REWRITING RULES.
REDEFINING EXPERIENCES.

Havells India Limited

30th Annual Report

2012-13

HAVELLS

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It's a matter of perspective. Where others see merely an apple, we see the apple on the outside with an orange inside. A different way of looking at things. A differentiated experience. Same application but different energy footprint. Same merchandise but a different safety profile. Same utility but different raw material. The Havells story is all about such a distinctive approach and a different perspective.

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Corporate information

QIMAT RAI GUPTA
Chairman and Managing Director

ANIL RAI GUPTA
Joint Managing Director

SURJIT GUPTA
Director

RAJESH GUPTA
Director (Finance)

V K CHOPRA
Director

S B MATHUR
Director

A P GANDHI
Director

S K TUTEJA
Director

DR. ADARSH KISHORE
Director

NITEN MALHAN
Director

Company Secretary	SANJAY GUPTA
Auditors	S. R. Batliboi & Co. LLP, Chartered Accountants Golf View Corporate Tower-B, Sector - 42, Sector Road, Gurgaon - 122 002 (Haryana) V. R. Bansal & Associates, Chartered Accountants B-11, Sector - 2, Noida - 201 301 (U.P.)
Bankers	Canara Bank IDBI Bank Ltd. Yes Bank Ltd. Axis Bank Ltd. Standard Chartered Bank HSBC Bank Ltd. HSBC Bank (Mauritius) Ltd. ICICI Bank Ltd. Corporation Bank State Bank of India
Registrars and Share Transfer Agent	MCS Limited (Unit-Havells India Limited) F-65, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi - 110 020 Tel : 011-41406149-52, Website : www.mcsdel.com
Listed on	The National Stock Exchange of India Limited BSE Limited
Registered Office	1, Raj Narain Marg, Civil Lines, Delhi - 110 054
Corporate Office	QRG Towers, 2D, Sector 126, Expressway, Noida - 201 304, U.P. Tel : 0120-4771000, Fax : 0120-4772000 Website : www.havells.com

Havells Today

Rewriting growth

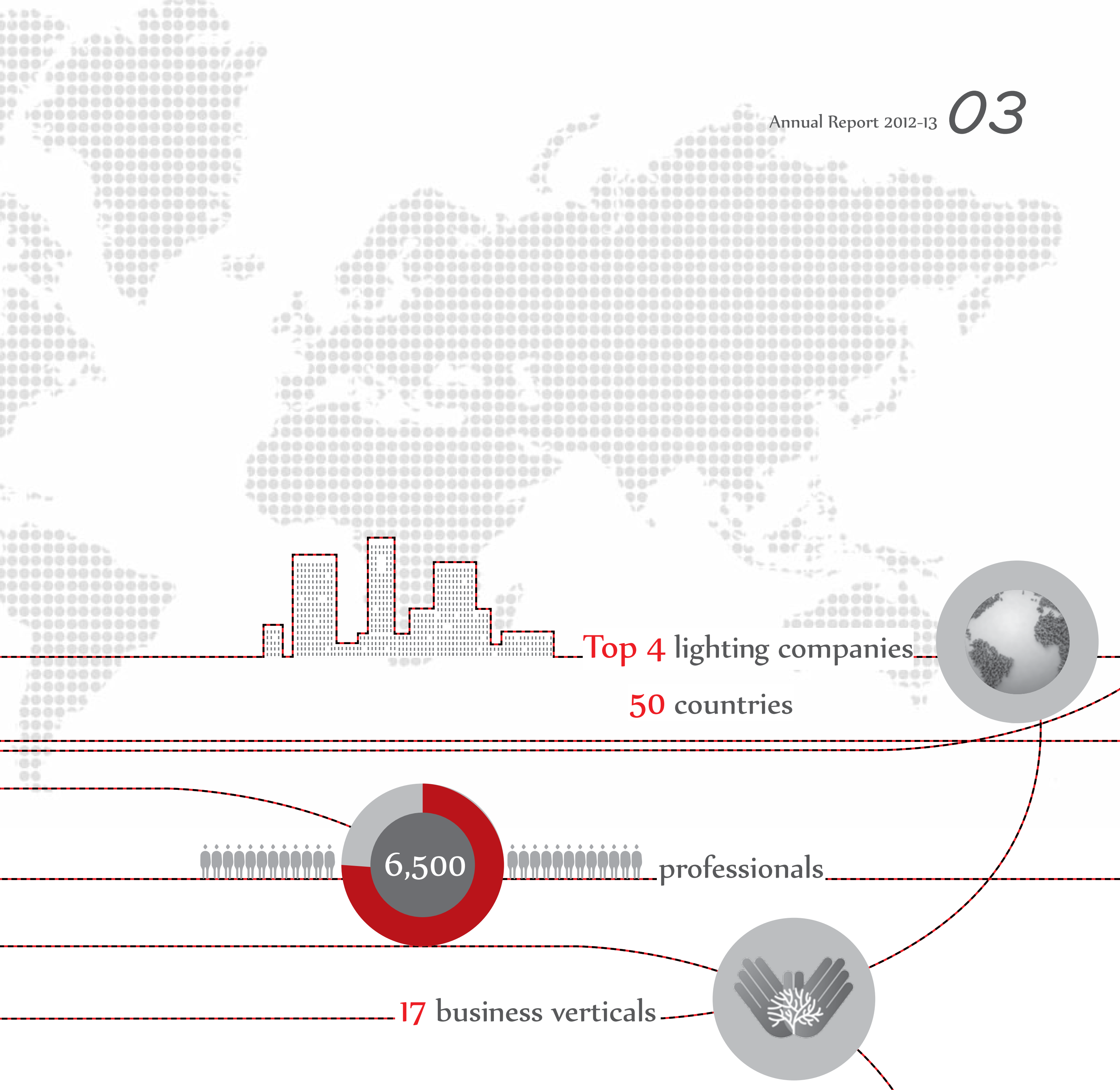
91 offices

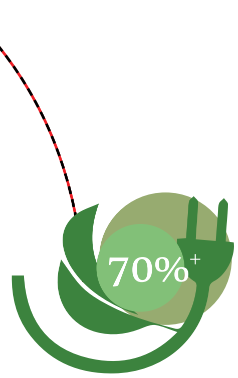
20,000 distribution network

From a small start-up that competed against established giants with decades of presence in the industry, Havells, in the last few years, has emerged as one of the **top 4 brands** in the Indian electrical industry. The orange inside an apple seems to be a perfect metaphor for Havells, where fresh perspective, innovation in day to day working and deep ethical values have changed the rules of the game, with the industry following the same. Havells today is amongst the leading companies across a cross section of products, ranging from MCBs, CFLs, Motors, to Fans, Switches etc., and has established its market dominance across multiple product categories.

From a group that had the option to manufacture me-too products, it has become the hub of innovative products that have redefined the standards of energy efficiency, quality and precision to set new benchmarks for the industry. In doing so, it has taken consumer interest to an entirely different level.

The journey of an Indian manufacturer becoming a global conglomerate is simply spectacular. The ability to take strong and quick decisions helped the company grow from one small manufacturing unit to **20 global state-of-the-art plants** across India, Europe, Africa and the Americas. The acquisition of one of world's most respected lighting company, **Sylvania**, made it a true Indian multinational.





From a fledging presence in markets, the company has established one of the most extensive dealer/distributor networks that map the market in depth and spread. In doing so, it has established deep connect with its trade and consumer communities.

The industry that seemed dull and drab to the world suddenly came to limelight as Havells started advertising. Innovative, humorous yet informative advertisements caught the eyes of the consumers, the dealers and the industry. Over the past few years, the brand has become synonymous with quality and reliability. Clearly, the roadmap of inclusive growth was being created, and quietly the rules of the game were being rewritten.

***Havells** has consistently rewritten its growth story on the basis of innovation, manufacturing precision and scale, close connect to trade, proactive advertising, unprecedented levels of consumer connect and service, and sagacious financial planning. This unconventional way of looking at situations and changing them promises great dividends in the future.*

It is a new way of looking at the same thing. It is a different way of making the most of the same opportunities.

The apple looks the same, but the taste and flavour is that of an orange.

Our products adhere to this simile.

In everything that we do, we are constantly rewriting rules, and redefining experience.

There is a perceptual difference that underlines our achievements.

We create markets rather than just competing in existing segments. Our energy efficient product range has created an entirely new segment of consumers.

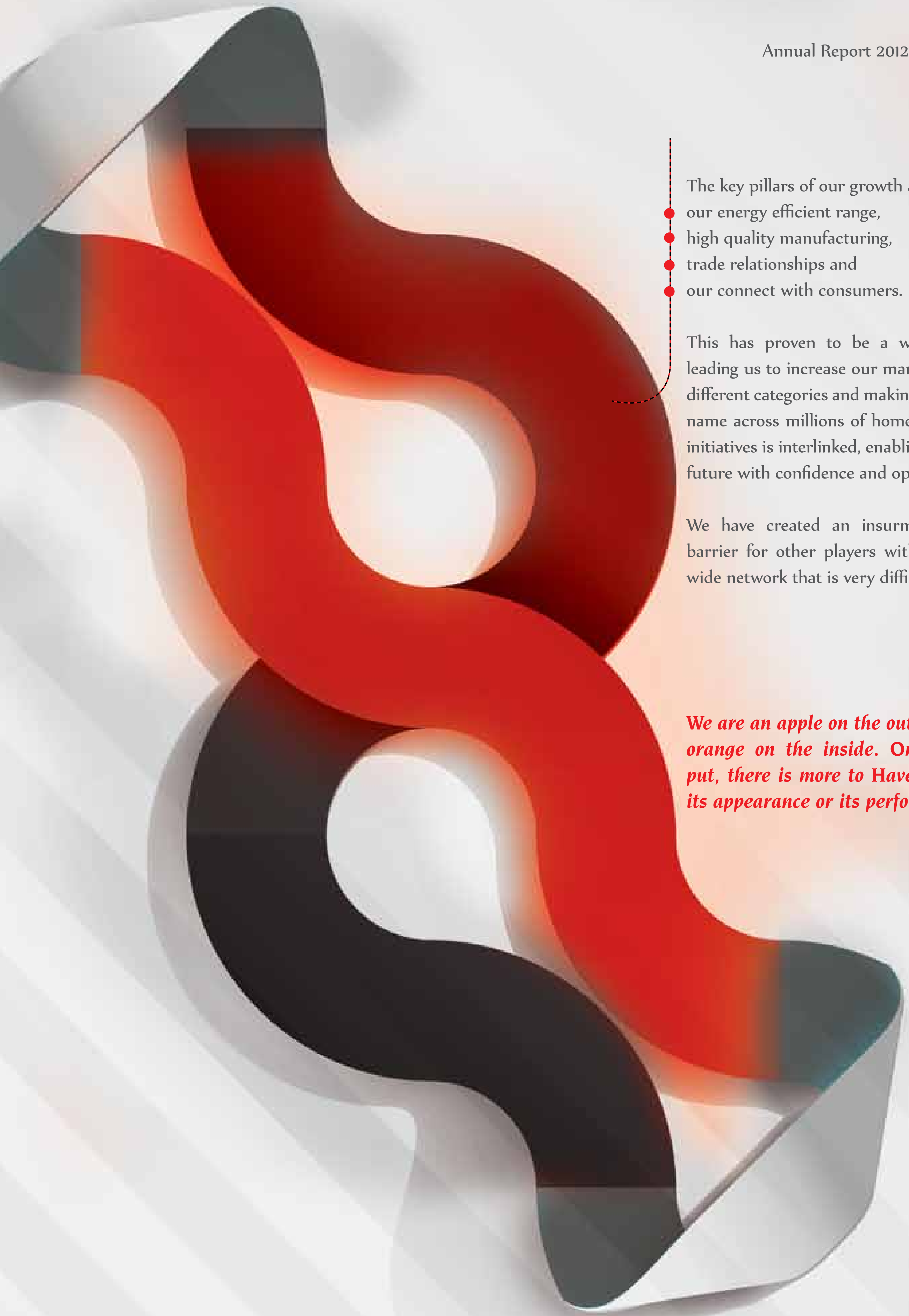
We deepened our consumer connect by directly interacting with them through our unique and industry's first concept of exclusive stores - 'Havells Galaxy'.

We reiterate our brand values by staying away from product lines that do not deliver energy efficiency. Our decision to stay away from the T12 tube lights and incandescent bulbs is a case in point.

We have a 'quality first' perspective that underlines our focus on manufacturing rather than outsourcing production. This has enabled us to create some of the largest and most modern manufacturing plants for our range of products.

Our strong trade relationship is a unique achievement that enables us to access markets with increased efficiency. We nurture our trade relationships with unique benefit oriented programs and schemes that have the welfare and inclusive growth of our dealers and distributors as the central proposition.

In everything that we do, we are constantly rewriting rules, and redefining experience.



The key pillars of our growth are:

- our energy efficient range,
- high quality manufacturing,
- trade relationships and
- our connect with consumers.

This has proven to be a winning formula, leading us to increase our market share across different categories and making us a household name across millions of homes. Each of these initiatives is interlinked, enabling us to face the future with confidence and optimism.

We have created an insurmountable entry barrier for other players with our deep and wide network that is very difficult to replicate.

We are an apple on the outside, an orange on the inside. Or simply put, there is more to Havells than its appearance or its performance.

Dear Shareholders,

Greetings from Havells!

I am delighted to once again be a bearer of good news and report another year of good performance at your company. The current economic situation in India and EU is weak and these are not the times when we can continue with Business as usual. At Havells, we have taken on the responsibility to rewrite the rules of the game and redefine consumer experience so that the relationship with our customers becomes a rewarding one.

Our product strategy continues to focus on investing in product lines where we have a clear differentiation and a beneficial value proposition. During the year, we further strengthened our domestic appliances range and emerged as the #3 brand in the industry in less than 2 years of its launch. In our premium product segments, we continue to benefit from price leadership based on our enhanced value proposition. Today, Havells brands deliver top of the mind recall.

Our consumer strategy has been to align ourselves closely with our customers and maintain direct contact with them. Havells Galaxy is a concept that is two years old and is well accepted in the market. The increased retail footprint of Havells Galaxy chain of stores has not only increased our presence across different markets but also resulted in increased flow of revenues from this channel. But more important than the numbers is the fact that this enables us to connect our manufacturing infrastructure directly to our customers, giving way to a more responsive and service oriented operating system.

Our distribution chain is our strength and we continue to invest in deepening our relationship with our trade community. With the launch of our Reo brand of conventional switches we have made inroads into the rural market where discretionary spending is low. These premium entry level switches are an easy entry point for rural consumers seeking to benefit from the Havells value proposition. Our extended distribution network will enable us to introduce more products to more market segments, thus enabling our trade to grow with us.

In manufacturing, we continue with our strategy to invest in capacity, quality and precision systems. We are fast reaching the point where all our products will be manufactured in-house under our close supervision. During the year, we set up our lighting fixtures plant at Neemrana – which is the first large scale lighting fixtures plant of the country. Equipped with most modern technology and infrastructure, the plant boasts of India's first roll forming and robotised bending machines. Similarly, our Baddi plant is amongst best switches and switchgear plant globally and currently is in the process of doubling its production capacity. We are also in the process of integrating our research and development capabilities globally.

Our people strategy has always been to recruit and retain people with leadership qualities. We invest in our people and believe they are one of the major reasons for our success. We believe that growth of our people precedes the growth of the company. We promote leadership within our ranks by offering people greater responsibility with the freedom to perform to their best. Our people policy has always been fair and we operate in an atmosphere where talent is respected and achievement rewarded.

In our branding, we have been closely associated with Cricket and IPL since its inception. This has helped us take our brand to the interiors of India. During the past five years, our spends on advertising have made us the largest advertiser in the Indian Electrical Industry.

Each of these initiatives has contributed to our results.

In the year in review, our topline increased by 11% to ₹ 7248 crores. Over the past 5 years, we have been growing steadily at 17-20% year on year.

We look at the future with optimism. On reflection, the one thing that is clear is that the wondrous rise and the outstanding achievements would not have been possible without your understanding, encouragement and continuing support. It has given your company stability, sense of direction and shared vision of the future.

Chairman's Message

We believe in building relationships through trust and faith in a manner which is totally transparent. Our ethics and code of behaviour are not negotiable; we respect the rights and dignity of the human being and believe in every individual's limitless ability to excel. These are values which have endured since the company was founded.

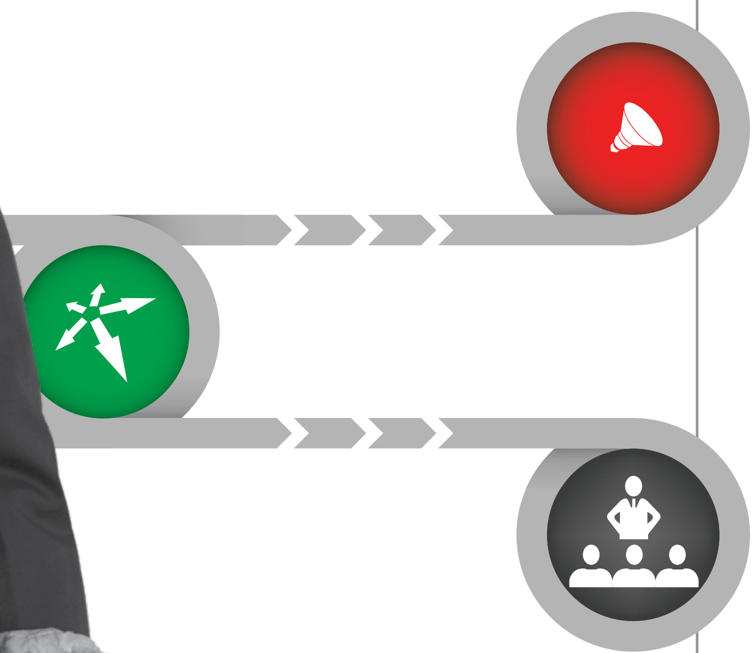
I would like to thank our people, across the world, who have helped us grow in a virtuous fashion. My sincere thanks to the Board, whose sagacious advice has kept us on the path of progress, and lastly, our trade associates, who have made everything possible by their dedication and commitment.

Thanking you,

Yours truly

Qimat Rai Gupta

"Our consumer strategy has been to align ourselves closely with our customers by initiating and maintaining direct connect."



Revealing our three pillars of success - Manufacturing, Dealers/ Distributors and Brand

FOCUS ON QUALITY, PRECISION, CAPACITY AND CUSTOMER

Our manufacturing units are geared towards the twin goals of capacity and quality. The idea is to produce the best quality, high precision electrical products in the world, offering great value-for-money proposition based on our cornerstone of energy efficiency.

We have 14 manufacturing units in India spread over eight locations, and six plants aboard in six different locations. We are optimising the capacity and operations of each of these plants and are in the process of connecting the manufacturing backend to our customer facing processes. Our intent is to make the plant operations more responsive to customer requirements and enabling us to engineer the highest levels of customer delight. We have a strategic intent to transfer all our production to in-house units and we are aggressively pursuing this agenda.

FOCUS ON RELATIONSHIPS, BENEFITS, CLOSER CONNECT AND COMMONALITY OF PURPOSE

We believe that our relationship with our dealers and distributors is the central pillar of our growth. The trade community connects us to the market and ultimately to the consumer. They are our eyes and ears and form an organic part of our organisation. We have nurtured our relationships with the trade based on trust service, commitment and equality. We benefit our trade community by way of insurance schemes, reward schemes that enable them to earn incremental revenues based on off-take and by way of bank financing that is based on limited recourse to the company.

We work in unison with our trade community with a common purpose of delivering customer delight through our products, our service and our customer orientation.

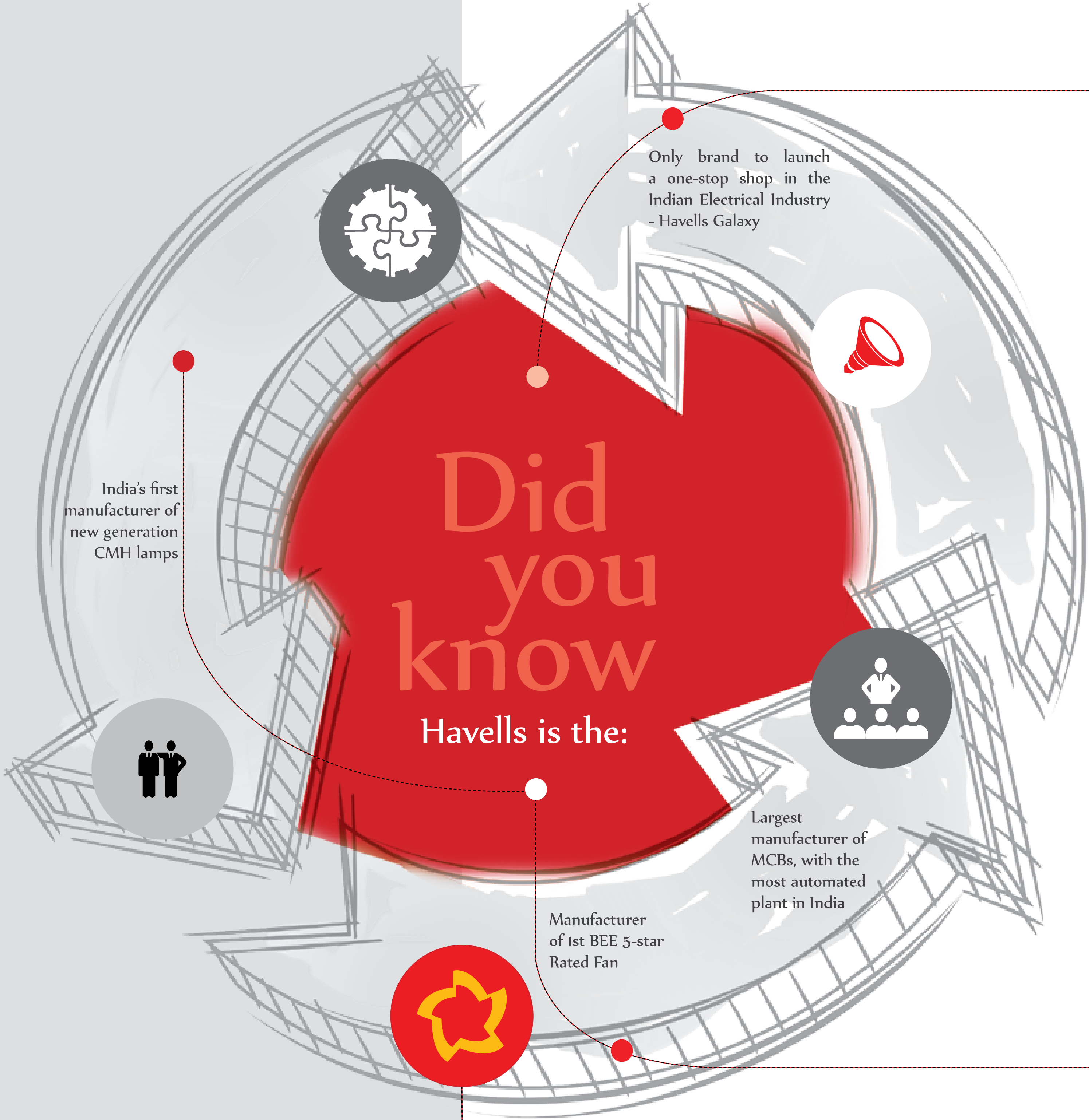
FOCUS ON ESTABLISHING BRAND CONNECT AND HIGH RECALL

While our trade relationships represent our push aspect in marketing, our branding and advertising represent the pull aspect. We have built our brands on highly beneficial value propositions that benefit our customers. Our platform of energy efficiency is now well understood and today, Havells brands stand for premium quality and great value for money. This brand association has been made possible due to our high decibel advertising across media. We engineer brand connect through all touch points wherein we interact with the consumer. Our strong association with cricket and premium events like IPL have made Havells a household name.

We revamp our television commercials every year to ensure their relevance amidst high clutter and short audience attention spans. We are the first electrical company to successfully use social media to connect with our consumers and have dialogs with them.

Our branding intent is to increase relevance of our brands and deliver high recall and loyalty.

These three pillars of our growth work symbiotically to deliver our value proposition to our customers.



We create value in our manufacturing operations, we create customer pull through our branding and advertising campaigns, and we fulfil them through our trade partners and our chain of

200 Havells Galaxy stores

Havells Milestones

2012

- Launched Copper Flexible Cables under the Standard brand
- Launched Crabtree XPRO Switchgear
- Set up new Lighting Fixtures plant in Neemrana

2009

- Set up fully automatic 2nd unit for Switchgear manufacturing at Baddi
- Undertook global consolidation of CFL manufacturing plant at Neemrana for domestic and export purposes
- Launched India's 1st HPF CFL
- Launched India's 1st BEE 5-star Rated Fan

2008

- Became 1st Indian CFL manufacturers to adopt RoHS, European norms on Restriction of Hazardous Substances in CFLs
- Set up Global Corporate office, QRG Towers at Expressway, Noida
- Invested ₹ 50 crores in Global Center for Research and Innovation (CRI)
- Set up fully automatic plant for Havells Lafert Motors at Neemrana
- Changed Corporate BRAND identity

2006

- Crabtree India merged with Havells India
- Added CFL production unit in Haridwar manufacturing plant
- Expanded Alwar manufacturing plant for increase of production capacity
- Expanded Baddi manufacturing plant and set up an Export Oriented Unit
- Became 1st Company to get the ISI Certification for complete range of CFLs
- Started mid-day meal program at Alwar, Rajasthan caters to 10,000 students from 77 schools

2005

- Set up manufacturing plant in Haridwar, Uttaranchal for manufacturing fans
- Awarded the KEMA certification by The Dutch Council for Accreditation, making QRG the only group to attain this certification
- Set up R&D Center in Noida H.O.

2002

- Standard Electrical Company and became a 100% subsidiary of the company.
- Attained the IEC certification for industrial switchgear and CSA certification for all manufacturing plants

2011

- Launched new range of Control Gear Cosmic Star series
- Set up new Industrial Switchgear Plant in Sahibabad
- Launched Domestic Appliances
- Standard Electrical merged with Havells
- Entered into a Joint Venture with Shanghai Yaming Lighting, China

2010

- Set up 2nd unit for Fan manufacturing at Haridwar
- Acquired 100% interest in Standard Electricals
- Set up World's 1st New Generation CMH Lamp Plant at Neemrana
- Entered into Electric Water Heaters business
- Launched Havells brand in US & Mexico

2007

- Set up Capacitor manufacturing plant in Noida, U.P. with the capacity of 6,00,000 kVAr per month
- Acquired the Lighting business of a Frankfurt based company "Sylvania", a global leader in lighting business and the company's turnover crossed US$ 1 Billion
- Warburg Pincus, a global private equity firm and one of the largest investors in India, invested US $110 million in Havells India Limited. Havells issued fresh shares to Warburg Pincus, representing approximately 11.2% of the fully diluted share capital of the company
- QRG Group entered healthcare business by acquiring a majority stake in Central Hospital and Research Centre, Faridabad

2004

- Set up plant at Baddi, HP for manufacturing of Domestic Switchgear.
- Set up plant for manufacturing of CFL at existing manufacturing plant in Faridabad, Haryana
- Set up plant for manufacturing of Ceiling Fans at Noida, U.P.
- Set up own marketing office in London through our wholly owned subsidiary company Havells U.K. Ltd.
- Placed 235 fully convertible debentures of ₹ 10 Lacs on M/s. Shine Ltd., Mauritius for conversion in June, 2006
- Attained the CE certificate for CFL

2003

- Launched Fans, CFL and Lighting

2001

- Acquired business of Havells Industries Limited, MCCB of Crabtree India Limited and merged ECS Limited in the company to consolidate its area of core competence

To be continued......

2000

- Acquired controlling stake in Duke Arnics Electronics (P) Limited, engaged in manufacturing of Electronic Meters-Single Phase, Three Phase, Multi Function, Tri Vectors
- Acquired controlling interest in an industry major - Standard Electricals Limited

1998

- Introduced high-end Ferraris Meters in Joint Venture with DZG, Germany

1993

- Set up another manufacturing plant at Faridabad, Haryana for Control Gear Products
- Listed on the Stock Exchange

1990

- Set up manufacturing plant at Sahibabad, U.P. for Changeover Switches

1980

- Started manufacturing high quality Energy Meters at Tilak Nagar, Delhi

1979

- Set up manufacturing plant for HBC Fuses at Badli, Delhi

Did you know

Havells is the:

- First brand to launch energy efficient Innova and Elite
- 2nd largest manufacturer of Cables and Modular Switches
- First in the industry to launch Havells World -a unique retail concept

1997
- Acquired Electric Control & Switchboards at NOIDA, U.P. for manufacturing customised packaged solutions

1987
- Started manufacturing MCBs at Badli, Delhi in Joint Venture with Geyer, Germany

1983
- Acquired Towers and Transformers Limited and turned it into a profitably manufacturing Energy Meters Company in 1 year

1976
- Set up the 1st manufacturing plant for Rewireable Switches and Changeover Switches at Kirti Nagar, Delhi

1971
- Bought HAVELLS brand

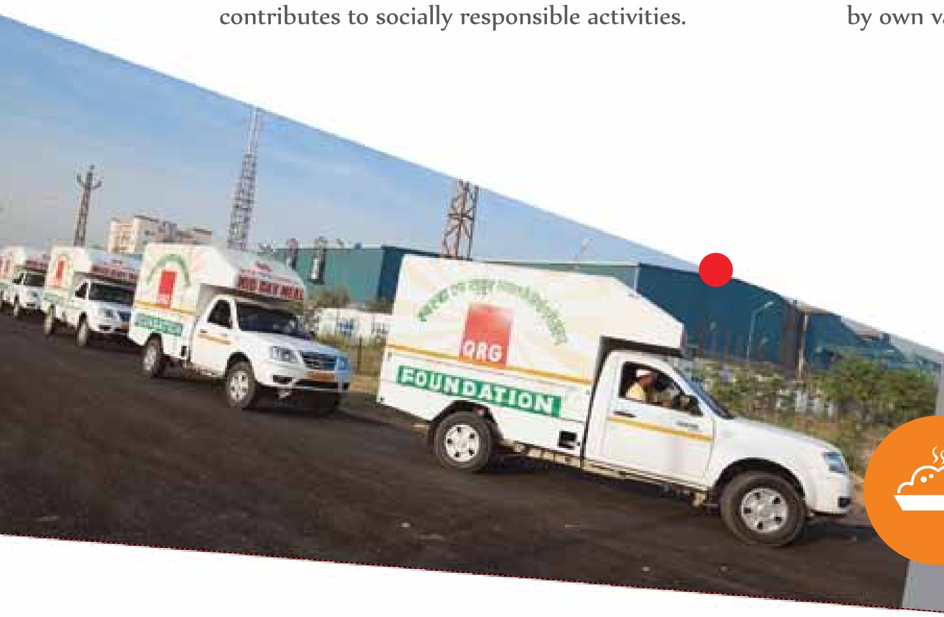
1958
- Commenced trading operations in Delhi

Repaying Society

Havells derives great benefits from the communities it serves and has a structured outlook to repay society through CSR activities.

Social and environmental responsibility has been at the forefront of Havells' operating philosophy and as a result, the company consistently contributes to socially responsible activities.

One of our signal projects in the CSR domain is providing mid-day meal in government schools in Alwar district, covering 35,000 students per day. The fresh and hygienic food is prepared in one of most modern kitchens that is spread over an area of 40 acres of land and supplied by own vans.



The group company, QRG Healthcare runs a 140 bed hospital in Faridabad and will soon launch another 400 bed hospital in Faridabad by end of the year.

In the past, the company has generously contributed to the society during various national calamities like the Bihar Flood, Tsunami and Kargil National Relief Fund etc.

Board of Directors

V K CHOPRA
Director

A P GANDHI
Director

DR. ADARSH KISHORE
Director

NITEN MALHAN
Director

SURJIT GUPTA
Director

QIMAT RAI GUPTA
Chairman and
Managing Director

ANIL RAI GUPTA
Joint Managing
Director

RAJESH GUPTA
Director
(Finance)

S B MATHUR
Director

S K TUTEJA
Director

directors' report

Directors' Report

Dear Shareholders,

Your Directors present the Company's 30th Annual Report and Audited Accounts for the financial year ended 31st March 2013.

RESULTS FOR THE YEAR

(₹ in Crores)

Particulars	Consolidated		Standalone	
	2012-13	2011-12	2012-13	2011-12
Net Sales	7,247.89	6,518.20	4,224.99	3,615.61
Other Income	33.37	41.35	10.49	7.17
Operating Profit before Finance cost, Depreciation, Tax and Extraordinary items	702.26	698.68	543.61	462.86
Less:				
Depreciation and amortization expenses	109.66	94.85	57.88	44.66
Finance Costs	123.22	128.10	28.55	44.39
Profit before Tax and Exceptional Expenses	**469.38**	**475.73**	**457.18**	**373.81**
Add: Exceptional Expenses	194.41	–	–	–
Less: Tax	82.36	105.81	85.79	68.38
Net Profit for the year	**581.43**	**369.92**	**371.39**	**305.43**
Add : Balance brought forward from previous year	638.91	393.29	993.03	778.37
Add : Share of Profit transfer to minority	0.00	0.51	–	–
Add: Transferred in pursuance of Scheme of Amalgamation	–	–	–	34.04
Profit available for appropriation	**1,220.34**	**763.72**	**1,364.42**	**1,117.84**
Appropriation of Profits				
Transfer to General Reserve	37.50	30.55	37.50	30.55
Proposed Dividend	93.58	81.10	93.58	81.10
Corporate Dividend Tax	15.91	13.16	15.91	13.16
Balance carried over to Balance Sheet	1,073.35	638.91	1,217.43	993.03
	1,220.34	**763.72**	**1,364.42**	**1,117.84**

DIVIDEND

Your Directors are pleased to recommend a Dividend @ ₹ 7.50 per equity share for the year 2012-13. The proposed dividend, subject to approval of Shareholders in the ensuing Annual General Meeting of the Company, would result in appropriation of ₹ 109.49 crores (including Corporate Dividend Tax of ₹ 15.91 crores) out of the profits thus giving 29.48% payout from the net profit of the Company. The dividend would be payable to all Shareholders whose names appear in the Register of Members as on the Book Closure Date.

The Register of Members and Share Transfer books shall remain closed from 22nd June 2013 to 28th June 2013 (both days inclusive).

FY 2013 IN RETROSPECT

Havells, on a standalone basis had net sales of ₹ 4,225 crores in 2012-13 against ₹ 3,616 crores in 2011-12. The operating profit before Finance cost, depreciation and tax was ₹ 544 crores in financial year 2012-13 against ₹ 463 crores in financial year 2011-12. The comparison includes foreign exchange loss of ₹ 3.38 crores in 2011-12 and foreign exchange gain of ₹ 0.87crores in 2012-13. Profit after tax was ₹ 371 crores in current year 2012-13 against ₹ 305 crores in previous year 2011-12.

Havells, on a consolidated basis had net sales of ₹ 7,248 crores in financial year 2012-13 against ₹ 6,518 crores in previous financial year 2011-12. The consolidated operating profit before Finance cost, depreciation and tax was ₹ 702 crores in current year 2012-13 against ₹ 699 crores in previous year 2011-12.

