH KOCHHAR
Managing Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2011
(Rs. in Lacs)

| PARTICULARS | SCHEDULE | Year Ended 31.03.2011 | Year Ended 31.03.2010 |
|--|----------|--------------------------|--------------------------|
| INCOME | | | |
| GROSS SALES | | 47234.71 | 47595.44 |
| LESS: REPLACEMENT & CLAIMS | | 3965.59 | 2517.70 |
| GROSS SALES NET OF REPLACEMENT & CLAIMS | | 43269.12 | 45077.74 |
| LESS: EXCISE DUTY | | 1390.83 | 1383.43 |
| NET SALES | | 41878.29 | 43694.31 |
| INCREASE/(DECREASE) IN STOCK | 12 | (478.21) | (563.17) |
| OTHER INCOME | 13 | 161.59 | 35.63 |
| TOTAL | | 41561.67 | 43166.77 |
| EXPENDITURE | | | |
| MATERIALS | 14 | 26743.05 | 30078.78 |
| OPERATING EXPENSES | 15 | 1848.03 | 1665.81 |
| ADMINISTRATIVE & SELLING EXPENSES | 16 | 4595.82 | 4307.67 |
| PAYMENT & BENEFITS TO EMPLOYEES | 17 | 5103.85 | 4338.90 |
| FINANCIAL CHARGES | 18 | 1659.56 | 1848.51 |
| DEPRECIATION | 4 | 1344.74 | 1300.36 |
| TOTAL | | 41295.05 | 43540.03 |
| PROFIT BEFORE TAX, PROVISIONS AND PRIOR PERIOD ADJUSTMENTS | | 266.62 | (373.26) |
| PROVISIONS FOR : | | | |
| OBSOLETE INVENTORIES | | 450.01 | 703.80 |
| DOUBTFUL DEBTS | | 743.00 | 432.08 |
| PROFIT BEFORE TAX & PRIOR PERIOD ADJUSTMENT | | (926.39) | (1509.14) |
| PRIOR PERIOD ADJUSTMENT (NET) | | 81.68 | 421.11 |
| PROFIT BEFORE TAX | | (1008.07) | (1930.25) |
| PROVISION FOR : | | | |
| DEFERRED TAX | | (158.67) | (55.64) |
| EARLIER YEAR INCOME TAX | | 34.82 | 52.52 |
| PROFIT AFTER TAX FOR THE YEAR | | (884.22) | (1927.13) |
| PROFIT BROUGHT FORWARD | | 4053.52 | 5980.65 |
| AMOUNT AVAILABLE FOR APPROPRIATION | | 3169.30 | 4053.52 |
| BALANCE CARRIED TO BALANCE SHEET | | 3169.30 | 4053.52 |
| EARNING PER SHARE (IN RS.) (FACE VALUE RS. 10/- PER SHARE) | | | |
| BASIC | | (3.16) | (6.88) |
| DILUTED | | (3.16) | (6.88) |

NOTES FORMING PART OF ACCOUNTS
19

As per our report of even date
For ARUN K. GUPTA & ASSOCIATES
Chartered Accountants
Firm Registration No. 000605N

RAJ KRISHAN SAHGAL
Chairman

Place: Noida
Date : 20.05.2011

GIREESH KUMAR GOENKA
Partner (M. No. 096655)

SANJIV KASHYAP
Chief Financial Officer & Company Secretary

RAJESH KOCHHAR
Managing Director

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. in Lacs)

| PARTICULARS | As At 31.03.2011 | As At 31.03.2010 |
|--|---------------------|---------------------|
| SCHEDULE – 1 | | |
| SHARE CAPITAL | | |
| Authorised | | |
| 41,000,000 Equity Shares of Rs.10/- each | 4100.00 | 4100.00 |
| 2,900,000 Redeemable Preference Shares of Rs 100/- each | 2900.00 | 2900.00 |
| | 7000.00 | 7000.00 |
| Issued, Subscribed and Paid up | | |
| 2,80,19,300(P.Y.2,80,19,300) Equity Shares of Rs. 10/- Each Fully Paidup | 2801.93 | 2801.93 |
| ** 1,316,000 (P.Y.13,16,000) 0% Redeemable Preference Shares of Rs.100/- each. | 1316.00 | 1316.00 |
| TOTAL | 4117.93 | 4117.93 |

Out of the equity capital :

- (i) 91,00,000 Equity Shares allotted in terms of Scheme of Amalgamation
- (ii) 1,48,07,668 Equity Shares held by Argon India Limited, a holding company.

**Refer Note No. 6 in Schedule 19

| | | |
|---|----------------|----------------|
| SCHEDULE - 2 | | |
| RESERVES AND SURPLUS | | |
| (i) CAPITAL SUBSIDY | 40.00 | 40.00 |
| (ii) CAPITAL REDEMPTION RESERVE | 1621.00 | 1621.00 |
| (iii) SECURITIES PREMIUM | 3733.86 | 3733.86 |
| (iv) GENERAL RESERVE | 23.57 | 23.57 |
| (v) PROFIT & LOSS ACCOUNT : SURPLUS IN PROFIT & LOSS ACCOUNT | 3169.30 | 4053.52 |
| TOTAL | 8587.72 | 9471.95 |

| | | |
|--|-----------------|-----------------|
| SCHEDULE 3 | | |
| SECURED LOANS | | |
| Working Capital Loan from banks | | |
| Cash Credit Facilities | 10172.48 | 8733.49 |
| Short Term Loan | 1160.00 | 4510.00 |
| Bill Discounting | 1921.34 | — |
| TOTAL | 13253.82 | 13243.49 |

Working Capital loans from Scheduled Bank is secured by hypothecation of stocks of Raw Material, Work in Progress, Finished Goods, Stores & Spares, consumables and book debts of the company both present and future and further secured by way of exclusive charge on the entire fixed assets of the company.

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd...)
**SCHEDULE - 4
FIXED ASSETS**
(Rs. in Lacs)

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---------------------------------|---------------------|----------------|---------------|---------------------|---------------------|-----------------|-----------------|---------------------|---------------------|---------------------|
| | As At 01/04/2010 | Additions | Adj. / Sale | As At 31/03/2011 | As At 01/04/2010 | For the year | Adjust- ment | As At 31/03/2011 | As At 31/03/2011 | As At 31/03/2010 |
| LEASE HOLD LAND | 370.15 | — | — | 370.15 | 23.03 | 4.33 | — | 27.36 | 342.79 | 347.12 |
| *BUILDINGS | 3169.15 | — | — | 3169.15 | 644.93 | 104.58 | — | 749.51 | 2419.64 | 2524.22 |
| PLANT & MACHINERY | 21147.45 | 1989.97 | 360.10 | 22777.32 | 14818.46 | 948.95 | 26.75 | 15740.66 | 7036.66 | 6328.99 |
| LABORATORY EQUIPMENTS | 253.25 | — | — | 253.25 | 71.84 | 11.20 | — | 83.04 | 170.21 | 181.41 |
| GAS CYLINDERS | 18.39 | 11.90 | — | 30.29 | 7.71 | 3.96 | — | 11.67 | 18.62 | 10.68 |
| FURNITURE & FIXTURES | 236.81 | — | — | 236.81 | 139.94 | 7.95 | — | 147.89 | 88.92 | 96.87 |
| OFFICE EQUIPMENTS | 199.14 | 13.40 | — | 212.54 | 81.82 | 9.47 | — | 91.29 | 121.25 | 117.32 |
| COMPUTERS | 354.25 | 52.60 | 10.15 | 396.70 | 139.47 | 61.61 | 6.83 | 194.25 | 202.45 | 214.78 |
| VEHICLES | 143.47 | 11.68 | — | 155.15 | 65.84 | 13.97 | — | 79.81 | 75.34 | 77.63 |
| FIRE FIGHTING EQUIPMENTS | 88.15 | 2.52 | — | 90.67 | 29.49 | 3.73 | — | 33.22 | 57.45 | 58.66 |
| INTANGIBLE ASSETS :: | | | | | | | | | | |
| – SOFTWARES | 271.94 | 32.42 | — | 304.36 | 120.50 | 55.21 | — | 175.71 | 128.65 | 151.44 |
| –** RESEARCH & DEVELOPMENT COST | 598.90 | — | — | 598.90 | 119.78 | 119.78 | — | 239.56 | 359.34 | 479.12 |
| GRAND TOTAL | 26851.05 | 2114.49 | 370.25 | 28595.29 | 16262.81 | 1344.74 | 33.58 | 17573.97 | 11021.32 | 10588.24 |
| PREVIOUS YEAR | 26545.80 | 556.25 | 251.00 | 26851.05 | 15118.46 | 1300.36 | 156.01 | 16262.81 | 10588.24 | 11427.33 |

* Includes Rs. 590.64/- Lacs (Previous year Rs 590.64/- Lacs) on leased land belonging to Noida Special Economic Zone.

** Refer point no 10 of notes to account of schedule 19.

| PARTICULARS | As At 31.03.2011 | As At 31.03.2010 |
|---|---------------------|---------------------|
| SCHEDULE - 5 | | |
| INVESTMENTS, LONG TERM TRADE, UNQUOTED AT COST | 25.04 | — |
| – Fully paid 40,000 Equity shares of International Lamps Holding Company S.A. of one Euro each (Kept in Escrow accounts) | | |
| – Fully paid 50,000 equity share of Halonix Technologies Limited, a subsidiary company Face Value @ Rs.10/- each | 5.00 | 5.00 |
| SUB TOTAL | 30.04 | 5.00 |
| Less:-Provision for diminution in value of long term investment | (5.00) | (5.00) |
| TOTAL | 25.04 | — |
| SCHEDULE -6 | | |
| INVENTORIES (As Valued & Certified by the Management) | | |
| Raw Materials | 3023.97 | 3052.69 |
| Gases | 50.26 | 54.03 |
| Consumables | 75.65 | 83.50 |
| Packing Materials | 169.15 | 167.85 |
| Stores & Spares | 268.37 | 209.19 |
| Finished Goods | 1481.94 | 1724.47 |
| Work in Progress | 1981.10 | 2216.78 |
| Goods sold in Transit | 901.20 | 917.23 |
| Goods For Resale | 1368.55 | 1400.65 |
| Assets held for disposal | 7.75 | 7.75 |
| Scrap | 43.96 | 16.08 |
| SUB TOTAL | 9371.90 | 9850.22 |
| Less:- Provision for obsolete invenotries | 1465.91 | 1015.91 |
| TOTAL | 7905.99 | 8834.31 |

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd...)
(Rs. in Lacs)

| PARTICULARS | As At 31.03.2011 | As At 31.03.2010 |
|---|---------------------|---------------------|
| SCHEDULE - 7 | | |
| SUNDRY DEBTORS | | |
| Debts outstanding for a period exceeding six months | | |
| Unsecured, Considered Good | 3832.39 | 1425.59 |
| Unsecured, Considered Doubtful | 1463.62 | 720.62 |
| Other Debts | | |
| Unsecured, Considered Good | 6792.20 | 8380.36 |
| Less :- Provision for doubtful debts | 12088.21 | 10526.57 |
| *(Rs 3425.34 Lacs due from a Company under the same management LUXLITE LAMP SARL) | (1463.62) | (720.62) |
| TOTAL | 10624.59 | 9805.95 |
| SCHEDULE - 8 | | |
| CASH AND BANK BALANCES | | |
| Cash in Hand | 5.44 | 4.65 |
| Balance with Scheduled Banks in : | | |
| i) Current Accounts | 343.65 | 840.05 |
| ii) Fixed Deposits (Pledged as margin money) | 279.41 | 213.26 |
| iii) Dividend Account (Unpaid) | 317.10 | 317.83 |
| TOTAL | 945.60 | 1375.79 |
| SCHEDULE - 9 | | |
| OTHER CURRENT ASSETS | | |
| Prepaid Expenses | 98.07 | 23.28 |
| Security Deposits | 211.58 | 196.32 |
| Interest Receivable | 8.57 | 7.45 |
| TOTAL | 318.22 | 227.05 |
| SCHEDULE - 10 | | |
| LOANS AND ADVANCES (Unsecured Considered Good) | | |
| Advances to Staff | 1.11 | 9.46 |
| Advances recoverable in cash or kind or for value to be received. * | 2033.72 | 386.26 |
| Balances with Excise & Custom authorities | 132.22 | 224.66 |
| Advance Income Tax /Tax Deducted at Source (Net of provision of Income Tax) | 5.44 | 391.37 |
| MAT Credit Entitlement | 18.82 | 30.55 |
| * (Includes Rs1704.14 Lacs (Previous Year Rs 65.17 Lacs) due from Halonix Technologies Ltd, a wholly owned subsidiary Company (Maximum amount due during the year Rs.1704.14Lacs) (Previous year Rs. 65.17Lacs) | | |
| TOTAL | 2191.31 | 1042.30 |

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd...)
(Rs. in Lacs)

| PARTICULARS | As At 31.03.2011 | As At 31.03.2010 |
|---|---------------------|---------------------|
| SCHEDULE - 11 | | |
| (I) CURRENT LIABILITIES | | |
| Acceptances | 1435.25 | 737.56 |
| Sundry Creditors | | |
| – Dues to Micro and Small Enterprises (Refer Note No. 3 of Notes to Accounts Schedule 19) | 107.34 | 83.49 |
| – Others | 2934.60 | 2517.74 |
| Customer's Credit Balances | 342.90 | 61.08 |
| Other Liabilities(Includes Rs.2.38 Lacs P.Y. Rs.14.50 Lacs due to Directors) | 1363.64 | 1003.62 |
| Statutory Liabilities | 177.71 | 132.24 |
| Unpaid Dividend (Investors education and protection fund shall be credited as and when due.) | 317.10 | 317.83 |
| SUB TOTAL | 6678.54 | 4853.56 |
| (II) PROVISIONS FOR :- | | |
| Leave Encashment | 257.30 | 215.67 |
| Gratuity | 432.50 | 285.86 |
| Warranty Claims (Refer Note No.12 Schedule No. 19) | 335.24 | 537.86 |
| SUB TOTAL | 1025.04 | 1039.39 |
| TOTAL | 7703.58 | 5892.95 |
| SCHEDULE - 12 | | |
| INCREASE/(DECREASE) IN STOCK | | |
| OPENING STOCK | | |
| Finished Goods | 1724.47 | 1730.91 |
| Work in progress | 2216.78 | 2773.51 |
| TOTAL | 3941.25 | 4504.42 |
| CLOSING STOCK | | |
| Finished Goods | 1481.94 | 1724.47 |
| Work in progress | 1981.10 | 2216.78 |
| TOTAL | 3463.04 | 3941.25 |
| INCREASE/(DECREASE) IN STOCK | (478.21) | (563.17) |
| SCHEDULE - 13 | | |
| OTHER INCOME | | |
| Interest on bank deposits (Tax Deducted at Source Rs.1.47 Lacs- PY Rs.0.97Lacs) | 13.86 | 10.25 |
| Other Interest | 68.74 | 12.64 |
| Profit on sale of Fixed Assets | – | 2.76 |
| Miscellaneous Income | 5.22 | 9.98 |
| Profit on Derivatives | 73.77 | - |
| TOTAL | 161.59 | 35.63 |

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd...)

(Rs. in Lacs)

| PARTICULARS | As At 31.03.2011 | As At 31.03.2010 |
|---|---------------------|---------------------|
| SCHEDULE - 14 | | |
| MATERIALS | | |
| Raw Materials | 22328.47 | 25837.13 |
| Gases | 1314.90 | 1039.88 |
| Consumables | 494.10 | 576.42 |
| Packing Materials | 1580.54 | 1901.22 |
| Goods for Resale | 1019.28 | 736.20 |
| Increase/(Decrease) in excise duty on closing stock | 5.76 | (12.07) |
| TOTAL | 26743.05 | 30078.78 |
| SCHEDULE - 15 | | |
| OPERATING EXPENSES | | |
| Repair & Maintenance | | |
| i) Plant & Machinery | 684.17 | 686.20 |
| ii) Building | 51.20 | 10.09 |
| iii) Others | 145.74 | 89.48 |
| Power & Fuel | 941.59 | 848.66 |
| Technician Expenses | 25.33 | 31.38 |
| TOTAL | 1848.03 | 1665.81 |
| SCHEDULE - 16 | | |
| ADMN. & SELLING EXPENSES | | |
| A. ADMINISTRATIVE & OTHER EXPENSES | | |
| Printing & Stationery | 10.85 | 10.11 |
| Postage, Telephone & Telegram | 92.95 | 121.05 |
| Rent | 164.66 | 166.72 |
| Conveyance & Travelling | 757.76 | 726.26 |
| Vehicle Running & Maintenance | 61.14 | 35.41 |
| Professional Charges | 467.19 | 426.25 |
| Auditor's Remuneration | 24.85 | 17.95 |
| Insurance Charges | 71.34 | 29.60 |
| Filing and Legal Charges | 42.67 | 56.02 |
| Miscellaneous Expenses | 42.98 | 43.43 |
| Donation | 0.88 | 0.34 |
| Security Services | 72.77 | 54.92 |
| Loss on Sale of Fixed Assets | 86.56 | 12.94 |
| Debtors written off | 115.37 | 90.20 |
| Obsolet Inventory Written off | 153.77 | — |
| Provision for discarded assets | — | 29.82 |
| Provision for diminution in value of long term investment | — | 5.00 |
| Exchange Variation | 63.18 | 499.28 |
| SUB TOTAL | 2228.92 | 2325.30 |
| B. SELLING EXPENSES | | |
| Advertisement ,Exhibition, Sales Promotion & Other Exp. | 927.47 | 700.39 |
| Selling Commission | 116.00 | 71.38 |
| Freight Outward | 1272.21 | 1164.55 |
| Insurance | 51.22 | 46.05 |
| SUB TOTAL | 2366.90 | 1982.37 |
| TOTAL | 4595.82 | 4307.67 |

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd...)
(Rs. in Lacs)

| PARTICULARS | As At 31.03.2011 | As At 31.03.2010 |
|--|---------------------|---------------------|
| SCHEDULE - 17 | | |
| PAYMENT & BENEFITS TO EMPLOYEES | | |
| Salary, Wages, Bonus & allowances | 4477.47 | 3823.11 |
| Contribution to Provident & Other funds | 336.22 | 327.85 |
| Welfare Expenses | 290.16 | 187.94 |
| TOTAL | 5103.85 | 4338.90 |
| SCHEDULE - 18 | | |
| FINANCIAL CHARGES | | |
| Interest on Term Loan | — | 72.41 |
| Interest Others | 1494.22 | 1373.42 |
| Bank Charges | 165.34 | 220.44 |
| Loss on derivatives | — | 182.24 |
| TOTAL | 1659.56 | 1848.51 |

SCHEDULE-19

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS (Forming part of the Accounts for the year ended 31st March, 2011)

A. NATURE OF OPERATION

Halonix Limited (hereinafter referred to as “the Company”) is a manufacturer of Electric Lamps.

B. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
a) BASIS OF PREPARATION

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention, except where otherwise stated, and on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b) USE OF ESTIMATES

The preparation of financial statements are in conformity with generally accepted accounting principles & it requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates.

c) FIXED ASSETS

Fixed Assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Financing cost relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use. Expenditure for addition, improvement and renewal are capitalized and expenditure for repairs and maintenance are charged to Profit & Loss Account. Expenses specifically attributable to completion of project are considered as part of project cost.

d) BORROWING COST

Borrowing cost related to acquisition or construction of the qualifying fixed assets for the period up to the completion of their acquisition or construction are included in the book value of the respective assets and other borrowing costs are charged to profit & loss account.

e) DEPRECIATION

- i) Depreciation is provided on straight line method as prescribed in Schedule XIV of the Companies Act, 1956.
- ii) Lease hold land is amortized over the period of lease.
- iii) Depreciation on the amount of addition made to fixed assets due to up gradation /improvement is provided at the rate applied to the existing assets.
- iv) Intangible assets are accounted for at their cost of acquisition & amortized over their estimated economic life not exceeding 5years.
- v) Research & Development are accounted for at their cost of acquisition /generation .

f) EMPLOYEE BENEFITS

(a) Short-term Employee benefits :

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave .The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period.

(b) Post-employment benefits:

- (i) Retirement benefits in the form of the Company's contribution to Provident Fund are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.
- (ii) The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determine based on actuarial valuation using the 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 is measured at the present value the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on government securities as at the balance sheet date.

When the calculation results in a benefit to the company, the recognized asset is limited to the net total of any unrecognized actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses are recognized immediately in the profit & loss account.

(c) Other Long-term employment benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services, are provided for on the basis of actuarial valuation made at the end of each financial year.

g) FOREIGN EXCHANGE TRANSACTION

Initial Recognition:

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency transactions.

Conversion:

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction, and non monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Difference:

Exchange differences arising on the settlement of monetary items or on restatement of reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

***Forward Exchange Contracts :(Derivative Instruments)
not intended for trading or speculation purposes:-***

The company uses derivative financial instruments including forward exchange contracts to hedge its risk associated with foreign currency fluctuations. The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit & loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

h) INVENTORY VALUATION

Inventories are valued as follows:

Raw Materials & Others:

Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products, in which they will be incorporated, are expected to be sold at or above cost. Cost is determined on transaction moving weighted average.

Work in Progress and Finished Goods

Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty where ever applicable.

By Products and Waste – Net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

i) Leases:

Where the company is lessee:- Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and are disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

It there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the Profit & Loss Account on a straight line basis over the lease term.

j) REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured. Sale of Goods Revenue is recognized when the significant risks and rewards of ownership of the goods have been passed to the buyer. Sales are net of return, volume discount and sales/vat tax but including excise duty.

i) Warranty claims settled including replacements are adjusted against sales.

ii) Interest: Interest is recognized on a time proportion basis taking into account the amount outstanding at the applicable date.

iii) Dividend:

Dividend is recognized when the shareholder's right to receive payment is established by the balance sheet date.

k) INVESTMENT

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments and investments held for sale are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of such investments.

l) INCOME TAX

Tax expense comprises of current, deferred tax. Current income tax is measured at the amount expected to be paid

to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing difference of earlier year.

Deferred taxes are measured based on the tax rates and the tax law enacted or substantively enacted at the balance sheet date. Deferred assets are recognized 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 realized. If the company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier year are reassessed and recognized to the extent that it has become reasonable certain that future taxable income will be available against which such deferred tax assets be realised.

Minimum Alternative 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 the Minimum Alternative Tax (MAT) Credit becomes eligible to be recognized 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 & 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 there is no longer convincing evidence to the effect that company will pay normal Income Tax during the specified period.

m) PROVISIONS:

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

n) IMPAIRMENT OF FIXED ASSETS

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the net selling price and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

o) Intangible Assets

Research and Development Costs

Research & development costs which relate to the design and testing of new or improved materials, products or processes which are recognized as an intangible asset to the extent that it is expected that such assets will generate future economic benefits. Research and development expenditure of a capital nature is added to fixed assets. Development costs carried forward is amortised over the period of expected future sales from the related project, not exceeding five years.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

Other Research and development costs, incurred for development of products are expensed as incurred,

p) EARNINGS PER SHARE:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating Diluted Earning per Share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential Equity Shares.

q) Segment Reporting Policies

Identification of segments:

Primary Segment

Business Segment

During the year the company has bifurcated its business in two separate segments. Accordingly operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The identified segments are Manufacturing & Sale of Auto Lamps and General Lighting Lamps.

- 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 "Unallocable".
- Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

Secondary Segment

Geographical Segment

The analysis of geographical segments is based on the geographical location of the customers.

The geographical segments considered for disclosure are as follows:

- Sales within India include sales to customers located within India.
- Sales outside India include sales to customers located outside India.

C. NOTES TO ACCOUNTS
1 (A) Contingent liabilities not provided for in respect of:

(Rs. in Lacs)

| PARTICULARS | Current Year | Previous Year |
|--|--------------|---------------|
| a) Unexpired Bank Guarantees/ Standby Letter of Credit | 1838.49 | 397.73 |
| b) Suspension period wages | 51.19 | 43.21 |
| c) Disputed demand of Income Tax :- For the Assessment Year 2003-04,04-05,05-06 | — | 64.60 |
| Disputed demand of Income Tax (TDS):- For Financial Year 2007-08,08-09,09-10 | 20.80 | — |
| d) Disputed demand of TradeTax/ SalesTax /Value added Tax Tax under appeal :- | | |
| i) Delhi Sales Tax Act 1975 | 1.07 | 1.07 |
| ii) Uttarakhand Vat Act 2005 | 35.41 | 37.28 |
| iii) U.P.Trade Tax Act 1948 | 2.07 | 2.07 |
| iv) U.P.Vat Act 2008 | 11.01 | 13.19 |
| e) Demand under Ex-party assessment for the F.Y.2007-08 | | |
| i. U.P.Tax on Entry of Goods Act 2001 | — | 30.00 |
| ii. U.P.Trade Tax Act 1948 | — | 622.34 |
| iii. C.S.T.under CST Act 1956 | — | 2290.61 |
| f) Excise Duty Under Protest | 66.18 | 70.84 |
| g) Pending Export obligation under Export Promotion Capital Goods scheme. | 107.52 | 107.52 |

Based on favourable decision in similar cases, discussions with the advocate etc, the Company believes that there is fair chance of decision in its favour and hence no provision is considered necessary against the same.

- (B) Outstanding Commitment of capital contracts Rs. 933.77 lacs (Previous year Rs. 2213.08 lacs) net of advances.
- Capital Work in Progress Rs.836.62/-Lacs(Previous year Rs. 1216.98 Lacs) {Includes Capital Advance Rs 576.70/-Lacs (Previous year Rs. 850.44/- Lacs). Plant & machinery under erection Rs.256.76/- Lacs (Previous year Rs 342.55/- Lacs) & Other assets under erection Rs 3.16/-Lacs (Previous year Rs 24/- Lacs).
 - The Company has initiated the process of obtaining confirmation from suppliers who have registered themselves under the Micro Small Medium Enterprises Development Act,2006 (MSMED Act,2006). Based on the information available with the company, the details of dues to Micro, small and Medium Enterprise as per MSMED Act,2006 are as under:-

(Rs. in lacs)

| Particulars | Current Year 31.03.2011 | PreviousYear 31.03.2010 |
|---|----------------------------|----------------------------|
| i) The Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year Principal Amount Unpaid: Interest Due | 107.34 13.70 | 83.49 5.71 |
| ii) The amount of interest paid by the buyer in terms of section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year. Payment made beyond the Appointed Date Interest Paid beyond the Appointed Date | 960.98 — | 267.50 — |
| iii) 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 Micro, Small and Medium Enterprise Development Act, 2006. | 13.56 | 5.39 |
| iv) The amount of interest accrued and remaining unpaid at the end of the year; and | 13.70 | 5.71 |
| V) 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 enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act,2006. | — | — |

- Secured Loans (Short term) falling due within next 12 months Rs. 1160.00 lacs (Previous Year Rs. 4510 lacs).
- Sales includes sale of scrap of Rs. 217.13 lacs (Previous year Rs. 334 lacs).
- As per the Schemes of Arrangement of Share Capital u/s 391 of the Companies Act, 1956 approved by Hon'ble Allahabad High Court vide order dated 22.02.2000 & 22.04.2002, the Company had converted 13,160,000 equity shares of face value of Rs.10/- each aggregating to Rs.131,600,000 into 1,316,000 Redeemable Preference Shares of Rs.100/- each aggregating to Rs. 131,600,000. Redeemable Preference Shares will not carry any dividend right. Out of this, 766,000 redeemable preference shares to be redeemed at par after 31st March '2007 on such date as the Board of Directors may determine, after the Preference Shares held by IDBI have been redeemed in full and their liabilities have been discharged AND 550,000 redeemable preference shares to be redeemed at par after 1st April' 2010 on such date as the Board of Directors may determine after the Preference Shares held by IDBI have been redeemed in full and their liability have been fully discharged. The Preference Shares held by Industrial Development Bank of India Limited have since been redeemed. The Board of Directors of the Company has not exercised its option to redeem the preference shares falling due after 31st March', 2007.
- During the year 2010-11, the company acquired 100% shareholding of International Lamps Holding Company S.A (ILHC) and through ILHC two downstream subsidiaries namely Luxlite Lamps Sarl in Luxembourg and Trifa Lamps GmbH in Germany. The Company, including through its wholly owned subsidiary ILHC and downstream subsidiaries Luxlite Lamp Sarl and Trifa Lamps GmbH, entered into various agreements like Escrow Agreement, Business Transfer Agreements, Transfer document for Business Transfer Agreement, Deed of Assignments (for IPRs and Brands) and Transfer Document for Deed of Assignment, with Luxlite Sarl and Trifa Gluhlampenwerk am Trifels GmbH to acquire the business of Luxlite

Sarl in Luxembourg and Trifa Gluhlampenwerk GmbH in Germany , in terms of the approval of the Board of Directors, effective 02.11.10. Under the terms of the stated agreements, following actions were to be completed by various parties:

1. As on 02.11.2010, Luxlite Sarl, including through its subsidiary Trifa Gluhlampenwerk am Trifels GmbH, was to make payment of Rs. 36.04 crores ie the total outstanding of Luxlite Sarl towards the dues to the Company ie Halonix Limited (also the holding company through ILHC, of Luxlite Lamps Sarl and Trifa Lamps GmbH) before the Second Payment Date.
2. The Companies, Luxlite Lamps Sarl and Trifa Lamps GmbH, to take over the stock from Luxlite Sarl and Trifa Gluhlampenwerk am Trifels GmbH, amounting to Euro 5.94 million (Rs.36.96 crores) as on 02.11.2010.
3. International Lamps Holding Company SA, Luxlite Lamps Sarl and Trifa Lamps GmbH to pay the consideration in two parts ie 10% payment upfront and balance 90% before May 31, 2011 or as mutually agreed between the parties.

The status of the above stated agreements is :

1. Luxlite Sarl, still has to pay Rs. 16.38 crores out of total overdues of Rs 36.04 crores.
2. The Companies, Luxlite Lamp Sarl and Trifa Lamps GmbH, have already paid for the full stock, amounting to Euro 5.94 million ie Rs. 36.96 crores).
3. ILHC, Luxlite Lamps Sarl and Trifa Lamps GmbH have not paid any consideration including 10% payment upfront for the business / assets.
4. The share certificates of International Lamps Holding Company SA (ILHC) are deposited with the Escrow agent and shall be released only on fulfillment of Release of Sale Consideration on or before May 31, 2011 or as mutually agreed between the parties.

The Board of Directors of Company, since the transaction has not been consummated either in terms of the spirit of the agreements signed or by action, has passed a Resolution on 20.05.11 whereby this acquisition of overseas entities has been called off. This has also been notified to the Assignor and the Escrow Agent. Accordingly, as per the terms of Clause 5 of the Escrow Agreement relating to Release of the Sale consideration, Sale shares and other documents invoked by Halonix Limited, Share Purchase Agreement, and the respective BTAs and DOAs, the transaction shall get RESTITUTED and the Seller shall be required to refund the purchase price towards sale and purchase of the Sale Shares / equity investment and / or unsecured loans made by the Purchaser to the Company. The Management of the Company is of the opinion that all the dues from Luxlite Sarl, Luxlite Lamps Sarl, and Trifa Lamps GmbH are fully recoverable, including the Corporate guarantee of Euro 1 million and SBLC of Euro 1.7 million. Based on the above facts, the accounts of the subsidiaries have not been consolidated with the Company's accounts as on 31.03.2011.

8. The Board of Directors of the Company in their meeting held on 6.05.2010 approved the sale and transfer of its General Lighting Business, on a Slump Sale and Going concern basis, to its wholly owned subsidiary Halonix Technologies Limited (HTL), with effect from 1.4.2010. The company bifurcated its operations into Automotive and General Lighting businesses and obtained two independent valuation reports for the General Lighting business as on 31.3.2010. The shareholders of the company, accorded their approval for the sale of the General Lighting business to HTL and its subsequent sale. In terms of the AS-24 on "Discontinuing Operations", the company made requisite disclosures and reported its financial results for the quarters ended September 30, 2010 and December 31, 2010 since the proposed sale of business constituted "discontinuing operation" within the meaning of Accounting Standard-24. The Slump Sale Agreement for sale of General Lighting business has not been executed as on 31.3.2011. Based on Management recommendations, the Board of Directors of the Company, in their meeting held on 20.05.2011 i.e. before signing of the Accounts, has decided not to Sell and transfer its General Lighting business and continue both Automotive and General Lighting businesses as two separate and distinct reportable lines of business ie. Strategic Business units in terms of Accounting Standard 17 on Segmentation Reporting , to continue to avail economies of scale and synergies between the two businesses. The Management also feels that the General Lighting business is looking up and it is advantageous not to discontinue its operations. Consequently, loss before tax for the year ended 31.03,2011 amounting to Rs.4597.97 Lacs for general lighting business could not be transferred.
9. Employee Benefits:
 - a) Contribution to Provident Fund:

Amount of Rs. 226.13 lacs (P.Y. Rs.264.33 lacs) is recognized as an expense & included in Payment and Benefits to employees (Refer Schedule – 17) in the Profit & Loss account.
 - b) The following table sets out the status of the gratuity scheme plan as at 31st March,2011.

(Rs.in lacs)

| PARTICULARS | March 31 st 2011 | March 31 st 2010 |
|--|-----------------------------|-----------------------------|
| I. Changes in Present Value of Obligations during the year 01.04.2010 to 31.03.2011 | | |
| Present Value of Obligation as at the beginning of the period | 399.61 | 271.33 |
| Acquisition adjustment | — | — |
| Interest Cost | 32.77 | 21.16 |
| Past Service Cost | 81.66 | — |
| Current Service Cost | 83.45 | 67.47 |
| Curtailment Cost / (Credit) | — | — |
| Settlement Cost / (Credit) | — | — |
| Benefit Paid | (45.30) | (41.65) |
| Actuarial (gain)/ loss on obligations | (42.60) | 81.32 |
| Present Value of Obligation as at the end of the period | 509.59 | 399.61 |
| II. Changes in the Fair value of Plan Assets during the year 01.04.2010 to 31.03.2011 | | |
| Fair Value of Plan Assets at the beginning of the period | 113.75 | 107.24 |
| Acquisition Adjustments | — | — |
| Expected Return on Plan Assets | 10.52 | 9.91 |
| Contributions | — | 40.00 |
| Benefits Paid | (45.30) | 41.65 |
| Actuarial Gain /(loss) on Plan Assets | (1.88) | 1.75 |
| Fair Value of Plan Assets at the end of the period | 77.09 | 113.75 |
| III. Actuarial gain / loss recognized for the year 01.04.2010 to 31.03.2011 | | |
| Actuarial gain/(loss) for the period – Obligation | 42.60 | (81.32) |
| Actuarial (gain)/loss for the period - Plan Assets | 1.88 | 1.75 |
| Total (gain) / loss for the period | (40.72) | 83.07 |
| Actuarial (gain) / loss recognized in the period on | (40.72) | 83.07 |
| Unrecognized actuarial (gains) / losses at the end of period | — | — |
| IV. The amount recognized in Balance Sheet and Statements of Profit and Loss | | |
| Present Value of Obligation as at the end of the period | 509.59 | 399.61 |
| Fair Value of Plan Assets as at the end of the period | 77.09 | 113.75 |
| Funded Status | (432.50) | (285.86) |
| Unrecognized Actuarial (gains) / losses | — | — |
| Unrecognized Past Service Cost (Non Vested Benefits) | — | — |
| Net Liability Recognized in Balance Sheet | 432.50 | 285.86 |

(Rs.in lacs)

| PARTICULARS | March 31 st 2011 | March 31 st 2010 |
|--|-----------------------------|-----------------------------|
| V. Expense recognized in the statement of Profit and Loss for the year 01.04.2010 To 31.03.2011 | | |
| Current Service Cost | 83.45 | 67.47 |
| Past Service Cost | 81.66 | – |
| Interest Cost | 32.77 | 21.16 |
| Expected Return on Plan Assets | (10.52) | (9.91) |
| Curtailment Cost / (Credit) | – | – |
| Settlement Cost / (Credit) | – | – |
| Net actuarial (gain)/ loss recognized in the period | (40.71) | 83.07 |
| Expenses Recognized in the statement of Profit & Loss | 146.65 | 161.79 |
| VI. Assumptions: | | |
| Discount Rate: | 7.90% | 8.20% |
| Rate of increase in Compensation levels: | 6.00% | 6.00% |
| Rate of Return on Plan Assets: | 8.50% | 9.25% |
| Average Outstanding Service of Employees up to Retirement: | 31.28 yrs | 31.69 yrs |
| VII. The Company's Gratuity fund is managed by Life Insurance Corporation Of India .The plan assets under the fund are deposited under approved securities. | | |

10. Research and Development

(Rs.in lacs)

| Intangible Assets | Opening Balance as at 01/04/2010 | Additions during the year | Amortisation during the year | Closing Balances as at 31/03/2011 |
|--|----------------------------------|---------------------------|------------------------------|-----------------------------------|
| Research under Development and Commercialisation | 479.11 | NIL | 119.78 | 359.33 |

The company has not incurred any expenditure during the financial year for the research and development of the product. The management is of the view that:-

- There is a reasonable indication that current and future research and development costs to be incurred on the project together with expected production, selling and administrations costs are likely to be more than covered by future revenues/benefits and
- The management has indicated its intention to produce and market the product .
- Adequate resources exist, and are reasonably expected to be available to complete the project and market the product / process.
- The Company has applied for Patent vide application no. 1021/DEL/2009 dated 19/05/2009.

- The company has taken various residential, office and warehouse premises under operating lease agreements. These are generally not non cancelable and are renewable by mutually agreed terms. There are no restrictions imposed by Lease Agreements. There are no subleases.

(Rs.in lacs)

| PARTICULARS | Lease Payment | |
|--|---------------|---------|
| | 2010-11 | 2009-10 |
| Total Lease payment for the year (Recognized in Profit and Loss Account) | 132.25 | 174.81 |
| Minimum Lease Payments | | |
| Not later than one year | 113.40 | 130.06 |
| Later than one year but not later than five years | 81.56 | 194.95 |
| Later than five years | — | 177.08 |

12. Disclosure required by Accounting Standard (AS-29) relating to 'Provisions, Contingent Liabilities and Contingent Assets. The provisions are recognized on the basis of past events and the probable settlement of the present obligation as a result of the past events during the year.

The movements in provision on account of warranty claims are as under:

(Rs. in Lacs)

| PARTICULARS | Current Year 31.03.2011 | Previous Year 31.03.2010 |
|--|----------------------------|-----------------------------|
| Carrying amount at the beginning of the year | 537.86 | 419.80 |
| Additional provisions made during the year | 3735.24 | 2517.70 |
| Amount used during the year | 3937.87 | 2399.63 |
| Carrying amount of provisions at the closing of the year | 335.23 | 537.86 |

The provision has been recognized for expected warranty claims on the product sold during the financial year.

13. Deferred Tax Liabilities / (Assets)

The break up of the deferred tax liabilities/ (Assets) is as under:

(Rs.in lacs)

| PARTICULARS | As At 31.03.2011 | As At 31.03.2010 |
|---|---------------------|---------------------|
| <u>Deferred Tax liability</u> | | |
| Timing difference on account of depreciation (Difference as per books & as per Income Tax Act) | 561.76 | 752.39 |
| Total | 561.76 | 752.39 |
| <u>Deferred Tax Assets</u> | | |
| On account of Disallowance u/s 43B | 206.77 | 191.56 |
| Provisions | 149.35 | 196.52 |
| Total | 356.12 | 388.08 |
| Net deferred Tax liabilities | 205.64 | 364.31 |
| Net Deferred Tax Liabilities / (Assets) for the year | (158.68) | (55.64) |

14. SEGMENT REPORTING

Business segment

During the year the company has bifurcated its business in two separate segments. Accordingly operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The identified segments are Manufacturing & Sale of Auto Lamps and General Lighting Lamps. The company has adopted Accounting Standard-17 for the first time, hence previous year figures have not been furnished.

A. Segment Disclosure
(Rs. In Lacs.)

| Particulars | Auto Lamps 2010-2011 | General Lighting 2010-2011 | Others Operations 2010-2011 | Total 2010-2011 |
|---|-------------------------|-------------------------------|--------------------------------|--------------------|
| REVENUE | | | | |
| External Turnover | 23,856.40 | 16,939.86 | 1,082.03 | 41,878.29 |
| Inter Segment Sales/Income | | | | |
| Total | 23,856.40 | 16,939.86 | 1,082.03 | 41,878.29 |
| Expenses | 16,671.12 | 18,170.01 | 1,019.28 | 35,860.41 |
| RESULT | 7,185.28 | (1,230.15) | 62.75 | 6,017.88 |
| Unallocated Corporate Expenses | | | | 5,527.98 |
| Operating Profit | | | | 489.90 |
| Interest & Finance charges | | | | 1,659.56 |
| Extra-ordinary Items | | | | |
| Unallocated Other Income | | | | 161.59 |
| Income Taxes | | | | (123.85) |
| Net Profit/(Loss) | | | | (884.22) |
| OTHER INFORMATION | | | | |
| Segment assets | 15,269.60 | 13,343.94 | 1,368.55 | 29,982.09 |
| Unallocated corporate assets | | | | 3,886.60 |
| Total assets | | | | 33,868.69 |
| Segment liabilities | 2,656.40 | 2,498.92 | | 5,155.32 |
| Unallocated corporate liabilities | | | | 16,007.72 |
| Total liabilities | | | | 21,163.04 |
| Capital expenditure | 528.72 | 1,132.71 | | 1,661.43 |
| Unallocated Capital expenditure | | | | 72.70 |
| Total Capital expenditure | | | | 1,734.13 |
| Depreciation/Amortisation | 456.44 | 757.50 | | 1,213.94 |
| Unallocated Depreciation/Amortisation | | | | 130.79 |
| Total Depreciation/Amortisation | | | | 1,344.73 |
| Amortisation | | | | |
| Unallocable Amortisation | | | | |
| Total Amortisation | | | | |
| Non-cash expenses other than depreciation and amortisation | 373.77 | 966.38 | | 1,340.15 |
| Unallocated Non-cash expenses other than depreciation and amortisation | — | — | — | — |
| Total Non-cash expenses other than depreciation and amortisation | | | | 1,340.15 |

Geographical Segment

The Company sells its products to various customers within the country and also exports to other countries. Considering the size and proportion of exports to local sales, the Company considers sales made within the country and exports as different geographical segment.

(Rs. In Lacs.)

| Particulars | Within India | Outside India | Total |
|--------------------------|------------------------|------------------------|------------------------|
| Revenue | 30658.31 (32337.31) | 12610.81 (12740.43) | 43269.12 (45077.74) |
| Segment Assets | 4601.32 (5763.39) | 6023.27 (4042.55) | 10624.59 (9805.94) |
| Addition to fixed assets | 2114.50 (556.25) | — — | 2114.50 (556.25) |

Figures in bracket indicate previous year figures

15. EARNING PER SHARE (EPS)

(Rs.in lacs)

| | Current Year 31.03.2011 | Previous Year 31.03.2010 |
|--|----------------------------|-----------------------------|
| (a) Net profit after tax available for equity share holders (In Rs.) | (884.22) | (1927.13) |
| (b) Weighted average number of Equity shares (In Nos.) | 28,019,300 | 28,019,300 |
| (c) Earning per share (Rs.) (Face value Rs. 10/- per share) | | |
| Basic | (3.16) | (6.88) |
| Diluted | (3.16) | (6.88) |

16. RELATED PARTY DISCLOSURE

a) List of related parties with whom transactions have taken place during the year is as under:

Nature of Relationship

Name of the Person

i) Subsidiaries

- a) Halonix Technologies Limited (Wholly owned subsidiary).
- b) International Lamps Holding Company S.A.(Wholly owned subsidiary).w.e.f. 2nd November'2010
- c) Luxlite Lamps SARL Luxemborg(Downstream Subsidiaries) w.e.f. 2nd November'2010
- d) Trifa Lamps Germany GmbH. (Downstream Subsidiaries) w.e.f. 2nd November'2010

ii) Common Control

a) Argon South Asia Limited

iii) Holding Company

a) Argon India Limited

iv) Key Management personnel

- a) Mr. Rajesh Kochhar (Managing Director)
- b) Mr. S.K Neogi (Executive Director)

b. Related Party Transactions
(Rs.in lacs)

| Nature of transaction | Subsidiary Company | Holding Company | Common Control | Key Management Personnel | Relatives of Key Management Personnel | Total |
|---|--------------------|-----------------|----------------|--------------------------|---------------------------------------|--------------------|
| Transaction during the year | | | | | | |
| I) Investment | 25.04 (-) | - (-) | - (-) | - (-) | - (-) | 25.04 (-) |
| II) Loan given | 1559.75 (20.75) | - (-) | - (-) | - (-) | - (-) | 1559.75 (20.75) |
| III) Managerial Remuneration | - (-) | - (-) | - (-) | 158.43 (188.36) | - (-) | 158.43 (188.36) |
| IV) Current Account (Expenses incurred on behalf of subsidiary) | 79.22 (44.42) | - (-) | - (-) | - (-) | - (-) | 79.22 (44.42) |
| V) Dividend Paid | - (-) | - (59.23) | - (14.81) | - (-) | - (-) | - (74.04) |
| VI) Bank Guarantee/Standby letter of Credit | 1704.26 (-) | - (-) | - (-) | - (-) | - (-) | 1704.26 (-) |
| VII) Sales | 4228.67 (-) | - (-) | - (-) | - (-) | - (-) | 4228.67 (-) |
| Balances outstanding at the year end | | | | | | |
| I) Investment | 25.04 (-) | - (-) | - (-) | - (-) | - (-) | 25.04 (-) |
| II) Loan given | 1580.50 (20.75) | - (-) | - (-) | - (-) | - (-) | 1580.50 (20.75) |
| III) Advance recoverable | 123.64 (44.42) | - (-) | - (-) | - (-) | - (-) | 123.64 (44.42) |
| IV) Managerial Remuneration Payable | - (-) | - (-) | - (-) | 2.38 (14.50) | - (-) | 2.38 (14.50) |
| V) Debtors | 3425.33 (-) | - (-) | - (-) | - (-) | - (-) | 3425.33 (-) |

i) Previous year figures are given in brackets

ii) No amount has been written off or provided for in respect of transactions with the related parties except for provision of Rs. NIL (Previous year Rs. 5 Lacs for diminution in value of investment in subsidiary).

17. MANAGERIAL REMUNERATION
(Rs. in lacs)

| PARTICULARS | Current Year | Previous Year |
|---|---------------|---------------|
| Managerial Remuneration u/s 198 of Companies Act, 1956 (included under various heads of Accounts of Profit & Loss account) | | |
| Salary & Allowances | 144.73 | 104.52 |
| Leave encashment | - | 11.28 |
| Perquisites | 4.73 | 27.35 |
| Contribution to Provident Fund | 8.97 | 11.71 |
| Joining Fees | - | 33.50 |
| | 158.43 | 188.36 |
| Director's Sitting Fees | 2.25 | 3.13 |
| Total | 160.68 | 191.49 |

Note:

- 1) Provision for contribution to employee benefits which are based on actuarial valuation done on an overall company basis are excluded from above.
- 2) a) The Company has paid remuneration to the Managing Director of Rs. 121.18 lacs till 31.03.2011 (Current Year Rs. 68.39 Lacs and Previous Year Rs. 52.79 Lacs) in excess of the approval received from the Central Government. The company has made applications/revision applications seeking approval from the Central Government for excess remuneration of the limit specified under the Companies Act, 1956 / Central Government approval obtained. The said approvals are awaited.
- b) The company has received approval of the Central Government vide their letter No. A64380926 – CL.VII dated 13.4.2010 in respect of the remuneration of the erstwhile Managing Director. Remuneration of Rs. 86.34 lacs comprising Rs. 73.22 lacs for the financial year 2008-09 & Rs. 13.12 lacs for financial year 2009-10 has been paid in excess of the approval of the Central Government for which the Company has made application/ revision application seeking approval of Central Government for excess remuneration paid. The approval from Central Government is awaited.
- c) The company has charged excess remuneration to the profit & loss account in view of the revision applications pending for approval of the excess remuneration paid to its Managing Director and erstwhile Managing Director before central government.

18. AUDITOR'S REMUNERATION:

(Rs. in lacs)

| PARTICULARS | Current Year 31.03.2011 | Previous Year 31.03.2010 |
|---------------------------------|----------------------------|-----------------------------|
| i) Statutory Auditor | | |
| a) As Auditor's | 14.43 | 12.66 |
| b) Other Capacity | | |
| – Tax Audit | 3.12 | 2.21 |
| – Certification & other matters | 6.00 | 1.81 |
| – Out of Pocket Expenses | 1.30 | 0.60 |
| ii) Cost Auditor fee | 1.23 | 1.00 |
| Total | 26.08 | 18.28 |

19. DERIVATIVE INSTRUMENT AND UNHEDGED FOREIGN CURRENCY EXPOSURE.

- a. Forward Contract outstanding as at Balance Sheet date:

(Rs. in Lacs)

| Particulars of Derivatives | Current Year | Previous Year | Purpose |
|----------------------------|--------------|---------------|-----------------------------|
| Purchase EURO | NIL | 10.00 | Hedge of Debtors/ Creditors |
| Purchase USD | NIL | 47.50 | Hedge of Debtors/ Creditors |

- b. Particulars of unhedged Foreign Currency exposure as at the balance sheet date:-

(Rs. in Lacs)

| Particulars | F.C | Current Year (In Foreign Currency) | Previous Year (In Foreign Currency) |
|------------------|------|---------------------------------------|--|
| Import Creditors | JPY | 39.25 | 44.75 |
| Import Creditors | EURO | 5.58 | (7.14) |
| Import Creditors | USD | (2.83) | 12.09 |
| Export Debtors | EURO | 80.52 | 52.37 |
| Export Debtors | USD | 17.09 | 14.45 |

The above does not include Bank Guarantee/ Standby Letter of Credit amounting to Rs. 1704.26 Lacs (Euro 26.95 Lacs).

20. Additional information pursuant to the provisions of para 3, 4C & 4D of Part II of Schedule VI of the Companies Act, 1956 (As Certified by the Management) :

a) Details of Capacity and Production (Rs. in Lacs)

| Class of Goods | Unit | Licenced Capacity* | | Installed Capacity | | Actual Production | |
|----------------|------|--------------------|---------------|--------------------|---------------|-------------------|---------------|
| | | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| Electric Lamps | Pcs | — | — | 1509.27 | 1418.88 | 910.44 | 923.79 |

* Since been delicensed

b) Raw Material Consumed (Rs. In lacs)

| Items | Unit | QUANTITY | | AMOUNT | |
|-------------------|------|--------------|---------------|--------------|---------------|
| | | Current Year | Previous Year | Current Year | Previous Year |
| Tungsten Filament | Pcs | 1,112.03 | 987.14 | 1,337.13 | 1001.53 |
| Lead in Wire | Pcs | 922.97 | 1011.05 | 122.47 | 138.16 |
| Moly Shield | Pcs | 428.90 | 331.85 | 1,078.91 | 877.09 |
| Lamp Base Parts | Pcs | 2,407.46 | 2562.66 | 4,302.88 | 4377.65 |
| Others | Pcs | | | 15,487.08 | 19442.70 |

c) Particulars in respect of goods dealt with by the company (Rs. in lacs)

| Class of Goods | Opening Stock | | Sales | | Closing Stock | |
|----------------|---------------|-------------|------------|-------------|---------------|-------------|
| | Qty (Pcs.) | Value (Rs.) | Qty (Pcs.) | Value (Rs.) | Qty (Pcs.) | Value (Rs.) |
| Electric Lamps | 53.46 | 1724.47 | 903.91 | 42172.57 | 59.99 | 2030.64 |
| | (48.64) | (1730.90) | (920.02) | (44007.54) | (52.41) | (1724.47) |

d) Value of imported and indigenous Raw Material and Stores & Spares Consumed (Rs. in lacs)

| Items | Current year | | Previous year | |
|---|--------------|----------------|---------------|----------------|
| | Value (Rs.) | Percentage (%) | Value (Rs.) | Percentage (%) |
| Raw Material | | | | |
| Imported | 12215.91 | 54.71 | 13003.02 | 49.67 |
| Indigenous | 10112.56 | 45.29 | 12834.11 | 50.33 |
| Total | 22328.47 | 100.00 | 25837.13 | 100.00 |
| Spares Parts | | | | |
| Imported | 160.42 | 25.35 | 208.07 | 30.32 |
| Indigenous | 472.40 | 74.65 | 478.13 | 69.68 |
| Total | 632.82 | 100.00 | 686.20 | 100.00 |
| Packing material, Consumables & Others | | | | |
| Imported | 12.12 | 0.36 | 82.99 | 2.36 |
| Indigenous | 3377.42 | 99.64 | 3434.52 | 97.64 |
| Total | 3389.54 | 100.00 | 3517.51 | 100.00 |

e) Particulars of goods for resale

(Rs. in lacs)

| PARTICULARS | Opening Stock | | Purchases | | Sales | | Closing Stock | |
|------------------|------------------|----------------------|------------------|--------------------|--------------------|--------------------|-------------------|----------------------|
| | Qty (Pcs.) | Value (Rs.) | Qty (Pcs.) | Value (Rs.) | Qty (Pcs.) | Value (Rs.) | Qty (Pcs.) | Value (Rs.) |
| Electric Lamps | 10.58 (11.72) | 1363.14 (1377.22) | 22.55 (24.60) | 864.30 (695.89) | 18.55 (24.69) | 878.82 (709.96) | 14.58 (11.63) | 1338.59 (1363.14) |
| Electronic Items | 0.005 (0.009) | 37.50 (63.75) | — — | — — | 0.00021 (0.004) | 0.60 (26.24) | 0.0046 (0.005) | 29.96 (37.50) |

(Rs.in lacs)

| PARTICULARS | | Current Year (2010-11) | Previous Year (2009-10) |
|-------------|--|---------------------------|----------------------------|
| f) | Value of Imports on CIF Basis | | |
| | i) Raw Material & Gases | 10247.65 | 11017.68 |
| | ii) Spares Parts/Consumable | 261.01 | 220.10 |
| | iii) Capital Goods | 1178.94 | 183.38 |
| g) | Expenditure in Foreign Currency | 244.50 | 83.51 |
| | i) Foreign Travel | 17.12 | 13.39 |
| | ii) Professional Fees | 113.11 | 7.71 |
| | iii) Selling commission | 58.01 | 52.95 |
| | iv) Others | 56.26 | 9.46 |
| h) | Earning in Foreign Currency | | |
| | FOB Value of Export of Goods | 12661.27 | 12542.38 |

21. NET DIVIDEND REMITTED IN FOREIGN CURRENCY

| PARTICULARS | | Current Year (2010-11) | Previous Year (2009-10) |
|-------------|---|---------------------------|----------------------------|
| a) | Number of Non Resident Shareholders | NIL | 155 |
| b) | Equity Shares held by them (Nos.in lacs) | NIL | 214.56 |
| c) | Amount of Dividend Remitted (Rs. in lacs) | NIL | 85.82 |
| d) | Tax Deducted at Source Rs | NIL | NIL |
| | Year to which dividend relates | 2009-10 | 2008-09 |

22. Previous year figures have been regrouped /rearranged wherever considered necessary.

As per our report of even date
For ARUN K. GUPTA & ASSOCIATES
Chartered Accountants
Firm Registration No. 000605N

RAJ KRISHAN SAHGAL
Chairman

Place: Noida
Date : 20.05.2011

GIREESH KUMAR GOENKA
Partner (M. No. 096655)

SANJIV KASHYAP
Chief Financial Officer & Company Secretary

RAJESH KOCHHAR
Managing Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY

| | |
|--|----------------------------------|
| Name of the Subsidiary Company | Halonix Technologies Ltd. |
| Financial Year of the subsidiary Company ended on | 31.03.2011 |
| Number of Shares held by Halonix Limited at the end of the financial year of the Subsidiary Company. | |
| [i] Equity Shares | 50,000 |
| [ii] Extent of holding | 100% |
| [iii] face value of share (Rs.) | 10/- |
| Date from which it became subsidiary Company | 02.03.2009 |
| The net aggregate profit/(Loss) of the Subsidiary Company as far as it concerns the members of the Holding company | |
| [i] Not dealt with in the Holding Company's Accounts: | |
| [a] For the Financial Year of the Subsidiary | (Rs. 20,336,425) |
| [b] For the Previous Financial Years since it became the Holding Company's Subsidiary | (Rs. 12,720,698) |
| [ii] Dealt with in the Holding Company's Accounts: | |
| [a] For the Financial Year of the Subsidiary | NIL |
| [b] For the Previous Financial Years since it became the Holding Company's Subsidiary | NIL |
| Changes in the interest of Halonix Limited between the end of the Subsidiary's Financial Year ended 31 st March, 2011 | NIL |
| Number of shares acquired | NIL |
| Material changes between the end of the Subsidiary's Financial Year and 31 st March, 2011 | NIL |
| [i] Fixed Assets (Net Addition) (Capital Work-in-Progress) | NIL |
| [ii] Investments | NIL |
| [iii] Moneys lent by the Subsidiary | NIL |
| [iv] Moneys borrowed by the Subsidiary Company other than for meeting Current Liabilities | NIL |