PERFORMANCE REVIEW

The year 2012-13 has been a satisfactory year keeping in view the global economic conditions. Havells India grew by 17% with a turnover of ₹ 4,225 crores and PAT of ₹ 371 crores. The sluggish growth in infrastructure sector impacted the performance of industrial cable division but all other segments registered impressive growth.

Your Company is primarily an electrical equipment company with products for the industrial & domestic sectors. Circuit protection switchgear, cables, motors, fans, power capacitors, compact fluorescent lamps (CFL), luminaries, modular switches water heater and domestic appliances etc are some of its star products. Havells has some of the best global brands such as Crabtree, Sylvania, Concord, Luminance in its portfolio. Crabtree is a premium brand offering customers switches and switchgears.

Havells Sylvania is a leading, full-spectrum provider of quality, energy-efficient solutions for professional and architectural lighting and is committed to environmentally sustainable products in the international markets. Brand - Sylvania has enabled Havells to have a global presence, exposure and opportunity. Sylvania is amongst the largest lighting companies in the world. Its brands like Concord and Lumiance are lighting some of the most prestigious installations in the world like Madame Tussauds Wax Museum, London, National Museum, Delhi, French Tunnel, House of Guru Rabindranath Tagore, Kolkata, Renault showrooms worldwide and many others.

During the year, Havells marked its foray into entry level conventional piano switches 'Reo', creating a new segment of Premium Conventional Switches. 'Reo' has received enthusiastic response from customers and dealers. For the first time Havells under its premium brand Crabtree launched super premium glass plate switches 'Murano' in its portfolio. The Company also expanded the product range in Crabtree brand by introducing distribution boards, MCB, RCCB and range of Time switches.

The Company continued to invest in brand building and spent close to ₹ 125 crores. The Company introduced new ad campaigns. These campaigns over the years have been helping the Company achieve top of the mind recall amongst its customers and thereby help improve sales.

During the year your Company entered into a revised Trademark License Agreement with QRG Enterprises Limited (one of the promoter companies), pursuant to which the brand "Havells" will be transferred to the Company for no consideration with effect from 1st April 2016. Presently, the brand is owned by QRG Enterprises Limited and being used by the Company. The existing Trademark License Agreement between the companies is expiring in financial year 2015-16.

The Company commissioned a large scale lighting fixtures plant at Neemrana, Rajasthan under the supervision of Sylvania France factory team, during the financial year. It is equipped with state of the art machinery and is comparable to the French plant in Sylvania. This plant will help address domestic and international demand for lighting fixtures. The growth in Small domestic appliances and water heaters segment continued to show great results during the year.

Joint Venture with Shanghai Yaming Lighting Co. Ltd.

Your Company has a joint venture viz. Jiangsu Havells Sylvania Lighting Co. Ltd. with Shanghai Yaming Lighting Co. Ltd., in People's Republic of China, with a focus on launching energy efficient and green lighting solutions. The 50:50 joint venture of Havells India with Shanghai Yaming Lighting Co. Ltd. (China) to manufacture lighting products in China aims to leverage upon technology and manufacturing strengths of its partners, providing energy and cost efficient products for Global Sylvania and local China markets.

During the financial year, both parties to the JV injected 30% each of the registered capital with the total capital amounting to US $ 6 mn. This contribution shall be mainly used for capital expenditures and structural development. Execution of first phase of project has been completed in which Assembly Line for Fixtures, CFL & HID has been established and initial production has commenced for HID Lamps, HID Outdoor Fixtures, CFL Lamps, and LED Outdoor Fixtures. JV has started supplying to Havells India & Havells Sylvania entities and made total sales of US$ 3 million during the year.

AWARDS AND RECOGNITION

Most Trusted Electrical Brand of the country

'HAVELLS' has been ranked as the 'Most Trusted Electrical Brand' of the country for the second consecutive year by Trust Research Advisory (TRA), that publishes "The Brand Trust Report" each year listing India's most trusted brands. TRA research measures 61 tangible and intangible aspects of brand trust which combine to reflect the attitudes and deep-embedded associations the brand makes with its stakeholders.

Your Company was also judged as the best Cables Company by the renowned Zee Business in its First Edition of 'Good Home Awards'. The independent research was done by Ipsos, a global market research agency, to poll some of the key stakeholders for home products, existing users, intenders/ prospective buyers and contractors to arrive at a ranking of best brands in 15 categories. Parameters used for recognizing the winner were familiarity/ brand image; trust/ quality; innovative products/ solutions; company recommended by trade; availability/ dealer network/ after sales service.

RAISING THE CEILING FOR FII INVESTMENTS IN THE COMPANY

During the year ended 31st March 2013, the participation by SEBI registered Foreign Institutional Investors (FIIs) in the share capital of your Company reached the maximum threshold of 24%. The Board of Directors hence decided to raise the permissible limit for FII shareholding from 24% to 40% to facilitate increased participation by FIIs.

The necessary consent of the Shareholders as required in terms of Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 was obtained vide Special Resolution dated 9th April 2013 passed by way of postal ballot and e-voting.

EMPLOYEES STOCK OPTION PLAN 2013

During the year, the Board of Directors introduced a stock based incentive plan titled Havells Employees Stock Option Plan 2013 (‘ESOP 2013’ or ‘Plan’). The Plan aims for the benefit of eligible employees and to uphold Havells philosophy of employee ownership and retention.

Promoters, Directors directly or indirectly holding 10% or above of the equity share capital of the company, Employees not residing in India or Non-Resident Indians (NRIs) are not eligible for the grant of options under this Plan.

The Plan is administered by Havells Employees Welfare Trust under the supervision of the Nomination and Remuneration Committee of the Board of Directors of the Company.

The Shareholders of the Company, in terms of their Special Resolution dated 23rd March 2013, passed by way of postal ballot and e-voting, have given their approval to ESOP 2013, to issue upto 12,47,748 (Twelve Lacs Forty Seven Thousand Seven Hundred and Forty Eight) Options convertible into equal number of Equity shares of ₹ 5/- (Rupees five) each to eligible employees under the Plan resulting in a dilution of upto 1% of the equity share capital of the Company.

Your Company’s Statutory Auditors have certified that your Company’s Employee Stock Option Plan has been implemented in accordance with the SEBI Guidelines and the Resolution passed by the Members in this regard.

Disclosures as required under clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the ‘SEBI Guidelines’) are set out in **Annexure A** to this Report.

CORPORATE GOVERNANCE

Good governance is all about commitment to values and ethical business conduct. It is a mindset of the organization.

Your Company has duly complied with the Corporate Governance provisions as stipulated under clause 49 of the Listing Agreement in both letter and spirit. The Company’s core values of honesty and transparency have since its inception been followed in every line of decision making. This cumulatively at the Board level is codified to be the good governance standards at Havells. Perceptions are not built on mere assumptions and the brand that Havells has been able to build is a testimony to the fact that Corporate Governance is no concept but a way of doing business at Havells.

Statutory compliances evidencing the standards expected from a listed entity have been duly observed and a Report on Corporate Governance as well as the Certificate from Statutory Auditors confirming compliance with the requirements of clause 49 of the Listing Agreement form part of the Annual Report.

Further, the Management Discussion and Analysis Report and CEO/ CFO Certificate on discharge of finance function are also presented in separate sections forming part of the Annual Report.

ENVIRONMENT, HEALTH AND SAFETY

Havells is committed to caring for people and the planet by integrating environmental and safety principles in all aspects of its business be it from procurement, material-use, manufacturing of sustainable products, creating awareness through marketing, and innovation/R&D for better products and processes. We constantly monitor and better our environmental and occupational health and safety performance through our internal risk management exercise. You would be happy to know that this year onwards your Company will be publishing Sustainability Report.

At the compliance level, your Company conforms to all applicable regulatory Environmental Health & Safety (EHS) requirements wherever it operates.

Your Company is sensitive to environmental and resource conservation and its manufacturing philosophies ensure safety of the worker and surroundings. Being in a non-polluting category of business, it has minimal impact on the environment but has a huge positive impact on the local community. RoHS or ‘Restriction of Hazardous Substances’ compliance in all its products like CFLs, cables, PCBs, etc. ensures safety across the product life cycle. Your Company strongly believes and promotes energy conservation not only through its products but also within the premises. Energy conservation measures have been adopted at all the plants.

Your Company follows best practices for health and safety. Employees and workers are regularly trained by industry experts on issues of occupational and industrial health & safety, first-aid and environment management. Healthy lifestyle and well-being are also promoted as a culture at Havells. Your Company also provides life insurance cover, personal accident cover and robust medical & health policies to all employees, workers, and channel partners against any unfortunate incident. Havells India strongly believes in maintaining a work-life balance and therefore follows strict in-and-out work-timings. This has gone a long way in maintaining a healthy, happy and motivated workforce.

Above all, the management is open to suggestions through vigilance and innovation policies like Idea and Satark where Havells stakeholders can bring significant issues to light. Such concerns are solved immediately to eliminate the risk.

EMPLOYEE RELATIONS

Havells has over the years realized the importance of human capital and duly acknowledges it in its business operations. Your Company has managed to create “Lifers” at Havells - people who have been associated with your Company for 20 years or more, many having started their earning life at Havells retire here, after serving your entity throughout their service life. It gives the much needed stability and satisfaction when we realize that our partners in success trust us to such an extent that they stand by us at all times.

Their experience, skills, knowledge, ideas and enthusiasm are an invaluable asset. We humbly acknowledge their contributions with competitive compensation and benefits that appropriately reward performance. Pay revisions and other benefits are designed in such a way to compensate good performance of the employees of the Company.

The talent pool of your Company has steadily evolved with changing times with fresh talent being infused to meet demanding situations. The Company has a scalable recruitment and human resource management process which enables us to attract and retain high caliber minds.

Havells has been considered as a safe working environment for women employees amongst its industry peers. To further reinforce the safety standards for women at workplace, the Board of Directors of the Company, adopted the "Nirbhaya" Policy on 18th April 2013 for Prevention, Prohibition & Redressal of Sexual Harassment of Women at Workplace.

Inspired by its commitment to quality and core values of honesty and transparency, your Directors and employees look forward to the future with confidence and stand committed to creating an even brighter future for all stakeholders.

CORPORATE SOCIAL RESPONSIBILITY

We honor our responsibility to "give back" to society. This includes contributions of time and money, a duty to provide environmentally friendly products and services, and a desire to improve the lives of individuals here and around the globe.

Your Company focuses primarily on education and healthcare services which are essential in promoting sustainable human development and economic growth. At Havells, we integrate corporate responsibility into daily operations.

With a belief that corporates have a special and continuing responsibility towards social development, Havells Group has been undertaking CSR activities on a significant scale through QRG Foundation, a Trust instituted by the group. The Vision of Havells Group's CSR activities is to make sustainable impact on the human development of under-served communities through initiatives in Education, Health and Livelihoods.

During the year, your Company has donated a sum of ₹ 4.50 crores to QRG Foundation dedicated to support social and philanthropic causes.

A worthy endeavor that the Company supports strongly is to support children so they may become self-supporting, contributing citizens. Havells is providing mid-day meals to more than 35,000 students of primary schools in Alwar District. Providing these children with meals in schools gives them an incentive to come to school, stay in school and provides them with the necessary nutrients they need to focus on learning.

RESEARCH AND DEVELOPMENT

Pursuing a relentless commitment to quality, Havells is mandated to continuously innovate on processes and systems to deliver superior competitive capabilities and products. With the object of providing its customers the best products and zero defect services and to enable them to be comfortable and secure in usage of electricity, Havells' Center for Research and Innovation (CRI), at the Company's Head Office premises in Noida, U.P. has been operating consistently. The ISO-9001, 2000 certified CRI is recognized by Department of Scientific & Industrial Research and Ministry of Science & Technology, Government of India. Further, all Havells manufacturing units individually have their R&D departments (CRIs) and all of them are ISO 9001:2000 certified and are recognized by the Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology.

The R&D centre has been equipped with state-of-the-art equipment for carrying out research and securing proprietary technologies for your Company's businesses. The centre closely cooperates with the various departments so as to provide the best and the latest in terms of technology and design.

Your Company is inspired by the vision of attaining the position of one of India's most admired and valuable companies. To this end each product is continuously developed to effectively address the challenge of growth in an increasingly competitive market.

CREDIT RATING

CARE

Credit Analysis & Research Limited (CARE) is a full service rating company that offers a wide range of rating and grading services across sectors. CARE's Credit rating is an opinion on the relative ability and willingness of an issuer to make timely payments on specific debt or related obligations over the life of the instrument. CARE rates rupee denominated debt of Indian companies and Indian subsidiaries of multinational companies.

During the year, CARE has reaffirmed the **CARE A1+ [A One Plus]** rating assigned to the short-term facilities of your Company. This rating is applicable to facilities having a tenure upto one year. Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations.

Further, CARE has also reaffirmed the rating of **CARE AA [Double A]** assigned to the long-term facilities of your Company. This rating is applicable to facilities having a tenure of more than one year. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations.

SUBSIDIARY COMPANIES

As on 31st March 2013, your Company has 56 (fifty six) subsidiaries out of which 55 (fifty five) companies are registered outside India, 1 (one) of which is based at Hong Kong, which serves as a Central Procurement Company (CPC) to procure various electrical products for Havells and Sylvania trading operations.

In the light of MCA Circular No. 2/2011 issued by the Central Government dated 8th February 2011 the Company is exempted from attaching the Annual Accounts of each of its subsidiary companies with the Balance Sheet of the Company.

The Board of Directors of the Company has, by Resolution passed in its meeting held on 28th May 2013, given consent for not attaching the Balance Sheets of the subsidiaries concerned.

The consolidated financial statements of the Company and all subsidiaries duly audited by the statutory auditors are presented in the Annual Report. The consolidated financial statements have been prepared in strict compliance with applicable Accounting Standards and, where applicable, Listing Agreement as prescribed by the Securities and Exchange Board of India.

Further, the following information in aggregate for each subsidiary including subsidiaries of subsidiaries has been annexed to the consolidated balance sheet:-

(a) capital (b) reserves (c) total assets (d) total liabilities (e) details of investment (except in case of investment in the subsidiaries) (f) turnover (g) profit before taxation (h) provision for taxation (i) profit after taxation (j) proposed dividend.

The annual accounts of the subsidiary companies and the related detailed information shall be made available to Shareholders of the Company and its subsidiary companies upon request and it shall also be made available on the website of the Company i.e. www.havells.com. The annual accounts of the subsidiary companies shall also be kept for inspection by any shareholder in the head office of the Company and the offices of its subsidiary companies.

BOARD OF DIRECTORS

Pursuant to the provisions of Section 256 of the Companies Act, 1956, Shri S K Tuteja and Dr. Adarsh Kishore, Directors, are due to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The Shareholders of the Company in the Annual General Meeting held on 25th August 2009 had last re-appointed Shri Qimat Rai Gupta as the Chairman and Managing Director and Shri Anil Rai Gupta as the Joint Managing Director of the Company with further revision to the terms being made in the Annual General Meeting of 29th September 2010, and as per the terms of the Resolution, their tenure shall expire on 31st March 2014.

Accordingly, the Nomination and Remuneration Committee of the Board of Directors in its meeting held on 18th April 2013, in accordance with the provisions of Sections 198, 269, 316, 309 and 310 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, has recommended to the Shareholders of the Company, the re-appointment of Shri Qimat Rai Gupta as the Chairman and Managing Director and Shri Anil Rai Gupta as the Joint Managing Director of the Company for a period of 5 years with effect from 1st April 2014 to 31st March 2019.

Further, the Shareholders of the Company in the Annual General Meeting held on 29th September 2010 had also re-appointed Shri Rajesh Gupta as the Director - Finance of the Company for the period from 1st April 2010 to 31st March 2015. The Nomination and Remuneration Committee of the Board of Directors in its meeting held on 18th April 2013, has also recommended to the Shareholders of the Company, the revision in the terms of appointment of Shri Rajesh Gupta, Director-Finance of the Company with effect from 1st April 2014 for the balance term of his tenure upto 31st March 2015.

The details of Directors being recommended for re-appointment as required in clause 49 of the Listing Agreement are contained in the accompanying Notice convening the ensuing Annual General Meeting of the Company.

Appropriate Resolution(s) seeking your approval to the re-appointment of Directors are also included in the Notice.

AUDITORS

The Statutory Auditors, M/s V. R. Bansal & Associates, Chartered Accountants, (Regn. No. 016534N) and M/s S.R. Batliboi & Co. LLP (Registration No. 301003E) hold office till the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. The certificate from the Auditors have been received to the effect that their re-appointment, if made, would be within the prescribed limit under section 224(1B) of the Companies Act, 1956.

AUDITORS REPORT

The observations of Auditors in their reports on standalone and consolidated financials are self-explanatory and therefore do not call for any further comments.

COST AUDITORS

In terms of letter No. 52/26/CAB-2010 dated 24th January 2012 received from the Cost Audit Branch of the Ministry of Corporate Affairs and pursuant to the provisions of section 224(1B) read with section 233B of the Companies Act, 1956, M/s Sanjay Gupta & Associates (Regn No 00212), Cost Accountants were appointed as the cost auditors of the Company for the year ending 31st March 2013.

Further, the Compliance Report in respect of the financial year 2011-12 was filed by the Cost Auditor in the XBRL mode in Form A on 11th January 2013, within the due date of 28th February 2013.

FIXED DEPOSITS

The Company had, in the past, been accepting Fixed Deposits from its members and public till year 2005-06 and the Board of Directors of the Company, in its meeting held on 30th July 2012, decided to resume the activity afresh from the financial year 2012-13 onward. Accordingly, pursuant to the provisions of Section 58A read with Companies (Acceptance of Deposits) Rules, 1975, a Statement in Lieu of Advertisement was delivered to the Registrar of Companies, NCT of Delhi & Haryana for registration enabling the Company to accept the deposits till the ensuing Annual General Meeting.

There were no deposits outstanding or due as on 31st March 2013. Since then, your Company has accepted fixed deposits amounting to ₹ 45.55 crores which are within the limits prescribed under the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge hereby state and confirm that:

i) in the preparation of the annual accounts of the Company, the applicable accounting standards had been followed along with proper explanations relating to material departures;

ii) the Directors had selected such accounting policies and applied them consistently and made 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 profits of the Company for that period;

iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

iv) the Directors had prepared the annual accounts of the Company on a going concern basis.

CERTIFICATIONS

The Company has acquired a number of international certifications, like BASEC, KEMA, CB, CE, ASTA and RoHS for its various products to expand its reach in international arena.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 205C of the Companies Act, 1956, your Company has transferred ₹ 1,30,215/- to the Investor Education and Protection Fund. This amount was lying unclaimed/ unpaid with the Company for a period of seven years after declaration of Dividend for the financial year ended 2004-05.

CONTRIBUTION TO EXCHEQUER

The Company is a regular payer of taxes and other duties to the Government. During the year under review your Company paid ₹ 85.79 crores towards Income Tax as compared to ₹ 68.38 crores paid during the last financial year. The Company also paid Excise Duty of ₹ 281.38 crores, Sales Tax & Service Tax of ₹ 372.98 crores, totaling ₹ 654.36 crores during financial year 2012-13 as compared to ₹ 493.85 crores paid during last financial year.

LISTING OF SHARES

The shares of the Company are listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). NSE has been defined as the Designated Stock Exchange of the Company. The listing fee for the year 2013-14 has already been paid to the credit of both the stock exchanges.

PERSONNEL

Particulars of Employees required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, form part of this report and are annexed herewith. However, in terms of Section 219(1)(b)(iv) of the Companies Act, 1956 the Report and Accounts are being sent to the Shareholders excluding the aforesaid Annexure. Any Shareholder interested in obtaining copy of the same may write to the Company Secretary at the Registered Office.

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

Particulars as required to be disclosed as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in the statement attached hereto in **Annexure C** and form part of this report.

ACKNOWLEDGEMENTS & APPRECIATION

The Board places on record its appreciation for the continued co-operation and support extended to the Company by Banks, financial institutions, Rating Agencies, Stock Exchanges, NSDL and CDSL.

The Board wishes to express its grateful appreciation for the assistance and co-operation received from vendors, customers, Central and State Government bodies, auditors, legal advisors, consultants, dealers, retailers and other business associates.

The Board deeply acknowledges the trust and confidence placed by the consumers of the Company and, above all, the shareholders.

The Board of Directors would particularly like to place on record its appreciation for the dedicated efforts of the employees at all levels.

For and on behalf of
Board of Directors of Havells India Limited

(Qimat Rai Gupta)
Noida, May 28, 2013 Chairman and Managing Director

ANNEXURE "A" TO THE DIRECTORS' REPORT

Information to be disclosed under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999:

a)	Options granted	45,939
b)	The pricing formula	The Exercise Price for the purpose of grant of options will be 50% of the Option Price of the shares on the Relevant Date. The Eligible Employees have authorized the Company to make a monthly deduction of 10% (ten percent) of their basic salary till March 31 of each financial year effective from 1st July 2012 to utilise the same towards contribution for exercise price for the relevant vested options.
c)	Options vested	Nil
d)	Options exercised	NA
e)	The total number of shares arising as a result of exercise of option	NA
f)	Options lapsed	Nil
g)	Variation of terms of options	None
h)	Money realised by exercise of options	NA
i)	Total number of options in force	45,939
j)	Employee wise details of options granted to;-	
	(i) senior managerial personnel;	Name of employees are not disclosed in view of the sensitivity involved.
	(ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.	None
	(iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant;	None
k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	₹ 29.76
l)	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	NA
m)	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	NA
n)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information: (i) risk-free interest rate (ii) expected life (iii) expected volatility (iv) expected dividends, and (v) the price of the underlying share in market at the time of option grant.	NA

Note: *(1) The above options were granted on 8th April 2013.*

(2) The options as granted under ESOP 2013 shall vest as follows:

- *50% of the options shall vest at the end of 1 (one) year from the relevant grant date; and*
- *remaining 50% of the options shall vest at the end of 2 (two) years from the relevant grant date*

ANNEXURE "C" TO THE DIRECTORS' REPORT

CONVERSATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Energy Conservation and its efficient use is a least cost option to mitigate the gap between demand and supply as well as it also plays a vital role for reducing our cost of production. Your Company as a corporate entity has a very strong commitment towards it for the benefit of the nation and itself. Every unit of your Company has trained staffs to implement this policy.

Efforts to optimize process parameters, modernize and upgrade technology as well as equipments, with the objective of increasing Energy productivity are constant. Employees are encouraged to give ideas and to get involved in Energy Conservation initiatives.

Pursuant to Section 217(1)(e) read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the information on the conversation of energy, technology absorption, foreign exchange earnings and outgo is laid out as under:

A. CONSERVATION OF ENERGY

(A) ENERGY CONSERVATION MEASURES TAKEN

The energy conversation measures taken at various plant locations are summarized hereunder:

SAHIBABAD

- Cooling Tower is used for molding section in place of Chiller (30 Tones).
- Timer has been installed in Heating Oven used for capacitor element stabilization and now ovens are working in auto OFF mode.
- Hydraulic Oil Filter Machine installed for oil conservation for all molding machines.
- Air Booster has been used in Capacitor Winding Machine, CNC & MCCB machines.
- Cooling tower fan motor is stopped in winter season.

ALWAR

- 150kW Slip ring motor & Slip ring Starter are replaced with 220kW VFD Drives and AC Motor- 1 No. Investment incurred on this is ₹ 5.56 Lacs.
- 20H.P DC Motors & DC Drives are replaced with VFD Drives and AC Motors-15Nos. Investment incurred on this is ₹ 12 Lacs.
- The reduction ratio of 8 nos. of Extruders are recalculated & adjusted again after replacing the pully at motor and at machine. This result in reduction of power consumption at motor. Investment incurred on this is ₹ 0.45 Lac.
- The calibration of fuel pump and injectors of Hot water Generators and Boilers is done regularly to save fuel. Investment incurred on this is ₹ 1.92 Lacs.
- Power factor of plant is monitored on daily basis and the total saving for the financial year is ₹ 54.44 Lacs.
- Modification for material conveying system to the twin extruders in PVC Compound resulted in elimination of 20 KW motor to save energy of ₹ 0.50 Lac per month.
- Replacement of 5 Tubular of Conductor Making Machine with 2 Bow Twister resulted saving of ₹ 2 Lacs per month. Investment made for the same is ₹ 50 Lacs.

BADDI

- Energy efficient Air compressor with VFD installed for Night and peak off load hrs.
- Mechanical Feeders installed in press shop

FARIDABAD

- Use of PNG in place of Diesel for powder coating plant including phosphating. Total saving per annum is ₹ 20.80 Lacs.
- Use of electrical screw driver in place of pneumatic screw driver (direct use of electricity) saves power— reduction in size of compressors (by 15.34 KW in terms of elec. Power)- Total saving per annum -- ₹ 3.63 Lacs.
- Using waste water of R.O. plant – by recycling and for hydrant system. Total saving per annum is ₹ 2.88 Lacs.
- Time Switch (Havell's make) for street lighting – saves un-necessary switching the light when not required.

HARIDWAR

- Saving project at street lighting by replacing Sodium Vapor lighting by LED lighting.
- Re-lay outing of the lighting control system at shop floor.

NEEMRANA

Fixtures

- Redesigned the Painting Hanger to double the loading of Strips & batten covers; resulting in increase of Productivity and energy conservation approximately ₹ 2.5 Lacs saving per month.
- Installed Plant in new building with natural daylight, LPG fired paint shop, conducted Energy audit by 3rd Party. Identified Potential Energy Conservation measures enabling ₹ 1 Lac per month saving by blocking loose point.

CFL, CMI

- Refurbishment and re-engineering applied at Baker machines to reduce the Heat losses and made provision of hot air flow for tube baking through oven.
- Modified the annealing ovens to optimize the energy consumption by replacing the Gas Fuel in to Electric Heaters.
- Installation of High pressure air receiver to enhance efficiency of compressor as well as capsule lines.

NOIDA

- Installed new High efficient Air Compressor KAESER – BSD72 which save 352 units/Day as compare to old Air Compressor ELGE-E37, old Air Compressor used for back up only. The same has been implemented from January 2013.

(B) ADDITIONAL INVESTMENT AND PROPOSALS, IF ANY, BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY

SAHIBABAD

- 2nd Module Testing Machine in capacitor division to be installed to reduce running time from 24 hrs. to 12 hrs.
- Interchanging the Capacitor Chiller Air cooled to Cassette A.C. will result in Annual Saving ₹ 2.9 Lacs.
- Servo systems to be implemented in all injection molding machines which will save approximately 30-40% power consumption in molding section.

ALWAR

- 12 Nos DC Motors and Drives above 100 KW to be replaced with AC Motors and Drive. Investment required on this is approx. ₹ 1 Crore. The same is planned month on month basis.
- (a) Replacement of 630mm Driven Pay off by Cone type pay off of extruders.

  (b) 630mm Dual take up manual changeover replaced by 1000 mm Dual take up with Automatic.

  (c) 1000 mm Pay off on coiling m/c instead of 630mm.

  Total investment to be made in (a), (b) and (c) above will be ₹ 1.50 Crore.

BADDI

- LED lights for shop floor area.
- Solar energy for lighting purpose.

FARIDABAD

- Use of direct solar light through solar tubes in day time to save 100% electrical energy for lighting.
- Use of treated ETP water for flushing to save fresh water.
- Use of VFD in air-compressors.

NEEMRANA

Fixtures

- Investing Approximate ₹ 10 Lacs on Power Trading to cut down Power Procurement Cost by ₹ 1.5/Unit approximate 6 Lacs Saving per year.
- Planning to give Thermo Ceramic Coating in panting oven, adopting electrical devices instead of Pneumatic devices for energy conservation.

CFL, CMI

- Investing approximate 10 Lacs on Power trading to cut down power procurement cost by ₹ 1.5/Unit
- Street light Halogen lamps to be replaced with LED lamps.

(C) IMPACT OF THE MEASURES AT (A) AND (B) FOR REDUCTION OF ENERGY CONSUMPTION AND CONSEQUENT IMPACT ON THE COST OF PRODUCTION OF GOODS

SAHIBABAD

- Cooling Tower is used for molding section in place of Chiller (30 Tones) resulting in annual saving of ₹ 6 Lacs.
- Heating Oven will stop after set period of time. No manual control required.
- With the implementation of Hydraulic Oil Filter Machine for all molding machines, life of the machines & oil has been increased 300% resulting oil conservation.
- With the implementation of Air booster compressor significant savings are made in running time and also machine efficiency has been improved.
- 30% saving has been achieved in Cooling tower after stopping fan in winter season.

ALWAR

- Total saving due to conversion of Slip ring Motor and Slip ring Starter to AC motor and AC Drive is ₹ 0.25 Lac per month approx.
- Total saving due to conversion of DC Motors and DC drives to AC motors and AC Drives is ₹ 0.50 Lac per month approx.
- The total saving in power consumption is ₹ 1.25 Lacs per month approx.
- The total saving from calibration is ₹ 0.32 Lac per month approx.
- The Total saving from proposed investments will be approx of ₹ 7 Lacs per month.

BADDI

- With Energy efficient compressor, the plant is getting average saving of ₹ 0.02 Lac per day (Saving of 376 units per day during full load run).
- With Mechanical feeders there is saving of compressed air costing ₹ 2 Lacs per year.

FARIDABAD

- Total saving per annum due to energy conversation measures taken is ₹ 27.31 Lacs per annum.

HARIDWAR

- Saving of approx. ₹ 0.12 Lac per month

NEEMRANA

Fixtures

- The adoption of latest technology and World Class Manufacturing Practices will lead to Energy Efficient operation and reduction in Product cost.

CFL, CMI

- LPG – Approx saving per month is 28.14% for the year 2012-2013 in CFL.
- Electricity – Approx saving per month – 12128 kWh by optimization of Motor Load and redesign of heaters – M type, on exhaust machine.

NOIDA

- Total cost saving is approximate ₹ 9.88 Lacs annually

B. RESEARCH AND DEVELOPMENT (R & D)

1) SPECIFIC AREAS IN WHICH R&D CARRIED OUT BY THE COMPANY

NOIDA (CRI, HEAD OFFICE)

- **Thermal Engineering**

  Heat transfer and Computational Fluid Dynamics (CFD) analysis in LED lighting fixtures for design optimization & improve the overall performance. Application of heat transfer analysis for optimized design of distribution circuit boards.

- **Mechanical Engineering**

  FEA carried out to evolve the design solutions for products, latest design softwares used to increase the efficiency, improve product designs & facilitate designers so that they can develop best quality products. Rigorous Stress analysis carried out to achieve the best design. Special fixtures and lamps designed for better light output and efficiency.

- **Process Engineering**

  Mold Flow Analysis carried out to enhance the productivity & efficiency of tooling. Latest technology CNC machines with advanced features incorporated in tool room to improve accuracy of components.

- **Electrical Engineering**

  Electro Magnetic Analysis conducted to adjudge the performance of designed products, Electro thermal analysis carried out to ensure the safe working environment. Short circuit testing facility upgraded for more effective analysis of the test results.

- **Automation & Control**

  Enhanced lighting products performance through utilization of analysis softwares as Photopia. PCB design and simulation carried out for effective performance in softwares as Orcad. GSM based technology adopted for efficient control of starters.

- **Import substitution**

  Developed new range of improved Lighting fixtures and Electrical wiring accessories.

- **Technology Upgrades**

  - Interaction with the research institutes to explore the latest technology streams, latest products, designs, processes, manufacturing techniques & analytical systems.
  - Regular review of Patents in the related technological areas.
  - Knowledge & skills enhancement of R & D engineers through trainings, conferences & exhibitions
  - Designing of Parabolic reflector lamps which does not require any separate reflector
  - Design of Smoke extraction motor for enhanced operating temperature upto 250°C for specialized applications as inside tunnel.
  - Design upgrade of Starters, the manual site operated starter was converted to GSM based starter with enhanced features & inbuilt protection measures to emerge out as a complete solution.
  - Designing & implementation of Triload Distribution boards with metering for safety & ease of installation to meet the requirements of European markets.
  - Implementation of latest version of designing & data management softwares.

- **Quality improvement**

  - International certifications taken for the range of new products as per the requirement.
  - Adapted Design for Reliability techniques to enhance consistent product quality.

- **Other Development**
  - In-house development & manufacturing of non-modular Electrical Wiring Accessories range.
  - In-house development & manufacturing of Electronic Circuit Breaker upto 630A.
  - In-house development & manufacturing of Panel boards for domestic and export market.
  - In-house development & manufacturing of wide range of LED Lighting fixtures for domestic and export.
  - In-house development & manufacturing of ceramic metal halide tubular Lamps for outdoor applications.
  - Introduction of Parabolic reflector lamps.
  - Introduction of smoke extraction motor with special requirements.
  - Introduction of premium range of Fans with appealing aesthetics and enhanced features.
  - Introduction of premium range of domestic appliances mixer grinders, press.
  - Introduction of wide range of Controlgear.
  - Introduction of wide range of Circuit breaker.

SAHIBABAD

- **Technology Upgrades**
  - New features added in ACB with better aesthetics
  - New compact size Enclosures developed.
  - Introduction of Street light Panel as a new product.
  - Introduction of Dabang Starter with wide band trip coil from 120V to 415 V with mechanical operated contactors
- **Quality Improvement**
  - Quality value engineering carried out in MCCB to make the products more competitive in the market through bench marking.
  - Tolerances further tightened & design reviewed in MCCBs to make the product more reliable.

ALWAR

- Development of P.V./Solar Cables.
- Development of Fire Survival Cables.

BADDI

- Motor starter of Thames and Athena developed in-house.
- 6 amp 5pin sockets developed in-house.
- New Range of Reo switches developed.
- New Range of CRABTREE MCB, RCCB, RCBO & ISOLAOR
- Value Engineering in RCCB & MCB.

FARIDABAD

- Launch of new series of CRABTREE distribution board as per the customer requirement.
- MCCB panel Board for export market -- 250A, 400A & 630A launched.
- New Plug & Socket box with plastic cover & indicating light to improve aesthetic with new safety features.
- Tri-load distribution board (200A) for export.
- Programmable Time Switch range for switching on/off the devices.
- Automatic Phase selector distribution board launched.

HARIDWAR

- New products developments (fans).

NEEMRANA

Fixtures

- Developed energy efficient & innovative products for European, South African, and Middle East Markets.
- Entered into high end energy efficient lighting solutions like LED Products for domestic and export market.

CFL, CMI

- Developing MLFS range under ErP stage V requirements for European markets.
- Introduction of ABP coating technology.
- Developing customized machines in order to integrate 3 to 4 process in single machines (Innovation).
- Introduction of Fiber optic cable to transfer the lights from non-utilized area to operational area.

NOIDA

- High efficient Electronics control gear (Ballast) and domestic LED products for Latin America and Europe market

2) BENEFITS DERIVED AS A RESULT OF THE ABOVE R & D

NOIDA (CRI, HEAD OFFICE)

- Increased customer satisfaction.
- Enhanced opportunity to cater new market.
- Product quality improvement.
- Wide range of products to meet specific application requirements.
- Increased contribution through Quality value engineering.
- Energy efficient & environment friendly products.