For and on behalf of the Board

Date : 20.05.2011
Place : NoidaRAJ KRISHAN SAHGAL
ChairmanRAJESH KOCHHAR
Managing DirectorSANJIV KASHYAP
Chief Financial Officer & Company Secretary

23. Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(a) Registration Details

Registration No. State Code
Balance Sheet Date

(b) Capital Raised during the year (Rs. in Lacs)

Public Issue Rights Issue Bonus Issue Private Placement

(c) Position of Mobilisation and deployment of Funds (Rs. in Lacs)

Total Liabilities Total Assets

Sources of Funds

Paid up Capital Reserves & Surplus
Secured Loans Unsecured Loans
Deferred Tax Liability

Application of Funds

Net Fixed Assets Investments
Net Current Assets

(d) Performance of Company (Rs. in Lacs)

Turnover Total Expenditure
Other Income Profit After Tax
Profit Before Tax Dividend Rate %
Earning per share in Rs. on Preference Shares
on Equity Shares

(e) Generic Names of Principal Products/services of Company (As per monetary terms)

Item Code No. (ITC Code) Product Description Electric Lamps

For and on behalf of the Board

Date : 20.05.2011 RAJ KRISHAN SAHGAL RAJESH KOCHHAR SANJIV KASHYAP
Place : Noida Chairman Managing Director Chief Financial Officer & Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011
(Rs. in Lacs)

| PARTICULARS | Year Ended 31.03.2011 | Year Ended 31.03.2010 |
|--|----------------------------------|----------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before tax & Prior period adjustments | (926.40) | (1509.15) |
| Adjustments for : | | |
| Depreciation | 1344.73 | 1300.36 |
| Interest paid | 1494.22 | 1445.83 |
| Interest received | (87.82) | (35.63) |
| Profit on Derivative | (73.77) | 182.24 |
| Loss on sale of Fixed assets | 86.56 | 40.00 |
| Inventories w/off | 153.77 | — |
| Bad debts w/off | 115.37 | — |
| Provision for diminution in value of investment | — | 5.00 |
| Previous Year Expenses | (81.68) | (421.11) |
| Provisions | 990.38 | 1673.74 |
| Operating Profit Before Working Capital Changes | 3015.36 | 2681.28 |
| Adjustments for : | | |
| Trade and other Receivables | (3314.86) | (2351.63) |
| Inventories | 324.55 | 2331.50 |
| Trade Payables | 2013.25 | 250.40 |
| Cash Generated from Operations | 2038.30 | 2911.55 |
| Direct taxes paid/refund (Net) | 362.85 | (77.74) |
| Net Cash from Operating Activities | 2401.15 | 2833.81 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | (1734.13) | (939.53) |
| Sale of fixed assets | 250.12 | 47.23 |
| Profit on Derivative | 73.77 | (182.24) |
| Investment in subsidiaries | (25.04) | — |
| Interest received | 87.82 | 35.63 |
| Net cash from investing activities | (1347.46) | (1038.91) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Short term borrowings (Net) | 10.33 | 1454.77 |
| Proceeds from Long term borrowings | — | (1018.37) |
| Interest paid | (1494.22) | (1445.83) |
| Equity dividend & dividend tax | — | (131.12) |
| Net cash from financing activities | (1483.89) | (1140.55) |
| D. NET INCREASE IN CASH AND CASH EQUIVALENTS | (430.20) | 654.34 |
| Cash and cash equivalents at the beginning of the year | 1375.79 | 721.45 |
| Cash and cash equivalents at the end of the year | 945.59 | 1375.79 |
| Less: Fixed deposits/Unpaid dividend not considered as cash or cash equivalents | | |
| Fixed Deposits (Pledged) | 279.41 | 213.26 |
| Balance in Unpaid Dividend accounts | 317.10 | 317.83 |
| Cash and cash equivalents available for use at the end of the year | 349.08 | 844.70 |

Note : 1. The cash flow statement has been prepared under the indirect method as set out in Accounting Standard –3 on cash flow statements issued by the Institute of Chartered Accountants of India.
2. Negative figures have been shown in brackets.

As per our report of even date
For ARUN K. GUPTA & ASSOCIATES
Chartered Accountants
Firm Registration No. 000605N

RAJ KRISHAN SAHGAL
Chairman

Place : Noida
Date : 20.05.2011

GIREESH KUMAR GOENKA
Partner (M. No. 096655)

SANJIV KASHYAP
Chief Financial Officer & Company Secretary

RAJESH KOCHHAR
Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011
(Rs. in Lacs)

| PARTICULARS | Year Ended 31.03.2011 | Year Ended 31.03.2010 |
|---|--------------------------|--------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before tax & Prior period adjustments | (1053.61) | (1585.31) |
| Adjustments for : | | |
| Depreciation | 1344.73 | 1300.36 |
| Interest paid | 1494.22 | 1445.85 |
| Interest received | (87.84) | (35.63) |
| Profit on Derivative | (73.77) | 182.24 |
| Loss on sale of Fixed assets | 86.56 | 40.00 |
| Inventories w/off | 153.77 | — |
| Bad debts w/off | 115.37 | — |
| Provision for diminution in value of investment | — | 5.00 |
| Previous Year Expenses | (81.68) | (421.11) |
| Provisions | 990.38 | 1673.74 |
| Operating Profit Before Working Capital Changes | 2888.13 | 2605.14 |
| Adjustments for : | | |
| Trade and other Receivables | (1622.13) | (2284.63) |
| Inventories | 324.55 | 2331.50 |
| Trade Payables | 1970.52 | 256.13 |
| Cash Generated from Operations | 3561.07 | 2908.14 |
| Direct taxes paid/refund (Net) | 362.85 | (77.74) |
| Net Cash from Operating Activities | 3923.92 | 2830.40 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | (1734.13) | (939.53) |
| Sale of fixed assets | 250.12 | 47.23 |
| Profit on Derivative | 73.77 | (182.24) |
| Investment in subsidiaries | (25.04) | 5.00 |
| Interest received | 87.84 | 35.63 |
| Net cash from investing activities | (1347.44) | (1033.91) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Short term borrowings (Net) | (10.42) | 1454.77 |
| Proceeds from Long term borrowings | — | (1018.37) |
| Interest paid | (1494.22) | (1445.85) |
| Equity dividend & dividend tax | — | (131.12) |
| Net cash from financing activities | (1504.64) | (1140.57) |
| D. NET INCREASE IN CASH AND CASH EQUIVALENTS | 1071.84 | 655.92 |
| Cash and cash equivalents at the beginning of the year | 1377.37 | 721.45 |
| Cash and cash equivalents at the end of the year | 2449.21 | 1377.37 |
| Less:- Fixed deposits/Unpaid dividend not considered as cash or cash equivalents | | |
| Fixed Deposits (Pledged) | 279.41 | 213.26 |
| Balance in Unpaid Dividend accounts | 317.10 | 317.83 |
| Cash and cash equivalents available for use at the end of the year | 1852.70 | 846.28 |

Note : 1. The cash flow statement has been prepared under the indirect method as set out in Accounting Standard -3 on cash flow statements issued by the Institute of Chartered Accountants of India.

2. Negative figures have been shown in brackets.

As per our report of even date
For ARUN K. GUPTA & ASSOCIATES
Chartered Accountants
Firm Registration No. 000605N

RAJ KRISHAN SAHGAL
Chairman

Place : Noida
Date : 20.05.2011

GIREESH KUMAR GOENKA
Partner (M. No. 096655)

SANJIV KASHYAP
Chief Financial Officer & Company Secretary

RAJESH KOCHHAR
Managing Director

AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF HALONIX LIMITED (FORMERLY KNOWN AS PHOENIX LAMPS LIMITED) ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HALONIX LIMITED AND ITS SUBSIDIARY.

To,

The Board of Directors of Halonix Limited

1. We have audited the attached Consolidated Balance Sheet of Halonix Limited and its subsidiary as at 31st March 2011, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statements for the year ended on that date annexed thereto. These financial statements are the responsibility of the Halonix Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Halonix Limited Management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements notified pursuant to the Companies (Accounting Standards) Rules, 2006.
4. Without qualifying our opinion we draw attention to point no. 17 of schedule-19 regarding Managerial remuneration the company has made applications/ revision application to the Central Government seeking approval for the remuneration paid to the Managing Director & erstwhile Managing Director in excess of the limits prescribed under the Companies Act/ Central Government approval obtained amounting to Rs. 207.52 Lacs for which approval is awaited.
5. Based on our audit and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Halonix Limited Group as at 31st March 2011.
 - (b) in the case of the Consolidated Profit and Loss Account, of the Loss of the Halonix Limited Group for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Halonix Group for the year ended on that date.

For Arun. K. Gupta & Associates
Chartered Accountants
Firm Registration No. 000605N

GIREESH KUMAR GOENKA
Partner
Membership No. 096655

Place : Noida
Date : 20.05.2011

Annexure referred to in paragraph (3) of our report of even date
Halonix Limited (Formally known as Phoenix Lamps Limited)

1. The Company has maintained proper records to show full particulars, including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management according to the phased programme designed to cover all the items over a period of three years which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets have been physically verified by the management during the year and no material discrepancies between the book records and physical verification have been noticed. The company has not disposed off any substantial part of fixed assets during the year and going concern status of the company is not affected.
2. The management has conducted physical verification of inventory except goods in transit at reasonable intervals. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The Company is maintaining proper records of inventory except for work in progress, which has been determined on the physical verification at the year end. No material discrepancies in inventory were noticed on physical verification.
3. (a) As informed, the Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) (herein referred to as the Order), are not applicable.
(b) As informed, the Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (e), (f) and (g) of the Order, are not applicable.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventories and fixed assets and for the sale of goods. There is no sale of services, hence provision of this clause, to the extent of sale of services are not applicable to the company. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
5. According to the information and explanations provided by the management, we are of the opinion that there are no transactions that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956, therefore paragraph 4 (v) (b) of the Order is not applicable.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A & 58AA of the Companies Act, 1956 and the rules made thereunder.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Govt. for the maintenance of Cost Records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have however, not made a detailed examination of these records with a view to determine whether they are accurate or complete.
9. a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales/Vat Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, 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 became payable.
b) According to the records of the Company, the dues outstanding of Income Tax, Wealth Tax, Sales Tax, Service Tax, Custom duty, Excise duty & Cess on account of any dispute are as follows:

| Name of the Statute | Nature of dues | Amount (Rs.'Lacs) | Period to which the amount relates | Forum where dispute is pending |
|--|---|-----------------------|---|--|
| Delhi Sales Tax Act 1975 U.P Trade Tax Act 1948 | Sales Tax Demand Demand U/s 4B | 0.82 1.04 | F.Y.1995-96 F.Y.2000-01 | D.C.-Appeal IV, Delhi Joint Commissioner Appeal, Noida |
| Uttarakhand Vat Act 2005 U.P Vat Act 2008 | Demand against Stock Transferred U/s 54(14) | 26.09 6.12 | F.Y.2005-06 F.Y.2008-09 | Joint Commissioner Appeal, Dehradun Deputy commissioner Noida |
| Income Tax Act 1961 | TDS Demand | 20.80 | F.Y 2007-08 F.Y 2008-09 F.Y 2009-11 | CIT Appeal, Ghaziabad |

10. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or bank.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund, nidhi / mutual benefit fund and societies.
14. According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures, and other investments. However during the year, the company has made an investment in International Lamps Holding Company S.A. a wholly owned subsidiary by way of acquisition of bearer shares certificate of the company. The share certificates has been kept in an escrow account.
15. Based on the audit procedures applied by us & according to the information & explanations provided by the management, the term loans taken by the company during the year have been applied for the purpose for which the loans were obtained.
16. According to the information and explanations given to us, the company has given Corporate/absolute guarantee and standby letter of credit amounting to Rs. 1704.26 Lacs (Euro 26.95 Lacs) in favor of COFACE FINANZ GMBH and/ Deutsche Bank AG, Germany towards the factoring facilities/ working capital facilities availed/to be availed by Trifa Lamps Germany GMBH, Germany, a step down wholly owned subsidiary. In our opinion the terms & conditions are not prejudicial to the interest of the company.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the company, we report that no funds raised on short term basis have been used for long term investment.
18. The Company has not made any preferential allotment of shares to parties or Companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company did not have any outstanding debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed by us for expressing our opinion on these financial statements and information & explanations given by the management, we have neither come across any instance of major fraud on or by the company noticed or reported during the year nor we have been informed of such case by the management.

For Arun. K. Gupta & Associates
Chartered Accountants
Firm Registration No. 000605N

GIREESH KUMAR GOENKA
Partner
Membership No. 096655

Place : Noida
Date : 20.05.2011

CONSOLIDATED BALANCE SHEET

AS AT 31st March, 2011

(Rs. in Lacs)

| PARTICULARS | SCHEDULE | As At 31.03.2011 | As At 31.03.2010 |
|--|----------|---------------------|---------------------|
| SOURCES OF FUNDS | | | |
| SHARE CAPITAL | 1 | 4117.93 | 4117.93 |
| RESERVES & SURPLUS | 2 | 8389.36 | 9400.80 |
| SECURED LOANS | 3 | 13253.82 | 13243.49 |
| DEFERRED TAX LIABILITIES (NET) | | 205.64 | 364.31 |
| TOTAL | | 25966.75 | 27126.53 |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| Gross Block | 4 | 28595.29 | 26851.05 |
| Less Depreciation | | 17573.97 | 16262.81 |
| Net Block | | 11021.32 | 10588.24 |
| Capital Work In- Progress including Capital Advances (refer note no C (2) of schedule 19) | | 836.62 | 1216.99 |
| | | 11857.94 | 11805.23 |
| INVESTMENTS | 5 | 25.04 | — |
| CURRENT ASSETS, LOANS AND ADVANCES | | | |
| (i) Inventories | 6 | 7905.99 | 8834.31 |
| (ii) Sundry Debtors | 7 | 10624.59 | 9805.95 |
| (iii) Cash and Bank Balances | 8 | 2449.21 | 1377.37 |
| (iv) Other Current Assets | 9 | 322.67 | 227.16 |
| (v) Loans and Advances | 10 | 494.23 | 1021.55 |
| TOTAL | | 21796.69 | 21266.34 |
| LESS: CURRENT LIABILITIES AND PROVISIONS | 11 | | |
| (i) Current Liabilities | | 6686.81 | 4899.92 |
| (ii) Provisions | | 1026.11 | 1045.12 |
| NET CURRENT ASSETS | | 14083.77 | 15321.30 |
| TOTAL | | 25966.75 | 27126.53 |
| NOTES FORMING PART OF ACCOUNTS | 19 | | |

As per our report of even date
For ARUN K. GUPTA & ASSOCIATES
Chartered Accountants
Firm Registration No. 000605N

RAJ KRISHAN SAHGAL
Chairman

Place: Noida
Date : 20.05.2011

GIREESH KUMAR GOENKA
Partner (M. No. 096655)

SANJIV KASHYAP
Chief Financial Officer & Company Secretary

RAJESH KOCHHAR
Managing Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2011
(Rs. in Lacs)

| PARTICULARS | SCHEDULE | Year Ended 31.03.2011 | Year Ended 31.03.2010 |
|--|-----------|--------------------------|--------------------------|
| INCOME | | | |
| GROSS SALES BEFORE WARRANTY | | 47234.71 | 47595.44 |
| LESS: REPLACEMENT & CLAIMS | | 3965.59 | 2517.70 |
| GROSS SALES NET OF REPLACEMENT & CLAIMS | | 43269.12 | 45077.74 |
| LESS: EXCISE DUTY | | 1390.83 | 1383.43 |
| NET SALES | | 41878.29 | 43694.31 |
| INCREASE/(DECREASE) IN STOCK | 12 | (478.21) | (563.17) |
| OTHER INCOME | 13 | 161.61 | 35.63 |
| TOTAL | | 41561.69 | 43166.77 |
| EXPENDITURE | | | |
| MATERIALS | 14 | 26743.05 | 30078.78 |
| OPERATING EXPENSES | 15 | 1853.16 | 1665.81 |
| ADMINISTRATIVE & SELLING EXPENSES | 16 | 4669.78 | 4316.18 |
| PAYMENT & BENEFITS TO EMPLOYEES | 17 | 5151.98 | 4401.52 |
| FINANCIAL CHARGES | 18 | 1659.58 | 1848.54 |
| DEPRECIATION | 4 | 1344.74 | 1300.36 |
| TOTAL | | 41422.29 | 43611.19 |
| PROFIT BEFORE TAX, PROVISIONS AND PRIOR PERIOD ADJUSTMENTS | | 139.40 | (444.42) |
| PROVISIONS FOR : | | | |
| OBSOLETE INVENTORIES | | 450.01 | 703.80 |
| DOUBTFUL DEBTS | | 743.00 | 432.08 |
| PROFIT BEFORE TAX & PRIOR PERIOD ADJUSTMENT | | (1053.61) | (1580.30) |
| PRIOR PERIOD ADJUSTMENT (NET) | | 81.68 | 421.11 |
| PROFIT BEFORE TAX | | (1135.29) | (2001.41) |
| PROVISION FOR : | | | |
| DEFERRED TAX | | (158.67) | (55.64) |
| EARLIER YEAR INCOME TAX | | 34.82 | 52.52 |
| PROFIT AFTER TAX FOR THE YEAR | | (1011.44) | (1998.29) |
| PROFIT BROUGHT FORWARD | | 3982.37 | 5980.66 |
| AMOUNT AVAILABLE FOR APPROPRIATION | | 2970.93 | 3982.37 |
| BALANCE CARRIED TO BALANCE SHEET | | 2970.93 | 3982.37 |
| EARNING PER SHARE (IN RS.) (FACE VALUE RS. 10/- PER SHARE) | | | |
| BASIC | | (3.61) | (7.13) |
| DILUTED | | (3.61) | (7.13) |
| NOTES FORMING PART OF ACCOUNTS | 19 | | |

As per our report of even date
For ARUN K. GUPTA & ASSOCIATES
Chartered Accountants
Firm Registration No. 000605N

RAJ KRISHAN SAHGAL
Chairman

Place: Noida
Date : 20.05.2011

GIREESH KUMAR GOENKA
Partner (M. No. 096655)