- Globally competitive on quality, cost & delivery.

SAHIBABAD

- Increased customer satisfaction & sale ability.
- Improved Brand equity.
- Cost reduction through quality & productivity.
- New product introduction.

ALWAR

- New product Development.

BADDI

- With Value Engineering in Domestic Switchgear (MCB & RCCB), Total Saving of ₹ 28.5 Lacs per month achieved.
- New Crabtree XPRO Switchgear Range is developed with more features - Aesthetically & technically it is more advanced.
- In house manufacturing of Motor starter has improved its quality & made it cost effective too, total Saving is ₹ 24.4 Lacs per month.
- New Range of Reo switches is first Range in PIANO SWITCH Category - It is more technical & aesthetically advanced as compared to other competitors.
- Value Engineering EWA brought saving of ₹ 12.88 Lacs per month.

FARIDABAD

- More customer friendly with improved aesthetic look in case of new Distribution Boards.
- Increased product basket for export.
- Increase in market demand due to new segment of products.

HARIDWAR

- Sales increment/ market penetration.

NEEMRANA

Fixtures

- ISO 9001 (Quality Management System) ISO-14001 (Environment Management System) and OHSAS 18001 (Occupational Health and Safety System) certification completed in March 2013.

CFL, CMI

- Approx Annual Sales - ₹ 20 crores

NOIDA

- Exploring own strength for designing & development in electronics for export market also and will restrict resourcing from China for complete Electronics driver for lighting products.

3) FUTURE PLAN OF ACTION

NOIDA (CRI, HEAD OFFICE)

- To design & develop new range of electrical wiring accessories for domestic applications.
- To develop Home Automation solutions.
- To develop cost effective & compact solution for Photovoltaic applications.
- To develop cost effective LED solutions.
- To design high efficiency, low power consumption fans.
- To introduce new range of domestic self-priming pumps.
- To develop motors for stringent applications.
- To design & develop new range of Circuit breakers.

SAHIBABAD

- GSM controllers will be implemented in starters to make it mobile operated.
- Redesigning of Draw out terminal arrangement for better termination of bus bar & enhancement of ACB life.
- Double Door Load bank to be developed as new product.
- Quality value engineering to be carried out in ACB, MCCB to make more competitive in the market.
- In Molding, Nylon has to be implemented instead of DMC for better productivity & reduce wastage.
- Automatic product testing machines will be added in MCCB & Capacitor finished product to increase customer satisfaction.
- Introduction of Single phase preventer (SPP) in Dabang & ASD starter.
- Increased Short circuit breaking capacity by redesigning in MCCB.

ALWAR

- Development of EHV cables of grade 132/220KV.

BADDI

- Oro range of motor starter to be developed in-house.
- Thames switches and fan regulator to be developed in-house.
- New range of standard modular switches to be launched.
- Value Engineering in RCCB, ACCL, MCB & SWITCHES.
- ACCL Low Cost PCB Development.
- High Rating MCB Development.
- EURO-2 MCB NEW Range Development.

- New 63A Changeover Development.
- New RCBO SM Development.

FARIDABAD

- New range of SPN and TPN distribution board for Havells.
- New range of TPN vertical DBs (250A) for export market.
- New – Improved design of operating mechanism for Switch Fuse Unit (32A).
- Enhance the operational voltage from 415V to 500V for L.T. changeover switches and disconnectors.

HARIDWAR

- Focus on new products development and process improvements through automation

NEEMRANA

Fixtures

- Planning to put state-of-the-art Testing & Validation Laboratory for Innovative and energy efficient lighting products.
- Developing high end products for overseas market.

CFL, CMI

- Developing T2 lamps for domestic and export market.

NOIDA

- Focusing on high end Electronics Lighting products for export and Industrial grade lighting products.

4) EXPENDITURE ON R & D:

(₹ In Crores)

		2012-13	2011-12
(a)	Capital	1.09	1.44
(b)	Recurring	16.95	8.33
(c)	Total	18.04	9.77
(d)	Total R & D expenditure as a percentage of total turnover	0.4%	0.3%

C. TECHNOLOGY, ABSORBTION, ADAPTATION AND INNOVATION

1) EFFORTS, IN BRIEF, MADE TOWARDS TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION.

SAHIBABAD

- Successfully developed FPG Frame Rotary Tool from single cavity to double cavity.
- Most of our new tools are designed as progressive tools to improve productivity & quality.
- Heating Time of the DMC Molds has been reduced up to 30% by redesigning the Heaters sizes; earlier it was 10 to 12 mm dia. Now it is 16 to 20 mm.
- G Frame 3 pole Base Cover New tool under process with double cavity & compression mold which will increase productivity by 150% with improved strength.
- New SPMs has been added in MCCB (Bimetal & Trip arm assy.) with increased production & quality
- New design Pressing & Grooving machines has been installed in Capacitor division with consistent quality.

ALWAR

- Company's R & D centre is recognized by DSIR (Under Ministry of Technology India)
- Most Technological upgraded product such as Cable with Water Blocking conductor, Cables for safety/Alarm System which survive even under fire condition have been introduced through innovation.
- Company has also been awarded with most stringent product certificate for PV cables from TUV Rhineland Haridwar

BADDI

- Coil winding machine for 6 amps developed.
- Robotic Pick & Place integrated in High Voltage computerized test bench.
- Knob Printing SPM developed in-house.
- New production Lines for REO switch range developed.
- Dual color High speed SPM for Multiple printing of MCB developed.
- 63 amp coil bending, insulation removing and auto ejecting tool developed in-house.
- Safety sensors installed on all power presses.
- Mechanical feeders installed on power presses.

NEEMRANA

Fixtures

- Installing turret punching press with new technology in CNC control for increased speed and Roll Forming Machine for increased productivity, flexibility and energy conservation.
- Installed In-house developed Multi Head Spot Welding for welding corners together for better Productivity , Quality and Energy Utilization.

CFL, CMI

- Development of new CMI PAR Reflector Lamps PAR 30 & 20 – 16 SKU's and energy efficient street lighting CMI lamps – 4 SKU's. These have very good demand from LATIN AMERICA and other Regions of the world.

- Development of new CMI Range which has long life -18000 hrs and more energy efficient (100 lm/watt). These products are being developed with in house I.P. creation and expect to generate high volume business due to much improved performance and lower cost.

NOIDA

- Using high grade and low loss Ferrite material and Semiconductor MOSFET to high efficiency above 90% for FTL and LED drivers to meet upcoming standards for energy saving in lighting controls and drivers.

2) BENEFITS DERIVED AS A RESULT OF THE ABOVE EFFORTS, E.G. PRODUCT IMPROVEMENT, COST REDUCTION, PRODUCT DEVELOPMENT, IMPORT SUBSTITUTION, ETC.

SAHIBABAD

- Improvement in productivity and quality.
- Productivity enhancement and better machine utilization.
- Cost and time saving.
- Increased customer satisfaction.

ALWAR

- New product development

BADDI

- With development of coil winding machine;
  - Saving of ₹ 0.22 Lac per 2 Lacs pcs
  - In house manufacturing leads to improved quality and process control.
- Saving of one manpower and removal of human error for NG pcs.
- First in-house developed high speed printing for knob printing of MCB, with saving of two manpower, output 1800 pcs/ hr.
- Printing SPM leads to saving of one man power also improved productivity and quality due to new developed fixture.
- With development of 63 amp coil tool, productivity increased by 3 times, improved process control due to progressive tool. Earlier for output of 1500 Coils 3 manpower's were used. Now 1 manpower is producing 1500 coils.
- For most important the safety sensors installed on power presses to eliminate the human error leads to accidents.
- Mechanical feeder's results outstanding performance in term of component quality and consistency of same.

NEEMRANA

- Developed Conventional Progressive Tooling for mass production housing and reflector parts to increase productivity resulting in saving up to ₹ 8 per Product.

NOIDA

- As target to develop high energy saving lighting products now increasing efficiency 85% to 90% for high end FTL/ LED Electronics Drivers.

3) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

Technology imported	Year of Import	Has Technology been fully absorbed	If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action
1. Ceiling Fan motor testing line	2008-09	Yes	NA
2. Air delivery measurement system for ceiling fans	2008-09	Yes	NA
3. MCB Assembly Machine	2008-09	Yes	NA
4. Zera Calibration Machine	2008-09	Yes	NA
5. Silver Tip Welding Machine	2008-09	Yes	NA
6. Mechanism Assembly Machine	2008-09	Yes	NA
7. Spot Welding machine	2008-09	Yes	NA
8. Electric Servo based Molding Machine	2009-10	Yes	NA
9. Spray Painting System for Ceiling Fans	2009-10	Yes	NA
10. Technology to produce CFL capsule through complete automatic production line	2009-10	Yes	NA
11. Glove Box System for CMI Arc Tube manufacturing	2009-10	Yes	NA
12. High Speed Chip Shooter for manufacturing of PCB Assemblies	2010-11	Yes	NA
13. Precision Solder Paste Printer (Fully Automatic), Reflow oven & High Speed Glue Dispenser	2010-11	Yes	NA

Technology imported	Year of Import	Has Technology been fully absorbed	If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action
14. Power Coating Plant	2010-11	Yes	NA
15. Machinery for Manufacturing of Metal Halide lamp, Mercury Vapour lamps and Sodium Vapour Lamps	2010-11	Yes	NA
16. Machinery for Manufacturing of Metal Halide Arc Tubes and Lamps Components	2010-11	Yes	NA
17. Injection Moulding Machine- Model: Ecopower B6 Standard 110/350 H.	2010-11	Yes	NA
18. Cable Metal Corrugated Sheathing Machine	2010-11	Yes	NA
19. Drum Twister with Caterpillar & Rigid Frame Strander (Machinery for Manufacturing of Cable)	2010-11	Yes	NA
20. Automatic 4 station Compression Moulding Machine at Sahibabad	2011-12	Yes	NA
21. Installed Motor winding, manufacturing and Testing setup for Table, wall and pedestal fans at Haridwar	2011-12	Yes	NA
22. Powder Coating setup for Unit 1 at Haridwar	2011-12	Yes	NA
23. Computerized testing for Fan motor and stators at Haridwar	2011-12	Yes	NA
24. Stator Winding machines for Yorker and 24” Ceiling Fan models at Haridwar	2011-12	Yes	NA
25. Automatic Packaging Machine for Fans	2012-13	Yes	NA
26. Roll forming machine for Battens / Strips for Lighting Fixture Project	2012-13	Yes	NA
27. Half -Sprial Tube and Pre-Coating Machine for CFL	2012-13	Yes	NA
28. Ceiling Fan Blade Holder Screw Driving Machine	2012-13	Yes	NA
29. Coating Machine for Quartz Metal Halide Arc Tube	2012-13	Yes	NA
30. Surface Mounting Technology (SMT) Pick & Place Machine	2012-13	Yes	NA

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans

During the Financial Year 2012-13, the Company made Export sales of ₹ 219 Crores as compared to ₹ 173 Crores during the financial year 2011-12. There was a growth of 28% where in all round efforts were made to push to increase business in ‘Havells’ brand. The main highlights of Export Business are as follows:

- There was thrust and special focus for increase in business in the existing markets in addition to increasing business in new emerging markets in Africa, Middle East and SAARC.
- Focus was to introduce more product lines such as Home Appliances, Water Heaters and Lighting Fixtures.
- Product improvement and modifications were made on the basis of customer feedback and market specific requirements.
- Brand building was key and instrumental in growth in strong hold markets specifically in Africa, SAARC and Middle East.
- Special focus for project business was a part of this year activity, which helped in getting various utility projects in Kenya & Uganda for products like MCB and Cables.
- Growth in business of cables was backed by strong margin contribution in this product category.

(b) Total Foreign Exchange used and earned

(₹ In Crores)

	2012-13	2011-12
Foreign exchange earned	207.73	172.55
Foreign exchange used	397.59	396.50

For and on behalf of
Board of Directors of Havells India Limited

Noida, May 28, 2013

Chairman and Managing Director

Statement Pursuant to Section 212(1)(e) of the Companies Act,1956, relating to Subsidiary Companies for the year ended 31st March 2013.

(₹ in Crores)

Sl. No.	Name of the Subsidiary Company	Financial Year of the Subsidiary ended on	Extent of Interest of Holding Company as at 31st March 2013 in the Subsidiary			The net aggregate amount of Subsidiary's Profit/loss so far as it concerns the member of the Holding Company and is not dealt with in the Holding Company's accounts		The net aggregate amount of Subsidiary's Profit/loss so far as it has been dealt with in the Holding Company's accounts	
			No of Shares held by Havells India Ltd.	Nature of Interest Subsidiary/Step Subsidiary	Extent of Interest %	Current Year	For the Previous Financial Years of the subsidiary since it became a subsidiary	Current Year	For the Previous Financial Years of the subsidiary since it became a subsidiary
1	Havells Sylvania Argentina S.A.	12/31/2012	–	Step Subsidiary	100%	(6.57)	22.46	Nil	Nil
2	Havells Sylvania Brasil Iluminacao Ltda.	12/31/2012	–	Step Subsidiary	100%	8.30	(49.14)	Nil	Nil
3	Havells Sylvania Colombia S.A.	12/31/2012	–	Step Subsidiary	100%	(3.75)	37.24	Nil	Nil
4	Havells Sylvania Venezuela C.A.	12/31/2012	–	Step Subsidiary	100%	1.15	6.08	Nil	Nil
5	Havells Sylvania N.V. (Ecuador)	12/31/2012	–	Step Subsidiary	100%	11.79	31.04	Nil	Nil
6	Havells Sylvania El Salvador S.A. de C.V.	12/31/2012	–	Step Subsidiary	100%	0.90	1.51	Nil	Nil
7	Havells Sylvania Guatemala S.A.	12/31/2012	–	Step Subsidiary	100%	(2.03)	(5.44)	Nil	Nil
8	Havells SLI Mexico S.A. de C.V.	12/31/2012	–	Step Subsidiary	100%	5.87	30.07	Nil	Nil
9	Panama Americas Trading Hub SA	12/31/2012	–	Step Subsidiary	100%	15.44	15.00	Nil	Nil
10	Havells Sylvania Panama S.A.	12/31/2012	–	Step Subsidiary	100%	2.76	6.12	Nil	Nil
11	Havells Sylvania Peru S.A.C.	12/31/2012	–	Step Subsidiary	100%	(0.45)	(2.32)	Nil	Nil
12	Havells Sylvania Europe Ltd.	12/31/2012	–	Step Subsidiary	100%	(0.26)	63.69	Nil	Nil
13	Havells Sylvania Spain S.A.	12/31/2012	–	Step Subsidiary	100%	1.12	(0.14)	Nil	Nil
14	Havells Sylvania Portugal Lda	12/31/2012	–	Step Subsidiary	100%	0.17	0.48	Nil	Nil
15	Havells Sylvania Italy S.p.A.	12/31/2012	–	Step Subsidiary	100%	2.79	(3.69)	Nil	Nil
16	Havells Sylvania Greece A.E.E.E.	12/31/2012	–	Step Subsidiary	100%	(2.08)	(5.34)	Nil	Nil
17	Havells Sylvania Sweden A.B.	12/31/2012	–	Step Subsidiary	100%	(3.84)	(6.15)	Nil	Nil
18	Havells Sylvania Norway A.S.	12/31/2012	–	Step Subsidiary	100%	(2.43)	(19.61)	Nil	Nil
19	Havells Sylvania Finland OY	12/31/2012	–	Step Subsidiary	100%	0.46	(1.59)	Nil	Nil
20	Havells Sylvania Tunisia S.A.R.L.	12/31/2012	–	Step Subsidiary	100%	1.78	(43.85)	Nil	Nil
21	Havells Sylvania UK Ltd.	12/31/2012	–	Step Subsidiary	100%	5.03	(37.23)	Nil	Nil
22	Havells Sylvania Fixtures UK Ltd.	12/31/2012	–	Step Subsidiary	100%	3.30	15.24	Nil	Nil
23	Havells Sylvania Lighting Belgium N.V.	12/31/2012	–	Step Subsidiary	100%	5.75	(98.96)	Nil	Nil
24	Havells Sylvania Poland S.p.Z.o.o	12/31/2012	–	Step Subsidiary	100%	(0.94)	(1.58)	Nil	Nil
25	Havells Sylvania Belgium B.V.B.A.	12/31/2012	–	Step Subsidiary	100%	0.10	0.08	Nil	Nil
26	Havells Sylvania Germany GmbH	12/31/2012	–	Step Subsidiary	100%	(0.36)	(76.48)	Nil	Nil
27	Havells Sylvania Fixtures Netherlands B.V.	12/31/2012	–	Step Subsidiary	100%	9.18	53.44	Nil	Nil
28	Havells Sylvania Lighting France SAS	12/31/2012	–	Step Subsidiary	100%	12.13	(52.20)	Nil	Nil
29	Havells Sylvania France S.A.S.	12/31/2012	–	Step Subsidiary	100%	3.34	4.27	Nil	Nil
30	Havells Sylvania Switzerland A.G.	12/31/2012	–	Step Subsidiary	100%	30.35	10.94	Nil	Nil
31	SLI Europe B.V.	12/31/2012	–	Step Subsidiary	100%	(1.91)	(168.96)	Nil	Nil

Sl. No.	Name of the Subsidiary Company	Financial Year of the Subsidiary ended on	Extent of Interest of Holding Company as at 31st March 2013 in the Subsidiary			The net aggregate amount of Subsidiary's Profit/loss so far as it concerns the member of the Holding Company and is not dealt with in the Holding Company's accounts		The net aggregate amount of Subsidiary's Profit/loss so far as it has been dealt with in the Holding Company's accounts	
			No of Shares held by Havells India Ltd.	Nature of Interest Subsidiary/Step Subsidiary	Extent of Interest %	Current Year	For the Previous Financial Years of the subsidiary since it became a subsidiary	Current Year	For the Previous Financial Years of the subsidiary since it became a subsidiary
32	Sylvania Lighting International B.V.	12/31/2012	–	Step Subsidiary	100%	14.28	80.85	Nil	Nil
33	Flowil International Lighting (Holding) B.V.	12/31/2012	–	Step Subsidiary	100%	407.22	(432.75)	Nil	Nil
34	Havells Sylvania (Thailand) Ltd.	12/31/2012	–	Step Subsidiary	100%	(5.92)	14.63	Nil	Nil
35	Guangzhou Havells Sylvania Enterprise Ltd.	12/31/2012	–	Step Subsidiary	100%	(4.05)	(9.97)	Nil	Nil
36	Havells Sylvania Asia Pacific Ltd.	12/31/2012	–	Step Subsidiary	100%	2.02	4.05	Nil	Nil
37	Havells Sylvania (Shanghai) Ltd	12/31/2012	–	Step Subsidiary	100%	0.00	(7.48)	Nil	Nil
38	Havells Sylvania (Malaysia) Sdn. Bhd	12/31/2012	–	Step Subsidiary	100%	(0.09)	(0.61)	Nil	Nil
39	Havells Sylvania Dubai FZCO	12/31/2012	–	Step Subsidiary	100%	1.28	14.97	Nil	Nil
40	Sylvania India Limited	3/31/2013	–	Step Subsidiary	100%	0.03	0.04	Nil	Nil
41	Havells Malta Ltd	12/31/2012	–	Step Subsidiary	100%	(0.12)	(22.13)	Nil	Nil
42	Havell's Netherlands Holdings B.V.	12/31/2012	–	Step Subsidiary	100%	(0.35)	(8.02)	Nil	Nil
43	Havell's Netherlands B.V.	12/31/2012	–	Step Subsidiary	100%	29.96	(201.70)	Nil	Nil
44	Havells Sylvania Costa Rica S.A.	12/31/2012	–	Step Subsidiary	100%	3.74	(8.48)	Nil	Nil
45	Havells USA Inc.	12/31/2012	–	Step Subsidiary	100%	(11.24)	(40.82)	Nil	Nil
46	Havells Sylvania Iluminacion (Chile) Ltda	12/31/2012	–	Step Subsidiary	100%	0.10	(0.56)	Nil	Nil
47	Havells Sylvania TR Elektrik Ürünleri Ticaret Limited Şirketi	12/31/2012	–	Step Subsidiary	100%	(10.64)	(0.98)	Nil	Nil
48	PT Havells Sylvania Indonesia	12/31/2012	–	Step Subsidiary	100%	(5.17)	(1.18)	Nil	Nil
49	Thai Lighting Assets Co. Ltd.	12/31/2012	–	Step Subsidiary	49%	(0.04)	0.00	Nil	Nil
50	Havells Sylvania South Africa Proprietary Limited	12/31/2012	–	Step Subsidiary	100%	(1.50)	0.00	Nil	Nil
51	Havells Mexico Servicios Generales SA De CV	12/31/2012	–	Step Subsidiary	100%	0.00	0.14	Nil	Nil
52	Havells Sylvania Export N.V.	12/31/2012	–	Step Subsidiary	100%	0.00	0.00	Nil	Nil
53	Havells Sylvania Holdings BV1 Limited	12/31/2012		Step Subsidiary	100%	0.00	0.00	Nil	Nil
54	Havells Sylvania Holdings BV2 Limited	12/31/2012	–	Step Subsidiary	100%	0.00	0.00	Nil	Nil
55	Havells Exim Limited	3/31/2013	1000	Subsidiary	100%	4.38	2.64	Nil	Nil
56	Havells Holdings Limited	3/31/2013	103,792,326	Subsidiary	100%	(8.30)	–	Nil	Nil

For and on behalf of the Board of Directors

Qimat Rai Gupta
Chairman and
Managing Director

Surjit Gupta
Director

Sanjay Gupta
Company Secretary

Sanjay Johri
Associate Vice President
- Finance

Noida, May 28, 2013

management discussion and analysis

Management Discussion & Analysis

MANAGEMENT SUMMARY

HAVELLS - THE CONSUMERS' CHOICE

As a leading player in consumer and industrial electric products sector, Havells has carved a niche for itself in the consumer mind and market. The expansive breadth of Havells' portfolio of products has made it a household name in India, with its strong qualitative edge helping to position it as an upmarket brand with a difference. Our strategy of anticipating the changing consumer trends, coupled with the growing consumer preference for branded products - high on technology and safety, has endeared our brand with the consumers, and we are constantly striving to redefine their experiences with better and superior offerings.

The Havells brand is now associated with high-end superior products, packed with unique features, and focused on safety with emphasis on the ease of functionality. More importantly, the brand spells trust and embodies energy efficiency in its products. The obsession with quality and customer-centricity has enabled us to enrich our products and services bouquet of offerings.

Our effort in continuously strengthening the brand continues with a deeper commitment than ever before. Investing in our brand has allowed us to strengthen the emotional bonding we have with the consumers and to create a loyal class of customers who use Havells products in their day to day life. Leveraging our deep understanding of the ever-transforming aspirational needs of the consumers, we have entrenched ourselves firmly as a brand with an enviable consumer connect that is constantly rewriting the rules of business to create a new experience for each of its customers.

It is satisfying to note that Havells has emerged as the leading brand in the consumer mind space. For the second year in a row, Havells has emerged as the most trusted brand in the electrical industry. Trust Research Advisory, in association with Indian Statistical Institute in its "Brand Trust Report 2013", has ranked Havells as the most trusted brand in the industry.

For the 2nd year in a row, Havells has emerged as the most trusted brand in the electrical industry.

We have built a strong value added business network, creating a balanced portfolio of products within and adjacent to our business core. A clear focus on consumers, with an eye on growth while building for the future, allows us to maximise group level synergies. Creating premium products, we continue to invest in our brands to take care of the household needs of the consumers. Continuous refinement to our existing products, keeping the consumers' interest at the fore, has enabled us to remain competitive in the markets and pursue profitable growth on a sustainable basis.

With a view to further strengthening our bonding with the customers, we launched Appliances' Connect with the Consumer. Havells become the first Fast Moving Electrical Goods company to offer door-step service via its initiative 'Havells Connect', thus, once again, rewriting the rules of the industry to make them more relevant and more contemporary.

With our strategy firmly focused on ensuring sustained growth, year on year, we continue to invest significantly in strengthening our distribution network, which constitutes the core of our difficult to replicate business model. Working hand in hand with our channel partners, we continue to find newer and better ways of deepening our consumer connect and taking our business to the next level.

We have come a long way in the journey of transforming ourselves from a single product switchgear manufacturer to a full product Fast Moving Electrical Goods Company. The pursuit of growth has been built on the foundation of creating value for all our stakeholders. This has been our mantra since the last four decades. And this has helped us in underwriting success, in good times and bad.

The strategies honed over the last 40 years are being replicated in Havells Sylvania Global. Our exposure to global markets through Havells Sylvania has helped us in leveraging our global network of people, products and facilities to meet local consumer needs.

INDIAN INDUSTRY OVERVIEW

The ever-evolving market scenario makes the Indian electrical industry fairly dynamic. Operating in a highly competitive environment, it is challenged by competition not only from emerging indigenous players, but also cheap imports of global producers struggling to balance the contraction of demand in the developed markets, like Europe.

In contrast to matured markets in developed countries, the Indian markets are still in a growth stage. Buoyed by rising income levels, resulting from the sustained GDP growth witnessed over the last decade, as well as changing lifestyles and aspirations shaped by the higher exposure to media, print and television, consumption demand has remained fairly robust. The higher spending power has also seen consumers shifting to branded products. And, within the branded category, there is a discernible move towards affordable premium products category.

GLOBAL INDUSTRY OVERVIEW

Buffeted by the sovereign crisis in a few member countries, the Euro zone saw a decline in GDP growth by 0.3% as a result of a slowdown in both private and public consumption. Hopes of stability in this region were short-lived. In contrast, the US showed a marginal improvement in GDP growth at 2.1% in 2012 as against 1.7% in 2011. The magnitude and degree of recovery was not uniform across regions. Latin American countries posted a decent 3.7%. Different levels of stress in some parts, amidst varying degree of recovery in a few countries, presented a picture of contrast and made it difficult to have a one-fit-all-market strategy for global operations.

Competition became fiercer as international players started eyeing growth markets. In many cases, cheaper imports flooded these growth markets, resulting in unfair competition to the detriment of the local manufacturers.

Against the challenging environment in domestic and global markets, your management has been able put up a

Management Discussion & Analysis

respectable performance during the financial year ended March 2013.

HAVELLS CORE

Brands, distribution network, manufacturing facilities and our vast talent pool of professionals are the pillars forming the bedrock of our success. Over the years, we have been following a simple policy of strengthening and fine-tuning our existing products and brands, and looking at opportunities of expanding into adjacent segments. This strategy, centered around expanding our consumer connect, has helped us build a wide range of products and enabled our evolution as a leader in many of the verticals, including consumer products, where we have recently forayed.

EMERGENCE OF A CONSUMER BRAND

From a pure play switchgear manufacturer, Havells has successfully transformed itself into India's leading fast moving electrical consumer goods player, with a strong brand recall among consumers.

Over a decade since its entry in the consumer goods sector, the brand has become a leader in the affordable premium segment, while complementing its leadership position in traditional products like switchgears. Encouraged by its success in ceiling fans, where it has become a dominant player, Havells has expanded its product range in lighting and luminaries, switches and brown goods sector.

Over ₹ 400 crore have been spent in advertising in last 4 years making Havells India's biggest advertiser in the electrical industry

The strategy of widening our portfolio is based on the management's belief that the consumption led growth in India, notwithstanding brief periods of slowdown, will continue to sustain its momentum for several years. The growing income in the hands of the young population of the country is leading to a change in the mind-set of the consumers. Focus is shifting towards energy efficiencies, safety, superior features and ease of functionality, with price no longer the most important factor influencing the purchase decision. The higher aspiration of a better lifestyle, fuelled by advertisements and exposure to global products through mass proliferation of television and internet, is also shaping the consumers' decisions.

Acknowledging and anticipating the changes in the emerging consumption landscape, Havells is seizing opportunities and expanding its portfolio of products to address the needs of the changing preferences of the customer. Concurrently, it is itself driving consumer change by rewriting the rules of the industry through unique initiatives to first create and then grow the consumer connect.

In an industry not traditionally known to be marketing-savvy, Havells is spending a significant amount on branding, promoting and marketing the products. On an average, the company spends around 3% of its revenues on advertisements.

Over the past 4 years we have spent ₹ 400 crores plus in advertising in last four years making us India's biggest advertiser in the electrical industry. During FY 2013, we spent ₹ 143 crores on advertising. The impact of this investment on the consumer can be judged by the fact that we emerged as the #3 brand in domestic appliances in the first year of its launch, while maintaining a premium level pricing.

With our orientation on customer service, we are continuously initiating steps to address their needs and problems. We support our consumers with a wide geographical network that includes 298 service partners and around 1000 franchisee technicians. We attend to customer

queries and complaints through our toll free numbers which are open from 7 AM to 10 PM round the year expect for the three national holidays.

We speak the customer's language and our call centres support conversations in English, Hindi, Bengali, Tamil and Malayalam. We are in the process of adding language capabilities across Kannada, Telugu, Gujarati and Marathi in the coming few months.

Our policy of attending to all service related issues within 24 hours of registration, irrespective of the location, ensures a strong, seamless and unwavering consumer connect.

LEVERAGING DISTRIBUTION CHANNEL

Our distribution led business model is a key growth driver for the company. Our strong distributor network is a critical factor behind our success. Our dealers and distributors are more than our channel partners; they are our partners in growth.

Currently, we are in the process of further building and leveraging our distribution channels. Responding to the needs of the customers and the invaluable feedback regularly received from our channel partners, we are constantly improving and expanding our products in a bid to provide consumers with the best-in-class products, and thus redefining their experience. Our endeavor is to strengthen our relationships with all stakeholders by winning their confidence and trust.

With a view to creating a distinct identity in the cluttered competitive industry, we are now repositioning our distribution channels with a view to providing consumers a unique shopping experience. We are launching more Havells Galaxy showrooms, the one-stop-shop which houses all Havells product to meet the various electrical goods needs of consumers. These Galaxies, which showcase all Havells products - from ceiling fans to switches, switchgears, cables and lighting needs of consumers, are drawing a good response from the consumers across homes, industries and commercial establishments.

During the year, we increased the number of Havells Galaxy stores to 200 and contributes 12% of the non industrial cable business.

We plan to double the number of Galaxy stores over the next couple of years. Our focus, as in the past, is on strengthening the brand and widening the product portfolio, besides expanding our geographic footprints.

Our network of Havells Galaxy stores is run by our dealers as franchisees, enabling them to offer a better shopping experience to consumers with the ambience and convenience of modern retail. We conduct regular seminars as well as offsite meets with our channel partners, with entertainment to cement our relationships away from the market.

We have now extended this connect even to our electricians and contractors through Havells Connect. We conduct workshops for electricians so that they become brand ambassadors for the company. We launched a special promotion scheme for electricians in FY 2013, named Power Plus, providing scratch cards with reward points and gifts. Their registered phone numbers become part of our database for further promotion activities.

STRENGTHENING MANUFACTURING BASE

We continued to strengthen our manufacturing base, with the launch of the Neemrana lighting fixtures plant giving a further edge to our manufacturing base. We are currently

Management Discussion & Analysis

in the process of enhancing the plant's capacity from the present 20 Lacs pcs per month to 40 Lacs pcs per month. 50% of the production from Neemrana plant is earmarked for exports through the network of Sylvania, with the balance catering to the domestic market.

EXPANDING PRODUCT PORTFOLIO

Encouraged by the trust and confidence of our channel partners, and the positive consumer response to our products, we expanded our product portfolio to enter the consumer space less than a decade ago. Havells ceiling fans and switches have been well accepted by the consumers as have our other appliances. More recently, this trust and response has steered our decision to expand our footprints into the hinterland with our newly launched Reo range of switches.

Our channel partners have also benefitted from having an expanded product portfolio to offer to the consumers. With all our new products being distributed through our existing network of dealers, our promotion costs are reduced on the one hand. On the other, it gives the consumer a wider choice as the new products are displayed with other Havells products.

SWITCHGEARS

Havells enjoys a dominant market share in the overall organised switchgears market. Notwithstanding the slowpace of implementation of industrial and residential projects, Havells managed to comfortably retain its overall market share, thanks to its strong brands and dealer network association switchgear segment, comprising industrial and domestic switchgears, electrical wiring accessories, industrial motors and capacitors, is sold through the dealer-distribution channel.

Consumers are increasingly seeking branded goods which represent safety and superior product quality. The dealer network gives an edge to Havells in this respect.

Our focus on household switchgears helped us during the year in balancing the relatively slower growth in the industrial switchgears, where Havells traditionally enjoys a significant market share. We continued to take initiative in expanding our product portfolio. We have successfully widened our product range in the Miniature Circuit Breakers (MCB), used in households, to emerge as the dominant player in the industry, enjoying close to 28% market share.

40% of the total income comes from the Cable division.

A new brand of switchgears under the brand Crabtree XPRO, aimed at professionals and discerning clientele, was introduced during the year to complement the Crabtree range of switchgears.

With a view to strengthening our ties with consumers, we launched REO switches, a product which marked our entry into the ₹ 2,000 crores mass switches market. This will help us address the demands in the hinterland. And add to our income streams in the future.

The Switchgears division registered net revenue of ₹ 1,078.1 crores during financial year 2012-13 as compared to ₹ 896.1 crores during financial year 2011-12, mirroring a growth of 20%, with contribution margins in this segment at 33.9%

CABLES

Investments in building the manufacturing capacities in this segment have led to Havells emerging as one of the largest producers of cables in the country. The state-of-the-art facilities, equipped with fully automated machines using best quality raw material, ensure a uniformly superior quality of cables. Our flexible copper cables, which are fire proof, have found a good response from both industrial consumers and other consumers, enabling a marked shift in demand from the unorganised to the organised sector.

The division produces two types of cables: industrial underground cables which find usage in commercial and industrial ventures, and domestic cables which are used in buildings and residential apartments. Both products have found good acceptability in the country.

Better awareness on the safety aspect has seen consumers shift to branded products in electrical wires. Our focus in building awareness through media education campaigns and advertisements on the safety front has helped significantly.

Income from the Cable division was ₹ 1,692.5 crores during this financial year 2012-13 as compared to ₹ 1,593.0 during financial year 2011-12. This division accounts for 40% of the total income. Contribution margins were also better at 9.1% of net revenue up from 7.9% in the financial year 2011-12.

LIGHTING AND FIXTURES

2012 marked the completion of a decade since our launch of energy saving compact fluorescent lights (CFL). The CFLs, along with the luminaries (which is application of light to achieve aesthetic effect), continue to appeal to the eclectic tastes of our expanding consumers base. The strategic decision of the management to consolidate all the compact fluorescent lighting (CFL) manufacturing capacities at a single location in Neemrana (Rajasthan) is yielding results. Increased production volumes at a single location have enabled us to better navigate the volatile commodity cycles.

We are pleased to report the start of a new lighting fixtures plant at Neemrana in 2012. With the growth in the upwardly mobile segment of the population, this division is expected to gain traction in the years to come.

The division registered net revenue of ₹ 665.1 crores during financial year 2012-13 as compared to ₹ 554.4 crores during financial year 2011-12, mirroring a growth of 20% with contribution margins of 23.6%

ELECTRICAL CONSUMER DURABLES

Starting with baby steps a decade back, Havells has taken significant strides in this segment, which is becoming one of our fastest growing divisions. It currently has a wide bouquet of products, extending from fans to the Havells Pro-Hygiene range of home appliances, and is fast becoming one of the key divisions of the company.

Our strategy, focused on introducing products after due research of consumers needs and aspirations, has met with good response in the markets. Consumer centricity is something which the management practiced well ahead of it becoming a mantra in vogue. Each of our products in the Consumer Durables Division has been devised keeping

Management Discussion & Analysis

the ease of functionality, durability and the hygiene factors in mind. Though small, these factors have helped develop a major connect for Havells with consumers. Havells products are increasingly gaining high visibility and acceptance with the Indian households.

Currently our product portfolio includes fans, juicers, mixer grinders, hand blenders, choppers, steam and dry irons, pop-up toasters, electric cookers, induction cookers and electric kettles. These products, which have been developed keeping in view the customers' requirement of hygiene and ease of functionality, have been well received in the market place.

Expansion of our product range has also helped us in broadening our customer base on a pan-India basis.

The acceptance of our electrical consumer durables is evident from the financials as also the growth witnessed in the segment.

The electrical consumer durables division registered net revenue of ₹ 789.3 crores during financial year 2012-13 as compared to ₹ 572.1 crores during financial year 2011-12, a growth of 38% with contribution margins of 25.1%.

Segment wise Revenue Analysis

	FY 12		FY 13	
In crores of rupees	Net Revenue	% to total	Net Revenue	% to total
Switchgears	896.1	25%	1,078.1	26%
Cables	1,593.0	44%	1,692.5	40%
Lighting & Fixtures	554.4	15%	665.1	16%
Electrical Consumer Durables	572.1	16%	789.3	19%
Total	**3,615.6**		**4,225.0**	

FINANCIAL PERFORMANCE: HAVELLS INDIA STAND ALONE

The financial performance on a standalone basis reflects a 17% growth in top line during the period under consideration. EBIDTA margins were at 12.6% as against 12.7% in the comparable period in 2011-12.

In crores of rupees	FY 12	FY 13
Net Revenue	3,615.6	4,225.0
EBIDTA	459.1	533.2
as a % of revenue	*12.7%*	*12.6%*
Less: Depreciation	44.7	57.9
Less: Finance cost	44.4	28.6
Less: Foreign Exchange (gain)/loss	3.4	(0.9)
Add: Other income	7.2	9.6
Profit Before Tax	373.8	457.2
as a % of revenue	10.3%	10.8%
Less: Tax	68.4	85.8
Net Profit	305.4	371.4
as a % of NR	*8.4%*	*8.8%*

SYLVANIA GLOBAL

The global face of the company, branded as Havells Sylvania, continues to expand its operational reach and expanse on the back of its wide product portfolio of energy-efficient lights, lamps and luminaries. Sylvania, with its global footprints, has broadened our outlook and brought global dimension to the business while seamlessly integrating the two businesses.

The brands of the 100 year old company are well known to the consumers in Europe and Latin America. The rationalisation of product range and financial restructuring done in the earlier years has also helped in bringing about a degree of stability in our global operations, where we continue to ride the highs and lows in a changing environment profitably. We continue to source a part of our products from emerging markets, including India and China.

Sylvania, with its global footprints, has broadened our outlook and brought global dimension to the domestic business

Buoyed by our experience in managing the volatile markets we are cautiously expanding our presence and looking beyond Europe and LATAM to newer geographies which promise equal if not better growth prospects.

FINANCIAL PERFORMANCE: SYLVANIA

EBIDTA margin in financial year 2012-13 were impacted due to the absence of raw material benefit, decline in sales in Europe and currency volatility in Americas.

In millions of Euro	FY 12	FY 13
Net Revenue	€ 448.2	€ 439.9
EBIDTA	**€ 37.4**	**€ 23.3**
as a % of revenue	8.3%	5.3%
Pension (liability)/benefits	€ (4.5)	€ (0.8)
Less: Depreciation	€ 7.6	€ 7.4
Less: Finance cost	€ 11.9	€ 11.9
Foreign Exchange (gain)/loss	€ 2.7	€ 2.6
Add: Other income	€ 5.2	€ 3.5
Less: Exceptional Items	–	€ (25.8)
Profit Before Tax	**€ 15.9**	**€ 29.9**
as a % of revenue	3.5%	6.8%
Less: Tax	€ 5.7	€ (0.6)
Profit After Tax	€ 10.2	€ 30.5

SYLVANIA - EUROPE

The markets in Europe continued to remain sluggish in 2012. Problems faced by some sovereign states and policy measures taken in Euro zone impacted consumption. Our strategy in these challenging times is to remain stable and focus on profitable growth. The century-strong brand presence of Sylvania's product portfolio, encompassing lighting fixtures and lighting lamps, has allowed us to attain this objective. Notwithstanding the challenges, we continue to pursue growth opportunities in resurgent Europe.

SYLVANIA - AMERICAS

We continued to work in the American markets, which includes largely Latin American countries. We have been working progressively in the emerging markets in these regions and are taking adequate steps to expand our product basket. The volatile currency movements in some of these emerging markets remain a challenge. However, we are capturing the opportunity in emerging markets and pursuing growth with a view to leveraging our brand once the economic cycle gains traction. We are also pursuing opportunities in other markets, notably ASEAN and Africa which we believe holds considerable opportunities.

Our initial foray in pursuing this geographic diversification has met with reasonable degree of success. However, the investments in these markets, done with an eye on building a significant presence in the years to come, can be looked on as work-in-progress. We hope to build a robust distribution model by engaging with new stakeholders in these markets.

NET REVENUE BREAKUP ON REGIONAL BASIS

The financial period ended March 2013 can be seen as yet another year of consolidation of margins. Decline in net revenues in Europe was to a large extent offset by a rise in American markets.

	Net Revenue (in €)		EBIDTA (in €)		EBIDTA (in %)	
In millions of Euro	FY12	FY13	FY12	FY13	FY12	FY13
Europe	275.2	257.1	26.0	13.0	9.4%	5.1%
Americas	149.1	155.6	12.0	10.3	8.1%	6.6%
Others	23.9	27.2	(0.6)	–	–	–
Total	**448.2**	**439.9**	**37.4**	**23.3**	**8.3%**	**5.3%**

Management Discussion & Analysis

CORPORATE GOVERNANCE

We continue to be a pioneer in Global benchmarking for our corporate governance policies. High ethical & Corporate Governance standard is maintained to ensure honest & professional business practices and protect the reputation of the company and its stakeholders. A strong risk management and internal control system form the backbone for robust corporate governance practices. Havells has formalised a clearly defined system & policies for timely treatment of key business challenges & opportunities, which is in line with our commitment of providing sustainable returns to all our stakeholders.

ENTERPRISE RISK MANAGEMENT

Enterprise Risk Management (ERM) at Havells encompasses practice relating to identification, evaluation, monitoring and mitigation of various key risks to the key business objectives. It seeks to both minimise adverse impact of risks and to enable the company leverage market opportunities effectively. Risk management practices seek to sustain and enhance short & long term competitive advantage of the company. It is integral to our business model, described as the "Practicable, Sustainable, Profitable and De-risked" (PSPD) model. Our core values and ethics provide the platform for our risk management practices. We follow COSO & ISO 31000:2009" ERM frameworks which incorporate an interactive management oriented approach, used for optimisation of key business challenges & opportunities.

INTERNAL CONTROL SYSTEM

With the objective of optimising resources and protection of resources and ensuring safety, the company has a robust internal control system. This facilitates timely compilation of accurate financial report and management information systems, besides ensuring statutory and regulatory compliance. It also protects the stakeholders' interest and enables timely release of communications. The formation of Business Management Group (BMG) ensures timely corrective action in case of any abnormalities observed in the system. The BMG also enables optimum utilisation of resources and provides timely checks against operational and process improvements and compliance issues to process owners. A well-defined structure for risk management & internal control have been put in place.

RISK MANAGEMENT FRAMEWORK

Havells' comprehensive risk management framework comprises:

1. RISK MANAGEMENT STRUCTURE

Spanning across all levels, the organisation structure of Risk Management can be summarised as per diagram:

2. RISK MANAGEMENT PRACTICES & APPROACH

The key risk management practices include identification and assessment of risks, weighing the pros and cons of taking the risk, putting a system in place to ensure mitigation and monitoring of risks and its subsequent reporting.

A structured risk management system permits management to take calibrated risks. This system provides a holistic view of the business, wherein risks are identified in a structured

RISK MANAGEMENT STRUCTURE

BOARD OF DIRECTORS

- Corporate Governance Oversight of risk management.
- Review the recommendations of the Audit Committee & Risk Management Committee

AUDIT COMMITTEE AND RISK MANAGEMENT COMMITTEE

- Assisting the Board in fulfilling its oversight responsibilities with respect to Corporate Governance & Enterprise Risk Management.
- Review the company Risk Management Practices, Internal Audit/ Business Process review etc.

SUB AUDIT COMMITTEE

- Periodical review of the key business risks & opportunities and timely action for requisite treatment.
- Formulation and Deployment of Risk Management Policies.
- Deploying best industries practices across all Business Verticals.
- Review the effectiveness of Company Policies, Procedures (SOPs) and Internal Control Process etc.

RISK MANAGEMENT & GOVERNANCE

- Responsible for managing overall ERM & Internal Control Assurance activities.
- Co-ordinating with Internal Auditors & Functional Head for timely execution of Audit & compliance of Audit observation.
- Work with Business Management Group (BMG) of respective locations for process efficiency & productivity improvements.
- Ensure effective implementation of Standard Operating Procedure & Policies.
- Conducting Management Audit & Special Audit as assigned by the Management/Audit Committee.
- Conducting Self –Assessment Survey for all Business Verticals.
- Monitoring Key Controls for their effectiveness & consistency.
- Timely Action & Reporting of significant issues to Sub Audit Committee/Audit Committee.
- Monitoring Statutory compliances of all location through Control Manager System.

INTERNAL AUDITORS

- Ensuring integrity of the company's Accounting & Financial Reporting System and that appropriate control are in place, in particular system of Risk Management, Financial & Operational Control and Compliance with the law & relevant standards.

Management Discussion & Analysis

manner at two levels. The bottom-up approach is conducted through workshops with respective management at branch, factory and corporate functions. At another level, the top-down approach enables discussion of all risks and opportunities at the management level, to be included thereafter in the subsequent reporting process.

Risk Identification and Assessment

With a view to enable proper risk identification, business processes are subjected to a continuous review by our Risk Management and Governance Teams, along with respective Business Management Group (BMG) and internal auditors on regular basis. Assessment of the business risks is done on a periodic basis and action taken report is presented to the Board and Audit committee.

Risk Measurement, Mitigation & Monitoring

To aid the measurement and monitoring of defined risks, a dash board through control manager, self-monitoring software tool, has been created. Assessment of top risks and action taken report on their mitigation plans are reviewed periodically by respective process owners and their functional heads.

Performance Measurement

The performance objectives to be achieved during the year are encapsulated in the Plant performance matrix/ Branch scorecard. Performance result against the target achieved is announced on a monthly basis to have healthy competition among all plants/branches. This also helps to leverage best business practices across all locations uniformly. Plant/ Branch performance on key parameters are also presented before the Audit Committee for their perusal and guidance. Under the guidance of the Sr. Management necessary improvements are taken in consultation with respective Functional Heads, Business Management Group (BMG) and Channel Management Group (CMG) on a regular basis.

Risk Reporting

Operational risks/issues are discussed and reported at appropriate levels across the organisation. Besides these, the top risks outlining the trends, exposure, potential impact and mitigation plans, with a summary of action taken along with improvement initiatives is placed before the Board of Directors and Audit Committee on a periodic basis.

During the financial year, the sub-Audit Committee met 16 times to discuss the internal audit reports. Minutes of the same along with the action taken report are discussed in the Audit Committee. The sub-committee is chaired by the Joint Managing Director & Director - Finance. It is attended by the Plant/Branch, Head office team along with their functional heads and internal auditors. It is coordinated by the risk management and governance team. Mid-course corrective actions are taken based on the guidance and recommendations made by the committee.

Periodical re-visit of Enterprise Risk Management Policies and Practices

Under the guidance of Audit Committee/ Risk Management Committee, we carried out various risk management activities at periodical interval as described below, to identify, monitor and mitigate impact of risks.

Risk Management

is an indispensible tool for decision making and managing change at Havells.

- Risk survey is conducted across functions to get input on key risks to the achievement of business objectives, their prioritisation and risk mitigation plan
- Periodical assessment of risks, their potential impact relating to business growth, profitability, talent engagement, market position and operational excellence are conducted
- Risk assessment of our business momentum relative to competition and competitive position in key market segments comprising geographies, industries, sales after service are conducted and progress on action taken is reviewed on a periodical interval
- Business risk environment including trend line of key external indicators and internal business indicators along with assessment by market segments, growth of channel partners, currency risk, credit risks etc. are reviewed regularly
- Review of key operational risks and action based on inputs from the internal risk register, external assessment, internal audit findings, performance parameters etc. are done on a regular basis

OPPORTUNITIES & THREATS

OPPORTUNITIES

Havells' transformation to a largely consumer focused electrical goods company, with an extensive portfolio of quality and premium products catering to the diverse class of consumers, provides us an opportunity to ride the consumption growth story in the country. 2012 could be looked on as an aberration for the economy and the overall GDP is expected to grow steadily in the coming years. We believe that the worst is behind us and we expect to see a sharp recovery from the second half of 2013.

As India marches towards the two trillion US dollar economy, the steady growth in the overall income of the country, as also the growth in upwardly mobile class of consumers, augurs well for the company. Higher aspirations of the consumers, changing consumer behavior and the shift towards branded goods with a willingness to pay a premium for better brands will help the company to grow at a healthy pace in the country over the next several years. Besides the growth in the overall consumption, the resurgence of projects, especially the power projects and the realty sector, will also push growth in investment demand and fuel rise of industrial cables and switchgears.

The investments made in strengthening our brands over the years, as also the expanding range of our products through new launches of products across sectors, gives us the pricing power, which, along with the expected surge in volumes, will allow us to retain and grow our leadership position in the segments that we operate.

The overall rise in the global economy, especially in the markets where we operate, will help the company. We also expect to see our forays in other emerging markets, especially Africa, to fructify and grow at a significantly faster pace than before.

THREATS

1. MACROECONOMIC SCENARIO

A negative change in perception on the Indian economy in a pre-election year could possibly impact both consumption and investment growth. This would adversely impact our growth. Further surprises on the negative side in Europe could possible change perceptions and see consumers deferring their purchases.

2. FOREIGN EXCHANGE FLUCTUATIONS

The sharp rise in India's current account deficit, coupled with a continued delay in the global recovery, could see more currency fluctuations. This could dent our profits despite the best efforts of the management in mitigating currency volatility risks.

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3. COMPETITION

Pressure on volumes in case of the expected recovery not coming through could see fiercer competition in both domestic and global markets. As companies resort to retaining their market share in challenging times, price cuts could see pressure on margins and impact our overall growth in profit. The entry of newer players in the lucrative consumer durables electrical goods segment could put pressure on existing companies to retain their market share. Non-resurgence in investment demand could also see delays in project implementation.

4. INPUT COSTS

The sedate recovery in the global markets had capped commodity prices for the better part of 2012. Prices were relatively stable across various inputs. A synchronised global recovery, albeit at varying degrees across geographies in the coming years, could possibly fuel sharp rise in the commodity prices, as fears of demand continuing to outpace supplies could lead to price spikes. This would be true in some commodities, especially metals and non-metals.

5. IMPORTS

The slowdown in the global markets has led to unrestricted imports at very low prices. If this practice continues and Indian markets are flooded with cheap imports it could impact our volumes and also put pressure on our margins.

DISCLAIMER CLAUSE

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations , tax laws and other statutes and incidental factors.

Havells' is largely a **consumer** focused electrical goods company, with an extensive portfolio of quality and premium products

corporate governance report

CORPORATE GOVERNANCE PHILOSOPHY

Havells defines corporate governance strategically, which encompasses not only what we do as a company with our profits, but also how we make them. It goes beyond philanthropy and compliance and addresses how your Company manages its economic, social, and environmental impacts, as well as its relationships in all key spheres of influence: the workplace, the market, the supply chain, the community, and the public policy realm.

An implicit sense of ethical business conduct has been the cornerstone of Havells' way on corporate governance. On issues ranging from customer care and business excellence to financial propriety and more, explicit rules and regulations supplement the traditional values on which your Company has been shaped. This is what we have endeavored to do in more than 50 years of the group's existence. Our values of understanding, trust, integrity and ethics have served us in good stead.

Corporate Governance as practiced by your Company translates into being fair and civic-minded, fulfilling its duties to the entire spectrum of stakeholders, and, most importantly, making integrity an article of faith across all its operations. We started on sound and straightforward business principles, considering the interests of our stakeholders and welfare of our employees as foundation of our long term success.

In addition to unwavering adherence to its philosophy and values, the Company conforms to the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges stipulating Corporate Governance compliances.

BOARD OF DIRECTORS

SIZE AND COMPOSITION OF THE BOARD

The Board of Directors of the Company has an optimum combination of executive and non-executive directors with not less than fifty percent of the Board comprising of non-executive directors.

As on 31st March 2013, your Company's Board has a strength of 10 (Ten) Directors comprising 3 (Three) Executive and 7 (Seven) Non-Executive Directors, latter including 5 (Five) Independent Directors. The Chairman of the Board is an Executive Director.

The members of the Board are drawn from various fields having considerable expertise in their respective areas. Together they bring diverse experience, varied perspectives, complementary skills and vast expertise.

The names and category of Directors on Board of the Company and other Directorship(s)/ Committee Membership(s)/ Chairmanship(s) held by them is summarized as under:

Composition of the Board of Directors as at 31st March 2013

Director	Category	Directorship(s)[1]/Committee[2] Membership(s)/ Chairmanship(s) in Other Companies		
		Directorship(s)	Committee Membership(s)	Committee Chairmanship(s)
EXECUTIVE DIRECTORS				
Shri Qimat Rai Gupta (Chairman and Managing Director)	Non-Independent	4	Nil	Nil
Shri Anil Rai Gupta (Joint Managing Director)	Non-Independent	4	Nil	Nil
Shri Rajesh Gupta (Director-Finance)	Non-Independent	Nil	Nil	Nil
NON-EXECUTIVE DIRECTORS				
Shri Surjit Gupta	Non-Independent	4	Nil	Nil
Shri Sunil Behari Mathur	Independent	12	5	2
Shri Avinash P. Gandhi	Independent	8	2	4
Shri Vijay Kumar Chopra	Independent	12	4	3
Shri Surender Kumar Tuteja	Independent	13	5	5
Dr. Adarsh Kishore	Independent	1	Nil	1
Shri Niten Malhan	Non-independent; Representative of Warburg Pincus as Investor	5	6	Nil

Notes:

1. *Excludes Directorships in private limited companies, foreign companies, companies under section 25 of the Companies Act, 1956 and Havells India Limited.*
2. *Committees considered for the purpose are those prescribed under clause 49(I)(C)(ii) of the Listing Agreement viz. Audit Committee and Shareholders'/ Investors' Grievance Committee of Indian public limited companies excluding Havells India Limited.*

The Independent Directors on Havells' Board:

- apart from receiving Director's remuneration, do not have any material pecuniary relationship or transaction with the Company, its promoters, its Directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the Director;
- are not related to promoters or persons occupying management positions at the Board level or at one level below the Board;
- have not been an executive of the Company in the immediately preceding three financial years;
- are not partners or executives or were not partners or executives during the preceding three years of the:
    - Statutory audit firm or the internal audit firm that is associated with the Company.
    - Legal firm(s) and consulting firm(s) that have a material association with the Company.
- are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect independence of the Director;
- are not substantial shareholders of the Company i.e. do not own two percent or more of the block of voting shares;
- are not less than 21 years of age.

None of the Directors are members of more than 10 (Ten) Committees and Chairman of 5 (Five) Committees across all the Companies in which they are Directors. The necessary disclosures regarding other Directorship(s)/ Committee Membership(s)/ Chairmanship(s) have been made by all the Directors in March 2013.

Relationships between Directors inter-se

Shri Qimat Rai Gupta is the husband of Shri Surjit Gupta's sister and Shri Anil Rai Gupta is the son of Shri Qimat Rai Gupta.

BOARD MEETINGS

During the year under review the Board met 4 (four) times on 30th May 2012, 30th July 2012, 29th October 2012 and 23rd January 2013. In terms of clause 49 of the Listing Agreement the gap between any two meetings did not exceed four months.

Information provided to the Board Members

The Board agenda with proper explanatory notes is prepared and circulated well in advance to all the Board members. All statutory and other matters of significant importance including information as mentioned in Annexure 1A to clause 49 of the Listing Agreement are tabled before the Board to enable it to discharge its responsibility of strategic supervision of the Company. The Board also reviews periodical compliances of all laws, rules and regulations. At the Board Meeting, members have full freedom to express their opinion and decisions are taken after detailed deliberations.

Attendance record of Board members for meetings held during FY 2012-13 and for the last AGM is given below:

Name of Directors	Attendance in Board Meetings (No. of Board Meetings held: 4)	Attendance in AGM held on 16th July 2012
Shri Qimat Rai Gupta	4	Yes
Shri Anil Rai Gupta	4	Yes
Shri Rajesh Gupta	4	Yes
Shri Surjit Gupta	4	Yes
Shri Sunil Behari Mathur	3	No
Shri Avinash P. Gandhi	3*	Yes
Shri Vijay Kumar Chopra	4	Yes
Shri Surender Kumar Tuteja	3	Yes
Dr. Adarsh Kishore	3	No
Shri Niten Malhan	2	No

**participation in one of these 3 meetings was through audio conference*

Note: During the financial year 2012-13, the Board of Directors also passed 2 (Two) Resolutions by Circulation on 21st February 2013 with the consent of the majority of directors then in India.

CODE OF CONDUCT

The Company is committed to conduct its business in accordance with the applicable laws, rules and regulations and with the highest standards of business ethics. Havells' Code of Ethics is intended to provide guidance and help in recognizing and dealing with ethical issues, mechanisms to report unethical conduct, and to help foster a culture of honesty and accountability. The Board has adopted a Code of Ethics for its Members, the Senior Management Personnel and also for all other employees of the Company. The Code is available on the website of the Company www.havells.com.

Declaration as required under Clause 49 of the Listing Agreement

All Directors and Senior Management of the Company have affirmed compliance with the Code of Ethics for the financial year ended 31st March 2013.

Qimat Rai Gupta

Noida, May 28, 2013 Chairman and Managing Director

Company's Policy on Prohibition of Insider Trading

The Company has also formulated a Policy for Prohibition of Insider Trading to deter the insider trading in the securities of the Company based on the unpublished price sensitive information. The policy envisages procedures to be followed and disclosures to be made while dealing in the securities of the Company. The full text policy is available on the website of Company www.havells.com under Company Investor Section.

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

COMPOSITION OF AUDIT COMMITTEE

The Company has constituted a qualified and independent audit committee as required under section 292A of the Companies Act, 1956 as also in fulfilment of the requirements of clause 49 of the Listing Agreement. The Committee comprises 5 (Five) Non-Executive Directors as members. All members are financially literate and possess sound knowledge of accounts, finance and audit matters. The Company Secretary of the Company acts as Secretary to the Audit Committee. The Internal Auditors of the Company attend the meetings of the Audit Committee on invitation of the Chairman of the Committee.

The Composition of Audit Committee as on 31st March 2013, is given below:

Name of Directors	Category	Designation
Shri Vijay Kumar Chopra	Independent	Chairman
Shri Sunil Behari Mathur	Independent	Member
Shri Avinash P. Gandhi	Independent	Member
Shri Niten Malhan	Non-Independent	Member
Shri Surjit Gupta	Non-Independent	Member

The Chairman of the Audit Committee attended the last AGM to answer shareholder queries.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Audit Committee has extensive powers and the Committee has access to all requisite information of the Company. The role of the Audit Committee includes:

- Review of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and removal of statutory auditors, fixation of audit fee and also approval for payment for any other services.
- Reviewing with the management the financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement as featured in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - Any changes in accounting policies and practices and reasons thereof
  - Major accounting entries based on the exercise of judgment by management
  - Significant adjustments made in the financial statements arising out of audit findings
  - Compliance with listing and other legal requirements relating to financial statements
  - Any related party transaction
  - Qualifications in the draft audit report
- 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 or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing with management, statutory and internal auditors, the adequacy of internal control systems and internal audit function.
- Reviewing the adequacy of internal audit function 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.
- Discussion with internal auditors on any significant findings and follow up thereon.
- 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.
- Discussion with external/ 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.
- Reviewing the Company's financial and risk management policies.
- Looking 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.

- Reviewing the functioning of Whistle Blower mechanism in the Company.
- Considering such other matters the Board may specify.
- Reviewing other areas that may be brought under the purview of role of Audit Committee as specified in Listing Agreement and the Companies Act, as and when amended.

AUDIT COMMITTEE MEETINGS

During the financial year 2012-13, Audit Committee met 6 (Six) times on 30th May 2012, 30th July 2012, 14th September 2012, 29th October 2012, 23rd January 2013 and 14th March 2013 to deliberate and review the mandatory matters and other matters as are materially significant and important.

Attendance record of Audit Committee members for meetings held during FY 2012-13 is given below:

Name of Directors	Designation	Meetings Attended (No. of Meetings held : 6)
Shri Vijay Kumar Chopra	Chairman	6
Shri Avinash P. Gandhi	Member	5*
Shri Sunil Behari Mathur	Member	5
Shri Niten Malhan	Member	2
Shri Surjit Gupta	Member	6

**participation in one of these 5 meetings was through audio conference*

NOMINATION AND REMUNERATION COMMITTEE

COMPOSITION OF NOMINATION AND REMUNERATION COMMITTEE

During the year, the Remuneration Committee of the Board of Directors of the Company framed in conformity with the requirements of Clause 49 of the Listing Agreement was re-named as “Nomination and Remuneration Committee” with effect from 29th October 2012. The Committee comprises four Non-Executive Directors, the Chairman being Non-Executive and Independent. The Company Secretary of the Company acts as Secretary to the Remuneration Committee. The Composition of Remuneration Committee as on 31st March 2013 is given below:

Members	Category	Designation
Shri Avinash P. Gandhi	Independent	Chairman
Shri Vijay Kumar Chopra	Independent	Member
Shri Surender Kumar Tuteja	Independent	Member
Shri Surjit Gupta	Non- Independent	Member

ROLE OF NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Company determines on behalf of Board and on behalf of the shareholders, the Company’s policy governing remuneration payable to the Whole-time Directors as well as the nomination and appointment of Directors.

MEETINGS OF NOMINATION AND REMUNERATION COMMITTEE

During the financial year 2012-13, the Nomination and Remuneration Committee met thrice on 5th July 2012, 29th October 2012 and 23rd January 2013.

Attendance record of the Nomination and Remuneration Committee members for the meetings held during FY 2012-13 is given below:

Name of Directors	Designation	Meetings Attended (No. of Meetings held : 3)
Shri Avinash P. Gandhi	Chairman	2
Shri Vijay Kumar Chopra	Member	2
Shri Surender Kumar Tuteja	Member	3
Shri Surjit Gupta	Member	3

REMUNERATION OF DIRECTORS

The remuneration to the Managing Director(s) and Whole-time Director is paid on the scale determined by the Nomination and Remuneration Committee and approved by the Shareholders at the General Meeting.

Non-Executive Directors are not paid any remuneration. However, Non-Executive Independent Directors are entitled to sitting fees for attending meetings of the Board, its Committees and the Shareholders.

The shareholders of the Company vide their Special Resolution passed by way of postal ballot on 23rd March 2013 approved the introduction of Havells Employees Stock Option Plan 2013 (‘Plan’) in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The purpose of this Plan is to introduce and extend the policy of employee ownership philosophy by granting and issuing stock options to the Eligible Employees and Directors of the Company with a view to retain the existing key employees and attracting fresh talent.

The Plan will be administered by Havells Employees Welfare Trust under the supervision of the Nomination and Remuneration Committee.

Details of remuneration/ sitting fees paid to Directors during the financial year 2012 – 13 is given below:

(₹ in Lacs)

Name of Directors	Service Term	No. of shares held	Sitting Fee (A)	Salary & Perks (B)	Commission (C)	Total (A+B+C)
Shri Qimat Rai Gupta (Chairman and Managing Director)	01-04-2009 to 31-03-2014	95,35,888	–	120.15	349.00*	469.15
Shri Anil Rai Gupta (Joint Managing Director)	01-04-2009 to 31-03-2014	34,67,948	–	90.15	233.00**	323.15
Shri Rajesh Gupta (Director – Finance)#	01-04-2010 to 31-03-2015	2,39,680	–	136.28	233.00**	369.28
Shri Surjit Gupta	–	65,30,160	–	–	–	–
Shri Sunil Behari Mathur	–	–	1.60	–	–	1.60
Shri Avinash P. Gandhi	–	–	1.80	–	–	1.80
Shri Vijay Kumar Chopra	–	–	2.60	–	–	2.60
Shri Surender Kumar Tuteja	–	–	1.40	–	–	1.40
Dr Adarsh Kishore	–	–	0.60	–	–	0.60
Shri Niten Malhan	–	–	–	–	–	–

**As per the approved terms, Shri Qimat Rai Gupta is entitled to Commission @ 0.75% of the profit before tax.*

***As per the approved terms, Shri Anil Rai Gupta and Shri Rajesh Gupta are entitled to Commission @ 0.50% of the profit before tax.*

#Under the Havells Employees Stock Option Plan 2013 (Plan), Shri Rajesh Gupta has also been granted 2,392 options. Calculation of exercise price and other terms are provided in the Annexure to the Directors' Report. Further, 50% of the options granted shall vest at the end of 1 (one) year from the relevant grant date; and remaining 50% of the options shall vest at the end of 2 (two) years from the relevant grant date.

SERVICE CONTRACT, SEVERANCE FEE AND NOTICE PERIOD OF THE EXECUTIVE DIRECTORS

The appointment of the Executive Directors is governed by Resolutions passed by the Shareholders of the Company, which cover the terms and conditions of such appointment, read with the service rules of the Company. A separate Service Contract is not entered into by the Company with Executive Directors. No notice period or severance fee is payable to any Director.

With the introduction of Havells Employees Stock Option Plan 2013, Shri Rajesh Gupta, Whole-time Director – Finance, is also eligible for stock options in terms of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the option may also be given to the Whole-time Director (Finance), giving him the benefit or right to purchase or subscribe at a future date, the securities offered by the company at a predetermined price.

SHAREHOLDERS' & INVESTORS' GRIEVANCE COMMITTEE

COMPOSITION OF SHAREHOLDERS' & INVESTORS' GRIEVANCE COMMITTEE

The Company has constituted a Shareholders' & Investors' Grievance Committee in conformity with the requirement of clause 49 of the Listing Agreement. The Committee comprises one Non-Executive Director and two Executive Directors. Shri Surjit Gupta being Non-Executive Director is the Chairman of the Committee. The Composition of Shareholders' & Investors' Grievance Committee as on 31st March 2013 is given below:

Member	Category	Designation
Shri Surjit Gupta	Non-Independent	Chairman
Shri Anil Rai Gupta	Executive	Member
Shri Rajesh Gupta	Executive	Member

ROLE OF SHAREHOLDERS' & INVESTORS' GRIEVANCE COMMITTEE

The Shareholders' & Investors' Grievance Committee meets regularly to consider requests of share transfer/ transmission/ transposition/ split/ consolidation / sub-division / duplicate share certificate etc. and also to attend the investor grievances.

The summary of number of requests/ grievances received and resolved in every quarter is placed before the Board for its information and review.

MEETINGS OF SHAREHOLDERS' & INVESTORS' GRIEVANCE COMMITTEE

During the financial year 2012-13, the Committee met 21 (Twenty One) times. The number of shareholder grievances received and resolved during FY 2012-13 is given below:

S. No.	Nature of Grievance	Received	Resolved	Maximum Period of Reply (in days)
1	Dividend	19	19	1
2	Annual Report	15	15	1
3	Bonus	6	6	1
4	Transfer of Shares	2	2	1
5	Others	1	1	1
	TOTAL	**43**	**43**	

COMPLIANCE OFFICER

Shri Sanjay Gupta, Company Secretary is the Compliance Officer under clause 47 of the Listing Agreement.

FINANCE COMMITTEE

COMPOSITION OF FINANCE COMMITTEE

In addition to mandatory/ non-mandatory Board Committees specified under clause 49 of the Listing Agreement, your Company has also constituted a Finance Committee comprising of one Non-Executive and two Executive Directors. The Company Secretary of the Company acts as the Secretary to the Committee. The Composition of Finance Committee as on 31st March 2013 is given below:

Name of Directors	Category	Designation
Shri Surjit Gupta	Non-Independent	Chairman
Shri Anil Rai Gupta	Executive	Member
Shri Rajesh Gupta	Executive	Member

ROLE OF FINANCE COMMITTEE

The primary role of the Finance Committee is to expeditiously decide business matters of routine nature and implementation of strategic decisions of the Board. The Committee functions within the approved framework and directions of the Board. The Committee also performs other activities as per the terms of reference of the Board.

MEETINGS OF FINANCE COMMITTEE

During the financial year 2012-13, the Finance Committee met 27 (Twenty Seven) times.

ENTERPRISES RISK MANAGEMENT COMMITTEE

COMPOSITION OF ENTERPRISES RISK MANAGEMENT COMMITTEE

Further to the above Committees, the Board of directors of the Company, in its meeting held on 29th October 2012, formed an Enterprises Risk Management Committee looking at the growing business of the Company and the need of the hour.

The Committee is chaired by an Independent Director with half its members being Non-Executive. The Company Secretary of the Company acts as the Secretary to the Committee. The Composition of Enterprises Risk Management Committee as on 31st March 2013 is given below:

Name of Directors	Category	Designation
Shri Sunil Behari Mathur	Independent	Chairman
Shri Avinash P. Gandhi	Independent	Member
Shri Anil Rai Gupta	Executive	Member
Shri Rajesh Gupta	Executive	Member

ROLE OF ENTERPRISES RISK MANAGEMENT COMMITTEE

The terms of reference of the Enterprises Risk Management Committee are to identify the risks impacting the Company's business and formulate and administer policies/ strategies aimed at risk minimization and risk mitigation as part of risk management.

MANAGEMENT

The detailed Management Discussion and Analysis (MDA) Report forms an integral part of this Annual Report.