SANJIV KASHYAP
Chief Financial Officer & Company Secretary

RAJESH KOCHHAR
Managing Director

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Rs. in Lacs)

| PARTICULARS | As At 31.03.2011 | As At 31.03.2010 |
|--|---------------------|---------------------|
| SCHEDULE 1 | | |
| SHARE CAPITAL | | |
| Authorised | | |
| 41,000,000 Equity Shares of Rs.10/- each | 4100.00 | 4100.00 |
| 2,900,000 Redeemable Preference Shares of Rs 100/- each | 2900.00 | 2900.00 |
| | 7000.00 | 7000.00 |
| Issued,Subscribed and Paid up | | |
| 2,80,19,300(P.Y.2,80,19,300) Equity Shares of Rs10/- Each Fully Paidup | 2801.93 | 2801.93 |
| ** 1,316,000 (P.Y.13,16,000) 0% Redeemable Preference Shares of Rs.100/- each. | 1316.00 | 1316.00 |
| TOTAL | 4117.93 | 4117.93 |
| Out of the equity capital : | | |
| (i) 91,00,000 Equity Shares allotted in terms of Scheme of Amalgamation | | |
| (ii) 1,48,07,668 Equity Shares held by Argon India Limited, a holding company. | | |
| **Refer Note No. 6 in Schedule 19 | | |
| SCHEDULE 2 | | |
| RESERVES AND SURPLUS | | |
| (i) CAPITAL SUBSIDY | 40.00 | 40.00 |
| (ii) CAPITAL REDEMPTION RESERVE | 1621.00 | 1621.00 |
| (iii) SECURITIES PREMIUM | 3733.86 | 3733.86 |
| (iv) GENERAL RESERVE | 23.57 | 23.57 |
| (v) PROFIT & LOSS ACCOUNT : SURPLUS IN PROFIT & LOSS ACCOUNT | 2970.93 | 3982.37 |
| TOTAL | 8389.36 | 9400.80 |
| SCHEDULE 3 | | |
| SECURED LOANS | | |
| Working Capital Loan from banks | | |
| Cash Credit Facilities | 10172.48 | 8733.49 |
| Short Term Loan | 1160.00 | 4510.00 |
| Bill Discounting | 1921.34 | — |
| TOTAL | 13253.82 | 13243.49 |

Working Capital loans from Scheduled Bank is secured by hypothecation of stocks of Raw Material, Work in Progress, Finished Goods, Stores & Spares, consumables and book debts of the company both present and future and further secured by way of exclusive charge on the entire fixed assets of the company.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd...)
SCHEDULE - 4
FIXED ASSETS
(Rs. in Lacs)

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---------------------------------|---------------------|----------------|---------------|---------------------|---------------------|-----------------|-----------------|---------------------|---------------------|---------------------|
| | As At 01/04/2010 | Additions | Adj. / Sale | As At 31/03/2011 | As At 01/04/2010 | For the year | Adjust- ment | As At 31/03/2011 | As At 31/03/2011 | As At 31/03/2010 |
| LEASE HOLD LAND | 370.15 | — | — | 370.15 | 23.03 | 4.33 | — | 27.36 | 342.79 | 347.12 |
| *BUILDINGS | 3169.15 | — | — | 3169.15 | 644.93 | 104.58 | — | 749.51 | 2419.64 | 2524.22 |
| PLANT & MACHINERY | 21147.45 | 1989.97 | 360.10 | 22777.32 | 14818.46 | 948.95 | 26.75 | 15740.66 | 7036.66 | 6328.99 |
| LABORATORY EQUIPMENTS | 253.25 | — | — | 253.25 | 71.84 | 11.20 | — | 83.04 | 170.21 | 181.41 |
| GAS CYLINDERS | 18.39 | 11.90 | — | 30.29 | 7.71 | 3.96 | — | 11.67 | 18.62 | 10.68 |
| FURNITURE & FIXTURES | 236.81 | — | — | 236.81 | 139.94 | 7.95 | — | 147.89 | 88.92 | 96.87 |
| OFFICE EQUIPMENTS | 199.14 | 13.40 | — | 212.54 | 81.82 | 9.47 | — | 91.29 | 121.25 | 117.32 |
| COMPUTERS | 354.25 | 52.60 | 10.15 | 396.70 | 139.47 | 61.61 | 6.83 | 194.25 | 202.45 | 214.78 |
| VEHICLES | 143.47 | 11.68 | — | 155.15 | 65.84 | 13.97 | — | 79.81 | 75.34 | 77.63 |
| FIRE FIGHTING EQUIPMENTS | 88.15 | 2.52 | — | 90.67 | 29.49 | 3.73 | — | 33.22 | 57.45 | 58.66 |
| INTANGIBLE ASSETS :: | | | | | | | | | | |
| – SOFTWARES | 271.94 | 32.42 | — | 304.36 | 120.50 | 55.21 | — | 175.71 | 128.65 | 151.44 |
| –** RESEARCH & DEVELOPMENT COST | 598.90 | — | — | 598.90 | 119.78 | 119.78 | — | 239.56 | 359.34 | 479.12 |
| GRAND TOTAL | 26851.05 | 2114.49 | 370.25 | 28595.29 | 16262.81 | 1344.74 | 33.58 | 17573.97 | 11021.32 | 10588.24 |
| PREVIOUS YEAR | 26545.80 | 556.25 | 251.00 | 26851.05 | 15118.46 | 1300.36 | 156.01 | 16262.81 | 10588.24 | 11427.33 |

* Includes Rs. 590.64/- Lacs (Previous year Rs 590.64/- Lacs) on leased land belonging to Noida Special Economic Zone.

** Refer point no 10 of notes to account of schedule 19.

| PARTICULARS | As At 31.03.2011 | As At 31.03.2010 |
|---|---------------------|---------------------|
| SCHEDULE -5 | | |
| INVESTMENTS, LONG TERM TRADE, UNQUOTED AT COST | 25.04 | — |
| Fully paid 40,000 Equity shares of International Lamps Holding Company S.A. of one Euro each (Kept in Escrow accounts) | | |
| Fully paid 50,000 equity share of Halonix Technologies Limited, a subsidiary company Face Value @ Rs.10/- each) | 5.00 | 5.00 |
| SUB TOTAL | 30.04 | 5.00 |
| Less:—Provision for diminution in value of long term investment | (5.00) | (5.00) |
| TOTAL | 25.04 | — |
| SCHEDULE -6 | | |
| INVENTORIES (As Valued & Certified by the Management) | | |
| Raw Materials | 3023.97 | 3052.69 |
| Gases | 50.26 | 54.03 |
| Consumables | 75.65 | 83.50 |
| Packing Materials | 169.15 | 167.85 |
| Stores & Spares | 268.37 | 209.19 |
| Finished Goods | 1481.94 | 1724.47 |
| Work in Progress | 1981.10 | 2216.78 |
| Goods sold in Transit | 901.20 | 917.23 |
| Goods For Resale | 1368.55 | 1400.65 |
| Assets held for disposal | 7.75 | 7.75 |
| Scrap | 43.96 | 16.08 |
| SUB TOTAL | 9371.90 | 9850.22 |
| Less:— Provision for obsolete invenotries | 1465.91 | 1015.91 |
| TOTAL | 7905.99 | 8834.31 |

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd...)
(Rs. in Lacs)

| PARTICULARS | As At 31.03.2011 | As At 31.03.2010 |
|--|---------------------|---------------------|
| SCHEDULE - 7 | | |
| SUNDRY DEBTORS | | |
| Debts outstanding for a period exceeding six months | | |
| Unsecured, Considered Good | 3832.39 | 1425.59 |
| Unsecured, Considered Doubtful | 1463.62 | 720.62 |
| Other Debts | | |
| Unsecured, Considered Good | 6792.20 | 8380.36 |
| | 12088.21 | 10526.57 |
| Less :- Provision for doubtful debts | (1463.62) | (720.62) |
| *(Rs 3425.34 Lacs due from a Company under the same management LUXLITE LAMP SARL) | | |
| TOTAL | 10624.59 | 9805.95 |
| SCHEDULE - 8 | | |
| CASH AND BANK BALANCES | | |
| Cash in Hand | 5.69 | 4.91 |
| Balance with Scheduled Banks in : | | |
| i) Current Accounts | 1846.76 | 841.37 |
| ii) Fixed Deposits (Pledged as margin money) | 279.66 | 213.26 |
| iii) Dividend Account (Unpaid) | 317.10 | 317.83 |
| TOTAL | 2449.21 | 1377.37 |
| SCHEDULE - 9 | | |
| OTHER CURRENT ASSETS | | |
| Prepaid Expenses | 98.32 | 23.39 |
| Security Deposits | 215.78 | 196.32 |
| Interest Receivable | 8.57 | 7.45 |
| TOTAL | 322.67 | 227.16 |
| SCHEDULE - 10 | | |
| LOANS AND ADVANCES (Unsecured Considered Good) | | |
| Advances to Staff | 1.34 | 9.46 |
| Advances recoverable in cash or kind or for value to be received. * | 336.40 | 365.51 |
| Balances with Excise & Custom authorities | 132.23 | 224.66 |
| Advance Income Tax /Tax Deducted at Source (Net of provision of Income Tax) | 5.44 | 391.37 |
| MAT Credit Entitlement | 18.82 | 30.55 |
| * (Includes Rs1704.14 Lacs (Previous Year Rs 65.17 Lacs) due from Halonix Technologies Ltd, a wholly owned subsidiary Company (Maximum amount due during the year Rs.1704.14Lacs) (Previous year Rs. 65.17Lacs) | | |
| TOTAL | 494.23 | 1021.55 |

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd...)
(Rs. in Lacs)

| PARTICULARS | As At 31.03.2011 | As At 31.03.2010 |
|---|---------------------|---------------------|
| SCHEDULE – 11 | | |
| (I) CURRENT LIABILITIES | | |
| Acceptances | 1435.25 | 737.56 |
| Sundry Creditors | | |
| – Dues to Micro and Small Enterprises (Refer Note No. 3 of Notes to Accounts Schedule 19) | 107.34 | 83.49 |
| – Others | 2935.09 | 2519.33 |
| Customer's Credit Balances | 342.90 | 61.09 |
| Other Liabilities(Includes Rs.2.38 Lacs P.Y. Rs.14.50 Lacs due to Directors) | 1370.60 | 1048.04 |
| Statutory Liabilities | 178.53 | 132.58 |
| Unpaid Dividend (Investors education and protection fund shall be credited as and when due.) | 317.10 | 317.83 |
| SUB TOTAL | 6686.81 | 4899.92 |
| (II) PROVISIONS FOR :– | | |
| Leave Encashment | 257.89 | 218.35 |
| Gratuity | 432.99 | 288.90 |
| Warranty Claims (Refer Note No.12 Schedule No. 19) | 335.23 | 537.87 |
| SUB TOTAL | 1026.11 | 1045.12 |
| TOTAL | 7712.92 | 5945.04 |
| SCHEDULE – 12 | | |
| INCREASE/(DECREASE) IN STOCK | | |
| OPENING STOCK | | |
| Finished Goods | 1724.47 | 1730.91 |
| Work in progress | 2216.78 | 2773.51 |
| TOTAL | 3941.25 | 4504.42 |
| CLOSING STOCK | | |
| Finished Goods | 1481.94 | 1724.47 |
| Work in progress | 1981.10 | 2216.78 |
| TOTAL | 3463.04 | 3941.25 |
| INCREASE/(DECREASE) IN STOCK | (478.21) | (563.17) |
| SCHEDULE – 13 | | |
| OTHER INCOME | | |
| Interest on bank deposits (Tax Deducted at Source Rs.1.47 Lacs– PY Rs.0.97Lacs) | 13.86 | 10.25 |
| Other Interest {(Tax deducted at source Rs Nil (Previous year Nil)} | 68.74 | 12.64 |
| Profit on sale of Fixed Assets | – | 2.76 |
| Miscellaneous Income | 5.24 | 9.98 |
| Profit on Derivatives | 73.77 | – |
| TOTAL | 161.61 | 35.63 |

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd...)
(Rs. in Lacs)

| PARTICULARS | As At 31.03.2011 | As At 31.03.2010 |
|---|---------------------|---------------------|
| SCHEDULE – 14 | | |
| MATERIALS | | |
| Raw Materials | 22328.47 | 25837.13 |
| Gases | 1314.90 | 1039.88 |
| Consumables | 494.10 | 576.42 |
| Packing Materials | 1580.54 | 1901.22 |
| Goods for Resale | 1019.28 | 736.20 |
| Increase/(Decrease) in excise duty on closing stock | 5.76 | (12.07) |
| TOTAL | 26743.05 | 30078.78 |
| SCHEDULE – 15 | | |
| OPERATING EXPENSES | | |
| Repair & Maintenance | | |
| i) Plant & Machinery | 684.17 | 686.20 |
| ii) Building | 51.20 | 10.09 |
| iii) Others | 145.74 | 89.48 |
| Power & Fuel | 946.72 | 848.66 |
| Technician Expenses | 25.33 | 31.38 |
| TOTAL | 1853.16 | 1665.81 |
| SCHEDULE – 16 | | |
| ADMN.& SELLING EXPENSES | | |
| A. ADMINISTRATIVE & OTHER EXPENSES | | |
| Printing & Stationery | 10.85 | 10.11 |
| Postage, Telephone & Telegram | 93.69 | 121.28 |
| Rent | 223.20 | 166.72 |
| Conveyance & Travelling | 766.33 | 737.73 |
| Vehicle Running & Maintenance | 62.98 | 35.41 |
| Professional Charges | 468.63 | 426.25 |
| Auditor's Remuneration | 25.41 | 18.50 |
| Insurance Charges | 72.66 | 29.60 |
| Filing and Legal Charges | 42.67 | 56.08 |
| Miscellaneous Expenses | 43.66 | 43.72 |
| Donation | 0.88 | 0.84 |
| Security Services | 72.77 | 54.92 |
| Loss on Sale of Fixed Assets | 86.56 | 12.94 |
| Debtors written off | 115.37 | 90.20 |
| Inventory Written off | 153.77 | – |
| Provision for discarded assets | – | 29.82 |
| Exchange Variation | 63.18 | 499.28 |
| SUB TOTAL | 2302.61 | 2333.40 |
| B. SELLING EXPENSES | | |
| Advertisement ,Exhibition, Sales Promotion & Other Exp. | 927.74 | 700.80 |
| Selling Commission | 116.00 | 71.38 |
| Freight Outward | 1272.21 | 1164.55 |
| Insurance | 51.22 | 46.05 |
| SUB TOTAL | 2367.17 | 1982.78 |
| TOTAL | 4669.78 | 4316.18 |

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd...)
(Rs. in Lacs)

| PARTICULARS | As At 31.03.2011 | As At 31.03.2010 |
|--|-----------------------------|-----------------------------|
| SCHEDULE – 17 | | |
| PAYMENT & BENEFITS TO EMPLOYEES | | |
| Salary, Wages, Bonus & allowances | 4521.02 | 3880.79 |
| Contribution to Provident & Other funds | 339.65 | 331.86 |
| Welfare Expenses | 291.31 | 188.87 |
| TOTAL | 5151.98 | 4401.52 |
| SCHEDULE – 18 | | |
| FINANCIAL CHARGES | | |
| Interest on Term Loan | – | 72.41 |
| Interest Others | 1494.22 | 1373.44 |
| Bank Charges | 165.36 | 220.45 |
| Loss on derivatives | – | 182.24 |
| TOTAL | 1659.58 | 1848.54 |

SCHEDULE-19**SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS TO THE CONSOLIDATED FINANCIAL STATEMENTS OF HALONIX LIMITED AND ITS SUBSIDIARY FOR THE FINANCIAL YEAR ENDED 31.03.2011****A. PRINCIPLES OF CONSOLIDATION**

- (a) The consolidated financial statements relate to Halonix Limited and its wholly owned subsidiary company. The consolidated financial statements have been prepared on the following basis:
- (i) The financial statements of the Parent company and its subsidiary company have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra group balances and intra group transactions and resulting unrealized profits are eliminated in full as per Accounting Standard-21, Consolidated Financial Statements, as notified by Companies Accounting Standards Rules, 2006. Unrealized losses resulting from intra group transactions are also eliminated unless cost cannot be recovered.
 - (ii) The financial statements of the subsidiary Company used in the consolidation are drawn for the same period as that of the Parent Company i.e year ended March 31, 2011.
- (b) List of subsidiary company which is considered in the consolidation and the Parent Company holding therein is as under:

| S.No. | Name of the Subsidiary Company | Country of Incorporation | Extent of holding (%) as on March 31,2011 |
|-------|--------------------------------|--------------------------|---|
| 1. | Halonix Technologies Limited | India | 100 |

As far as possible, the Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company separate financial statements.

B. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**a) BASIS OF PREPARATION**

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention, except where otherwise stated, and on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b) USE OF ESTIMATES

The preparation of financial statements are in conformity with generally accepted accounting principles & it requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) FIXED ASSETS

Fixed Assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Financing cost relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use. Expenditure for addition, improvement and renewal are capitalized and expenditure for repairs and maintenance are charged to Profit & Loss Account. Expenses specifically attributable to completion of project are considered as part of project cost.

d) BORROWING COST

Borrowing cost related to acquisition or construction of the qualifying fixed assets for the period up to the completion of their acquisition or construction are included in the book value of the respective assets and other borrowing costs are charged to profit & loss account.

e) DEPRECIATION

- i) Depreciation is provided on straight line method as prescribed in Schedule XIV of the Companies Act, 1956.
- ii) Lease hold land is amortized over the period of lease.
- iii) Depreciation on the amount of addition made to fixed assets due to up gradation /improvement is provided at the rate applied to the existing assets.
- iv) Intangible assets are accounted for at their cost of acquisition & amortized over their estimated economic life not exceeding 5years.
- v) Research & Development are accounted for at their cost of acquisition /generation .

f) EMPLOYEE BENEFITS**(a) Short-term Employee benefits :**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave .The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period.

(b) Post-employment benefits:

- (i) Retirement benefits in the form of the Company's contribution to Provident Fund are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.
- (ii) The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determine based on actuarial valuation using the 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 is measured at the present value the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on government securities as at the balance sheet date.

When the calculation results in a benefit to the company, the recognized asset is limited to the net total of any unrecognized actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses are recognized immediately in the profit & loss account.

(c) Other Long-term employment benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services, are provided for on the basis of actuarial valuation made at the end of each financial year.

g) FOREIGN EXCHANGE TRANSACTION**Initial Recognition:**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency transactions.

Conversion:

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction, and non monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Difference:

Exchange differences arising on the settlement of monetary items or on restatement of reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Forward Exchange Contracts : (Derivative Instruments)**not intended for trading or speculation purposes:–**

The company uses derivative financial instruments including forward exchange contracts to hedge its risk associated with foreign currency fluctuations. The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit & loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

h) INVENTORY VALUATION

Inventories are valued as follows:

Raw Materials & Others:

Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products, in which they will be incorporated, are expected to be sold at or above cost. Cost is determined on transaction moving weighted average.

Work in Progress and Finished Goods

Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty where ever applicable.

By Products and Waste – Net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

i) Leases:

Where the company is lessee:– Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and are disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

It there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the Profit & Loss Account on a straight line basis over the lease term.

j) REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured. Sale of Goods Revenue is recognized when the significant risks and rewards of ownership of the goods have been passed to the buyer. Sales are net of return, volume discount and sales/vat tax but including excise duty.

i) Warranty claims settled including replacements are adjusted against sales.

ii) Interest: Interest is recognized on a time proportion basis taking into account the amount outstanding at the applicable date.

iii) Dividend:

Dividend is recognised when the shareholder's right to receive payment is established by the balance sheet date.

k) INVESTMENT

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments and investments held for sale are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of such investments.

l) INCOME TAX

Tax expense comprises of current, deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing difference of earlier year .

Deferred taxes measured based on the tax rates and the tax law enacted or substantively enacted at the balance sheet date. Deferred assets are recognized 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 realized. If the company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier year are reassessed and recognized to the extent that it has become reasonable certain that future taxable income will be available against which such deferred tax assets be realised.