GENERAL MEETINGS (AGM & EGM) HELD DURING THE PAST 3 YEARS

Type of Meeting	Date of Meeting	Time	Place	Detail of Special Resolution(s) passed, if any
YEAR 2010-11				
Extra Ordinary General Meeting (Court Convened)	21st April 2010	11:00 am	Shah Auditorium Shree Delhi Gujrati Samaj Marg, Civil Lines Delhi - 110 054	1. Approval of the Scheme of Arrangement and demerger entered into between Havells India Limited, Seven Wonders Holidays Private Limited and Standard Electrical Limited.
Annual General Meeting	29th September 2010	4:00 pm	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi – 110 003	1. Modification in the terms of appointment for increasing the remuneration of Shri Qimat Rai Gupta, Chairman and Managing Director of the Company. 2. Amendment of the Memorandum of Association of the Company for increasing the Authorized Share Capital of the Company from ₹ 40 crores to ₹ 100 crores. 3. Issuance of Bonus Shares in the ratio of 1:1.
YEAR 2011-2012				
Extra Ordinary General Meeting (Court Convened)	02nd April 2011	11:30 am	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi – 110 003	1. Approval of the Scheme of Amalgamation entered into between Havells India Limited and Standard Electrical Limited.

Type of Meeting	Date of Meeting	Time	Place	Detail of Special Resolution(s) passed, if any
Annual General Meeting	01st August 2011	10:00 am	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi - 110 003	–
YEAR 2012-2013				
Annual General Meeting	16th July 2012	03:00 pm	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi - 110 003	–

Special Resolution passed through Postal Ballot

During the year, 1 (one) Special Resolution was passed on 23rd March 2013 through Postal Ballot procedure for the purpose of introduction of an Employee Stock Option Plan viz. "Havells Employees Stock Option Plan 2013" for the benefit of the employees of the Company, in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

The Board of Directors in its meeting held on 23rd January 2013 had appointed Shri S Venkitaraman, Practicing Company Secretary, to act as the Scrutinizer for conducting the Postal Ballot.

The Company had also offered e-voting facility to its members enabling them to cast their votes electronically. The Company has signed an agreement with the National Securities Depository Limited (NSDL) to enable its members to cast their votes electronically pursuant to Clause 35B of the Listing Agreement.

The postal ballot process was carried out as per the procedure laid down in terms of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011. Shri S Venkitaraman, had carried out the scrutiny of all the postal ballot forms received upto the close of working hours (5 P.M.) on 20th March 2013 and submitted his Report thereon on 22nd March 2013 addressed to the Chairman of the Company. Based on the Scrutinizer's Report, Shri Anil Rai Gupta, Joint Managing Director, declared the result of the voting exercise on 23rd March 2013, as follows:

Total No. of shareholders to whom Postal Ballot Form(s) were sent: **30117**

	Particulars			Total
		Physical	Electronic	
(a)	Total postal ballot forms received	480	147	**627**
(b)	Total number of votes casted	46,97,671	7,71,03,230	**8,18,00,901**
(c)	Less: Invalid no. of votes casted	13,44,989	-	**13,44,989**
(d)	Net valid no. of votes casted	33,52,682	7,71,03,230	**8,04,55,912**
(e)	Total no. of votes with assent for the resolution	27,64,336	7,71,00,139	**7,98,64,475**
(f)	Total no. of votes with dissent for the Resolution	5,88,346	3,091	**5,91,437**

*% of total vote casted in favour of the Resolution: **99.26%***

% of total vote casted against the Resolution: **0.74%**

No Resolution requiring Postal Ballot as required by the Companies (Passing of Resolution by Postal Ballot) Rules, 2011, has been placed for Shareholder's approval at this Annual General Meeting.

DISCLOSURES

(a) Materially significant related party transactions.

During the financial year 2012-13, there was no materially significant related party transaction that may have potential conflict with the interests of the Company at large. For reference, the details of related party transactions in accordance with AS–18 are given in Note No. 31(15) of Other Notes on Accounts of the Annual Report.

(b) Details of non-compliance / penalties / strictures imposed on the Company by the Statutory Authorities

The Company has not been penalized, nor have the stock exchanges, SEBI or any statutory authority imposed any strictures, during the last three years, on any matter relating to capital markets.

(c) Whistle Blower Policy and affirmation that no personnel have been denied access to the Audit Committee.

The Company has adopted a Whistle Blower Policy called 'Satark' which means alert/ vigilant empowering any person associated with the organization to file a grievance if he/ she notices any irregularity.

No person has been denied access to the Audit Committee for any grievance.

The Company has in addition to Whistle Blower Policy also adopted a policy named 'Idea' to promote a culture of innovative thinking, creativity and vigilance in all areas of its business. The ideas may be related to technical aspects of business, non-technical aspects, commercial aspects, administrative aspects, processes, cost saving or any such other aspect that may benefit the Company.

d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause.

The Company has fully complied with the mandatory requirements of clause 49 of the Listing Agreement entered into with the Stock Exchanges.

The Company has adopted two non-mandatory requirements of the clause 49 of the Listing Agreement viz.

- Nomination and Remuneration Committee of the Board which has been constituted to determine the remuneration package of the Executive Directors as well as the nomination and appointment of Directors; and
- Whistle Blower Policy wherein a mechanism has been established for the employees to report to the management about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

(e) Proceeds from the public issue, rights issue, preferential issues etc.

During the financial year 2012-13, your Company has not raised proceeds / funds from public issue, rights issue, preferential issue etc.

MEANS OF COMMUNICATION

(i) Financial Results

The quarterly/ half-yearly/ annual financial results are published in Economic Times in both English and Hindi Daily editions. The financial results and the official news releases are also placed on the Company's website www.havells.com.

The Company is regular in posting its Share holding Pattern, Corporate Governance Report and Corporate announcements electronically at https://www.connect2nse.com/LISTING.

With the introduction of BSE's Online Portal – BSE Corporate Compliance & Listing Centre (the "Listing Centre") w.e.f. 8th February 2013, the Company is also posting its Share holding Pattern, Corporate Governance Report electronically at https://listing.bseindia.com.

(ii) The Company has an exclusive email id - investors@havells.com dedicated for prompt redressal of shareholders' queries, grievances etc.

(iii) The Company holds analysts calls in each quarter, to apprise and make public the information relating to the Company's working and future outlook.

GENERAL SHAREHOLDER INFORMATION

(i) Annual General Meeting (Financial Year 2013-14)

Day	:	Friday
Date	:	5th July 2013
Time	:	10.00 a.m.
Venue	:	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi – 110 003

(ii) Financial Year

The Financial year of the Company starts from 1st April of a year and ends on 31st March of the following year.

(iii) Financial Calendar

Financial Reporting For	Tentative Time Period
Quarter ending June 30, 2013	End July 2013
Quarter ending September 30, 2013	End October 2013
Quarter ending December 31, 2013	End January 2014
Year ending March 31, 2014	End May 2014

Note: *The above dates are indicative and subject to change.*

(iv) Date of Book Closure

The books will remain closed from 22nd day of June 2013, Saturday to 28th day of June 2013, Friday for the purpose of Dividend.

(v) Dividend Payment Date

The Board of Directors of your Company has recommended a dividend of ₹ 7.50/- per equity share of ₹ 5/- each i.e. @ 150% for the financial year 2012-13. Date of payment of dividend would be within 30 days from 5th July, 2013.

(vi) Listing on Stock Exchanges

The equity shares of the Company are listed at:

- The National Stock Exchange of India Limited (NSE)
- BSE Limited (BSE).

(vii) Scrip Code

National Stock Exchange (NSE)	Bombay Stock Exchange (BSE)	ISIN
HAVELLS	517354	INE176B01026 (Shares)

(viii) Annual Listing and Custodial Fees

The listing fees and custodial fees for the financial year 2013-14 have been paid by your Company within the stipulated time.

(ix) Stock Price Data

Monthly high & low prices and volumes of the equity shares of your Company at National Stock Exchange of India Limited (Nifty) and Bombay stock Exchange Limited (Sensex) during financial year 2012-13 are as under:

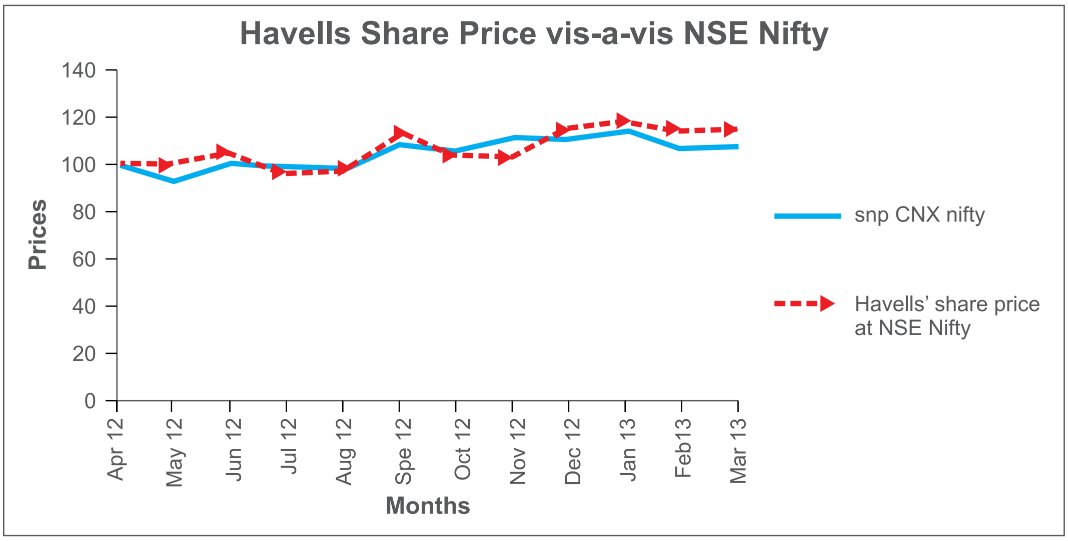
	NSE			BSE		
Period	**High (₹)**	**Low (₹)**	**Volume (No. of Shares)**	**High(₹)**	**Low (₹)**	**Volume (No. of Shares)**
Apr 2012	605.80	503.00	47,43,287	603.90	538.85	5,15,839
May 2012	602.95	514.30	68,73,308	603.00	515.65	10,39,491
Jun 2012	584.40	513.25	53,12,604	583.65	517.25	7,89,067
Jul 2012	613.75	532.80	62,99,615	613.65	533.20	8,47,859
Aug 2012	563.50	528.40	38,79,873	563.00	528.10	5,26,578
Sep 2012	636.65	542.50	45,20,046	639.90	544.30	6,40,740
Oct 2012	708.35	564.10	56,23,871	672.00	565.50	7,74,529
Nov 2012	606.50	564.65	42,40,741	606.50	558.00	4,27,370
Dec 2012	646.50	570.10	59,36,771	646.35	565.10	6,61,212
Jan 2013	699.70	635.00	65,46,527	699.20	635.05	8,71,691
Feb 2013	706.00	592.20	47,50,048	704.90	593.35	78,18,264
Mar 2013	669.90	557.00	36,99,586	683.50	556.80	4,70,048

*(**Source:** NSE and BSE website)*

***Note:** High and low are in rupees per traded share. Volume is the total monthly volume of trade (in numbers) in the Company's share on the respective Stock Exchange.*

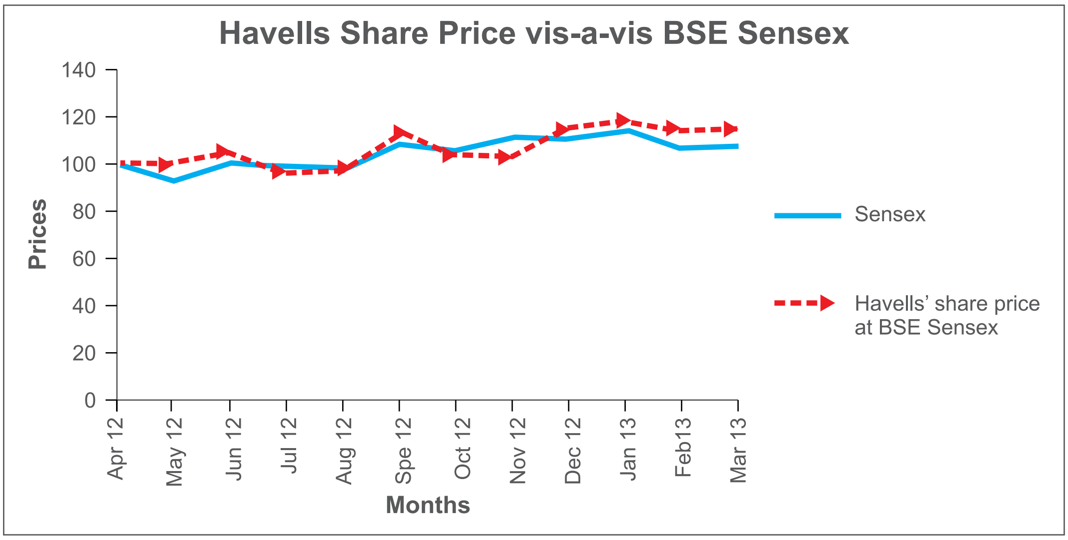
(x) Stock Performance

The performance of your Company's stock relative to the NSE Sensitive Index (S&P CNX Nifty Index) is given in the chart below:



Note - The graph indicates monthly closing positions. Share prices and NSE Nifty are indexed to 100 as on 01st April 2012

The performance of your company's stock relative to the BSE Sensitive Index (SENSEX) is given in the chart below:



Note - The graph indicates monthly closing positions. Share prices and BSE Sensex are indexed to 100 as on 01st April 2012

(xi) Registrar & Share Transfer Agents

MCS Limited
F-65, 1st Floor, Okhla Industrial Area, Phase-I
New Delhi-110 020
Telephone No.: 011-41406149-52
Fax No. : 011-41709881
Email id: admin@mcsdel.com

(xii) Share Transfer System

Trading in equity shares of the Company through recognized Stock Exchanges can be done only in dematerialized form.

In case of shares held in physical form, the transferred share certificates duly endorsed are despatched within 10 days from the date of receipt of documents, provided documents are valid and complete in all respects. In compliance of the provisions of Listing Agreement, the share transfer system of the Company is audited every six months by a Practicing Company Secretary and a certificate to that effect is issued by him.

In case of request for dematerialization of shares, confirmation of dematerialization is sent to the respective depository i.e. National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL), expeditiously.

(xiii) Distribution of Shareholding as on 31st March 2013

Shareholding of nominal Value of ₹ 5/- each		Shareholders (Number)	% of Total Shareholders	No. of Shares	Nominal Value (in ₹)	% of Nominal Value
(₹)						
Upto	5,000	28,673	94.41	27,66,856	1,38,34,280	2.22
5,001	10,000	1,028	3.38	15,99,924	79,99,620	1.28
10,001	20,000	303	1.00	9,32,483	46,62,415	0.75
20,001	30,000	99	0.33	4,99,635	24,98,175	0.40
30,001	40,000	66	0.22	4,75,740	23,78,700	0.38
40,001	50,000	23	0.08	2,13,455	10,67,275	0.17
50,001	1,00,000	63	0.21	8,81,923	44,09,615	0.71
1,00,001	& Above	116	0.38	11,74,04,796	58,70,23,980	94.09
	Grand Total	**30,371**	**100.00**	**12,47,74,812**	**62,38,74,060**	**100.00**

Ownership Pattern as on 31st March 2013

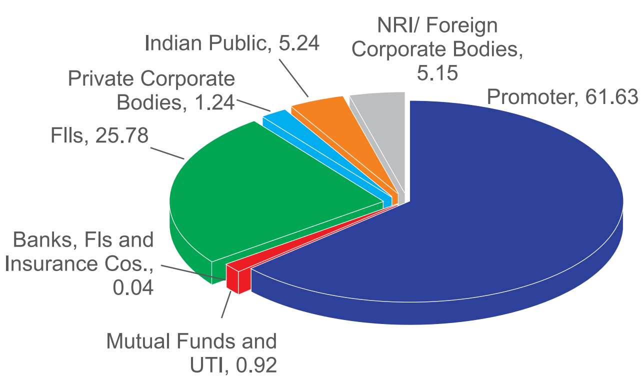
Category	No. of Shareholders	No. of Shares Held	% of Total Holding
Promoters			
Indian Promoters	10	7,68,93,654*	61.63
Institutional Investors			
Mutual Funds and UTI	31	11,49,536	0.92
Bank, Financial Institutions and Insurance Companies	3	47,863	0.04
FII	127	3,21,70,144	25.78
Others			
Private Corporate Bodies	679	15,51,525	1.24
Indian Public	28,733	65,39,184	5.24
NRI/Foreign Corporate Bodies	788	64,22,906	5.15
Grand Total	**30,371**	**12,47,74,812**	**100.00**

*Including 80802 equity shares which one of the Promoter body coporates acquired in the last week of March 2013 but settled in 1st week of April 2013.

List of Shareholders other than Promoters holding more than 1% as on 31st March 2013

S. No.	Name of Shareholders	No. of Shares held	% of Total Shareholding
1.	Seacrest Investment Ltd	58,20,000	4.66
2.	Nalanda India Equity Fund Limited	52,24,947	4.19
3.	Janus Overseas Fund	51,97,120	4.17
4.	Warburg Pincus International Llc A/C Woodcrest Investment Limited	46,07,600	3.69
5.	Citigroup Global Markets Mauritius Private Limited	37,73,830	3.02
6.	Hsbc Bank (Mauritius) Limited A/C Jwalamukhi Investment Holdings	25,24,716	2.02
	Total	**2,71,48,213**	**21.76**

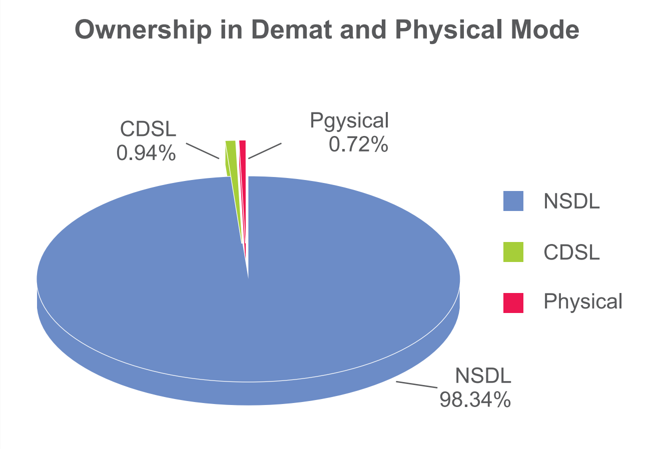
Ownership Pattern as on 31st March 2013



(xiv) Dematerialization of shares and liquidity

The shares of the Company are in compulsory demat segment and are available for trading in the depository systems of both the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As at 31st March 2013, 12,38,75,235 Equity shares out of 12,47,74,812 Equity Shares of the Company, forming 99.28 % of the Company's paid up capital is held in the dematerialized form. Majority of demat shares are with National Securities Depository Limited. The status of shares held in demat and physical format is given below. The Company's shares are liquid and actively traded on the NSE and BSE.

Particulars	As on March 31, 2013		As on March 31, 2012	
	Number of Shares	Percentage	Number of Shares	Percentage
Shares in Demat Form	**12,38,75,235**	**99.28**	**12,37,92,859**	**99.21**
NSDL	12,27,07,533	98.34	12,24,93,667	98.17
CDSL	11,67,702	0.94	12,99,192	1.04
Shares in Physical Form	**8,99,577**	**0.72**	**9,81,953**	**0.79**
Total	**12,47,74,812**	**100.00**	**12,47,74,812**	**100.00**



(xv) Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity

There are no GDRs/ ADRs/ Warrants outstanding as on 31st March 2013.

(xvi) Units / Plant Locations

The units or plants of your Company are situated at following addresses:

S.No.	Unit / Plant	Location Address
1.	Switchgear Division	
a.	Domestic Switchgear	Distt. Solan, Baddi, Himachal Pradesh
b.	Industrial Switchgear	- 14/3, Mathura Road, Faridabad - Plot No.6, Site - IV, Sahibabad Industrial Area, Sahibabad (U.P.)
2.	Capacitors	Plot No.6, Site - IV, Sahibabad Industrial Area, Sahibabad (U.P.)
3.	PCB Assembly Line	E-1, Sector-59, Noida – 201307
4.	Motor	SP-181 – 189, Industrial Area, Phase II, Neemrana, Alwar, Rajasthan
5.	Cable Division	A/461-462, & SP – 215, Matsya Industrial Area, Alwar, Rajasthan
6.	Lighting and Fixture Division	SP-181 – 189, Industrial Area, Phase II, Neemrana, Alwar, Rajasthan
7.	Electrical Consumer Durable – Fan Division	Plot No. 2A, Sector – 10, BHEL Industrial Estate, Haridwar, Uttaranchal
8.	Centre for Research & Innovation (CRI)	QRG Towers, 2D, Sector – 126, Expressway, Noida (U.P.) 201304

(xvii) Address for Correspondence with the Company

The Company Secretary
Havells India Limited
(Secretarial Department)
QRG Towers, 2D, Sector – 126,
Expressway, Noida – U.P.
Pin – 201304
Telephone No.: 0120 – 4771000
Fax No.: 0120 – 4772000

Address for Correspondence with the Registrar and Transfer Agents

MCS Limited
F-65, Okhla Industrial Area, Phase - I
New Delhi – 110 020
Telephone No.: 011 – 41406149-52
Fax No. : 011- 41709881
Email id: admin@mcsdel.com

(xviii) Other Useful Information for Shareholders

ECS Facility

The Company provides facility of "Electronic Clearing Service" (ECS) for payment of dividend to its shareholders. ECS facility assists in quick remittance of dividend without possible loss/delay in postal transit. Shareholders holding shares in physical form are requested to provide details of their bank account for availing ECS facility. However, if the shares are held in dematerialized form, the ECS mandate has to be communicated to the respective Depository Participant (DP). Changes, if any, in the details furnished earlier may also be communicated to the Company or DP, as the case may be.

Update E-mails for receiving notice/ documents in e-mode

The Ministry of Corporate Affairs (MCA) has through its circulars issued in 2011, allowed service of documents by companies including Notice calling General Meeting(s), Annual Report etc. to their shareholders through electronic mode. This green initiative was taken by MCA to reduce paper consumption and contribute towards a green environment. As a responsible corporate citizen, your Company fully supports the MCA's endeavor.

In accordance of the same, your Company had proposed to send Notice calling General Meetings, Annual Report and other documents in electronic mode in future to all the shareholders on their email addresses. It was also requested to inform the Company in case the shareholders wish to receive the above documents in physical form. Accordingly, the Annual Report alongwith Notice will be sent to the shareholders in electronic mode at their email addresses.

The shareholders who have not registered their email addresses with the Company are requested to kindly register their e-mail addresses with the Company in the Form annexed with the Notice of Annual General Meeting enabling the Company to better service shareholder correspondence through e-mode. The shareholders have also an option to register their email addresses with their Depository through Depository Participant.

Encash Dividend Promptly

The shareholders are advised to encash their dividend promptly to avoid hassles of revalidation or losing right to claim dividend owing to transfer of unclaimed dividends beyond seven years to the Investor Education and Protection Fund.

Unpaid Dividend

In terms of the provisions of the Companies Act, 1956, dividends remaining unpaid/ unclaimed for a period of seven years have to be statutorily transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government, and thereafter cannot be claimed by the investors. To ensure maximum disbursement of unclaimed dividend, the Company sends reminder to the relevant investors.

Unclaimed Dividend in respect of the financial year 2005-06 will be due for transfer to Investor Education and Protection Fund on 3rd August 2013 in terms of Section 205A of the Companies Act, 1956. Members who have not encashed their Dividends for the financial year ended 31st March 2006 or any subsequent year(s) are requested to lodge their claims with the Company.

A separate communication in this regard has already been sent to the Shareholders of the Company who have not encashed their dividend warrants, providing them details of the unencashed warrants and requesting them to comply with the procedure for seeking payment of the same.

In respect of Final Dividend for the financial year ended 31st March 2005, it will not be possible to entertain claims which are received by the Company after 2nd August 2013. Members are advised that in terms of the provisions of Section 205C of the Companies Act, 1956, once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof.

Financial Year	Dividend Type	Dividend Per share (₹)	Date of Declaration	Due Date of Transfer to IEPF
2005-06	Final	2.50/-	27-06-2006	03-08-2013
2006-07	Final	2.50/-	05-07-2007	11-08-2014
2007-08	Final	2.50/-	11-07-2008	17-08-2015
2008-09	Final	2.50/-	25-08-2009	01-10-2016
2009-10	Interim	1.25/-	28-01-2010	06-03-2017
2009-10	Final	2.50/-	29-09-2010	05-11-2017
2010-11	Final	2.50/-	01-08-2011	07-09-2018
2011-12	Final	6.50/-	16-07-2012	22-08-2019

Dematerialization of Shares

Equity Shares of the Company are under compulsory demat trading segment. Considering the advantages of scrip less trading, members are advised to consider dematerialization of their shareholding so as to avoid inconvenience involved in the physical shares such as mutilation, possibility of loss/misplacement, delay in transit etc. and also to ensure safe and speedy transaction in securities.

Transfer / Transmission / Transposition of Shares

The Securities and Exchange Board of India (SEBI), vide its Circular No. MRD/DoP/Cir-05/2009 dated 20th May 2009 and Circular No. MRD/DoP/SE/RTA/Cir-03/2010 dated 7th January 2010 has made it mandatory that a copy of the PAN Card is to be furnished to the Company in the following cases:

- registration of physical transfer of shares;
- deletion of name of deceased shareholder(s) where shares are held jointly in the name of two or more shareholders;
- transmission of shares to the legal heirs where shares are held solely in the name of deceased shareholder; and
- transposition of shares where order of names of shareholders are to be changed in the physical shares held jointly by two or more shareholders.

Investors, therefore, are requested to furnish the self-attested copy of PAN card, at the time of sending the physical share certificate(s) to the Company, for effecting any of the above stated requests.

Shareholders are also requested to keep record of their specimen signature before lodgment of shares with the Company to avoid probability of signature mismatch at a later date.

Consolidation of Multiple Folios

Shareholder(s) of the Company who have multiple accounts in identical name(s) or holding more than one Share Certificate in the same name under different Ledger Folio(s) are requested to apply for consolidation of such Folio(s) and send the relevant Share Certificates to the Company.

Exchange of Old Share Certificate

Members who are still holding the share certificates of the face value of ₹ 10/- each are requested to forward their old share certificates (which are no longer tradable and will not be accepted by the DPs for demat) to Company's Secretarial Department at the Corporate address, along with a request letter signed by all holders for exchange of shares.

Nomination Facility

Provision of Section 109A of the Companies Act, 1956, extends nomination facility to individuals holding shares in the physical form. To help the legal heirs / successors get the shares transmitted in their favour, shareholder(s) are requested to furnish the particulars of their nomination in the prescribed Nomination Form.

Shareholder(s) holding shares in Dematerialized form are requested to register their nominations directly with their respective DPs.

Update your Correspondence Address / Bank Mandate / Email Id

To ensure all communications/monetary benefits received promptly, all shareholders holding shares in physical form are requested to notify to the Company, change in their address / bank details / email Id instantly by written request under the signatures of sole/first joint holder.

Shareholder(s) holding shares in dematerialized form are requested to notify change in bank details / address / email Id directly with their respective DPs.

Quote Folio No. / DP ID No.

Shareholders / Beneficial Owners are requested to quote their Folio Nos. / DP ID Nos., as the case may be, in all correspondence with the Company.

Shareholders are also requested to quote their E-mail IDs, Contact / Fax numbers for prompt reply to their correspondence.

For and on behalf of
Board of Directors of Havells India Limited

Noida, May 28, 2013

(Qimat Rai Gupta)
Chairman and
Managing Director

CEO'S/CFO'S CERTIFICATE
TO WHOMSOEVER IT MAY CONCERN

We, Qimat Rai Gupta, Chairman and Managing Director and Rajesh Gupta, Director – Finance of Havells India Limited, to the best of our knowledge and belief, certify that:

a. We have reviewed the financial statements and the cash flow statement for the year ended 31st March 2013 and that to the best of our knowledge and belief :

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed, to the auditors and the Audit Committee, wherever applicable, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the auditors and the Audit Committee, wherever applicable,

   i. significant changes in internal control over financial reporting during the year;

   ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

For **Havells India Limited**
(Qimat Rai Gupta)
Chairman and Managing Director

For **Havells India Limited**
(Rajesh Gupta)
Director (Finance)

Noida, May 28, 2013

AUDITORS' CERTIFICATE

To
The Members of Havells India Limited

We have examined the compliance of conditions of Corporate Governance by Havells India Limited, for the year ended on 31st March 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
Registration No. 301003E

(Manoj Gupta)
Partner
Membership No.83906

Noida, May 28, 2013

For **V.R. Bansal & Associates**
Chartered Accountants
Registration No. 016534N

(V.P. Bansal)
Partner
Membership No. 8843

Noida, May 28, 2013

standalone financial statements

S.R. Batliboi & CO. LLP
Chartered Accountants
Golf View Corporate Tower - B,
Sector -42, Sector Road,
Gurgaon -122002, Haryana.

V.R. Bansal & Associates
Chartered Accountants
B-11, Sector - 2,
Noida - 201 301

INDEPENDENT AUDITOR'S REPORT

To the Members of Havells India Limited
Report on the Financial Statements

We have audited the accompanying financial statements of Havells India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

(e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E

per **Manoj Gupta**
Partner
Membership Number: 83906

For **V.R. Bansal & Associates**
Chartered Accountants
ICAI Firm Registration Number: 016534N

per **V.P Bansal**
Partner
Membership Number: 8843

Noida, May 28, 2013

Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date
Re: Havells India Limited (the company)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) There was no substantial disposal of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) 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.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of clauses 4(iii) (a) to (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.

(b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of clauses 4(iii) (e) to (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. The Company's activity does not involve any sale of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, related to the manufacture of electrical goods, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows.

Name of the Statute	Nature of the Dues	Amount (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
Income-Tax Act, 1961	Disallowances and additions to taxable income.	5.30	AY 2006-07 to AY 2008-09	Income Tax Appellate Tribunal, New Delhi
Income-Tax Act, 1961	Disallowances and additions to taxable income.	6.60	AY 2009-10	Commissioner of Income Tax (Appeal) New Delhi
Central excise Act, 1944	Excise duty demand/ disallowance of Cenvat credit on various items.	0.39	FY 1987-88 to FY 1990-91 and FY 2009-10	Commissioner (Appeals)
Central excise Act, 1944	Cutsom duty demand on import of modular plates under notification no. 25/99	2.07	FY 2007-2013	Settlement Commission, New Delhi
Central excise Act, 1944	Excise duty demand/ disallowance of Cenvat credit on various items.	14.03	FY 1998-99 to FY 2011-12	CESTAT, New Delhi
Sales Tax/ VAT	Sales tax / VAT demand on various matters.	0.12	FY 2001-02	Joint Commissioner (Appeals), Faridabad
Sales Tax/ VAT	Sales tax / VAT demand on various matters.	2.49	FY 2007-08 to FY 2011-12	Additional Commissioner (Appeals)
Sales Tax/ VAT	Sales tax / VAT demand on various matters.	0.16	FY 2007-08 to FY 2009-10	Commissioner (Appeals)
Sales Tax/ VAT	Sales tax / VAT demand on various matters.	5.38	FY 2010-11	Special Commissioner (Appeals)
Sales Tax/ VAT	Sales tax / VAT demand on various matters.	3.79	FY2007-08 & FY 2010-11	Tribunal (Commercial Tax)
Sales Tax/ VAT	Sales tax / VAT demand on various matters	0.46	FY2008-09 & FY 2009-10	Deputy Commissioner (Appeals)
The Rajasthan tax of entry of goods into local areas Act ,1999	Demand of entry tax in the state of Rajasthan on purchase of few items.	0.98	FY 2010-11 & FY 2012-13	High Court of Rajasthan
The Himachal Pradesh tax of entry of goods into local areas Act , 2010	Demand of entry tax in the state of Himachal Pradesh on purchase of few items.	1.84	FY 2010-11 & FY 2012-13	High Court of Himachal Pradesh

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company has no outstanding dues to financial institutions or debenture holders.

(xii) 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.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by its subsidiaries from banks and financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company.

(xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that 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) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised money by way of public issue of shares/ debentures in the current year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E

per **Manoj Gupta**
Partner
Membership Number: 83906
Noida, May 28, 2013

For **V.R. Bansal & Associates**
Chartered Accountants
ICAI Firm Registration Number: 016534N

per **V.P Bansal**
Partner
Membership Number: 8843

Balance Sheet
as at March 31, 2013

(₹ in Crores)

		Notes	As At March 31, 2013	As At March 31, 2012
I	**EQUITY AND LIABILITIES**			
	1 Shareholders' funds			
	Share capital	2	62.39	62.39
	Reserves and surplus	3	1807.83	1545.93
			1870.22	**1608.32**
	2 Non-current liabilities			
	Long-term borrowings	4	108.78	69.27
	Deferred tax liabilities (net)	5	61.90	55.61
	Other long-term liabilities	6	33.26	2.72
	Long-term provisions	7	1.63	0.34
			205.57	**127.94**
	3 Current liabilities			
	Short-term borrowings	8	–	27.81
	Trade payables	9	398.96	542.46
	Other current liabilities	10	226.76	211.78
	Short-term provisions	11	156.77	128.64
			782.49	**910.69**
	Total		**2858.28**	**2646.95**
II	**ASSETS**			
	1 Non-current assets			
	Fixed assets	12		
	Tangible assets		894.63	772.09
	Intangible assets		9.09	5.47
	Capital work-in-progress		9.82	56.39
	Non-current investments	13	791.92	775.07
	Long-term loans and advances	14	59.40	41.66
	Other non-current assets	15	–	0.34
			1764.86	**1651.02**
	2 Current assets			
	Inventories	16	663.03	648.88
	Trade receivables	17	130.17	159.71
	Cash and bank balances	18	246.54	136.21
	Short-term loans and advances	19	41.10	39.47
	Other current assets	20	12.58	11.66
			1093.42	**995.93**
	Total		**2858.28**	**2646.95**
	Summary of significant accounting policies	1		
	Contingent liabilities and commitments	30		
	Other notes on accounts	31		

The accompanying notes are an integral part of the finanacial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
(Registration No. 301003E)

For V.R. Bansal & Associates
Chartered Accountants
(Registration No. 016534N)

For and on behalf of Board

Qimat Rai Gupta
Chairman and
Managing Director

Sanjay Gupta
Company Secretary

Per Manoj Gupta
Partner
Membership No. 83906

Per V.P. Bansal
Partner
Membership No. 8843

Surjit Gupta
Director

Sanjay Johri
Associate Vice President
- Finance

Noida, May 28, 2013

Statement 0f Profit and Loss

for the year ended March 31, 2013

(₹ in Crores)

		Notes	Year ended March 31, 2013	Year ended March 31, 2012
I	**INCOME**			
	Revenue from operations (gross)	21	4506.37	3830.56
	Less: Excise duty		281.38	214.95
	Revenue from operations (net)		4224.99	3615.61
	Other income	22	10.49	7.17
	Total revenue		**4235.48**	**3622.78**
II	**EXPENSES**			
	Cost of materials consumed	23	2266.33	2,051.59
	Purchase of stock in trade	24	422.66	353.38
	Change in inventories of finished goods, work-in-progress and stock in trade	25	(39.32)	(113.88)
	Employee benefits expense	26	175.34	141.71
	Finance costs	27	28.55	44.39
	Depreciation and amortisation expense	28	57.88	44.66
	Other expenses	29	866.86	727.12
	Total expenses		**3778.30**	**3248.97**
III	**Profit before tax**		**457.18**	**373.81**
IV	**Tax expenses**			
	Current tax		91.87	74.85
	MAT credit entitlement		(12.40)	(6.76)
	Income tax for earlier years		0.03	0.41
	Deferred tax		6.29	(0.12)
	Total tax expense		**85.79**	**68.38**
V	**Profit for the year**		**371.39**	**305.43**
VI	**Earnings per equity share {refer note 31 (17)}** nominal value of share ₹ 5/- (previous year ₹ 5/-)			
	Basic (₹)		**29.76**	**24.48**
	Diluted (₹)		**29.76**	**24.48**
	Summary of significant accounting policies	1		
	Contingent liabilities and commitments	30		
	Other notes on accounts	31		

The accompanying notes are an integral part of the finanacial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
(Registration No. 301003E)

Per Manoj Gupta
Partner
Membership No. 83906

Noida, May 28, 2013

For V.R. Bansal & Associates
Chartered Accountants
(Registration No. 016534N)

Per V.P. Bansal
Partner
Membership No. 8843

For and on behalf of Board

Qimat Rai Gupta
Chairman and
Managing Director

Sanjay Gupta
Company Secretary

Surjit Gupta
Director

Sanjay Johri
Associate Vice President
- Finance

Cash Flow Statement

for the year ended March 31, 2013

(₹ in Crores)

		Year ended March 31, 2013	Year ended March 31, 2012
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax	457.18	373.81
	Adjustments to reconcile profit before tax to net cash flows		
	Depreciation and amortisation expense	57.88	44.66
	Loss on sale of fixed assets	5.49	12.22
	Loss on non-current investment	0.36	–
	Profit on sale of fixed assets	(1.75)	(0.13)
	Unrealised foreign exchange (gain)/loss (net)	(4.00)	1.23
	Provision for doubtful trade receivables	1.88	1.11
	Interest income	(2.02)	(0.78)
	Interest expenses	25.01	41.35
	Excess provisions no longer required written back	(2.02)	(1.65)
	Operating Profit before working capital changes	**538.01**	**471.82**
	Movement in working capital		
	Decrease/(Increase) in trade receivables	29.39	(32.83)
	(Increase)/Decrease in loans and advances	(6.97)	19.28
	(Increase)/Decrease in other current assets	(0.72)	0.21
	(Increase)/Decrease in inventories	(39.02)	(167.91)
	(Decrease)/Increase in trade payables	(142.55)	104.08
	Increase/(Decrease) in other liabilities and provisions	91.98	37.21
	Cash generated from/(used) in operations	**470.12**	**431.86**
	Income taxes paid (net of refunds)	(92.49)	(74.65)
	Net Cash flow from/(used) in Operating Activities (A)	**377.63**	**357.21**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets including capital work in progress	(119.68)	(137.57)
	Investment in Bank deposits (having original maturity of more than three months)	–	(0.12)
	Maturity of bank deposits (having original maturity of more than three months)	0.20	–
	Investment in shares of subsidiary companies	(16.85)	(59.65)
	Proceeds from sale of fixed assets	3.34	1.75
	Interest income	1.82	0.78
	Net Cash flow from/(used) in Investing Activities (B)	**(131.17)**	**(194.81)**

(₹ in Crores)

	Year ended March 31, 2013	Year ended March 31, 2012
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of short term borrowings	(27.81)	–
Proceeds from short term borrowings	–	11.40
Repayment of long term borrowings	(100.77)	(18.61)
Proceeds from long term borrowings	112.01	–
Interest expenses	(24.72)	(41.35)
Tax on equity dividend paid	(13.16)	(5.06)
Dividends paid on equity shares	(81.10)	(31.19)
Net Cash flow from/(used) in Financing Activities (C)	**(135.55)**	**(84.81)**
Net increase / decrease in cash and cash equivalents (A+B+C)	**110.91**	**77.59**
Cash and cash equivalents at the beginning of the year	135.99	49.15
Effect of exchange differences on cash and cash equivalents held in foreign currency	(0.38)	0.31
Cash and cash equivalents taken over on amalgamation	–	8.94
Cash and cash equivalents at the end of the year	**246.52**	**135.99**
Notes:		
1 The above Cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3, "Cash Flow Statements".		
2 Components of cash and cash equivalents		
Cash on hand	0.04	0.02
Balances with banks:		
Current accounts	6.11	43.82
Cash credit accounts	98.76	91.75
Unpaid dividend account*	0.61	0.40
Fixed deposit receipt	141.00	–
	246.52	**135.99**
Add: Deposits held as margin money against bank guarantees	0.02	0.22
Total cash and cash equivalents at the end of the year (Note-18)	**246.54**	**136.21**
* The Company can utilise the said amount only towards settlement of unpaid dividend liability.		

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
(Registration No. 301003E)

Per Manoj Gupta
Partner
Membership No. 83906

Noida, May 28, 2013

For V.R. Bansal & Associates
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Per V.P. Bansal
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Membership No. 8843

For and on behalf of Board

Qimat Rai Gupta
Chairman and
Managing Director

Sanjay Gupta
Company Secretary

Surjit Gupta
Director

Sanjay Johri
Associate Vice President
- Finance

Corporate Information

Havells India Limited ('the Company') is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is one of the largest and India's fastest growing electrical and power distribution equipment manufacturer with products ranging from Industrial & Domestic Circuit Protection Switchgears, Cables, Motors, Fans, Power Capacitors, CFL Lamps and Luminaries for Domestic, Commercial & Industrial applications, Modular Switches, Water Heaters and Domestic Appliances covering the entire range of household, commercial and industrial electrical needs. The Company along with its subsidiary companies owns some of the prestigious global brands like Crabtree, Sylvania, Concord, Luminance, Linotile and Standard. The Company's manufacturing facilities are located at Faridabad in Haryana, Alwar and Neemrana in Rajasthan, Haridwar in Uttarakhand, Sahibabad and Noida in Uttar Pradesh and Baddi in Himachal Pradesh. The Company has research and development facilities located at its various manufacturing units and Head office, Noida (Uttar Pradesh) which has been approved by Department of Scientific & Industrial Research, Ministry of Science & Technology.

1 SIGNIFICANT ACCOUNTING POLICIES

1.01 Basis of Preparation

The financial statements of the Company have been prepared on historical cost convention as a going concern on accrual basis, in accordance with the requirements of the Companies Act, 1956 and in accordance with generally accepted accounting principles in India (Indian GAAP) and comply with Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended), to the extent applicable. Accounting policies have been consistently applied and where a newly issued accounting standard is initially adopted or where an existing accounting policy requires a change due to more appropriate presentation of financial statements, such changes are suitably incorporated. The management evaluates all recently issued or revised accounting standards on an ongoing basis.

1.02 Use of Estimates

The preparation of financial statements are in conformity with generally accepted accounting principles in India (Indian GAAP) requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Changes in estimates are reflected in the financial statements in the period in which changes are made and if material, their effects are disclosed in notes to accounts.

1.03 Tangible Fixed Assets and Capital Work-in-Progress

a) Tangible assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets and are further adjusted by the amount of CENVAT credit and VAT credit availed and subsidy directly attributable to the cost of fixed asset, wherever applicable. Interest and other borrowing costs during construction period to finance qualifying fixed assets is capitalised, if capitalisation criteria are met.

b) Subsequent expenditure related to an item of tangible asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day to day repair and maintenance expenditure are charged to the statement of profit and loss for the period during which such expenses are incurred.

c) Capital work-in-progress comprises cost of fixed assets that are not yet ready for their intended use at the balance sheet date and are carried at cost comprising direct cost, related incidental expenses, other directly attributable costs and borrowing costs. The allocation of pre-operative expenditure is done on the basis of prime cost of fixed assets in the year of commencement of commercial production.

d) Assets retired from active use and held for disposal are stated at the lower of their net book value or net relisable value, and are shown seperately.

e) Gains or losses arising from disposal of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognized in the statement of profit and loss when the assets are disposed off.

1.04 Intangible Assets

a) Acquired intangible assets
Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

b) Research and development cost
Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the company can demonstrate all the followings:

i) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

ii) Its intention to complete the asset;

iii) Its ability to use or sale the asset;

iv) How the asset will generate future economic benefits;

v) The availability of adequate resources to complete the development and to use or sale the asset; and

vi) The ability to measure reliably the expenditure attributable to the intangible asset during development.

c) Gains or losses arising from disposal of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset are disposed off.

1.05 Depreciation and Amortisation

a) Depreciation on tangible fixed assets are provided on straight line basis using the rates and in the manner as prescribed in Schedule XIV of the Companies Act, 1956, which approximates the useful life of the assets estimated by the management.

b) Leasehold land are amortised on a straight line basis over the unexpired period of their respective lease ranging from 90-99 years.

c) Dies and fixtures are depreciated on straight line basis over their estimated useful life of six years.

d) Intangible assets are amortised on a straight line basis over six years being their estimated useful life.

e) Asstes once classified as held for sale are not depreciated or amortised.

1.06 Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements 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 recognise a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

1.07 Inventories

i) Raw materials, components, stores and spares are valued at lower of cost and net realisable 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. The cost of raw materials, components, stores and spares comprises of purchase price and other costs incurred in bringing the inventories to their present location and condition and is determined on a moving weighted average basis.

ii) Work-in-progress and finished goods are valued at lower of cost and net realisable value after providing for cost of obsolescence. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

iii) Traded goods are valued at lower of cost and net realisable value after providing for cost of obsolescence. Cost includes cost of purchase and other costs incurred in bringing the inventories at their present location and condition. Cost is determined on a weighted average basis.

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

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

1.08 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 retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

iii) Exchange differences

Exchange differences arising on conversion/ settlement of foreign currency monetary items and on foreign currency liabilities relating to fixed assets acquisition are recognised as income or expense in the year in which they arise.

iv) Translation of integral and non integral foreign operations

The operations of foreign branches of the Company are integral in nature and financial statements of the integral foreign operations are translated as if the transactions of the foreign operation have been those of the Company itself.

v) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/ income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or expense for the period.

1.09 Government Grants and Subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that

(i) the Company will comply with the conditions attached to them, and

(ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to a fixed asset, the same is adjusted from the cost of the respective asset.

1.10 Retirement Benefits

a) Gratuity

The employee's Gratuity Fund Scheme, which is defined benefit plan, is managed by Trust maintained with Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Ltd. The Liabilities with respect to Gratuity Plan are determined by actuarial valuation on projected unit credit method on the balance sheet date, based upon which the company contributes to the Group Gratuity Scheme. The difference, if any, between the actuarial valuation of the gratuity of employees at the year end and the balance of funds with Life Insurance Corporation of India (LIC) and Bajaj

Allianz Life Insurance Company Ltd. is provided for as assets/ (liability) in the books. Actuarial gains/ (losses) for defined benefit plans are recognised in full and are immediately taken to the statement of profit and loss and are not deferred.

b) Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to provident fund are made in accordance with the relevant scheme and are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

c) Leave encashment

Leave encashment is provided on the basis of earned leave standing to the credit of the employees and the same is discharged by the Company by the year end.

1.11 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

i) Sale of goods

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer, and are recorded net of returns and trade discount. The Company collects sales tax and value added tax (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company and therefore are excluded from revenue. Excise duty is deducted from revenue (gross) to arrive at revenue from operations (net). Sales do not include inter-divisional transfers.

ii) Export incentives

Export incentives under various schemes notified by the government have been recognised on the basis of their entitlement rates and credits in the passbook/ amount received. Benefits in respect of Advance Licences received by the company against export made by it are accounted for as and when goods are imported against them and debited to raw material comsumption account.

iii) Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rates.

iv) Claims

Claims are recognised when there exists reasonable certainty with regard to the amounts to be realised and the ultimate collection thereof.

1.12 Prior Period Items/ Extraordinary Items

Prior Period expenses/ incomes, are shown as prior period items in the profit and loss account as per the provision of Accounting Standard-5, “Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies” notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

Items of income or expense that arise from events or transactions that are distinct from ordinary activities of the enterprise and are not expected to recurr frequently or regularly are treated as extraordinary items.

1.13 Segment Reporting

Identification of segments

The Company’s operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

1.14 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

1.15 Taxes on Income

Tax expense for the year comprises of current tax and deferred tax.

i) Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date. The Company is eligible for deduction under section 80-IC of Income Tax Act, 1961 in respect of income of units located in Special Category of States.

ii) Deferred income tax reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws those are enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations, where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities, and the deferred tax assets and deferred taxes liabilities relate to the same taxable entity and the same taxation authority.

In the situations, where the Company is entitled to a tax holiday under the Income-tax Act, 1961, no deferred tax asset/ (liability) is recognised in respect of timing differences which are reversable during the tax holiday period, to the extent the company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which are reversable after the tax holiday period is recognised in the year in which the timing differences originate. However, the company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer virtually certain, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes virtually certain, that sufficient future taxable income will be available.

iii) Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement" under loans and advances. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

1.16 Impairment of Assets

The Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories are recognised in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

1.17 Leases

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 recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

1.18 Borrowing Costs

Borrowing cost includes interest and ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

1.19 Provisions and Contingent Liabilities

Provisions

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Provisions for warranty

Product warranty costs are accrued in the year of sale of products, based on past experience. The Company periodically reviews the adequacy of product warranties and adjust warranty percentage and warranty provisions for actual experience, if necessary. The timing of outflow is expected to be with in one to two years.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

1.20 Cash and Cash Equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

Notes on Accounts
for the year ended March 31, 2013

(₹ in Crores)

2	SHARE CAPITAL	As At March 31, 2013	As At March 31, 2012
a)	**Authorised**		
	20,01,00,000 (Previous Year 20,01,00,000) equity shares of ₹ 5/- each	100.05	100.05
	Issued, subscribed and fully paid-up		
	12,47,74,812 (Previous Year 12,47,74,812) equity shares of ₹ 5/- each	**62.39**	**62.39**

b) Reconciliation of the shares outstanding at the beginning and at the end of the year

(₹ in Crores)

	March 31, 2013		March 31, 2012	
	No. of shares	(₹ in Crores)	No. of shares	(₹ in Crores)
At the beginning of the year	124,774,812	62.39	124,774,812	62.39
Issued during the year	–	–	–	–
Outstanding at the end of the year	**124,774,812**	**62.39**	**124,774,812**	**62.39**

c) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended March 31, 2013, the amount of per share dividend recognised as distributions to equity shareholders is ₹ 7.50 (Previous Year ₹ 6.50).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

d) Details of shareholders holding more than 5% shares in the Company is set out below (legal ownership unless otherwise stated)

	March 31, 2013		March 31, 2012	
	No. of shares	% holding	No. of shares	% holding
Shri Qimat Rai Gupta, Chairman *	9,535,888	7.64	9,535,888	7.64
Shri Surjit Gupta, Director	6,530,160	5.23	6,530,160	5.23
QRG Enterprises Limited	37,971,776	30.43	37,971,776	30.43
Ajanta Mercantile Limited	13,650,402	10.94	12,369,600	9.91
Seacrest Investment Limited **			12,820,000	10.27

* Shareholding of Shri Qimat Rai Gupta, Chairman includes 26,64,000 equity shares (previous year 26,64,000 equity shares) for and behalf of M/s Guptajee & Company, a firm in which he is a partner.

** The holding of Seacrest Investment Limited has decreased from 10.27% as at March 31, 2012 to 4.66% (representing 58,20,000 equity shares) as at March 31, 2013.

e) Aggregate number of shares issued as fully paid up pursuant to contract without payment being received in cash or by way of bonus shares during the period of five years immediately preceding the date of balance sheet:

	March 31, 2013 No. of shares	March 31, 2012 No. of shares
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash.	2,219,000	2,219,000
Equity shares allotted as fully paid up bonus shares by capitalisation of securities premium account and general reserve.	62,387,406	62,387,406

(₹ in Crores)

3 RESERVES AND SURPLUS	As At March 31, 2013	As At March 31, 2012
a) Capital Reserve	**7.61**	**7.61**
b) Business Reconstruction Reserve*	**398.46**	**398.46**
c) General Reserve		
As per the last balance sheet	146.83	93.98
Add: Transferred in pursuance of scheme of amalgamation**	–	22.30
Amount transferred from surplus in the statement of profit and loss	37.50	30.55
	184.33	**146.83**
d) Surplus in the statement of profit and loss		
As per the last balance sheet	993.03	778.37
Add: Transferred in pursuance of scheme of amalgamation**	–	34.04
Profit for the year	371.39	305.43
	1364.42	**1117.84**
Less Appropriations :		
Proposed final equity dividend	(93.58)	(81.10)
Corporate tax on proposed dividend	(15.91)	(13.16)
Transferred to general reserve	(37.50)	(30.55)
Net surplus in the statement of profit and loss	**1217.43**	**993.03**
	1807.83	**1545.93**

* The Company had created Business Reconstruction Reserve Account in the financial year 2009-10 by transfer of ₹ 400 crores from securities premium account for the purpose of adjustment of certain expenses as per the scheme of arrangement entered into by the Company with its subsidiary and associate company as approved by the Hon'ble High Court of Delhi vide their order dated 19.08.2010.

** In the previous year, Standard Electrical Limited, wholly owned subsidiary company (transferor company) was amalgamated with the company by the Hon'ble High Court of Delhi vide their order dated September 27, 2011 which became effective on October 15, 2011 on filling of the said order with the Registrar of Companies, NCT of Delhi and Harayana.

(₹ in Crores)

4 LONG TERM BORROWINGS	As At March 31, 2013	As At March 31, 2012
Term loans from Banks (secured)		
External commercial borrowings	108.78	–
Term loan	–	69.27
	108.78	**69.27**

a) External commercial borrowing is from HSBC Bank (Mauritius) Limited. The said loan is repayable in 12 equal quarterly instalments of USD 16,66,667 starting from 26th April 2014 carrying an interest rate of LIBOR + 195 bps per annum, and is secured by way of:-

i) first charge on movable fixed assets aquired out of the said loan and

ii) equitable mortgage over land and building situated at plot no. 2A, sector 10, BHEL Industrial Estate, Haridwar, Uttarakhand.

The charge in respect of said securities is pending for creation.

b) Term loan from Canara Bank, Prime Corporate Branch-II, New Delhi has been repaid during the year. The loan was repayable in 16 equal quaterly instalments of ₹ 7.88 crores each commencing from 1st April 2011 and extending till 1st January 2015.The said loan was secured against following assets which have been discharged during the year:-

i) equitable mortgage of Company's factory land and building situated at Village Gullarwala, Baddi, Himachal Pradesh and 204 & 204A, MIA, Alwar, Rajasthan.

ii) hypothecation of plant and machinery and other fixed assets purchased out of the above said loan.

c) Current maturities of long term borrowings is ₹ nil (previous year ₹ 31.50 crores)

(₹ in Crores)

5	DEFERRED TAX LIABILITIES (NET)	As At March 31, 2013	As At March 31, 2012
	Deferred tax liability		
	On account of difference in rates and method of depreciation of fixed assets	73.26	64.97
	Others	0.87	0.83
	Gross deferred tax liability	**74.13**	**65.80**
	Deferred tax asset		
	On account of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis	5.55	3.97
	On account of provision for doubtful trade receivables and litigations	1.71	1.38
	Others	4.97	4.84
	Gross deferred tax asset	**12.23**	**10.19**
	Deferred income tax liability (Net)		
	At the end of year	**61.90**	**55.61**
	On account of amalgamation	**–**	**2.11**
	For the year	**6.29**	**(0.12)**

(₹ in Crores)

6	OTHER LONG TERM LIABILITIES	As At March 31, 2013	As At March 31, 2012
	Retention money from contractors	0.08	2.72
	Sales incentives payable	33.18	–
		33.26	**2.72**

(₹ in Crores)

7	LONG TERM PROVISIONS	As At March 31, 2013	As At March 31, 2012
	Product warranties (refer note 11)	1.63	0.34
		1.63	**0.34**

(₹ in Crores)

8	SHORT TERM BORROWINGS	As At March 31, 2013	As At March 31, 2012
	Loans repayable on demand from banks		
	Cash credit accounts (secured) {refer point (a) and (b)}	–	27.81
		–	**27.81**

a) Working capital limits are under consortium of Canara Bank, Corporation Bank, IDBI Bank Limited, State Bank of India, Standard Chartered Bank, ICICI Bank, Yes Bank Limited and The Hongkong and Shanghai Banking Corporation Limited.

b) Working capital limits from consortium banks are secured by way of:

i) pari-passu first charge by way of hypothecation on stocks of raw material, semi-finished goods, finished goods, stores and spares, bill receivables, book debts and all movable and other current assets of the Company.

ii) pari-passu first charge by way of Equitable Mortgage on land and building at 14/3, Mathura Road, Faridabad.

iii) pari-passu second charge by way of hypothecation on plant and machinery, generators, furnitures and fixtures, electric fans and installations.

(₹ in Crores)

9	TRADE PAYABLES	As At March 31, 2013	As At March 31, 2012
	Trade payables	398.96	542.46
		398.96	**542.46**

a) Trade payables include acceptances ₹ nil (previous year 195.28 crores).

b) Trade payables include ₹ 34.97 crores due to subsidiary companies (previous year ₹ 7.82 crores) {refer note no 31 (15) (C)}.

c) Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for the year ended 31st March 2013 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

i)	Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act:		
	Principal	10.72	6.29
	Interest	0.17	0.01
ii)	The amount of interest paid by the buyer in terms of section16, of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	0.29	0.36
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 MSMED Act.	–	–
iv)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.01	0.01
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 enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	–	–

The total dues of Micro and Small Enterprises which were outstanding for more than stipulated period were at ₹ 0.18 crore (previous year ₹ 1.64 crores) as on the balance sheet date.

(₹ in Crores)

10	OTHER CURRENT LIABILITIES	As At March 31, 2013	As At March 31, 2012
	Current maturities of long-term borrowings (refer note no. 4)	–	31.50
	Interest accrued but not due on borrowings	0.43	0.02
	Interest accrued and due on borrowings	–	0.12
	Unpaid dividend {refer point (a)}	0.61	0.40
	Creditors for capital goods	5.71	6.84
	Other payables		
	Sales incentives payable	53.04	46.75
	Trade deposits	18.93	16.20
	Advances and progress payments from customers	53.19	37.37
	Excise duty payable {refer point (b)}	13.68	16.12
	Other statutory dues payable	40.32	31.09
	Other liabilities {refer point (c)}	40.85	25.37
		226.76	**211.78**

a) Investor Education and Protection Fund is being credited by the amount of unclaimed dividend after seven years from the due date.The Company has transferred and deposited a sum of ₹ 0.01 crore (previous year ₹ 0.01 crore) out of unclaimed dividend pertaining to the financial year 2004-05 to Investor Education and Protection Fund of Central Government in accordance with the provisions of section 205C of the Companies Act, 1956.

b) The Company has made a provision of excise duty payable amounting to ₹ 13.68 crores (previous year ₹ 16.12 crores) on stocks of finished goods and scrap material at the end of the year except at Baddi and Haridwar units which are exempted from excise duty. Excise duty is considered as an element of cost at the time of manufacturing of goods.

c) Other liabilities include expenses payable and other miscellaneous deposits.

d) The Company has not made any provision for cess payable u/s 441A of the Companies Act, 1956. The said provision shall be made as and when the requisite notification is issued by the Central Government in this regard.

(₹ in Crores)

11 SHORT TERM PROVISIONS	As At March 31, 2013	As At March 31, 2012
i) Provision for employee benefits		
Gratuity {refer note 31(12)}	3.29	3.22
	3.29	**3.22**
ii) Other provisions		
Product warranties {refer point (a)}	31.52	18.78
Litigations {refer point (b)}	3.28	2.60
Proposed equity dividend {refer point (c)}	93.58	81.10
Corporate dividend tax	15.91	13.16
Income Tax (net of advance tax and TDS)	9.13	9.74
Wealth Tax	0.06	0.04
	153.48	**125.42**
	156.77	**128.64**

a) Provision for warranties

A provision is recognised for expected warranty claims on products sold during the last one to two years, based on past experience of the level of repairs and returns. It is expected that significant portion of these costs will be incurred in the next financial year and all will have been incurred within two years after the reporting date. Assumptions used to calculate the provisions for warranties were based on current sales levels and current information available about returns based on one to two years warranty period for all products sold. The table below gives information about movement in warranty provisions.

At the beginning of the year	19.12	9.42
Arising during the year	32.80	28.05
Utilised during the year	18.73	18.35
Unused amount reversed	0.04	–
At the end of the year	**33.15**	**19.12**
Current portion	31.52	18.78
Non-current portion (refer note 7)	1.63	0.34

b) Provision for litigations

i) During the financial year 2008-09, a demand for ₹ 0.54 crores has been raised by the Central Excise Department towards additional custom duty in cases where the duty has been paid through DEPB. The Company is contesting the same in the view of notification No. 28/(RE2003)/2002-2007 dated 28.01.2004 issued by Ministry of Commerce and Industry, Department of Commerce. A provision of ₹ 0.28 crores has been made towards the estimated liability on this account.

ii) During the financial year 2010-11, the Central Excise Department, Jalandhar raised a penalty demand for ₹ 0.10 crores towards differential excise duty on finished goods sold by the branches at higher selling price. The Company is contesting the same before the Central Excise and Service Tax Appellate Tribunal (CESTAT). A provision of ₹ 0.10 crore has been made towards the liability on this account.

iii) The Company has challenged the constitutional validity of Entry of Goods under Local Area Act, 2010 before the Hon'ble High Court of Himachal Pradesh at Shimla. The Company has deposited 1/3rd of assessed tax and the Apex Court has granted stay for balance 2/3rd amount against submission of bank guarantee. The Company has made a provision of ₹ 1.26 crores during the year (previous year ₹ 1.21 crores) and the liability as on date is ₹ 1.84 crores (previous year ₹ 1.40 crores).

iv) The Company has challenged the constitutional validity of the entry tax under Entry Tax Act 1999, before the Hon'ble High Court of Judicature, Rajasthan Jaipur Bench, Jaipur. The Hon'ble Supreme Court has granted the stay to the extent 50% of total amount of liability. The Company has made a provision of ₹ 0.31 crores during the year (previous year ₹ 0.30 crores) and the liability as on date is ₹ 0.98 crores (previous year ₹ 0.92 crores).

v) During the Financial year 2011-12, a demand of ₹ 0.21 crores has been raised by the Excise and Taxation officer, Jalandhar. The Company is contesting the same before the Deputy Excise & Taxation Commissioner, Jalandhar Division. However the Company expects a liability of ₹ 0.06 crores on account of input tax credit on diesel and a provision has been made accordingly.

vi) A demand of ₹ 0.03 crores has been raised by the Income Tax Department for the financial year 2003-04. The same is contested before the Hon'ble Income Tax Appellate Tribunal. However, the Company expects a liability of ₹ 0.02 crores and a provision has been made accordingly.

The table below gives information about movement in litigation provisions:

(₹ in Crores)

	As At March 31, 2013	As At March 31, 2012
At the beginning of the year	2.60	0.81
Arising during the year	1.65	1.79
Utilised during the year	0.97	–
Unused amount reversed	–	–
At the end of the year	**3.28**	**2.60**
Current portion	3.28	2.60
Non-current portion	–	–

c) **Provision for dividend**

The Company has proposed dividend for the year @ 150% (previous year @ 130%) on its equity capital and a provision for corporate dividend tax including surcharge and education cess thereon has been made.

12 FIXED ASSETS

(₹ in Crores)

Sl. No.	Description	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
		As at April 01, 2012	Addition/ Adjustments during the year	Sales during the year	As at March 31, 2013	Upto last year	For the year	Sales during the year	To date	As at March 31, 2013	As at March 31, 2012
a)	**Tangible Assets**										
	Industrial land										
	Freehold	27.53	–	–	27.53	–	–	–	–	27.53	27.53
	Leasehold	75.19	1.60	–	76.79	–	1.00	–	1.00	75.79	75.19
	Buildings	300.10	68.79	0.27	368.62	31.49	10.53	0.11	41.91	326.71	268.61
	Plant and machinery	393.36	39.42	7.40	425.38	72.36	27.46	1.89	97.93	327.45	321.00
	Dies and fixtures	–	41.57	–	41.57	–	7.00	–	7.00	34.57	–
	Furniture and fixtures	27.20	9.72	0.31	36.61	7.47	2.03	0.14	9.36	27.25	19.73
	Vehicles	7.65	3.10	1.91	8.84	2.72	0.70	0.94	2.48	6.36	4.93
	R & D Equipments	10.45	1.09	–	11.54	3.01	0.67	–	3.68	7.86	7.44
	Office equipments	30.70	14.14	1.04	43.80	13.11	4.15	0.33	16.93	26.87	17.59
	Electric fans and installations	37.21	5.67	0.03	42.85	7.14	1.94	0.01	9.07	33.78	30.07
	Total tangible assets	**909.39**	**185.10**	**10.96**	**1,083.53**	**137.30**	**55.48**	**3.42**	**189.36**	**894.17**	**772.09**
	Previous year	**831.10**	**101.17**	**22.88**	**909.39**	**101.69**	**43.23**	**7.62**	**137.30**	**772.09**	**703.45**
b)	**Intangible Assets**										
	Computer Software	9.03	6.02	–	15.05	3.73	2.31	–	6.04	9.01	5.30
	Technical know–how	0.51	–	–	0.51	0.34	0.09	–	0.43	0.08	0.17
	Total intangible assets	**9.54**	**6.02**	**–**	**15.56**	**4.07**	**2.40**	**–**	**6.47**	**9.09**	**5.47**
	Previous year	**7.84**	**1.73**	**0.03**	**9.54**	**2.66**	**1.43**	**0.02**	**4.07**	**5.47**	**5.16**
c)	**Capital Work–in–Progress**	**56.39**	**9.00**	**55.57**	**9.82**	**–**	**–**	**–**	**–**	**9.82**	**56.39**
	Previous year	**21.72**	**73.63**	**38.96**	**56.39**	**–**	**–**	**–**	**–**	**56.39**	**21.69**
d)	**Assets held for sale–tangible**									**0.46**	**–**
	Total–Current Year	**975.32**	**200.12**	**66.53**	**1,108.91**	**141.37**	**57.88**	**3.42**	**195.83**	**913.54**	**833.95**
	–Previous year	**860.66**	**176.53**	**61.87**	**975.32**	**104.35**	**44.66**	**7.64**	**141.37**	**833.95**	**730.30**

Notes: -

1. Freehold land includes two plots at Bawana and Narela Industrial Area in respect of which possession has not been given by authority.
2. The title deed in respect of freehold land at Badli is yet to be executed.
3. Buildings include ₹ 0.05 crore being the cost of premises purchased at Leonard Road, Bangalore, title deed in respect of which has not been executed as yet.
4. Depreciation includes ₹ 1.00 crore on accou nt of Leasehold land amotised during the year.
5. Additions/ adjustments include dies and fixtures having a book value of ₹ 24.87 crores transferred from inventories during the year. {refer note no 31(5)}
6. The machineries retired from active use and held for disposal are classified as assets held for sale. Details are as under:

   Gross Block ₹ 3.50 crores, Accumulated depreciation ₹ 1.53 crores, Loss ₹ 1.51 crores and Net Block ₹ 0.46 crores

(₹ in Crores)

13	NON-CURRENT INVESTMENTS	As At March 31, 2013	As At March 31, 2012
	Trade investments, long term (valued at cost unless stated otherwise)		
	Unquoted equity instruments in subsidiary companies		
	Havell's Cyprus Limited 56,140 (previous year 56,140) equity shares of 1 Euro each fully paid up	**–**	**0.36**
	Less: Provision for diminution in value of shares	–	(0.36)
		–	–
	Havells Holdings Limited 103,792,326 (previous year 103,792,326) Ordinary Shares of 1 GBP each fully paid up	775.07	775.07
	Havells Exim Limited 1000 (previous year 1000) Equity Shares of 1 Hong Kong Dollars each fully paid up	0.00	0.00
	Unquoted equity investment in joint venture		
	Jiangsu Havells Sylvania Lighting Co.,Ltd. (50% of capital contribution)	16.85	–
	Aggregate amount of unquoted investments	**791.92**	**775.07**
	Aggregate provision for diminution in value of Investments	–	0.36

a) The Company has written off the investment of ₹ 0.36 crores in Havell's Cyprus Limited consequent to the confirmation of closure from Reserve Bank of India vide their letter dated July 02, 2012.

b) The Company has invested a sum of ₹ 16.85 crores in the joint venture company 'Jiangsu Havells Sylvania Lighting Co., Ltd.' towards 50 % of its capital contribution as per the joint venture agreement dated 26th December 2011, entered into by the Company with Shanghai Yaming Lighting Co., Ltd., Shanghai, China for the manufacture of lighting lamps and lamp accessories. {refer note no 31(4)}

(₹ in Crores)

14	LONG TERM LOANS AND ADVANCES	As At March 31, 2013	As At March 31, 2012
	Unsecured- considered good		
	Capital advances	3.53	1.37
	Earnest money and security deposits	9.25	6.24
	MAT Credit entitlement	46.07	33.67
	Prepaid expenses	0.32	0.19
	Balance with Statutory authorities	0.23	0.19
		59.40	**41.66**

(₹ in Crores)

15	OTHER NON-CURRENT ASSETS	As At March 31, 2013	As At March 31, 2012
	Trade receivables (unsecured-considered good)	–	0.34
		–	**0.34**

(₹ in Crores)

16	INVENTORIES	As At March 31, 2013	As At March 31, 2012
	Raw materials and components	166.40	169.30
	Work-in-progress	49.12	49.05
	Finished goods	300.55	268.13
	Stock in trade (traded goods)	122.26	116.75
	Stores and spares	11.30	7.84
	Loose tools	0.52	0.94
	Dies and fixtures	–	26.03
	Packing materials	8.41	7.93
	Fuel and gases	0.87	0.63
	Scrap materials	3.60	2.28
		663.03	**648.88**
	The above includes goods in transit as under:		
	Raw material	21.07	16.40
	Finished goods	13.01	5.63
	Stock in trade (traded goods)	6.26	4.97

a) Inventories other than scrap materials have been taken at lower of cost and net realisable value.

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

(₹ in Crores)

17	TRADE RECEIVABLES	As At March 31, 2013	As At March 31, 2012
	Outstanding due for a period exceeding six months from the date they are due for payment		
	Unsecured, considered good	4.52	1.75
	Unsecured, considered doubtful	3.92	4.26
		8.44	6.01
	Less: Provision for doubtful receivables	3.92	4.26
		4.52	**1.75**
	Other receivables		
	Unsecured, considered good*	125.65	157.96
	Unsecured, considered doubtful	1.03	–
		126.68	**157.96**
	Less: Provision for doubtful receivables	1.03	–
		125.65	**157.96**
		130.17	**159.71**

* Trade receivables include ₹ 12.73 crores (previous year ₹ 1.03 crores) due from subsidiaries/ stepdown subsidiary companies. {refer note no 31(15) (C)}.

(₹ in Crores)

18	CASH AND BANK BALANCES	As At March 31, 2013	As At March 31, 2012
	a) Cash and cash equivalents		
	Balances with banks:		
	Current accounts	6.11	43.82
	Cash credit accounts	98.76	91.75
	Unpaid dividend account	0.61	0.40
	Fixed Deposits having a maturity period of less than three months	141.00	–
	Cash on hand	0.04	0.02
		246.52	**135.99**
	b) Other bank balances		
	Deposits held as margin money against bank guarantees with original maturity of more than three months*	0.02	0.22
		0.02	**0.22**
		246.54	**136.21**

* Including bank deposits of ₹ 0.01 crore (previous year ₹ 0.01 crore) with more than twelve months maturity

(₹ in Crores)

19	SHORT TERM LOANS AND ADVANCES	As At March 31, 2013	As At March 31, 2012
	Other loans and advances - Unsecured, considered good		
	Advances against materials and services	13.48	12.71
	Prepaid expenses	9.41	9.04
	Security deposits	2.41	3.25
	Other advances	0.36	0.59
	Balance with Statutory/ Government authorities:		
	Excise duty	0.39	0.41
	Service tax	0.65	0.19
	VAT	0.14	0.01
	Other deposits with Statutory/ Government authorities authorities	14.26	13.27
		41.10	**39.47**

(₹ in Crores)

20	OTHER CURRENT ASSETS	As At March 31, 2013	As At March 31, 2012
	Unsecured, considered good		
	Earnest money	1.70	1.45
	Retention money	1.94	1.68
	Export incentives receivable	6.69	6.30
	DEPB licences in hand	0.46	0.28
	Capital investment subsidy receivable	0.60	0.60
	Claims and other debts	0.82	1.18
	Interest accrued on deposits	0.37	0.17
		12.58	**11.66**

(₹ in Crores)

21	REVENUE FROM OPERATIONS	As At March 31, 2013	As At March 31, 2012
	Sale of products		
	Finished goods	4,012.64	3,388.55
	Stock in trade (traded goods)	699.46	590.38
		4,712.10	3,978.93
	Less: Turnover discount, incentives and rebates	231.82	173.21
		4,480.28	3,805.72
	Other operating revenue		
	Scrap sales	19.68	19.15
	Export incentives	6.41	5.69
	Revenue from operations (gross)	**4,506.37**	**3,830.56**
	Less: Excise duty	281.38	214.95
	Revenue from operations (net)	**4,224.99**	**3,615.61**
	Details of products sold		
	Finished goods		
	Switchgears	1,080.52	896.68
	Cables	1,942.32	1,787.38
	Lighting and fixtures	448.73	293.25
	Electrical consumer durables	541.07	411.22
	Others	–	0.02
		4,012.64	**3,388.55**
	Stock in trade (traded goods)		
	Switchgears	100.56	78.83
	Lighting and fixtures	287.83	310.20
	Electrical consumer durables	311.07	201.35
		699.46	**590.38**
		4,712.10	**3,978.93**

(₹ in Crores)

22	OTHER INCOME	As At March 31, 2013	As At March 31, 2012
	Interest income on		
	Bank deposits	0.89	0.08
	Delayed payments from customers	0.93	0.45
	Others	0.20	0.25
	Miscellaneous income	3.83	4.61
	Exchange Fluctuations (Net)	0.87	–
	Profit on sale of fixed assets	1.75	0.13
	Excess provisions no longer required written back	2.02	1.65
		10.49	**7.17**

(₹ in Crores)

23	COST OF MATERIALS CONSUMED	As At March 31, 2013	As At March 31, 2012
	Copper	747.45	654.93
	Aluminium	353.33	375.83
	General plastic	138.75	142.69
	Paints and chemicals	114.01	122.09
	Steel	97.71	103.85
	Engineering plastic	32.09	28.65
	Packing materials	107.38	96.06
	Others	675.61	527.49
		2,266.33	**2,051.59**

(₹ in Crores)

24	PURCHASE OF STOCK IN TRADE (TRADED GOODS)	As At March 31, 2013	As At March 31, 2012
	Switchgears	48.50	37.04
	Lighting and fixtures	166.34	187.53
	Electrical consumer durables	207.82	128.81
		422.66	**353.38**

(₹ in Crores)

25	CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE	As At March 31, 2013	As At March 31, 2012	(Increase)/ Decrease
	Inventories at the end of the year			
	Finished goods	300.55	268.13	(32.42)
	Stock in trade (traded goods)	122.26	116.75	(5.51)
	Work in progress	49.12	49.05	(0.07)
	Scrap	3.60	2.28	(1.32)
		475.53	436.21	**(39.32)**
	Inventories at the beginning of the year			
	Finished goods	268.13	185.00	(83.13)
	Stock in trade (traded goods)	116.75	99.95	(16.80)
	Work in progress	49.05	35.96	(13.09)
	Scrap	2.28	1.42	(0.86)
		436.21	322.33	**(113.88)**

(₹ in Crores)

	As At March 31, 2013	As At March 31, 2012
Details of inventory at the end of the year		
Finished Goods		
Switchgears	77.67	77.31
Cables	137.20	128.45
Lighting and Fixtures	28.03	28.75
Electrical Consumer Durables	57.65	33.62
	300.55	**268.13**
Stock in trade (traded goods)		
Switchgears	7.65	7.52
Lighting and Fixtures	48.30	64.07
Electrical Consumer Durables	66.31	45.16
	122.26	**116.75**

(₹ in Crores)

	As At March 31, 2013	As At March 31, 2012
Work in progress		
Switchgears	11.33	8.49
Cables	26.28	24.74
Lighting and Fixtures	7.42	11.22
Electrical Consumer Durables	4.09	4.60
	49.12	**49.05**
Details of inventory at the beginning of the year		
Finished Goods		
Switchgears	77.31	47.57
Cables	128.45	80.26
Lighting and Fixtures	28.75	23.79
Electrical Consumer Durables	33.62	33.32
Others	–	0.06
	268.13	**185.00**
Stock in trade (traded goods)		
Switchgears	7.52	9.78
Lighting and Fixtures	64.07	59.11
Electrical Consumer Durables	45.16	31.03
Others	–	0.03
	116.75	**99.95**
Work in progress		
Switchgears	8.49	6.73
Cables	24.74	20.96
Lighting and Fixtures	11.22	4.49
Electrical Consumer Durables	4.60	3.78
	49.05	**35.96**

(₹ in Crores)

26	EMPLOYEE BENEFITS EXPENSE	As At March 31, 2013	As At March 31, 2012
	Salaries, wages, bonus, commission and other benefits	156.29	126.75
	Contribution towards PF, Family Pension and ESI	8.32	6.73
	Gratuity expense {refer note 31(12)}	3.82	2.72
	Staff welfare expenses	6.91	5.51
		175.34	**141.71**
	Employee benefits expense include managerial remuneration as detailed below:		
	Salaries, bonus and other benefits	3.33	3.10
	Contribution towards PF	0.14	0.12
	Commission	8.15	6.66
		11.62	**9.88**

(₹ in Crores)

27	FINANCE COSTS	As At March 31, 2013	As At March 31, 2012
	Interest expense	22.76	31.89
	Bank charges	3.54	3.04
	Exchange difference to the extent considered as an adjustment to borrowing cost {refer note 31(7)}	2.25	9.46
		28.55	**44.39**

(₹ in Crores)

28	DEPRECIATION AND AMORTISATION EXPENSE	As At March 31, 2013	As At March 31, 2012
	Depreciation of tangible assets	55.48	43.23
	Amortisation of intangible assets	2.40	1.43
		57.88	**44.66**

(₹ in Crores)

29	OTHER EXPENSES	As At March 31, 2013	As At March 31, 2012
	Consumption of stores and spares	28.35	24.07
	Power and fuel	56.90	49.78
	Job work charges	110.64	91.87
	Increase /(decrease) in excise duty in inventory of finished goods and scrap	(0.08)	9.67
	Rent	30.60	28.79
	Repairs and maintenance		
	Plant and machinery	9.73	9.01
	Buildings	1.90	1.58
	Others	3.88	4.26
	Rates and taxes	0.68	0.66
	Insurance	5.58	4.77
	Trade mark fee and royalty	42.89	38.53
	Research and development expenses {refer note 31 (8)}	16.95	8.33
	Travelling and conveyance	41.51	32.67
	Legal and professional charges	7.19	5.49
	Payment to Auditors		
	As auditor:		
	Audit fee	1.20	1.20
	Taxation matters	0.05	0.05
	Reimbursement of expenses	0.07	0.02
	Exchange Fluctuations (Net)	–	3.38
	Donation	4.51	6.08
	Freight and forwarding expenses	153.42	130.52
	Service tax and custom duty paid	12.78	5.59
	Advertisement and sales promotion	143.54	112.18
	Cash discount	42.90	35.02
	Commission on sales	33.04	25.68
	Product warranties and after sales services	59.73	38.73
	Trade receivables factoring charges	19.82	18.91
	Loss on sale/discard of fixed assets	5.49	12.22
	Loss on non-current investment	0.36	–
	Bad debts written off	0.90	0.88
	Provision for doubtful trade receivables	1.88	1.11
	Miscellaneous expenses	30.45	26.07
		866.86	**727.12**

(₹ in Crores)

30	CONTINGENT LIABILITIES AND COMMITMENTS	2012-13	2011-12
A	**Contingent liabilities (to the extent not provided for)**		
a	Claims/Suits filed against the Company not acknowledged as debts {refer note (i)}	13.72	6.28
b	Bank guarantees opened with banks	83.69	79.01
c	Letter of credits opened with banks	31.17	30.34
d	Liability towards banks against receivable buyout facilities {refer note (ii)}	63.83	48.51
e	Bonds to excise department against export of excisable goods/purchase of goods without payment of duty (to the extent utilised)	18.72	20.44
f	Custom duty payable against export obligation	19.17	19.32
g	Disputed tax liabilities in respect of pending cases before Appellate Authorities {amount deposited under protest ₹ 5.24 crores (previous year ₹ 6.93 crores)} {refer note (iii)}	46.03	26.39
h	Demand raised by Uttarakhand Power Corporation Limited contested before electricity Ombudsman, Dehradun {Amount deposited under protest ₹ 1.00 crores (previous year ₹ 0.20 crores)}	1.00	2.60
i	Corporate Guarantees given on behalf of subsidiary companies (to the extent of outstanding obligation) {refer note (iv)}	291.68	193.83

NOTES:

i) The Company had supplied switchgear products to one of its international customer "Electrium" from 2009 onwards after due inspection by the customer. The customer has claimed that the material supplied by the Company was not of approved quality norms and consequently Electrium voluntarily recalled the material from the market. During the year, arbitration proceedings were initiated by Electrium claiming initial compensation of ₹ 197.57 crores, however till date no hearing has happened.

During the tenure of the dispute period, the Company had supplied material to Electrium amounting to ₹ 9.45 crores only and as per the terms of the contract, the Company is not liable to pay any consequential cost. Accordingly, management is of the view that the claim made by customer is not tenable as the contract expressly limits the Company's liability with respect to replacement of the defective products. The matter is subjudice.

ii) a) The Company has utilised a receivable buyout facility of ₹ 249.91 crores (previous year ₹ 244.75 crores) availed from IDBI Bank Limited against insurance backed trade receivables with a recourse of 10% of facility amount. Accordingly, the trade receivables at the end of the year stand reduced by the said amount. A sum of ₹ 18.60 crores (previous year ₹ 18.91 crores) on account of charges paid for this facility has been debited to trade receivables factoring charges account.

b) During the year, the Company has utilised a trade receivable buyout facility of ₹ 91.18 crores (previous year nil) availed from Axis Bank Limited against insurance backed trade receivables with a recourse of 10% of the facility amount. Accordingly, the trade receivables at the end of the year stand reduced by the said amount. A sum of ₹ 1.22 crores (previous year nil) on account of charges paid for this facility has been debited to trade receivables factoring charges account.

c) The Company has arranged channel finance facility for its customers of ₹ 325.92 crores (previous year ₹ 269.54 crores) from Yes Bank Limited and Axis Bank Limited against insurance backed trade receivables with a recourse of 5% of the facility utilised and 10% of the facility amount respectively.

iii) The various disputed tax liabilities are as under :

(₹ in Crores)

Sl.	Description	Period to which relates	Disputed amount 2012-13	Disputed amount 2011-12
a)	**Excise / Customs/Service Tax**			
	Show cause notices/ demands raised by Excise and Custom department pending before various appellate authorities.	1987-88 to 2012-13	16.92	10.39
b)	**Income Tax**			
	Disallowances / additions made by the income tax department pending before various appellate authorities.	2004-05 to 2009-10	13.18	6.52
c)	**Sales Tax/VAT**			
	Show cause notices/ demands raised by Sales tax / VAT department pending before various appellate authorities	2003-04 to 2010-11	15.78	9.33
d)	**Others**			
	Demand of local area development tax by the concerned authorities.	2001-02	0.12	0.12
	Demand of octroi alongwith penalty in the state of Maharashtra by the concerned authorities.	2010-11	0.03	0.03
			46.03	**26.39**

Based on favourable decisions in similar cases, legal opinions taken by the Company, discussions with the solicitors, etc., the Company does not expect any liability against these matters and hence no provision has been considered in the books of accounts.

Besides the above, show cause notices from various departments have been received by the Company have not been treated as contingent liabilities since the Company has adequately represented to the concerned departments.

iv) a) The Company has given an irrevocable and unconditional corporate guarantee of ₹ 34.77 crores (Euro 5 millions) {previous year ₹ 34.17 crores (Euro 5 millions)} to Deutsche Bank in respect of credit facilities and other financial accommodation sanctioned to the step down subsidiary company 'Havells Sylvania Europe Limited'. The outstanding amount of the said credit facility as on the date of the Balance sheet is ₹ 13.63 crores (Euro1.96 millions) {previous year ₹ 14.52 crores (Euro 2.12 millions)}.

b) The Company has given a corporate guarantee of ₹ 99.53 crores (USD 18.30 millions) {previous year 93.62 crores (USD 18.30 millions)} to Standard Chartered Bank (Hong Kong) Limited in respect of the credit facilities sanctioned to its subsidiary company 'Havells Exim Limited'. The outstanding amount of the said credit facility as on the date of the balance sheet is ₹ 97.24 crores (USD 17.88 millions) {(previous year ₹ 74.17 crores (USD 14.5 millions)}.

c) During the year the Company has given an irrevocable and unconditional corporate guarantee to Standard Chartered Bank Limited, London for ₹ 180.81 crores (Euro 26 millions) {previous year nil} in respect of facility sanctioned to its subsidiary company 'Havell's Holdings Limited' as per Deed of Guarantee executed between the Company and Standard Chartered Bank Limited, London on 29th March 2013. The outstanding amount of the said credit facility as on the date of the balance sheet is ₹ 180.81 crores (Euro 26 millions) {previous year nil}.

d) The Company has given a corporate guarantee of ₹ 108.78 crores (USD 20 millions) {previous year 102.31 crores (USD 20 millions)} to ICICI Bank Limited, Hong Kong in respect of the credit facilities sanctioned to its subsidiary company 'Havells Exim Limited'. The outstanding amount of the said credit facility as on the date of the balance sheet is nil {previous year ₹ 11.54 crores (USD 2.26 millions)}. Subsequent to the date of balance sheet, the said guarantee has been released by the bank.

e) The Company has given a corporate guarantee of ₹ 100 crores to Yes Bank Limited in respect of 'Standby Letter of Credit' facility sanctioned to its subsidiary company 'Havells Exim Limited'. The outstanding amount of said credit facility as on the date of balance sheet is nil (previous year 93.60 crores). The said guarantee has been released during the year by the bank.

v) a) The Company is under obligation to export goods within a period of eight years from the date of issue of EPCG licenses issued in terms of para 5.2 of Foreign Trade Policy 2009-2014. As on the date of balance sheet, the Company is under obligation to export goods worth ₹ 125.80 crores (previous year ₹ 130.77 crores) within the stipulated time as specified in the respective licenses. Out of the said amount, the Company has fulfilled the export obligation of ₹ 86.44 crores (previous year ₹ 60.66 crores) in respect of which application for Export Obligation Discharge Certificates (EODC) will be filed with the Director General Foreign Trade (DGFT) within the stipulated time.

b) Further the Company is under obligation to export goods worth ₹ 60.46 crores (previous year ₹ 61.86 crores) in respect of duty free imports made by the Company against advance licenses. Out of the said amount , export obligation of ₹ 49.70 crores (previous year ₹ 42.82 crores) has been fulfilled by the Company as at the end of the year in respect of which application for Export Obligation Discharge Certificates (EODC) will be filed with the Director General Foreign Trade (DGFT) within the stipulated time.

(₹ in Crores)

B	Commitments	2012-13	2011-12
	Estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	35.65	29.01

31 OTHER NOTES ON ACCOUNTS

1 The Company has the following subsidiaries as on 31st March 2013:

Name of Subsidiary	Country of Incorporation	Date of control	Nature	Extent of control
(i) Havells Holdings Limited*	Isle of Man	09.03.2007	Wholly Owned Subsidiary	100%
(ii) Havells Exim Limited	Hong Kong	24.10.2010	Wholly Owned Subsidiary	100%

*Havells Holdings limited has 54 wholly owned subsidiaries/ step-down subsidiaries as on the balance sheet date.

2 The Company has, vide special resolution passed by way of postal ballot on 23rd March 2013 approved “Havells Employees Stock Option Plan 2013” (ESOP 2013 or Plan) for granting Employees Stock Options in the form of Equity Shares to eligible employees. The plan will be administered by Havells Employees Welfare Trust (“EW Trust”) under the supervision of the Nomination and Remuneration Committee of the Board of Directors of the Company (“Committee”) in compliance with the provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (SEBI Guidelines) and any other applicable provisions for the time being in force. The first grant date of the options under the approved ESOP 2013 Plan is 8th April 2013. The options are vested equally over a period of 2 years after the date of grant, and the said options can be exercised any time within a period of 30 days from the date of vesting and will be settled by way of equity shares in accordance with the aforesaid plan. 45,939 (nos.) Equity shares have been offered on the grant date i.e. 8th April 2013 which shall vest equally in April 2014 and April 2015.

3 The Company has been sanctioned External Commercial Borrowing of ₹ 112.01 crores (USD 20 millions) by HSBC Bank (Mauritius) Limited for the setting up of new projects and expansion of its units at various locations. The said borrowings have been fully utilised for the purpose for which they were sanctioned and in accordance with External Commercial Borrowing Guidelines as contained in Master Circular No. 12/2012-13 issued by Reserve Bank of India.

4 The Company has entered into a Joint Venture agreement with ‘Shanghai Yaming Lighting Co., Ltd., Shanghai, China’ on 26th December 2011 for forming a Joint Venture Company for production of lighting lamps and lighting accessories and sales/ services of related products. Accordingly, a Company ‘Jiangsu Havells Sylvania Lighting Co., Ltd.’ a Jointly Controlled Entity has been formed vide certificate of approval dated 13th February 2012 issued by the People’s Government of Jiangsu Province, China. The Company has invested a sum of ₹ 16.85 crores (RMB 19.19 millionss) towards 50% of capital contribution in said Joint Venture Company as on the date of balance sheet. There were no manufacturing operations during the previous year.

The company’s interest in Joint Venture is reported as Non Current Investment (refer note 13) and is stated at cost. The disclosure in respect of Company’s Joint Venture’s assets and liabilities are given on the basis of audited financial statements of the joint venture company as at 31st December 2012.

Pursuant to Accounting Standard-27, "Financial Reporting of Interests in Joint Ventures" notified under the Companies (Accounting Standards) Rules, 2006 (as amended) disclosure in respect of the said Joint Venture are given below:

(a)	Name of Joint Venture	Description of Interest	Country of Incorporation	Proportion of Ownership interest as at March 31 2013
	Jiangsu Havells Sylvania Lighting Co. Ltd.	Jointly Controlled Entity	Jiangsu Province, China	50%

(b) The Company's share of each of the assets, liabilities, incomes and expenses (each without elimination of the effect of transaction between the Company and the Joint Venture) related to its interest in Joint Venture, based on the Audited Financial Statement as at 31st December 2012 are as under:

		2012-13	2011-12
(i)	**Liabilities**		
	Current liabilities		
	Trade payables	3.88	–
	Other current liabilities	0.06	–
		3.94	–
(ii)	**Assets**		
1	**Non-current assets**		
	Fixed assets		
	Tangible assets	0.06	–
	Capital work-in-progress	4.70	–
		4.76	**–**
2	**Current assets**		
	Inventories	0.00	–
	Trade receivables	3.60	–
	Cash and bank balances	3.73	–
	Short-term loans and advances	2.61	–
		9.94	**–**
		14.70	**–**
(iii)	**Income**		
	Revenue from operations (net of Excise duty)	5.01	–
	Other income	0.01	–
		5.02	**–**
(iv)	**Expenses**		
	Cost of materials consumed	–	–
	Purchase of traded goods	4.86	–
	(Increase)/ decrease in inventories	–	–
	Employee benefits expense	0.20	–
	Other expenses	0.38	–
		5.44	**–**
(v)	**Other Matters**		
	Contingent Liabilities	NIL	–
	Capital Commitments	NIL	–

5 During the year the Company has transferred Dies and Fixtures of ₹ 24.87 crores from inventory to fixed assets. In the earlier years, the consumption of Dies and Fixtures were charged to Statement of Profit and Loss based on their use in actual production. However, during the year, dies and fixtures have been capitalised to the carrying cost of fixed assets and amortised over a period of 6 years being their estimated useful life. The aforesaid change in method of accounting has been made for better and more appropriate presentation in the financial statements and does not have any material impact on the profit for the year.

6 a) The Company, as a 'Settlor', had established irrevocable determinate contributory trust known as 'Havells Business Partner Trust' vide Deed of Indenture executed on October 07, 2010 with the object for holding the distribution commission/sales incentive accrued to the participating dealers, for a period of at least three years from the date of such contribution to the trust and to make investment in permitted securities for the benefit of participating dealers. The said scheme has been discontinued during the year.

b) During the year, the Company has started an incentive scheme for the dealers named as "QRG Incentive Scheme". As per the scheme, a sum of ₹ 31.84 crores on account of sales incentives accruing to the participating dealers has been retained for the issue of fixed deposits with the Company.

7 Companies (Accounting Standards) Amendment Rules, 2009 issued by the Ministry of Corporate Affairs vide Notification no.G.S.R.225 (E) dated March 31, 2009, had amended Accounting Standard-11, "The Effect of Changes in Foreign Exchange Rates" and given an option to the companies to adopt the treatment prescribed in the said notification in reference to its foreign currency transactions. The Company has, consistently following the provisions of AS-11 as in the past, chosen not to adopt the alternate treatment prescribed under the above notification. In accordance with the accounting policy of the Company, a sum of ₹ 5.86 crores has been recognised as exchange loss in respect of the long term borrowings during the year (previous year exchange loss ₹ 15.18 crores).

Out of the said loss, ₹ 2.25 crores (previous year ₹ 9.46 crores) have been treated as finance cost being the exchange difference arising from foreign currency borrowings to the extent they can be regarded as an adjustment to interest costs as per Accounting Standard-16, "Borrowing Costs" notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

8 Research and development expenses debited to the Statement of Profit and Loss include the following:

(₹ in Crores)

		2012-13	2011-12
a)	Employee benefits expense	12.29	5.01
b)	Cost of materials consumed	1.69	0.74
c)	Rent	2.16	2.16
d)	Other expenses	0.81	0.42
		16.95	**8.33**

Research and developement facilities located at Company's various manufacturing units and Head office, Noida (Uttar Pradesh) have been approved by Department of Scientific & Industrial Research, Ministry of Science & Technology for In-house Research & Development Facility and are eligible for deduction under section 35(2AB) of the Income Tax Act 1961.

9 The Company's manufacturing units at Baddi, (Himachal Pradesh) and Haridwar (Uttarakhand) are exempted from excise duty vide Notification No. 49 and 50/2003 issued by Government of India, Ministry of Finance, Department of Revenue, Central Board of Excise and Customs, New Delhi and the profits of the said units are eligible for deduction as per the provisions under section 80-IC of the Income Tax Act,1961.

10 Interest and other borrowing costs amounting to ₹ 0.70 crores (previous year nil) have been capitalised to the carrying cost of fixed assets being financing costs directly attributable to the acquisition, construction or installation of the concerned qualifying assets till the date of its commercial use, in accordance with Accounting Standard-16 "Borrowing Costs" notified by Companies (Accounting Standards) Rules,2006 (as amended).

11 Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise as at 31st March 2013 are as under:

(₹ in Crores)

		As at March 31, 2013		As at March 31, 2012	
Currency	**Nature of Transaction**	**Foreign Currency**	**Indian Rupees**	**Foreign Currency**	**Indian Rupees**
GBP	Export Trade Receivables	–	–	£0.01	1.06
	Import Trade Payables	£0.00	0.25	–	–
USD	Export Trade Receivables	$0.77	41.70	$0.38	19.18
	Import Trade Payables	$1.26	68.71	$0.70	35.76
	Foreign currency loan from banks	$2.00	108.78	$1.93	98.48

(₹ in Crores)

		As at March 31, 2013		As at March 31, 2012	
EURO	Export Trade Receivables	€ 0.02	1.56	€ 0.01	0.55
	Import Trade Payables	€ 0.02	1.40	€ 0.03	2.12
JPY	Import Trade Payables	¥0.21	0.12	–	–
CHF	Import Trade Payables	CHF 0.00	0.01	CHF 0.00	0.04

12 Disclosures pursuant to Accounting Standard-15, "Employee Benefits" notified under the Companies (Accounting Standards) Rules, 2006 (as amended), are given below:

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as expense for the year are as under*:

(₹ in Crores)

	2012-13	2011-12
Employer's Contribution towards Provident Fund (PF)	6.47	4.88
Employer's Contribution towards Family Pension Scheme (FPS)	2.04	1.73
Employer's Contribution towards Employee State Insurance (ESI)	0.44	0.37

* Includes ₹ 0.63 crore (previous year ₹ 0.25 crore) expensed under R&D expenses.

Defined Benefit Plan

The employee's Gratuity Fund Scheme, which is a defined benefit plan, is managed by Trust maintained with Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Ltd. The present value of obligation is determined based on actuarial valuation using Projected Unit Credit Method, which recognises 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.

(₹ in Crores)

		2012-13	2011-12
a)	**Reconciliation of opening and closing balances of Defined Benefit obligation**		
	Defined Benefit obligation at beginning of the year	12.25	9.51
	Interest Cost	0.95	0.80
	Current Service Cost	2.29	1.67
	Benefit paid	(0.96)	(0.75)
	Actuarial (gain) / loss	1.62	1.02
	Defined Benefit obligation at year end	**16.15**	**12.25**
b)	**Reconciliation of opening and closing balances of fair value of plan assets**		
	Fair value of plan assets at beginning of the year	9.03	7.14
	Expected return on plan assets	0.97	0.72
	Employer contribution	3.75	1.87
	Actuarial gain / (loss)	0.07	0.05
	Benefits paid	(0.96)	(0.75)
	Fair value of plan assets at year end	**12.86**	**9.03**
c)	**Reconciliation of fair value of assets and obligations**		
	Fair value of plan assets	12.86	9.03
	Present value of obligation	16.15	12.25
	Amount recognised in Balance Sheet- asset / (liability)	**(3.29)**	**(3.22)**

(₹ in Crores)

		2012-13	2011-12
d)	**Expenses recognised during the year**		
	Current Service Cost	2.29	1.67
	Interest Cost	0.95	0.80
	Expected return on plan assets	(0.97)	(0.72)
	Actuarial (gain) / loss	1.55	0.97
	Net Cost debited to statement of profit and loss	**3.82**	**2.72**
e)	**Broad categories of plan assets as a percentage of total assets**		
	Insurer managed funds	100%	100%
f)	**Actuarial assumptions**		
	Mortality Table (LIC)	1994-96	1994-96
		(Ultimate)	(Ultimate)
	Discount rate (per annum)	8.10%	8.75%
	Expected rate of return on plan assets (per annum)	9.30%	9.30%
	Rate of escalation in salary (per annum)	6.00%	6.00%
	Attrition Rate	5.00%	5.00%
g)	**Actual return on plan assets**	1.04	0.77

h)	**Amounts for current and previous periods:**	**2012-13**	**2011-12**	**2010-11**	**2009-10**	**2008-09**
	Present value of obligation	16.15	12.25	9.52	6.56	5.53
	Fair value of plan assets	12.86	9.03	7.15	6.35	5.53
	Surplus/(Deficit)	**(3.29)**	**(3.22)**	**(2.37)**	**(0.21)**	**–**

i)	**Net Assets/ (Liability) recognised in Balance Sheet (including experience adjustment impact)**		
	Present value of defined Benefit obligation	16.15	12.25
	Fair value of plan assets at year end	12.86	9.03
	Status [Surplus/ (Deficit)]	(3.29)	(3.22)
	Experience Adjustments of Plan Assets [Gain/ (loss)]	1.62	1.02
	Experience Adjustments of Obligation [Gain/ (loss)]	0.80	1.26

j) The plan assets are maintained with Life Insurance Corporation of India (LIC) and Bajaj Allianze Life Insurance Company Ltd.

k) The Company expects to contribute ₹ 3.75 crores (previous year ₹ 3.00 crores) to the plan during the next financial year.

The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for the plan assets management.

13 In accordance with Accounting Standard-28, "Impairment of Assets", notified under the Companies (Accounting Standards) Rules, 2006 (as amended), the Company has identified its divisions into cash generating units. The cash generating units have been identified on the basis of group of assets that includes the asset that generates cash inflows from continuing use that are largely independent of other assets or group of assets. As on 31st March 2013, the Company has identified its principal cash generating units into Switchgear Divisions (Faridabad, Haryana and Sahibabad, Uttar Pradesh), EOU Division and Switchgear Divisions (Baddi, Himachal Pradesh), Cable Division (Alwar, Rajasthan), Fan Divisions and Switchgear Division (Haridwar, Uttarakhand), Electric Motor, CFL and Fixtures Divisions (Neemrana, Rajasthan), Printed Circuit Board division (Noida, Uttar Pradesh) and Company's Head Office and branches at various locations.

The Company has generally considered external factors influencing impairment of assets such as significant changes in market value of the assets, changes in technology, market, economical or legal environment, return on investment etc. and internal factors such as obsolescence, physical damage, changes at operation level etc. for assessment of impairment conditions existing in the cash generating units as on the balance sheet date. Each of the aforesaid cash generating units have been assessed at the balance sheet date and it is established that no impairment conditions exist in any of the cash generating units as on the balance sheet date.

14 **Segment Reporting**

The segment reporting of the Company has been prepared in accordance with Accounting Standard-17, "Segment Reporting", notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

Segment Reporting Policies

a) **Identification of Segments:**

Primary- Business Segment

The Company has identified four reportable segments viz. Switchgears, Lighting and fixtures, Cables and Electrical consumer durables on the basis of the nature of products, the risk and return profile of individual business and the internal business reporting systems. The products included in each of the reported business segments are as follows:

(i) The switchgear segment comprises of domestic and the industrial switchgears, electrical wiring accessories, industrial motors and capacitors.
(ii) The cable segment comprises of domestic cables and industrial underground cables.
(iii) The lighting segment comprises of energy saving lamps (CFL) and luminaries.
(iv) The electrical consumer durable segment comprises of fans, water heater and domestic appliances.

Secondary- Geographical Segment

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

b) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocated".

c) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investment, tax related assets, borrowings and other assets and liabilities that can not be allocated to a segment on reasonable basis have been disclosed as "Unallocated".

(₹ in Crores)

		2012-13	2011-12
(i)	**Primary- Business Segment**		
A.	**Revenue**		
	Segment Revenue		
	Switchgears	1078.06	896.15
	Cables	1692.48	1592.99
	Lighting and fixtures	665.18	554.39
	Electrical consumer durables	789.27	572.08
		4224.99	**3615.61**

(₹ in Crores)

	2012-13	2011-12
B. Results		
Segment Results		
Switchgears	365.32	323.42
Cables	154.08	125.90
Lighting and fixtures	156.77	131.77
Electrical consumer durables	197.82	161.02
	873.99	**742.11**
Unallocated expenses net of income	388.26	323.91
Operating Profit	**485.73**	**418.20**
Finance Costs	28.55	44.39
Profit before tax	**457.18**	**373.81**
Income tax expense	85.79	68.38
Profit after tax	**371.39**	**305.43**
C. Other Information		
Segment Assets		
Switchgears	501.03	493.91
Cables	489.18	530.75
Lighting and fixtures	356.94	362.35
Electrical consumer durables	242.12	199.50
	1589.27	**1586.51**
Unallocated	1269.01	1060.44
	2858.28	**2646.95**
Segment Liabilities		
Switchgears	153.53	100.57
Cables	136.18	342.66
Lighting and fixtures	108.17	84.39
Electrical consumer durables	99.78	55.71
	497.66	**583.33**
Unallocated	490.40	455.30
	988.60	**1038.63**
Capital Expenditure		
Switchgears	31.20	18.26
Cables	3.81	9.99
Lighting and fixtures	25.50	45.44
Electrical consumer durables	11.78	24.63
	72.29	**98.32**
Unallocated	47.39	39.25
	119.68	**137.57**
Depreciation and amortisation expenses	.	
Switchgears	18.23	11.36
Cables	18.06	17.29
Lighting and fixtures	9.86	6.57
Electrical consumer durables	3.96	3.01
	50.11	**38.23**
Unallocated	7.77	6.43
	57.88	**44.66**
Non-cash expenses other than depreciation		
Switchgears	0.27	5.94
Cables	0.59	1.00
Lighting and fixtures	3.89	3.06
Electrical consumer durables	0.53	1.21
	5.28	**11.21**
Unallocated	2.45	2.12
	7.73	**13.33**

(₹ in Crores)

		2012-13	2011-12
(ii)	**Secondary- Geographical Segments**		
	Segment Revenue		
	The following is the distribution of Company's revenue by geographical market, regardless of where the goods were produced.		
	Revenue-Domestic Market	4005.83	3442.79
	Revenue-Overseas Market	219.16	172.82
		4224.99	**3615.61**
	Segment Assets		
	Within India	2031.71	1850.27
	Outside India	826.57	796.68
		2858.28	**2646.95**
	Capital Expenditure		
	Within India	119.68	137.57
	Outside India	0.00	0.00
		119.68	137.57

15 **Related Party Transactions**

The related parties as per the terms of Accounting Standard AS-18, "Related Party Disclosures", notified under the Companies (Accounting Standards) Rules, 2006 (as amended) are disclosed below:-

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

(i) Related parties where control exists

	Subsidiary Companies	Relationship
1	Havells Holdings Limited	WOS
2	Havells Exim Limited	WOS
3	Havells Malta Limited	WOS of Havells Holdings Limited
4	Havell's Netherlands Holding B.V.	WOS of Havells Malta Limited
5	Sylvania India Limited	WOS of Havells Malta Limited
6	Havell's Netherlands B.V.	WOS of Havell's Netherlands Holding B.V.
7	SLI Europe B.V.	WOS of Havell's Netherlands B.V.
8	Havells Sylvania Holdings (BVI-1) Ltd	WOS of Havell's Netherlands B.V.
9	Havells USA Inc.	WOS of Havell's Netherlands B.V.
10	Flowil International Lighting (Holding) B.V.	WOS of SLI Europe BV
11	Sylvania Lighting International B.V.	WOS of SLI Europe BV
12	Havells Sylvania (Thailand) Limited	49% held by Flowil International Lighting (Holding) B.V. and 51 % held by Thai Lighting Asset Co., Ltd
13	Guangzhou Havells Sylvania Enterprise Limited	WOS of Flowil International Lighting (Holding) B.V.
14	Havells Sylvania Asia Pacific Limited	WOS of Flowil International Lighting (Holding) B.V.
15	Havells Sylvania Sweden A.B.	WOS of Flowil International Lighting (Holding) B.V.
16	Havells Sylvania Finland OY	WOS of Flowil International Lighting (Holding) B.V.
17	Havells Sylvania Norway A.S.	WOS of Flowil International Lighting (Holding) B.V.
18	Havells Sylvania Fixtures Netherlands B.V.	WOS of Flowil International Lighting (Holding) B.V.
19	Havells Sylvania Lighting Belgium N.V.	WOS of Flowil International Lighting (Holding) B.V.
20	Havells Sylvania Belgium B.V.B.A.	WOS of Flowil International Lighting (Holding) B.V.
21	Havells Sylvania Italy S.P.A.	WOS of Flowil International Lighting (Holding) B.V.
22	Havells Sylvania Portugal Lda	WOS of Flowil International Lighting (Holding) B.V.
23	Havells Sylvania Greece A.E.E.E.	WOS of Flowil International Lighting (Holding) B.V.
24	Havells Sylvania Spain S.A.	WOS of Flowil International Lighting (Holding) B.V.
25	Havells Sylvania Germany Gmbh	WOS of Flowil International Lighting (Holding) B.V.
26	Havells Sylvania Switzerland A.G	WOS of Flowil International Lighting (Holding) B.V.
27	Havells Sylvania Lighting France S.A.S	WOS of Flowil International Lighting (Holding) B.V.
28	Havells Sylvania South Africa Proprietary Ltd.	# WOS of Flowil International Lighting (Holding) B.V.
29	Havells Sylvania France S.A.S.	WOS of Havells Sylvania Lighting France SA
30	Havells Sylvania Brasil Illuminacao Ltda.	WOS of Sylvania Lighting International B.V.
31	Havells Sylvania Argentina S.A.	WOS of Sylvania Lighting International B.V.