Minimum Alternative 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 the Minimum Alternative Tax (MAT) Credit becomes eligible to be recognized 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 & 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 there is no longer convincing evidence to the effect that company will pay normal Income Tax during the specified period.

m) PROVISIONS:

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

n) IMPAIRMENT OF FIXED ASSETS

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the net selling price and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

o) Intangible Assets

Research and Development Costs

Research & development costs which relate to the design and testing of new or improved materials, products or processes which are recognized as an intangible asset to the extent that it is expected that such assets will generate future economic benefits. Research and development expenditure of a capital nature is added to fixed assets. Development costs carried forward is amortised over the period of expected future sales from the related project, not exceeding five years.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

Other Research and development costs, incurred for development of products are expensed as incurred,

p) EARNINGS PER SHARE:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating Diluted Earning per Share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential Equity Shares.

q) Segment Reporting Policies

Identification of segments:

Primary Segment

Business Segment

During the year the company has bifurcated its business in two separate segments. Accordingly operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The identified segments are Manufacturing & Sale of Auto Lamps and General Lighting Lamps.

- 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 "Unallocable".
- Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

Secondary Segment

Geographical Segment

The analysis of geographical segments is based on the geographical location of the customers.

The geographical segments considered for disclosure are as follows:

- Sales within India include sales to customers located within India.
- Sales outside India include sales to customers located outside India.

C. NOTES TO ACCOUNTS

1 (A) Contingent liabilities not provided for in respect of:

(Rs. in Lacs)

| PARTICULARS | Current Year | Previous Year |
|---|--------------|---------------|
| a) Unexpired Bank Guarantees/ Standby Letter of Credit | 1838.49 | 397.73 |
| b) Suspension period wages | 51.19 | 43.21 |
| c) Disputed demand of Income Tax :- For the Assessment Year 2003-04,04-05,05-06 | - | 64.60 |
| Disputed demand of Income Tax (TDS):- For Financial Year 2007-08,08-09,09-10 | 20.80 | - |
| d) Disputed demand of TradeTax/SalesTax/Value added Tax Tax under appeal :- | | |
| i) Delhi Sales Tax Act 1975 | 1.07 | 1.07 |
| ii) Uttarakhand Vat Act 2005 | 35.41 | 37.28 |
| iii) U.P.Trade Tax Act 1948 | 2.07 | 2.07 |
| iv) U.P.Vat Act 2008 | 11.01 | 13.19 |
| e) Demand under Ex-party assessment for the F.Y.2007-08 | | |
| i. U.P.Tax on Entry of Goods Act 2001 | - | 30.00 |
| ii. U.P.Trade Tax Act 1948 | - | 622.34 |
| iii. C.S.T.under CST Act 1956 | - | 2290.61 |
| f) Excise Duty Under Protest | 66.18 | 70.84 |
| g) Pending Export obligation under Export Promotion Capital Goods scheme. | 107.52 | 107.52 |

Based on favourable decision in similar cases, discussions with the advocate etc , the Company believes that there is fair chance of decision in its favour and hence no provision is considered necessary against the same.

(B) Outstanding Commitment of capital contracts Rs. 933.77 lacs (Previous year Rs. 2213.08 lacs) net of advances.

2. Capital Work in Progress Rs.836.62/–Lacs(Previous year Rs. 1216.98 Lacs) {Includes Capital Advance Rs 576.70/–Lacs (Previous year Rs. 850.44/– Lacs). Plant & machinery under erection Rs.256.76/– Lacs (Previous year Rs 342.55/– Lacs) & Other assets under erection Rs 3.16/–Lacs (Previous year Rs 24/– Lacs).
3. The Company has initiated the process of obtaining confirmation from suppliers who have registered themselves under the Micro Small Medium Enterprises Development Act,2006 (MSMED Act,2006). Based on the information available with the company, the details of dues to Micro, small and Medium Enterprise as per MSMED Act,2006 are as under:–

(Rs. in lacs)

| Particulars | Current Year 31.03.2011 | PreviousYear 31.03.2010 |
|---|----------------------------|----------------------------|
| i) The Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year Principal Amount Unpaid: Interest Due | 107.34 13.70 | 83.49 5.71 |
| ii) The amount of interest paid by the buyer in terms of section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year. Payment made beyond the Appointed Date Interest Paid beyond the Appointed Date | 960.98 – | 267.50 – |
| iii) 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 Micro, Small and Medium Enterprise Development Act, 2006. | 13.56 | 5.39 |
| iv) The amount of interest accrued and remaining unpaid at the end of the year; and | 13.70 | 5.71 |
| V) 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 enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act,2006. | – | – |

4. Secured Loans (Short term) falling due within next 12 months Rs. 1160.00 lacs (Previous Year Rs. 4510 lacs).
5. Sales includes sale of scrap of Rs. 217.13 lacs (Previous year Rs. 334 lacs).
6. As per the Schemes of Arrangement of Share Capital u/s 391 of the Companies Act, 1956 approved by Hon'ble Allahabad High Court vide order dated 22.02.2000 & 22.04.2002, the Company had converted 13,160,000 equity shares of face value of Rs.10/– each aggregating to Rs.131,600,000 into 1,316,000 Redeemable Preference Shares of Rs.100/– each aggregating to Rs. 131,600,000. Redeemable Preference Shares will not carry any dividend right. Out of this, 766,000 redeemable preference shares to be redeemed at par after 31st March '2007 on such date as the Board of Directors may determine, after the Preference Shares held by IDBI have been redeemed in full and their liabilities have been discharged AND 550,000 redeemable preference shares to be redeemed at par after 1st April' 2010 on such date as the Board of Directors may determine after the Preference Shares held by IDBI have been redeemed in full and their liability have been fully discharged. The Preference Shares held by Industrial Development Bank of India Limited have since been redeemed. The Board of Directors of the Company has not exercised its option to redeem the preference shares falling due after 31st March', 2007.
7. The Board of Directors of the Company in their meeting held on 6.05.2010 approved the sale and transfer of its General Lighting Business, on a Slump Sale and Going concern basis, to its wholly owned subsidiary Halonix Technologies Limited (HTL),with effect from 1.4.2010. The company bifurcated its operations into Automotive and General Lighting businesses and obtained two independent valuation reports for the General Lighting business as on 31.3.2010. The

shareholders of the company, accorded their approval for the sale of the General Lighting business to HTL and its subsequent sale. In terms of the AS-24 on "Discontinuing Operations", the company made requisite disclosures and reported its financial results for the quarters ended September 30, 2010 and December 31, 2010 since the proposed sale of business constituted "discontinuing operation" within the meaning of Accounting Standard-24. The Slump Sale Agreement for sale of General Lighting business has not been executed as on 31.3.2011. Based on Management recommendations, the Board of Directors of the Company, in their meeting held on 20.05.2011 i.e. before signing of the Accounts, has decided not to Sell and transfer its General Lighting business and continue both Automotive and General Lighting businesses as two separate and distinct reportable lines of business ie. Strategic Business units in terms of Accounting Standard 17 on Segmentation Reporting , to continue to avail economies of scale and synergies between the two businesses. The Management also feels that the General Lighting business is looking up and it is advantageous not to discontinue its operations Consequently, loss before tax for the year ended 31.03,2011 amounting to Rs.4597.97 Lacs for general lighting business could not be transferred.

8. Employee Benefits:

a) Contribution to Provident Fund:

Amount of Rs. 229.56 lacs (P.Y. Rs.268.34 lacs) is recognized as an expense & included in Payment and Benefits to employees (Refer Schedule – 17) in the Profit & Loss account.

b) The following table sets out the status of the gratuity scheme plan as at 31st March,2011.

(Rs.in lacs)

| PARTICULARS | As At March 31 st 2011 | As At March 31 st 2010 |
|--|--------------------------------------|--------------------------------------|
| I. Changes in Present Value of Obligations during the year 01.04.2010 to 31.03.2011 | | |
| Present Value of Obligation as at the beginning of the period | 402.65 | 271.33 |
| Acquisition adjustment | – | – |
| Interest Cost | 33.02 | 21.16 |
| Past Service Cost | 81.66 | – |
| Current Service Cost | 83.63 | 70.51 |
| Curtailement Cost / (Credit) | – | – |
| Settlement Cost / (Credit) | – | – |
| Benefit Paid | (45.30) | (41.65) |
| Actuarial (gain)/ loss on obligations | (45.59) | 81.32 |
| Present Value of Obligation as at the end of the period | 510.07 | 402.65 |
| II. Changes in the Fair value of Plan Assets during the year 01.04.2010 to 31.03.2011 | | |
| Fair Value of Plan Assets at the beginning of the period | 113.75 | 107.24 |
| Acquisition Adjustments | – | – |
| Expected Return on Plan Assets | 10.52 | 9.91 |
| Contributions | – | 40.00 |
| Benefits Paid | (45.30) | 41.65 |
| Actuarial Gain /(loss) on Plan Assets | (1.88) | 1.75 |
| Fair Value of Plan Assets at the end of the period | 77.09 | 113.75 |

| PARTICULARS | As At March 31st 2011 | As At March 31st 2010 |
|--|---|---|
| III. Actuarial gain / loss recognized for the year 01.04.2010 to 31.03.2011 | | |
| Actuarial gain/(loss) for the period – Obligation | 42.60 | (81.32) |
| Actuarial (gain)/loss for the period – Plan Assets | 1.88 | 1.75 |
| Total (gain) / loss for the period | (40.71) | 83.07 |
| Actuarial (gain) / loss recognized in the period | (40.71) | 83.07 |
| Unrecognized actuarial (gains) / losses at the end of period | – | – |
| IV. The amount recognized in Balance Sheet and Statements of Profit and Loss | | |
| Present Value of Obligation as at the end of the period | 510.07 | 402.65 |
| Fair Value of Plan Assets as at the end of the period | 77.09 | 113.75 |
| Funded Status | (432.98) | (288.90) |
| Unrecognized Actuarial (gains) / losses | – | – |
| Unrecognized Past Service Cost (Non Vested Benefits) | – | – |
| Net Liability Recognized in Balance Sheet | 432.98 | 288.90 |
| V. Expense recognized in the statement of Profit and Loss for the year 01.04.2010 To 31.03.2011 | | |
| Current Service Cost | 83.63 | 67.47 |
| Past Service Cost | 81.66 | – |
| Interest Cost | 33.02 | 21.16 |
| Expected Return on Plan Assets | (10.52) | (9.91) |
| Curtailment Cost / (Credit) | – | – |
| Settlement Cost / (Credit) | – | – |
| Net actuarial (gain)/ loss recognized in the period | (43.70) | 83.07 |
| Expenses Recognized in the statement of Profit & Loss | 144.09 | 161.79 |
| VI. Assumptions: | | |
| Discount Rate: | 7.90% | 8.20% |
| Rate of increase in Compensation levels: | 6.00% | 6.00% |
| Rate of Return on Plan Assets: | 8.50% | 9.25% |
| Average Outstanding Service of Employees up to Retirement: | 31.28 yrs. | 31.69 yrs |
| VII. The Company's Gratuity fund is managed by Life Insurance Corporation Of India .The plan assets under the fund are deposited under approved securities. | | |

9. Research and Development

(Rs.in lacs)

| Intangible Assets | Opening Balance as at 01/04/2010 | Additions during the year | Amortisation during the year | Closing Balances as at 31/03/2011 |
|--|---|--------------------------------------|---|--|
| Research under Development and Commercialisation | 479.11 | NIL | 119.78 | 359.33 |

The company has not incurred any expenditure during the financial year for the research and development of the product. The management is of the view that:-

- a. There is a reasonable indication that current and future research and development costs to be incurred on the project together with expected production, selling and administrations costs are likely to be more than covered by future revenues/benefits and
 - b. The management has indicated its intention to produce and market the product .
 - c. Adequate resources exist, and are reasonably expected to be available to complete the project and market the product / process.
 - d. The Company has applied for Patent vide application no. 1021/DEL/2009 dated 19/05/2009.
10. The company has taken various residential, office and warehouse premises under operating lease agreements. These are generally not non cancelable and are renewable by mutually agreed terms. There are no restrictions imposed by Lease Agreements. There are no subleases.

(Rs. in Lacs)

| PARTICULARS | Lease Payment | |
|---|---------------|---------|
| | 2010-11 | 2009-10 |
| Total Lease payment for the year (Recognized in Profit and Loss Account) | 132.25 | 174.81 |
| Minimum Lease Payments | | |
| Not later than one year | 113.40 | 130.06 |
| Later than one year but not later than five years | 81.56 | 194.95 |
| Later than five years | — | 177.08 |

11. Disclosure required by Accounting Standard (AS-29) relating to 'Provisions, Contingent Liabilities and Contingent Assets. The provisions are recognized on the basis of past events and the probable settlement of the present obligation as a result of the past events during the year.

The movements in provision on account of warranty claims are as under:

(Rs. in Lacs)

| PARTICULARS | Current Year 31.03.2011 | Previous Year 31.03.2010 |
|--|----------------------------|-----------------------------|
| Carrying amount at the beginning of the year | 537.86 | 419.80 |
| Additional provisions made during the year | 3735.24 | 2517.70 |
| Amount used during the year | 3937.87 | 2399.63 |
| Carrying amount of provisions at the closing of the year | 335.23 | 537.86 |

The provision has been recognized for expected warranty claims on the product sold during the financial year.

12. Deferred Tax Liabilities / (Assets)

The break up– of the deferred tax liabilities/ (Assets) is as under:

(Rs.in lacs)

| PARTICULARS | As At 31.03.2011 | As At 31.03.2010 |
|---|---------------------|---------------------|
| Deferred Tax liability | | |
| Timing difference on account of depreciation (Difference as per books & as per Income Tax Act) | 561.76 | 752.39 |
| Total | 561.76 | 752.39 |
| Deferred Tax Assets | | |
| On account of Disallowance u/s 43B | 206.77 | 191.56 |
| Provisions | 149.35 | 196.52 |
| Total | 356.12 | 388.08 |
| Net deferred Tax liabilities | 205.64 | 364.31 |
| Net Deferred Tax Liabilities / (Assets) for the year | (158.68) | (55.64) |

13. SEGMENT REPORTING
Business segment

During the year the company has bifurcated its business in two separate segments. Accordingly operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The identified segments are Manufacturing & Sale of Auto Lamps and General Lighting Lamps. The company has adopted Accounting Standard-17 for the first time, hence previous year figures have not been furnished.

A. Segment Disclosure
(Rs. In lacs)

| Particulars | Auto Lamps 2010-2011 | General Lighting 2010-2011 | Others Operations 2010-2011 | Total 2010-2011 |
|---|-------------------------|-------------------------------|--------------------------------|--------------------|
| REVENUE | | | | |
| External Turnover | 23,856.40 | 16,939.86 | 1,082.03 | 41,878.29 |
| Inter Segment Sales/Income | | | | |
| Total | 23,856.40 | 16,939.86 | 1,082.03 | 41,878.29 |
| Expenses | 16,671.12 | 18,170.01 | 1,019.28 | 35,860.41 |
| RESULT | 7,185.28 | (1,230.15) | 62.75 | 6,017.88 |
| Unallocated Corporate Expenses | | | | 5,527.98 |
| Operating Profit | | | | 489.90 |
| Interest & Finance charges | | | | 1,659.56 |
| Extra-ordinary Items | | | | |
| Unallocated Other Income | | | | 161.59 |
| Income Taxes | | | | (123.85) |
| Net Profit/(Loss) | | | | (884.22) |
| OTHER INFORMATION | | | | |
| Segment assets | 15,269.60 | 13,343.94 | 1,368.55 | 29,982.09 |
| Unallocated corporate assets | | | | 3,886.60 |
| Total assets | | | | 33,868.69 |
| Segment liabilities | 2,656.40 | 2,498.92 | | 5,155.32 |
| Unallocated corporate liabilities | | | | 16,007.72 |
| Total liabilities | | | | 21,163.04 |
| Capital expenditure | 528.72 | 1,132.71 | | 1,661.43 |
| Unallocated Capital expenditure | | | | 72.70 |
| Total Capital expenditure | | | | 1,734.13 |
| Depreciation/Amortisation | 456.44 | 757.50 | | 1,213.94 |
| Unallocated Depreciation/Amortisation | | | | 130.79 |
| Total Depreciation/Amortisation | | | | 1,344.73 |
| Amortisation | | | | |
| Unallocable Amortisation | | | | |
| Total Amortisation | | | | |
| Non-cash expenses other than depreciation and amortisation | 373.77 | 966.38 | | 1,340.15 |
| Unallocated Non-cash expenses other than depreciation and amortisation | — | — | — | — |
| Total Non-cash expenses other than depreciation and amortisation | | | | 1,340.15 |

Geographical Segment

The Company sells its products to various customers within the country and also exports to other countries. Considering the size and proportion of exports to local sales, the Company considers sales made within the country and exports as different geographical segment.

(Rs. In Lacs.)

| Particulars | Within India | Outside India | Total |
|----------------------------|------------------------|------------------------|------------------------|
| Revenue | 30658.31 (32337.31) | 12610.81 (12740.43) | 43269.12 (45077.74) |
| Segment Assets | 4601.32 (5763.39) | 6023.27 (4042.55) | 10624.59 (9805.94) |
| Additional to fixed assets | 2114.50 (556.25) | — — | 2114.50 (556.25) |

Figures in bracket indicate previous year figures

14. EARNING PER SHARE (EPS)

(Rs.in lacs)

| | Current Year 31.03.2011 | Previous Year 31.03.2010 |
|---|----------------------------|-----------------------------|
| (a) Net profit after tax available for equity share holders(in Rs) | (1011.44) | (1998.29) |
| (b) Weighted average number of Equity shares (in Nos) | 28019300 | 28019300 |
| (c) Earning per share (Rs.) (Face value Rs. 10/- per share) | | |
| Basic | (3.61) | (7.13) |
| Diluted | (3.61) | (7.13) |

15. RELATED PARTY DISCLOSURE

a) List of related parties with whom transactions have taken place during the year is as under:

| Nature of Relationship | Name of the Person |
|------------------------------|--|
| i) Subsidiaries | <p>a) Halonix Technologies Limited (Wholly owned subsidiary).</p> <p>b) International Lamps Holding Company S.A. (Wholly owned subsidiary) w.e.f. 2nd November'2010.</p> <p>c) Luxlite Lamps SARL Luxemborg(Downstream Subsidiaries) w.e.f. 2nd November'2010</p> <p>d) Trifa Lamps Germany GmbH. (Downstream Subsidiaries). w.e.f. 2nd November'2010</p> |
| ii) Common Control | a) Argon South Asia Limited |
| iii) Holding Company | a) Argon India Limited |
| iv) Key Management personnel | <p>a) Mr. Rajesh Kochhar (Managing Director)</p> <p>b) Mr. S.K Neogi (Executive Director)</p> |

Related Party Transactions
(Rs.in lacs)

| Nature of transaction | Subsidiary Company | Holding Company | Common Control | Key Management Personnel | Relatives of Key Management Personnel | Total |
|---|--------------------|-----------------|----------------|--------------------------|---------------------------------------|--------------------|
| Transaction during the year | | | | | | |
| I) Investment | 25.04 (-) | - (-) | - (-) | - (-) | - (-) | 25.04 (-) |
| II) Loan given | 1559.75 (20.75) | - (-) | - (-) | - (-) | - (-) | 1559.75 (20.75) |
| III) Managerial Remuneration | - (-) | - (-) | - (-) | 158.43 (188.36) | - (-) | 158.43 (188.36) |
| IV) Current Account (Expenses incurred on behalf of subsidiary) | 79.22 (44.42) | - (-) | - (-) | - (-) | - (-) | 79.22 (44.42) |
| V) Dividend Paid | - (-) | - (59.23) | - (14.81) | - (-) | - (-) | - (74.04) |
| VI) Bank Guarantee/Standby letter of Credit | 1704.26 (-) | - (-) | - (-) | - (-) | - (-) | 1704.26 (-) |
| VII) Sales | 4228.67 (-) | - (-) | - (-) | - (-) | - (-) | 4228.67 (-) |
| Balances outstanding at the year end | | | | | | |
| I) Investment | 25.04 (-) | - (-) | - (-) | - (-) | - (-) | 25.04 (-) |
| II) Loan given | 1580.50 (20.75) | - (-) | - (-) | - (-) | - (-) | 1580.50 (20.75) |
| III) Advance recoverable | 123.64 (44.42) | - (-) | - (-) | - (-) | - (-) | 123.64 (44.42) |
| IV) Managerial Remuneration Payable | - (-) | - (-) | - (-) | 2.38 (14.50) | - (-) | 2.38 (14.50) |
| V) Debtors | 3425.33 (-) | - (-) | - (-) | - (-) | - (-) | 3425.33 (-) |

i) Previous year figures are given in brackets

ii) No amount has been written off or provided for in respect of transactions with the related parties except for provision of Rs. NIL (Previous year Rs. 5 Lacs for diminution in value of investment in subsidiary).

16. AUDITOR'S REMUNERATION
(Rs. in lacs)

| PARTICULARS | Current Year 31.03.2011 | Previous Year 31.03.2010 |
|---------------------------------|----------------------------|-----------------------------|
| i) Statutory Auditor | | |
| a) As Auditor's | 14.98 | 13.21 |
| b) Other Capacity | | |
| - Tax Audit | 3.12 | 2.21 |
| - Certification & other matters | 6.00 | 1.81 |
| - Out of Pocket Expenses | 1.30 | 0.60 |
| ii) Cost Auditor fee | 1.23 | 1.00 |
| Total | 26.63 | 18.83 |

17. MANAGERIAL REMUNERATION

(Rs in lacs)

| PARTICULARS | Current Year 31.03.2011 | Previous Year 31.03.2010 |
|--|----------------------------|-----------------------------|
| Managerial Remuneration u/s 198 of Companies Act, 1956 (included under various heads of Accounts of Profit & Loss account) | | |
| Salary & Allowances | 144.73 | 104.52 |
| Leave encashment | — | 11.28 |
| Perquisites | 4.73 | 27.35 |
| Contribution to Provident Fund | 8.97 | 11.71 |
| Joining Fees | — | 33.50 |
| | 158.43 | 188.36 |
| Director's Sitting Fees | 2.25 | 3.13 |
| Total | 160.68 | 191.49 |

Note:

- 1) Provision for contribution to employee benefits which are based on actuarial valuation done on an overall company basis are excluded from above.
- 2) a) The Company has paid remuneration to the Managing Director of Rs. 121.18 lacs till 31.03.2011 (Current Year Rs. 68.39 Lacs and Previous Year Rs. 52.79 Lacs) in excess of the approval received from the Central Government. The company has made applications/revision applications seeking approval from the Central Government for excess remuneration of the limit specified under the Companies Act, 1956 / Central Government approval obtained. The said approvals are awaited.
- b) The company has received approval of the Central Government vide their letter No. A64380926 – CL.VII dated 13.4.2010 in respect of the remuneration of the erstwhile Managing Director. Remuneration of Rs. 86.34 lacs comprising Rs. 73.22 lacs for the financial year 2008–09 & Rs. 13.12 lacs for financial year 2009–10 has been paid in excess of the approval of the Central Government for which the Company has made application/ revision application seeking approval of Central Government for excess remuneration paid. The approval from Central Government is awaited.
- c) The company has charged excess remuneration to the profit & loss account in view of the revision applications pending for approval of the excess remuneration paid to its Managing Director and erstwhile Managing Director before central government.

18. DERIVATIVE INSTRUMENT AND UNHEDGED FOREIGN CURRENCY EXPOSURE.

- a. Forward Contract outstanding as at Balance Sheet date: (Rs. in Lacs)

| Particulars of Derivatives | | Current Year | Previous Year | Purpose |
|----------------------------|------|--------------|---------------|-----------------------------|
| Purchase | EURO | NIL | 10.00 | Hedge of Debtors/ Creditors |
| Purchase | USD | NIL | 47.50 | Hedge of Debtors/ Creditors |

- b. Particulars of unhedged Foreign Currency exposure as at the balance sheet date:— (Rs. in Lacs)

| Particulars | F.C | Current Year (In Foreign Currency) | Previous Year (In Foreign Currency) |
|------------------|------|---------------------------------------|--|
| Import Creditors | JPY | 39.25 | 44.75 |
| Import Creditors | EURO | 5.58 | (7.14) |
| Import Creditors | USD | (2.83) | 12.09 |
| Export Debtors | EURO | 80.52 | 52.37 |
| Export Debtors | USD | 17.09 | 14.45 |

The above does not include Bank Guarantee/ Standby Letter of Credit amounting to Rs. 1704.26 Lacs (Euro 26.95 Lacs).

19. a) The effect of acquisition of the subsidiary during the year on the consolidated financial statement are as Under :-
(Rs. In Lacs)

| Name of the Subsidiary | Effect on Group Profit | Effect on Group Net Assets |
|------------------------------|---|----------------------------|
| Halonix Technologies Limited | Decreased by 127.21 (Decreased by 76.16) | 1585.50 (25.75) |

- b) The effect of acquisition and disposal of subsidiaries.

During the year 2010–11, the company acquired 100% shareholding of International Lamps Holding Company S.A (ILHC) and through ILHC two downstream subsidiaries namely Luxlite Lamps Sarl in Luxembourg and Trifa Lamps GmbH in Germany. The Company, including through its wholly owned subsidiary ILHC and downstream subsidiaries Luxlite Lamp Sarl and Trifa Lamps GmbH, entered into various agreements like Escrow Agreement, Business Transfer Agreements, Transfer document for Business Transfer Agreement, Deed of Assignments (for IPRs and Brands) and Transfer Document for Deed of Assignment, with Luxlite Sarl and Trifa Gluhlampenwerk am Trifels GmbH to acquire the business of Luxlite Sarl in Luxembourg and Trifa Gluhlampenwerk GmbH in Germany, in terms of the approval of the Board of Directors, effective 02.11.10. Under the terms of the stated agreements, following actions were to be completed by various parties:

1. As on 02.11.2010, Luxlite Sarl, including through its subsidiary Trifa Gluhlampenwerk am Trifels GmbH, was to make payment of Rs. 36.04 crores ie the total outstanding of Luxlite Sarl towards the dues to the Company ie Halonix Limited (also the holding company through ILHC, of Luxlite Lamps Sarl and Trifa Lamps GmbH) before the Second Payment Date.
2. The Companies, Luxlite Lamps Sarl and Trifa Lamps GmbH, to take over the stock from Luxlite Sarl and Trifa Gluhlampenwerk am Trifels GmbH, amounting to Euro 5.94 million (Rs.36.96 crores) as on 02.11.2010.
3. International Lamps Holding Company SA, Luxlite Lamps Sarl and Trifa Lamps GmbH to pay the consideration in two parts ie 10% payment upfront and balance 90% before May 31, 2011 or as mutually agreed between the parties.

The status of the above stated agreements is :

1. Luxlite Sarl, still has to pay Rs. 16.38 crores out of total overdues of Rs 36.04 crores.
2. The Companies, Luxlite Lamp Sarl and Trifa Lamps GmbH, have already paid for the full stock, amounting to Euro 5.94 million ie Rs. 36.96 crores.
3. ILHC, Luxlite Lamps Sarl and Trifa Lamps GmbH have not paid any consideration including 10% payment upfront for the business / assets.
4. The share certificates of International Lamps Holding Company SA (ILHC) are deposited with the Escrow agent and shall be released only on fulfillment of Release of Sale Consideration on or before May 31, 2011 or as mutually agreed between the parties.

The Board of Directors of Company, since the transaction has not been consummated either in terms of the spirit of the agreements signed or by action, has passed a Resolution on 20.05.11 whereby this acquisition of overseas entities has been called off. This has also been notified to the Assignor and the Escrow Agent. Accordingly, as per the terms of Clause 5 of the Escrow Agreement relating to Release of the Sale consideration, Sale shares and other documents invoked by Halonix Limited, Share Purchase Agreement, and the respective BTAs and DOAs, the transaction shall get RESTITUTED and the Seller shall be required to refund the purchase price towards sale and purchase of the Sale Shares / equity investment and / or unsecured loans made by the Purchaser to the Company. The Management of the Company is of the opinion that all the dues from Luxlite Sarl, Luxlite Lamps Sarl, and Trifa Lamps GmbH are fully recoverable, including the Corporate guarantee of Euro 1 million and SBLC of Euro 1.7 million. Based on the above facts, the accounts of the subsidiaries have not been consolidated with the Company's accounts as on 31.03.2011.

20. Figures relating to subsidiary have been regrouped / reclassified where ever considered necessary to bring them in line with the company's financial statements.

As per our report of even date
For ARUN K. GUPTA & ASSOCIATES
Chartered Accountants
Firm Registration No. 000605N

RAJ KRISHAN SAHGAL
Chairman

Place: Noida
Date : 20.05.2011

GIREESH KUMAR GOENKA
Partner (M. No. 096655)

SANJIV KASHYAP
Chief Financial Officer & Company Secretary

RAJESH KOCHHAR
Managing Director

HALONIX TECHNOLOGIES LIMITED

DIRECTORS' REPORT

To the Members of the Company

Dear Members,

Your Directors have pleasure in presenting their **Second Annual Report** together with Audited Statement of Accounts for the year ended 31st March 2011.

OPERATIONS & FUTURE PROSPECTS

The Company was incorporated on 02nd March 2009. The Company has not yet started its commercial activities and has accounted the loss of Rs. 1,27,20,698 for the financial year ended 31.03.2011. The Company is looking forward to start its business operations in the near future. At present the Company is exploring the possibility of manufacturing and trading in energy saving devices.

RE-STRUCTURING OF OPERATIONS OF THE COMPANY

During the year under review, the Holding Company i.e. Halonix Limited, decided to re-structure its business into Automotive product line and Non-Automotive product line. The Board of Directors of Halonix Technologies Limited felt that it was best to purchase and/or transfer the General Lighting Business of Halonix Limited to itself, including by way of slump sale, on a 'going concern basis', effective from 1st April, 2010. The company had entered into a memorandum of understanding with the holding company ie Halonix Limited, in connection with the transfer/purchase of the General i.e. non-automotive lighting business of Halonix limited to Halonix Technologies Limited, subject to valuation by independent valuer(s) and all other approvals as may be applicable.

The Shareholders of Halonix Limited also had accorded their approval for sale of General Lighting business to the Company and its subsequent sale of Holding/ Interest to Argon and/or to its Affiliates. However, the Slump Sale Agreement could not be executed till 31st March, 2011. It was decided by the Board not to acquire the General Lighting Business of the Halonix Limited and revoke the Memorandum of Understanding. The business of General Lighting would continue to remain with Halonix Limited alongwith the Automotive Lighting Business.

DIRECTORS

Mr. Amar Singh Saini, retires by rotation at the forthcoming Annual General Meeting, and being eligible offers himself for re-appointment.

During the year, Company has appointed Mr. Madhusudan Sharma as Additional Directors of the Company. The Board of Directors of the Company has noted that none of the

directors is disqualified under section 274(1)(g) of the Companies Act, 1956 during the year. The Company has received notices u/s 257 of the Companies Act, 1956 from the shareholders of the company proposing the candidature of Mr. Madhusudan Sharma as a Director at the forthcoming Annual General Meeting, who is appointed as Additional Director of the Company and holds office only upto the date of forthcoming Annual General Meeting. The Board recommends the same for your approval.

During the year Mr. Rakesh Zutshi, Executive Director of the Company resigned from the directorship w.e.f. 01.04.2011. The Board has taken note of its appreciation for valuable guidance provided by them to the company during their tenure.

AUDITORS

The term of M/s Arun K. Gupta & Associates, Chartered Accountants, the Statutory Auditors of the company will come to an end at the conclusion of the ensuing Annual General Meeting. The Company has received their willingness for appointment as the Statutory Auditors of the company and simultaneously their eligibility certificate pursuant to section 224(1B) of the Companies Act, 1956 that the appointment, if made, will be in accordance with the limits. The Board of Directors recommends the same for your approval.

AUDITORS REPORT:

As per the Auditors Report provided by the Auditors for the period ended 31.03.2011, there is no adverse remark in the Auditors Report.

HOLDING COMPANY

The Company is a wholly owned subsidiary of M/s Halonix Limited, who holds 100% shares in the Company. The Company has also availed loan of Rs. 1,559.75 lacs from the holding Company during the year. The total loan availed upto 31-03-2011 amounts to Rs. 1580.50 lacs.

FIXED DEPOSITS

The Company has not accepted any deposits within the meaning of section 58A of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules 1975.

PARTICULARS OF EMPLOYEES

There is no employee covered under section 217(2A) of Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended during the period ended 31.03.2011.

HALONIX TECHNOLOGIES LIMITED

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

In terms of section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in Report of the Board of Directors) Rules, 1988 your directors furnish the information as below:

| | |
|---|--|
| Conservation of Energy | The Company has taken all the measure steps to conserve the energy in the company. |
| Technology Absorption | The company has not absorbed any technology from any source. |
| Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans | Presently the Company is not doing any Export activity. |

FOREIGN EXCHANGE EARNINGS AND OUTGO

| Particulars | Year ended 31.03.2011 (Rs.) |
|-------------|--------------------------------|
| Earning | NIL |
| Outflow | NIL |

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement. It is hereby confirmed that:

1. in the preparation of the annual accounts for the financial year ended 31st March 2011 the applicable accounting standards has been followed.
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 loss of the Company for the year under review.
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for the safeguarding of the assets of the Company and for preventing and detecting fraud and other irregularities.
4. the Directors have prepared the accounts for the financial year ended 31st March 2011 on a going concern basis.

ACKNOWLEDGEMENT

The Board of Directors wish to place on record their appreciation for the continued co-operation and assistance received from the banker and all the stakeholder of the company.

For and on the behalf of Board of
Halonix Technologies Limited

| | | |
|-------------------|--------------------|-------------------|
| Place : Noida | (Amar Singh Saini) | (Sanjeev Pandiya) |
| Date : 20.05.2011 | Director | Director |

HALONIX TECHNOLOGIES LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2011

(Rs. in Lacs)

| PARTICULARS | Year Ended 31st March 2011 | Year Ended 31st March 2010 |
|--|-------------------------------|-------------------------------|
| 1 Cash Flow from Operating Activities | (127.20) | (76.16) |
| Net Profit/(Loss) before tax & Prior Period Items | | |
| Operating Profit Before Working Capital Changes | (127.20) | (76.16) |
| Adjustment for Changes in Working Capital | | |
| Increase in Current Assets (11.41) | | |
| Increase in Current Liabilities 80.90 | 69.50 | 51.98 |
| Net Cash Flow from Operating Activities | (57.71) | (24.18) |
| 2 Cash Flow From Investing Activities | — | — |
| Net Cash Flow from Investing Activities | — | — |
| 3 Cash Flow from Financing Activities | | |
| Proceed from Issue of Equity Share Capital | — | 5.00 |
| Proceed from Short term loan | 1,559.75 | 20.75 |
| Net Cash Flow from Financing Activities | 1,559.75 | 25.75 |
| 4 Net Increase or Decrease in Cash and Cash Equivalents | 1,502.04 | 1.57 |
| Cash and cash Equivalent (Opening Balance) | 1.57 | — |
| Cash and cash Equivalent (Closing Balance) | 1,503.61 | 1.57 |

Note:

- The cash flow statement has been prepared under the indirect method as set out in Accounting Standard-3 on cash flow statements issued by the Institute of Chartered Accountants of India.
- Negative figures have been shown in brackets.

For HALONIX TECHNOLOGIES LIMITED

A.S.SAINI
Director

SANJEEV PANDIYA
Director

As per our report of even date
FOR ARUN K GUPTA & ASSOCIATES

Chartered Accountants
Firm Registration No. 000605N

GIREESH KUMAR GOENKA
Partner
M. No.096655

Place : Noida

Dated : 20.5.2011

HALONIX TECHNOLOGIES LIMITED

AUDITORS' REPORT TO THE MEMBERS OF HALONIX TECHNOLOGIES LIMITED

1. We have audited the attached Balance Sheet of Halonix Technologies Limited as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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.
2. 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 mis-statement. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (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.
4. Further to our comments in the annexure referred to in para 3 above, we report that: -
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) 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;
 - (c) The Balance sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - (e) On the basis of written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274(1) (g) of Companies Act, 1956;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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:
 - i) in the case of Balance Sheet, of the state of the affairs of the Company, as at March 31, 2011
 - ii) in the case of the Profit and Loss account, of the loss of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For ARUN K GUPTA & ASSOCIATES

Chartered Accountants
Firm Registration No. 000605N

GIREESH KUMAR GOENKA

Partner

Membership No. 096655

Place : NOIDA

Date : 20.05.2011

HALONIX TECHNOLOGIES LIMITED

Annexure referred to in paragraph (3) of our report of even date

- i) The Company has no fixed assets hence this clause is not applicable to the company.
- ii) The Company has no stock of raw material, spare parts & finished goods. Hence this clause is not applicable to the company.
- iii) (a) As informed, the Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) (herein referred to as the Order), are not applicable.
(b) As informed, the Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (e), (f) and (g) of the Order, are not applicable.
- iv) There are no purchases or sale of inventory & fixed assets during the year. Hence this clause is not applicable to the company.
- v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to the information and explanations given to us the Company has not made any transaction in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five, lacs in respect of any party during the year.
- vi) The Company has not accepted any deposits from the public and hence directives issued by the Reserve Bank of India and the provision of Section 58A and 58AA of the Companies Act, 1956 and Rules framed there under are not applicable for the year under audit.
- vii) In our opinion, the internal audit is not applicable to the company.
- viii) In our opinion and according to the information & explanation given to us maintenance of cost records has not been prescribed by the Central Government under clause (d) of subsection (i) of section 209 of the Act.
- ix) (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues as applicable to the Company Including Provident Fund, Investor Education and Protection Funds, Employee's State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Custom duty, Excise Duty, Cess, Service-tax and other statutory dues with the appropriate authorities during the year.
(b) According to the information & explanation given to us, no undisputed amounts payable in respect of Income Tax, Wealth-Tax, Sales-Tax, Customs Duty, Service-tax and Cess were in arrears, as at 31st March, 2011 for a period of more than six months from the date they become payable,
(c) According to the records of the Company and information and explanation given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Excise Duty, Cess and Service-tax, which have not been deposited on account of any dispute.
- x) The company has accumulated losses at the end of the financial year, which is more than fifty percent of its net worth. Further the Company has incurred cash losses during the financial year ended 31.03.2011.
- xi) Based on our audit procedures and on the information and explanations given by the management, the Company has not defaulted in the repayment of dues to financial institutions & banks.
- xii) In our opinion and according to the information and explanations given to us .the Company has maintained adequate records where the company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion and according to the information and explanations given to us. The nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/ securities.
- xiv) The Company is not dealing in shares, debentures and other securities hence this clause is not applicable to the company.

HALONIX TECHNOLOGIES LIMITED

- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks & financial institutions.
- xvi) The company has not taken any term loan during the year; hence this clause is not applicable to the company.
- xvii) According to the records examined by us and according to the information and explanations given to us & on overall examination of the balance sheet of the Company, we report that prima facie no funds raised on short term basis have been used for long-term investment.
- xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act. 1956.
- xix) According to the information and explanation given to us and the records examined by us, the Company has not issued debentures.
- xx) The Company has not raised money by any public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For **ARUN K. GUPTA & ASSOCIATES**
Chartered Accountants
Firm Registration No.000605N

GIREESH KUMAR GOENKA
Partner
M. No. 096655

Place : Noida
Date : 20.05.2011

HALONIX TECHNOLOGIES LIMITED

BALANCE SHEET

AS ON 31ST MARCH, 2011

(Rs. in lacs)

| PARTICULARS | SCHEDULE | As At 31.03.2011 | As At 31.03.2010 |
|---|----------|---------------------|---------------------|
| SOURCES OF FUNDS | | | |
| Shareholder's Fund | | | |
| Share Capital | 1 | 5.00 | 5.00 |
| Reserve & Surplus | | | |
| Profit & Loss Reserve | | — | — |
| LOAN FUND | | | |
| Secured Loans | | — | — |
| Unsecured Loans | 2 | 1,580.50 | 20.75 |
| TOTAL | | 1,585.50 | 25.75 |
| APPLICATION OF FUNDS | | | |
| Fixed Assets – Gross Block | | — | — |
| Less – Depreciation | | — | — |
| Net Block | | — | — |
| Investment | | — | — |
| Current Assets, Loans & Advances | | | |
| Current Assets | | | |
| Cash and Bank Balance | 3 | 1,503.61 | 1.57 |
| Other Current Assets | 4 | 11.51 | 0.10 |
| | | 1,515.12 | 1.67 |
| Less: Current Liabilities & Provisions | 5 | | |
| (i) Current Liabilities | | 131.91 | 46.35 |
| (ii) Provisions | | 1.07 | 5.73 |
| Net Current Assets | | 1,382.14 | (50.41) |
| Misc. Expenditure [Preliminary Expenses] | | — | — |
| Profit & Loss | | 203.36 | 76.16 |
| TOTAL | | 1,585.50 | 25.75 |
| Notes Forming Part of Accounts | 10 | | |

For Halonix Technologies Limited

A.S. SAINI
Director

SANJEEV PANDIYA
Director

Place : Noida
Date : 20.05.2011

As per our report of even date

For ARUN K. GUPTA & ASSOCIATES
Chartered Accountants
Firm Registration No. 000605N

GIREESH KUMAR GOENKA
Partner
M.NO. 096655

HALONIX TECHNOLOGIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs. in lacs)

| PARTICULARS | SCHEDULE | Year Ended 31.03.2011 | Year Ended 31.03.2010 |
|---------------------------------------|----------|--------------------------|--------------------------|
| INCOME | 6 | 0.02 | — |
| TOTAL | | 0.02 | — |
| EXPENSES | | | |
| Employees Remuneration and Benefit | 7 | 48.12 | 62.62 |
| Administration & Other Expenses | 8 | 79.08 | 13.51 |
| Financial Expenses | 9 | 0.02 | 0.03 |
| TOTAL | | 127.22 | 76.16 |
| Profit before Tax | | (127.20) | (76.16) |
| Provision for Tax | | — | — |
| Profit after Tax | | (127.20) | (76.16) |
| Balance of Previous years | | (76.16) | — |
| Amount available for appropriation | | (203.36) | (76.16) |
| Balance Brought Forward | | (203.36) | (76.16) |
| Earning per Share (In Rs.) | | | |
| (Face Value Rs 10/– Per Share) | | | |
| Earning per Share | | | |
| Basic | | (254.41) | (152.31) |
| Diluted | | (254.41) | (152.31) |
| Notes Forming Part of Accounts | 10 | | |

As per our report of even date

For Halonix Technologies Limited

A.S. SAINI
Director

SANJEEV PANDIYA
Director

For **ARUN K. GUPTA & ASSOCIATES**

Chartered Accountants
Firm Registration No. 000605N

GIREESH KUMAR GOENKA

Partner
M.NO. 096655

Place : Noida
Date : 20.05.2011

HALONIX TECHNOLOGIES LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. in lacs)

| PARTICULARS | As At 31.03.2011 | As At 31.03.2010 |
|--|---------------------|---------------------|
| SCHEDULE – 1 | | |
| SHARE CAPITAL | | |
| Authorised | | |
| 15,00,000 Equity Shares (Previous year 50000) of Rs.10/- each | 150.00 | 5.00 |
| Issued Subscribed & Paid up | | |
| 50,000 Equity Shares of Rs. 10/- each fully paid up (of the above 49994 Equity shares of Rs. 10/- each are held by the Holding Company M/S Halonix Limited and 6 shares by nominees of the Holding Company) | 5.00 | 5.00 |
| TOTAL | 5.00 | 5.00 |
| SCHEDULE – 2 | | |
| UNSECURED LOAN | | |
| Loan from Parent company | 1,580.50 | 20.75 |
| TOTAL | 1,580.50 | 20.75 |
| * Maximum balance outstanding during the period to Holding Company Rs.1580.50Lacs (Previous year–Rs.20.75Lacs) | | |
| SCHEDULE – 3 | | |
| Cash & Bank Balances | | |
| (i) Cash In Hand | 0.25 | 0.26 |
| Balance with Scheduled Bank | | |
| (i) In Current A/C | 1,503.11 | 1.31 |
| (ii) FDR pledge with Sales Tax Authorities | 0.25 | – |
| TOTAL | 1,503.61 | 1.57 |
| SCHEDULE – 4 | | |
| Other Current Assets | | |
| Prepaid Expenses | 0.25 | 0.10 |
| Interest receivable on FDR | 0.002 | – |
| (A) | 0.25 | 0.10 |
| Loans & Advances | | |
| Securities Deposit with electricity Department | 4.20 | – |
| Advances/Loans to Employees | 0.24 | – |
| Advances to Suppliers | 6.82 | – |
| (B) | 11.26 | – |
| TOTAL (A+B) | 11.51 | 0.10 |
| SCHEDULE – 5 | | |
| Current Liabilities & Provisions | | |
| Current Liabilities : | | |
| Other Liabilities | 1.97 | 1.59 |
| Rent Payable | 5.00 | – |
| Sundry Creditor | 0.50 | – |
| Statutory Liabilities | 0.80 | 0.35 |
| Due to Parent Company * | 123.64 | 44.42 |
| SUB TOTAL | 131.91 | 46.36 |

HALONIX TECHNOLOGIES LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd...)

(Rs. in lacs)

| PARTICULARS | As At 31.03.2011 | As At 31.03.2010 |
|-------------------------|---------------------|---------------------|
| Provisions for : | | |
| Compensated Absences | 0.59 | 2.68 |
| Gratuity | 0.48 | 3.04 |
| SUB TOTAL | 1.07 | 5.72 |
| GRAND TOTAL | 132.99 | 52.08 |

* Maximum amount Outstanding during the period Rs. 123.64 Lacs

(Rs.in Lacs)

| PARTICULARS | Year Ended 31.03.2011 | Year Ended 31.03.2010 |
|---|--------------------------|--------------------------|
| SCHEDULE – 6 | | |
| Other Income | | |
| Interest Income | 0.02 | – |
| Expenses written off | 0.002 | – |
| TOTAL | 0.02 | – |
| SCHEDULE – 7 | | |
| Employees Remuneration and Benefit | | |
| Salary, allowances and Bonus | 43.55 | 57.68 |
| Contribution to Provident Fund | 3.42 | 4.01 |
| Staff Welfere | 1.15 | 0.93 |
| TOTAL | 48.12 | 62.62 |
| SCHEDULE – 8 | | |
| Administration and other Expenses | | |
| Conveyance Charges | 5.50 | 9.79 |
| Professional Charges | 1.44 | 0.07 |
| Travelling Exps. | 3.07 | 1.68 |
| Electricity & Power | 5.12 | – |
| Telephone Expenses | 0.75 | 0.23 |
| Sales Promotion | 0.27 | 0.41 |
| Statutory Audit Fees | 0.55 | 0.55 |
| General Exps. | 0.68 | 0.28 |
| Insurance Charges | 1.32 | – |
| Rent, Rates & Taxes | 58.54 | – |
| Vehicle Running Expenses | 1.84 | – |
| Preliminary Exps.w/o | – | 0.50 |
| TOTAL | 79.08 | 13.51 |
| SCHEDULE – 9 | | |
| Financial Charges | | |
| Bank Charges | 0.02 | 0.01 |
| Interest on Income Tax | – | 0.02 |
| TOTAL | 0.02 | 0.03 |

HALONIX TECHNOLOGIES LIMITED

SCHEDULE – 10

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

(Forming part of the Accounts for the year ended 31st March, 2011)

1. Nature of Business

Halonix Technologies Limited (hereinafter referred to as “the Company”) is at present exploring the possibility of manufacturing and trading in energy saving devices.

2. Accounting policies

The Balance Sheet and Profit & Loss Account have been prepared in conformity with Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies followed are given below:

a) Basis of Accounting

The company follows mercantile system of Accounting and recognizes income & expenditure on accrual basis. The accounts are prepared on historical cost basis and are consistent with the generally accepted accounting principles.

b) Taxes on Income

The tax on income for the current period is determined in accordance with the Provisions of the Income Tax act. Deferred Tax is recognized on timing differences. The deferred tax assets in respect of unabsorbed depreciation/ brought forward losses are recognized to the extent there is a virtual certainty of having future taxable income.

c) Foreign Currency Transactions

i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and no monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

d) Earning Per Share

A basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all diluted potential equity shares.

e) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Revenue from rendering services is recognized on completion of the assignment as per the terms of Agreement and raising Bills thereof.

f) Borrowing Cost

Borrowing costs directly attributable to the acquisitions, construction or production of qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Where funds are temporarily invested pending their expenditure on their qualifying assets, any such investment income, earned on such fund is deducted from the borrowing cost incurred.

g) Employee Benefits

(i) A retirement benefit in the form of provident fund scheme is a defined contribution and contribution is charged to the Profit and Loss of the year when the contribution to the respective fund is due. There are no other obligations other than the contribution payable to the respective fund.

(ii) Gratuity liability is a defined obligation and provided for on the basis of an actuarial valuation made on projected unit credit method at the end of each financial year. Actuarial gains and losses are recognized in full in the Profit and Loss Account for the period in which they occur.

HALONIX TECHNOLOGIES LIMITED

- (iii) Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are provided for on the basis of actuarial valuation made at the end of each financial year.

NOTES TO ACCOUNTS

3. Contingent liabilities not provided for Rs. Nil (P.Y.–Rs. Nil).
4. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. NIL (P.Y.– Rs. Nil).
5. In the opinion of the board, all the current assets, loan & advances have value on the realization which in the ordinary course of the business shall at least be equal to the amount at which it is stated in the Balance Sheet. The provisions for all know liabilities are adequate and not in excess/short of the amount considered reasonable necessary.

6. Auditor's Remuneration

(Figures in Lacs)

| | Current Year Rs 0.55 | Previous Year Rs.0.55 |
|---|-------------------------|--------------------------|
| Statutory Audit Fees (Including Service Tax) | | |

7. EARNING PER SHARE (E P S)

(Figures in Lacs)

| | Current Year | Previous Year |
|---|--------------|---------------|
| (a) Net loss available for equity share holders (In Rs.) | (127.20) | (76.16) |
| (b) Weighted average number of Equity shares (In Nos) | 50000 | 50000 |
| (c) Earning per share (In Rs.) (Face value Rs. 10/– per share) | – | – |
| Basic | (254.41) | (152.31) |
| Diluted | (254.41) | (152.31) |

8. Related Party Transactions

- a) List of related parties with whom transactions have taken place during the year is as under:

| Nature of Relationship | Name of the Person |
|------------------------|--------------------|
| i) Holding Company | i) Halonix Limited |

b) Related Party Transactions

(Figures in Lacs)

| Nature of transaction | Subsidiary Company | Holding Company | Common Control | Key management Personnel | Relatives of Key management Personnel | Total |
|---|--------------------|--------------------|----------------|--------------------------|---------------------------------------|--------------------|
| Transaction during the year | | | | | | |
| I) Loan | (–) (–) | 1559.75 (20.75) | (–) (–) | (–) (–) | (–) (–) | 1559.75 (20.75) |
| II) Current Liabilities | (–) (–) | 79.22 (44.42) | (–) (–) | (–) (–) | (–) (–) | 79.22 (44.42) |
| Balances outstanding at the year end | | | | | | |
| i) Loan | (–) (–) | 1580.50 (20.75) | (–) (–) | (–) (–) | (–) (–) | 1580.50 (20.75) |
| ii) Current Liabilities | (–) (–) | 123.64 (44.42) | (–) (–) | (–) (–) | (–) (–) | 123.64 (44.42) |

No amount has been written off or provided for in respect of transactions with the related parties.

HALONIX TECHNOLOGIES LIMITED

9. Employee's Benefits

- a) Contribution to Provident Fund:

Amount of Rs. 3.43 lacs (P.Y. Rs.4.01 lacs) is recognized as an expense & included in Payment and Benefits to employees in the Profit & Loss account.

- b) The following table sets out the status of the gratuity scheme plan as at 31st March, 2011.

(Rs.in lacs)

| PARTICULARS | March 31 st 2011 | March 31 st 2010 |
|--|--------------------------------|--------------------------------|
| I. Changes in Present Value of Obligations during the year 01.04.2010 to 31.03.2011 | | |
| Present Value of Obligation as at the beginning of the period | 3.04 | Nil |
| Acquisition adjustment | — | — |
| Interest Cost | 0.25 | — |
| Past Service Cost | — | — |
| Current Service Cost | 0.19 | 3.04 |
| Curtailment Cost / (Credit) | — | — |
| Settlement Cost / (Credit) | — | — |
| Benefit Paid | — | — |
| Actuarial (gain)/ loss on obligations | (2.99) | — |
| Present Value of Obligation as at the end of the period on | 0.49 | 3.04 |
| II. The amounts recognized in Balance Sheet and Statements of Profit & Loss | | |
| Present Value of Obligation as at the end of the period | 0.49 | 3.04 |
| Fair Value of Plan Assets as at the end of the period | — | — |
| Funded Status | (0.49) | (3.04) |
| Unrecognized Actuarial (gains) / losses | — | — |
| Unrecognized Past Service Cost (Non Vested Benefits) | — | — |
| Net Liability Recognized in Balance Sheet on | 0.49 | 3.04 |
| III. Expenses recognized in the statements of Profit and Loss for the Period ended 01.04.2010 to 31.03.2011 | | |
| Current Service Cost | 0.19 | 3.04 |
| Past Service Cost | — | — |
| Interest Cost | 0.25 | — |
| Expected Return on Plan Assets | — | — |
| Curtailment Cost / (Credit) | — | — |
| Settlement Cost / (Credit) | — | — |
| Net actuarial (gain)/ loss recognized in the period | (2.99) | — |
| Expenses Recognized in the statement of Profit & Loss | (2.55) | 3.04 |

HALONIX TECHNOLOGIES LIMITED

| PARTICULARS | 31.03.2011 | 31.03.2010 |
|--|---------------|------------|
| IV. Assumptions: | | |
| Discount Rate: | 8.20% | 8.20 % |
| Rate of increase in Compensation levels: | 6.00% | 6.00 % |
| Rate of Return on Plan Assets: | — | — |
| Average Outstanding Service of Employees up to Retirement: | 24 Yrs | 28.23 Yrs |

10. Unhedged Derivative instruments outstanding as on Balance Sheet date: Nil
11. The company has initiated the process of obtaining confirmation from suppliers who have registered themselves under the Micro Small Medium Enterprises Development Act, 2006 (MSMED Act, 2006). However, identification of the micro, small and medium enterprises in terms of MSMED Act, 2006 could not be made as the company does not have any information in its possession.. Further interest payable during the year if any under the terms of MSMED Act, 2006 could not be ascertained.
12. Additional information pursuant to the provision of part II of schedule VI to the companies, Act, 1956 is either NIL or NOT APPLICABLE.
13. Expenditure in Foreign Currency Nil
14. Earning in Foreign Currency: Nil
15. Previous Year figures have been regrouped/ rearranged where ever considered necessary.

For HALONIX TECHNOLOGIES LIMITED

A.S.SAINI
Director

SANJEEV PANDIYA
Director

As per our report of even date
FOR ARUN K GUPTA & ASSOCIATES
Chartered Accountants
Firm Registration No. 000605N

GIREESH KUMAR GOENKA
Partner
M. No.096655

Place : Noida

Dated : 20.5.2011

HALONIX LIMITED

Regd. Office : 59-A, NSEZ, Phase-II, Noida, District Gautam Budh Nagar, U.P. - 201 305

PROXY

Folio No./ DP ID. & Client ID. :-

I/We of
..... being a member of **Halonix Limited**, hereby
appoint
of or failing him
..... of
as my/our proxy to attend and vote on my/our behalf at the Twentieth Annual General Meeting of the Company to be held on
Tuesday, 2nd day of August, 2011 at 10:00 A.M. and at any adjournment thereof.

Signed this day of 2011

Signature

Affix
Rupee 1/-
Revenue
Stamp

Note : The Proxy must be returned so as to reach at the Registered Office of the Company not less than Forty Eight hours
before the time of holding the aforesaid meeting.



- Tear Here -



HALONIX LIMITED

Regd. Office : 59-A, NSEZ, Phase-II, Noida, District Gautam Budh Nagar, U.P. - 201 305

ATTENDANCE SLIP

PLEASE FILL IN THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint Shareholders may obtain additional slip on request.

PARTICULARS OF THE SHAREHOLDER / PROXY

Name :

Address :

Folio No./ DP ID. & Client ID. :-

I hereby record my presence at the Twentieth Annual General Meeting of the Company being held on Tuesday, 2nd day of
August, 2011 at 10:00 A.M. at 59-A, NSEZ, Phase-II, Noida, Distt. Gautam Budh Nagar, U.P. - 201 305.

(SIGNATURE OF THE SHAREHOLDER/PROXY)





59-A, NSEZ, Phase-II, Noida. Uttar Pradesh - 201 305, INDIA

Tel : +91-120-4012222, Fax (Intl.) : +91-120-2562943, E-mail : halonix@halonix.co.in