	Subsidiary Companies	Relationship
32	Havells Sylvania N.V.	WOS of Sylvania Lighting International B.V.
33	Havells Sylvania Colombia S.A.	WOS of Havells Sylvania Holdings BVI-1 Limited
34	Havells Mexico S.A. de C.V.	WOS of Sylvania Lighting International B.V.
35	Havells Mexico Servicios Generales SA de CV	WOS of Havells SLI de Mexico SA de CV
36	Havells Sylvania El Salvador S.A. de C.V.	WOS of Havells Sylvania Export N.V.
37	Havells Sylvania Guatemala S.A.	WOS of Havells Sylvania Export N.V.
38	Havells Sylvania Costa Rica S.A.	WOS of Havells Sylvania Export N.V.
39	Havells Sylvania Panama S.A.	WOS of Havells Sylvania Export N.V.
40	Havells Sylvania Venezuela C.A.	WOS of Havells Sylvania Colombia S.A.
41	Havells Sylvania Europe Limited	WOS of Flowil International Lighting (Holding) B.V.
42	Havells Sylvania UK Limited	WOS of Havells Sylvania Europe Limited
43	Havells Sylvania Fixtures UK Limited	WOS of Havells Sylvania Europe Limited
44	Havells Sylvania Tunisia S.A.R.L.	WOS of Flowil International Lighting (Holding) B.V.
45	Havells Sylvania Export N.V	WOS of Sylvania Lighting International B.V.
46	Havells Sylvania Holdings (BVI-2) Ltd	WOS of Havells Sylvania Holdings BVI-1 Limited
47	Havells Sylvania Dubai FZCO	WOS of Havells Sylvania Europe Limited
48	Havells Sylvania (Shanghai) Ltd	WOS of Havells Sylvania Asia Pacific Limited
49	Havells Sylvania Peru S. A. C.	WOS of Havells Sylvania Colombia S.A.
50	Havells Sylvania Iluminacion (Chile) Ltda	WOS of Sylvania Lighting International B.V.
51	Havells Sylvania (Malaysia) Sdn. Bhd	WOS of Havells Sylvania Asia Pacific Limited
52	Havells Sylvania Poland S.P.Z.O.O	99% held by Flowil International Lighting (Holding) B.V. & 1% held by Havells Sylvania Europe Limited
53	Panama Americas Trading Hub SA	WOS of Sylvania Lighting International B.V.
54	PT. Havells Sylvania Indonesia	74% held by Flowil Lighting International (Holding) B.V. and 26% held by Havells Sylvania (Thailand) Limited
55	Havells Sylvania Tr Elektrik Urunleri Ticaret Limited Sirketi	99.95% held by of Havells Sylvania Europe Ltd. and 0.05 % held Havells Sylvania UK Ltd.
56	Thai Lighting Asset Co., Ltd.*	49% of shares held by Flowil International Lighting (Holding) B.V.

	Joint Venture	
	Jiangsu Havells Sylvania Lighting Co., Ltd	50% ownership interest held by company.

a) WOS refers to 'Wholly Owned Subsidiary'

b) During the year 2012-13, company has invested in a joint venture contract with 'Shanghai Yaming Lighting Co. Ltd.' forming 'Jiangsu Havells Sylvania Lighting Co., Ltd' incorporated in Jiangsu Province, China with 50% ownership interest of each of the venturers

During the year 2012-13, 'Havells Sylvania South Africa proprietary Ltd.' has been incorporated as a wholly owned subsidiary of 'Flowil Lighting International (Holding) B.V.'

* 'Flowil International Lighting (Holding) B.V. (WOS of Sylvania Lighting International B.V.)' holds 49% equity interest in "Thai Lighting Assets Co. Ltd". However the said company has majority representation on the entities board of directors and the approval of the said company is required for all major operational decisions and the operations are solely carried out for the benefit of the group. Based on these facts and circumstances, management determined that in substance the group controls this entity and therefore has consolidated this entity in its financial statements.

(ii)	Enterprises in which directors exercise significant influence	(iii)	Key Management Personnel
	QRG Enterprises Limited		Shri Qimat Rai Gupta
	QRG Foundation		Shri Surjit Gupta
	QRG Medicare Limited		Shri Anil Rai Gupta
	QRG Central Hospital and Research Centre Limited		Shri Rajesh Gupta
	QRG Corporate Services Limited		
	Guptajee & Company		
	Ajanta Mercantile Limited		

(B) Transactions during the year

(₹ in Crores)

		2012-13	2011-12
(i)	**Purchase of traded goods**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	0.00	0.26
	Subsidiaries / Step down Subsidiaries		
	Havells Exim Limited	61.94	14.70
	Havells Sylvania Fixture UK Limited	–	0.19
	Havells Sylvania Lighting Belgium N.V.	0.19	0.54
	Havells Sylvania Germany Gmbh	0.00	0.56
	Guangzhou Havells Sylvania Enterprise Limited	0.00	0.01
	Havells Sylvania Europe Limited	0.86	4.17
	Havells Sylvania UK Limited	–	0.21
	Havells Sylvania Lighting France S.A.S.	0.23	0.74
	Joint Venture		
	Jiangsu Havells Sylvania Lightning Co.,Ltd	2.68	–
		65.90	**21.38**
(ii)	**Purchase of stores and spares**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	0.01	–
(iii)	**Sale of products**		
	Enterprises in which directors exercise significant influence		
	QRG Foundation	–	0.04
	QRG Central Hospital and Research Centre Limited	–	0.01
	QRG Medicare Limited	1.53	–
	Subsidiaries / Step down Subsidiaries		
	Havells Sylvania Europe Limited	1.29	20.45
	Havells USA Inc.	–	0.19
	Havells Sylvania Lighting Belgium	–	0.23
	Havells Sylvania (Thailand) Limited	1.48	0.62
	Havells Sylvania Peru S. A. C.	0.11	–
	Havells Sylvania Tunisia S.A.R.L.	–	0.03
	Havells Exim Limited	52.83	21.18
	Havells Sylvania Asia Pacific Limited	1.05	1.95
	Guangzhou Havells Sylvania Enterprise Limited	0.26	0.03
	Havells Sylvania Germany Gmbh	0.01	0.14
	Havells Sylvania Dubai FZCO	1.34	0.80
	Havells Sylvania France S.A.S.	0.71	–
	Havells Sylvania Tr Elektrik Urunleri Ticaret Limited Sirketi	0.28	–
		60.89	**45.67**
(iv)	**Commission on sales**		
	Enterprises in which directors exercise significant influence		
	Guptajee and Company	6.59	5.64
(v)	**Purchase of tangible fixed assets**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	0.03	0.01
	Subsidiaries / Step down Subsidiaries		
	Havells Sylvania Lighting Belgium	–	1.31
	Havells Sylvania Europe Limited	–	0.01
	Havells Sylvania Lighting Belgium N.V.	0.02	–
		0.05	**1.33**
(vi)	**Sale of fixed assets**		
	Enterprises in which directors exercise significant influence		
	QRG Central Hospital and Research Centre Limited	0.00	–

(₹ in Crores)

		2012-13	2011-12
(vii)	**Rent / Usage Charges Paid**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	19.34	19.34
(viii)	**Miscellaneous Income (Service charges received)**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	0.04	0.04
	Subsidiaries / Step down Subsidiaries		
	Havells Exim Limited	0.29	0.25
		0.33	**0.29**
(ix)	**Trade mark fee and Royalty**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	42.25	37.92
(x)	**Donation paid**		
	Enterprises in which directors exercise significant influence		
	QRG Foundation	4.50	6.00
(xi)	**Reimbursement of Expenses received/(paid)**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	0.01	–
	Guptajee & Co.	1.40	0.03
	QRG Medicare Limited	–	0.04
	QRG Central Hospital and Research Centre Limited	(0.00)	–
	Subsidiaries / Step down Subsidiaries		
	Havells Holdings Limited	0.01	–
	Havells Sylvania Europe Limited	0.95	0.31
	Havells Mexico S.A. de C.V.	0.01	–
	Havells Sylvania (Thailand) Limited	–	0.11
	Flowil International Lighting (Holding) B.V.	–	0.37
	Havells USA Inc	–	0.19
	Havells Sylvania Germany Gmbh	(0.03)	(0.01)
	Guangzhou Havells Sylvania Enterprise Limited	(0.02)	(0.03)
	Havells Sylvania Lighting France S.A.S.	(0.01)	(0.04)
	Havell's Netherlands B.V.	–	0.05
	Havells Sylvania Fixtures UK Ltd.	(0.02)	–
	Havells Sylvania Argentina S.A.	0.04	–
	Havells Sylvania South Africa Propritery Ltd.	0.01	–
	Havells Sylvania France S.A.S.	(0.01)	–
	Havells Sylvania Brasil Illuminacao Ltda.	0.00	–
		2.34	**1.02**
(xii)	**Dividend paid**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	24.68	9.49
	Guptajee & Co.	2.45	0.94
	Ajanta Mercantile Limited	8.04	3.09
	Key Management Personnel		
	Shri Qimat Rai Gupta	4.47	1.72
	Shri Surjit Gupta	4.24	1.63
	Shri Anil Rai Gupta	1.53	0.59
	Shri Rajesh Gupta	0.16	0.06
		45.57	**17.52**
(xiii)	**Investments in equity shares**		
	Subsidiaries / Step down Subsidiaries		
	Havells Holdings Limited	–	59.65
	Joint Venture		
	Jiangsu Havells Sylvania Lighting Co., Ltd, China	16.85	–
		16.85	**59.65**

(₹ in Crores)

		2012-13	2011-12
(xiv)	**Rent received**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	0.03	0.05
(xv)	**Managerial remuneration**		
	Key Management Personnel		
	Shri Qimat Rai Gupta	4.69	4.06
	Shri Anil Rai Gupta	3.23	2.80
	Shri Rajesh Gupta	3.70	3.02
		11.62	**9.88**
(xvi)	**Corporate Guarantee**		
	Subsidiaries / Step down Subsidiaries		
	Havells Exim Limited	97.24	179.31
	Havells Holdings Limited	180.81	–
	Havells Sylvania Europe Limited	13.63	14.52
		291.68	**193.83**
(C)	**Balances at the year end**		
(i)	**Amount Receivables**		
	Subsidiaries / Step down Subsidiaries		
	Havells Mexico S.A. de C.V.	0.00	–
	Havells Sylvania Europe Limited	1.76	–
	Havells Sylvania Asia Pacific Limited	1.01	0.22
	Havells Sylvania Dubai FZCO	0.47	0.33
	Havells Sylvania (Thailand) Limited	0.64	0.43
	Havell's Netherlands B.V.	–	0.05
	Havells Exim Limited	8.41	–
	Guangzhou Havells Sylvania Enterprise Limited	0.01	–
	Havells Holdings Limited	0.01	–
	Havells Sylvania South Africa Proprietry Ltd.	0.01	–
	Havells Sylvania Brasil Illuminacao Ltda.	0.00	–
	Havells Sylvania France S.A.S.	0.36	–
	Havells Sylvania Argentina S.A.	0.04	–
		12.73	**1.03**
(ii)	**Amount Payables**		
	Enterprises in which directors exercise significant influence		
	Guptajee & Company	0.69	0.27
	Subsidiaries / Step down Subsidiaries		
	Havells Sylvania Lighting Belgium	0.03	–
	Havells Sylvania Germany Gmbh	–	0.12
	Havells Sylvania Europe Limited	–	0.03
	Guangzhou Havells Sylvania Enterprise Limited	0.02	–
	Havells Exim Limited	34.88	7.63
	Havells Sylvania Lighting France S.A.S	0.04	0.04
	Joint Venture		
	Jiangsu Havells Sylvania Lightning Co.,Ltd	0.95	–
	Key Management Personnel		
	Shri Qimat Rai Gupta	0.13	0.11
	Shri Anil Rai Gupta	0.13	0.06
	Shri Rajesh Gupta	0.05	0.03
		36.92	**8.29**

16 a) The Company has taken various residential/ commercial premises under cancellable operating leases. These lease agreements are normally renewed on expiry. There are no restrictions placed upon the company by entering into these leases and there are no subleases.

b) The Company has also taken few commercial premises under non-cancellable operating leases. There are no restrictions placed upon the company by entering into these leases and there no subleases. Normally there are renewal and escalation clauses in these contracts. The total of future minimum lease payments in respect of such leases are as follows:

(₹ in Crores)

		2012-13	2011-12
(a)	not later than one year	4.61	4.11
(b)	later than one year and not later than five years	2.99	2.63
(c)	later than five years	–	–
		7.60	**6.74**
	Lease payments recognised in the statement of profit and loss as rent expense for the year	30.60	28.79

(₹ in Crores)

17	**Earnings per share**			**2012-13**	**2011-12**
	a)	**Basic Earnings per share**			
		Numerator for earnings per share			
		Profit before taxation		457.18	373.81
		Provision for deferred tax and Income tax		(85.79)	(68.38)
		Profit after taxation		**371.39**	**305.43**
		Denominator for earnings per share			
		Weighted number of equity shares outstanding during the period	Nos.	124,774,812	124,774,812
		Earnings per share-Basic (one equity share of ₹ 5/- each)	₹	**29.76**	**24.48**
	b)	**Diluted Earnings per share**			
		Numerator for earnings per share			
		Profit before taxation		457.18	373.81
		Provision for deferred tax and Income tax		(85.79)	(68.38)
		Profit after taxation		**371.39**	**305.43**
		Denominator for earnings per share			
		Weighted number of equity shares outstanding during the period	Nos.	124,774,812	124,774,812
		Earning per share- Diluted (one equity share of ₹ 5/- each)	₹	**29.76**	**24.48**

(₹ in Crores)

18	**CIF value of Imports**	**2012-13**	**2011-12**
	Raw materials and components	201.33	211.82
	Traded goods	174.05	161.41
	Machinery and other fixed assets	10.40	16.91
	Spare parts	3.61	1.95
	R&D Equipments	0.05	0.05
	Dies and Fixtures	0.77	0.19

(₹ in Crores)

19	**Expenditure in foreign currency**	**2012-13**	**2011-12**
	Travelling and conveyance	1.53	1.18
	Advertisement and sales promotion	0.22	1.06
	Product warranty and after sales services	0.20	0.23
	Interest paid on long term borrowings	1.72	–
	Others	3.71	1.70

(₹ in Crores)

20	Dividend in foreign currencies		Paid during 2012-13	Paid during 2011-12
	Year to which relates		2011-12	2010-11
	Type of Dividend		Final	Final
	a) Number of non-resident shareholders		808	927
	b) Number of shares held		38,413,334	32,960,350
	c) Amount of dividends	(₹ in crores)	24.97	8.24
		(Amount in Foreign Currency)	Nil	Nil

(₹ in Crores)

21	Earnings in foreign exchange	2012-13	2011-12
	F.O.B. value of exports *	207.26	171.29
	Merchanting Trade Sales	0.47	1.26
	*excluding export of ₹ 12.48 crores made through merchant exporters (previous year ₹ 7.91 crores)		

22 Value of imported/ Indigenous raw materials and components/ stores and spares consumed and percentage thereof	2012-13		2011-12	
	(%)	Amount	(%)	Amount
Raw materials consumed				
Indigenous	89.93	2,038.08	87.55	1796.23
Imported	10.07	228.25	12.45	255.36
	100.00	**2,266.33**	**100.00**	**2051.59**
Stores and Spares consumed				
Indigenous	84.13	23.85	90.69	21.83
Imported	15.87	4.50	9.31	2.24
	100.00	**28.35**	**100.00**	**24.07**

23 The figures have been rounded off to the nearest crore of rupees upto two decimal places. The figure 0.00 wherever stated represents value less than ₹ 50000/-.

24 Previous year figures has been regrouped/reclassified wherever necessary to make them comparable with the current year figures.

25 Note No.1 to 31 form integral part of the balance sheet and statement of profit and loss.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
(Registration No. 301003E)

For V.R. Bansal & Associates
Chartered Accountants
(Registration No. 016534N)

For and on behalf of Board

Qimat Rai Gupta
Chairman and
Managing Director

Sanjay Gupta
Company Secretary

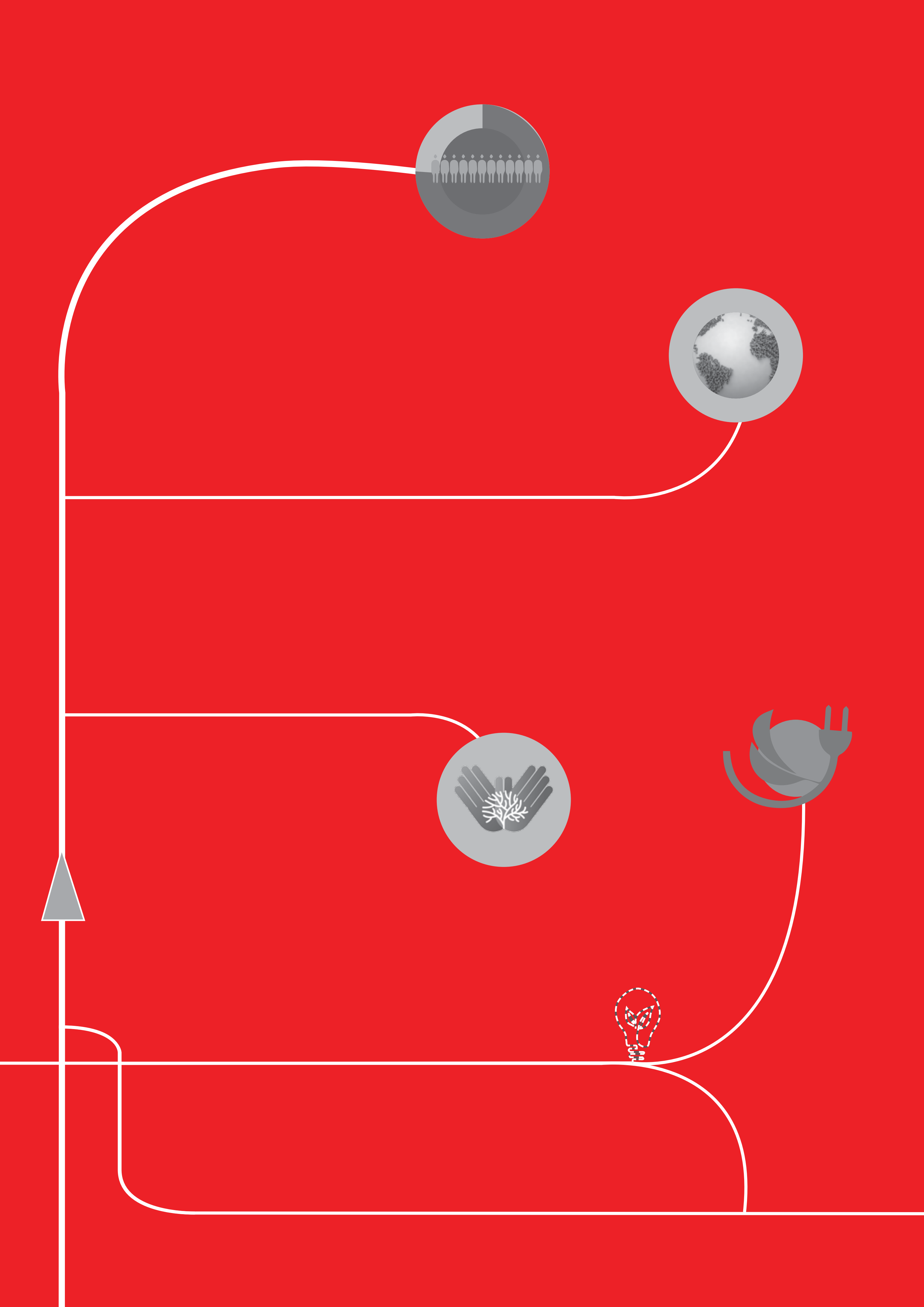
Per Manoj Gupta
Partner
Membership No. 83906

Per V.P. Bansal
Partner
Membership No. 8843

Surjit Gupta
Director

Sanjay Johri
Associate Vice President
- Finance

Noida, May 28, 2013



consolidated financial statements

S.R. Batliboi & CO. LLP
Chartered Accountants
Golf View Corporate Tower - B,
Sector -42, Sector Road,
Gurgaon -122002, Haryana.

V.R. Bansal & Associates
Chartered Accountants
B-11, Sector - 2,
Noida - 201 301

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Havells India Limited

We have audited the accompanying consolidated financial statements of Havells India Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013 and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 Company as at March 31, 2013;

(b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of overseas subsidiaries and joint venture whose financial statements prepared under International Financial Reporting Standards ('IFRS') or Hong Kong Accounting Standards ('HKAS'), in the aggregate, reflect total assets, total revenues and net cash outflows of ₹ 2,405.75 crores, ₹ 3,082.26 crores and ₹ (131.98) crores respectively. The financial statements of these subsidiaries and joint venture have been prepared in accordance with IFRS or HKAS and have been audited by other auditors who have submitted their audit opinions, prepared under generally accepted auditing standards of their respective countries, to the management of the respective companies, copies of which have been provided to us by the Company. The management of the Company has converted these audited financial statements of the Company's subsidiaries and joint venture to accounting principles generally accepted in India, for the purpose of preparation of the Company's consolidated financial statements under accounting principles generally accepted in India. Our opinion, thus, insofar it relates to amounts included in respect of these subsidiaries and joint venture, is based on the reports of the other auditors under the aforementioned GAAPs in respective countries and the aforesaid conversion undertaken by the management; and our audit of the conversion process followed by the management. Our opinion is not qualified in this matter.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E

per **Manoj Gupta**
Partner
Membership Number: 83906
Noida, May 28, 2013

For **V.R. Bansal & Associates**
Chartered Accountants
ICAI Firm Registration Number: 016534N

per **V.P Bansal**
Partner
Membership Number: 8843

Consolidated Balance Sheet

as at March 31, 2013

(₹ in Crores)

		Notes	As At March 31, 2013	As At March 31, 2012
I	**EQUITY AND LIABILITIES**			
1	**Shareholders' funds**			
	Share capital	2	62.39	62.39
	Reserves and surplus	3	1379.65	893.22
			1442.04	**955.61**
2	**Minority Interest**		**0.09**	**0.09**
3	**Non-current liabilities**			
	Long-term borrowings	4	742.36	438.64
	Deferred tax liabilities (net)	5A	61.90	55.61
	Other long-term liabilities	6	48.89	25.37
	Long-term provisions	7	298.24	317.42
			1151.39	**837.04**
4	**Current liabilities**			
	Short-term borrowings	8	91.84	429.87
	Trade payables	9	932.86	1069.92
	Other current liabilities	10	672.56	699.01
	Short-term provisions	11	181.01	183.85
			1878.27	**2382.65**
	Total		**4471.79**	**4175.39**
II	**ASSETS**			
1	**Non-current assets**			
	Fixed assets	12		
	Tangible assets		1093.17	988.62
	Intangible assets		37.47	39.75
	Capital work-in-progress		24.89	66.25
	Goodwill on consolidation (share of Joint Venture ₹ 0.59 crores)		369.44	362.46
	Deferred tax assets (net)	5B	13.87	0.00
	Long-term loans and advances	13	60.95	46.39
	Other non-current assets	14	–	0.34
			1599.79	**1503.81**
2	**Current assets**			
	Inventories	15	1318.36	1367.75
	Trade receivables	16	862.28	890.53
	Cash and bank balances	17	473.57	233.64
	Short-term loans and advances	18	205.21	168.00
	Other current assets	19	12.58	11.66
			2872.00	**2671.58**
	Total		**4471.79**	**4175.39**
	Summary of significant accounting policies	1		
	Contingent liabilities and commitments	29		
	Other notes on accounts	30		

The accompanying notes are an integral part of the finanacial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
(Registration No. 301003E)

Per Manoj Gupta
Partner
Membership No. 83906

For V.R. Bansal & Associates
Chartered Accountants
(Registration No. 016534N)

Per V.P. Bansal
Partner
Membership No. 8843

For and on behalf of Board

Qimat Rai Gupta
Chairman and
Managing Director

Surjit Gupta
Director

Sanjay Gupta
Company Secretary

Sanjay Johri
Associate Vice President
- Finance

Noida, May 28, 2013

Consolidated Statement of Profit and Loss

for the Year Ended March 31, 2013

(₹ in Crores)

		Notes	Year Ended March 31, 2013	Year Ended March 31, 2012
I	**INCOME**			
	Revenue from operations (gross)	20	7529.27	6733.15
	Less: Excise duty		281.38	214.95
	Revenue from operations (net)		**7247.89**	**6518.20**
	Other income	21	33.37	41.35
			7281.26	**6559.55**
II	**EXPENSES**			
	Cost of materials consumed	22	2723.18	2565.25
	Purchase of stock in trade	23	1437.02	1248.82
	Change in inventories of finished goods, work-in-progress and stock in trade	24	(0.88)	(186.86)
	Employee benefits expense	25	850.26	790.44
	Finance costs	26	123.22	128.10
	Depreciation and amortisation expense	27	109.66	94.85
	Other expenses	28	1569.42	1443.22
			6811.88	**6083.82**
III	**Profit before tax and exceptional expenses**		**469.38**	**475.73**
	Less : Exceptional expenses {refer note 30 (11)}		(194.41)	–
IV	**Profit before tax**		663.79	475.73
V	**Tax expenses**			
	Current tax		102.31	112.40
	MAT credit entitlement		(12.40)	(6.76)
	Income tax for earlier years		0.03	0.41
	Deferred tax		(7.58)	(0.24)
	Total tax expense		**82.36**	**105.81**
VI	**Profit for the year (before adjustment of minority interest)**		**581.43**	**369.92**
	Less: Share of profit transfer to minority		0.00	0.00
VII	**Net Profit after taxes and minority interest**		**581.43**	**369.92**
VIII	**Earnings per equity share {refer note 30 (18)}** nominal value of share ₹ 5/- (previous year ₹ 5/-)			
	Basic (₹)		**46.60**	**29.65**
	Diluted (₹)		**46.60**	**29.65**
	Summary of significant accounting policies	1		
	Contingent liabilities and commitments	29		
	Other notes on accounts	30		

The accompanying notes are an integral part of the finanacial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
(Registration No. 301003E)

Per Manoj Gupta
Partner
Membership No. 83906

Noida, May 28, 2013

For V.R. Bansal & Associates
Chartered Accountants
(Registration No. 016534N)

Per V.P. Bansal
Partner
Membership No. 8843

For and on behalf of Board

Qimat Rai Gupta
Chairman and
Managing Director

Sanjay Gupta
Company Secretary

Surjit Gupta
Director

Sanjay Johri
Associate Vice President
- Finance

Consolidated Cash Flow Statement

for the Year Ended March 31, 2013

(₹ in Crores)

		Year Ended March 31, 2013	Year Ended March 31, 2012
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax	663.79	475.73
	Adjustments to reconcile profit before tax to net cash flows		
	Depreciation and amortisation	109.66	94.85
	Loss on sale of fixed assets	5.49	16.46
	Impairment on tangible assets	16.24	–
	Profit on sale of fixed assets	(23.01)	(7.88)
	Foreign currecy translation reserve	17.97	(25.70)
	Unrealised foreign exchange loss	(10.39)	(0.94)
	Provision for doubtful trade receivables	7.97	17.43
	Interest income	(2.66)	(1.65)
	Finance cost	115.53	118.36
	Excess provisions no longer required written back	(1.66)	(1.65)
	Operating Profit before working capital changes	**898.93**	**685.01**
	Movement in working capital		
	Decrease/(Increase) in trade receivables	22.01	(134.51)
	(Increase)/Decrease in loans and advances	(39.37)	(48.12)
	(Increase)/Decrease in other current assets	(0.72)	0.30
	Decrease/(Increase) in inventories	24.52	(281.75)
	(Decrease)/Increase in trade payables	(136.11)	252.09
	(Decrease)/Increase in other liabilities and provisions	(12.21)	88.63
	Cash generated from/(used) in operations	**757.05**	**561.65**
	Income taxes paid (net of refunds)	(122.54)	(109.72)
	Net Cash Flow from/(used) in Operating Activities (A)	**634.51**	**451.93**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets and addition in capital work in progress	(175.01)	(171.64)
	Investment in Bank deposits (having original maturity of more than three months)	–	(0.12)
	Maturity of bank deposits (having original maturity of more than three months)	2.59	44.20
	Goodwill arising on investment in Joint Venture	(0.59)	–
	Sale of fixed assets	31.04	20.58
	Interest Received	2.46	1.65
	Net Cash flow from/(used) in Investing Activities (B)	**(139.51)**	**(105.33)**

(₹ in Crores)

		Year Ended March 31, 2013	Year Ended March 31, 2012
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	(Repayment)/ proceeds of short term borrowings	(338.03)	54.49
	Proceeds from long term borrowings	770.18	–
	Repayment of Long term borrowings	(474.46)	(146.92)
	Finance cost	(115.53)	(118.36)
	Dividend tax paid	(13.16)	(5.06)
	Dividends paid	(81.10)	(31.19)
	Net Cash flow from/(used) in Financing Activities (C)	**(252.10)**	**(247.04)**
	Net increase (+) / decrease (–) in cash and cash equivalents (A+B+C)	**242.90**	**99.56**
	Cash and Cash Equivalents at the beginning of the year	230.46	130.59
	Effect of exchange differences on cash and cash equivalents held in foreign currency	(0.38)	0.31
	Cash and cash equivalents at the end of the year	**472.98**	**230.46**

Notes:

1	The above Cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard–3, "Cash Flow Statements".		
2	Components of cash and cash equivalents		
	Cash in hand	0.04	0.91
	Balances with banks:		
	Current accounts	223.22	137.39
	Cash credit accounts	98.76	91.76
	Unpaid dividend account*	0.61	0.40
	Fixed Deposits having a maturity period of less than three months	141.30	–
	Share of Joint Ventue	9.05	–
		472.98	**230.46**
	Deposits held as margin money against bank guarantees	0.05	1.88
	Deposits with original maturity for more than three months but less than twelve months	0.54	1.30
	Total cash and cash equivalents at the end of the year (Note–17)	**473.57**	**233.64**
	* The Company can utilise the said amount only towards settlement of unpaid dividend liability.		

The accompanying notes are an integral part of the finanacial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
(Registration No. 301003E)

Per Manoj Gupta
Partner
Membership No. 83906

For V.R. Bansal & Associates
Chartered Accountants
(Registration No. 016534N)

Per V.P. Bansal
Partner
Membership No. 8843

For and on behalf of Board

Qimat Rai Gupta
Chairman and
Managing Director

Surjit Gupta
Director

Sanjay Gupta
Company Secretary

Sanjay Johri
Associate Vice President
- Finance

Noida, May 28, 2013

Corporate Information

1 SIGNIFICANT ACCOUNTING POLICIES

1.01 Basis of Preparation

The financial statements of the group have been prepared on historical cost convention except derivative financial instrument which are measured at fair value, as a going concern on accrual basis, in accordance with the requirements of the Companies Act, 1956 and in accordance with generally accepted accounting principles in India (Indian GAAP) and comply with Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) to the extent applicable. Accounting policies have been consistently applied and where a newly issued accounting standard is initially adopted or where an existing accounting policy requires a change due to more appropriate presentation of financial statements, such changes are suitably incorporated. The management evaluates all recently issued or revised accounting standards on an ongoing basis.

1.02 Use of Estimates

The preparation of financial statements are in conformity with generally accepted accounting principles in India (Indian GAAP) requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Changes in estimates are reflected in the financial statements in the period in which changes are made and if material, their effects are disclosed in notes to accounts.

1.03 Principles of Consolidation

The consolidated financial statements relates to Havells India Limited ('the Company'), and its subsidiary Companies ('the Group Companies') collectively referred to as 'the Group'. The consolidated financial statements have been prepared on the following basis:

a) The financial statements of the parent and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses after eliminating intra-group balances / transactions and resulting profits in full. Unrealised profit / losses resulting from intra-group transactions has also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the group.

b) In accordance with Accounting Standard 27 "Financial Reporting of interest in joint venture" issued under Companies (Accounting Standards) Rules, 2006 the financial statements of the joint venture are consolidated using proportionate consolidation method by adding book values of like items of assets, liabilities, incomes and expenses of jontly controlled entity after eliminating intra-group balances / transactions and unrealised profits to the extent of the group's proportionate share.

c) 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 Company's separate financial statements. Differences in accounting policies have been disclosed separately.

d) The results and financial position of all the Group Companies are translated into the reporting currency as follows:

   (i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

   (ii) Income and expenses for each income statement are translated at average exchange rates (unless average rate is not reasonable at the rates prevailing on the transaction dates, in such case income and expenses are translated at the rate on the dates of the transactions); and

   (iii) All resulting exchange differences are accumulated in foreign currency translation reserve until the disposal of net investment; and

(iv) All results and financial position of Havells Sylvania Venezuela C.A. are translated at the market rate rather than the official rate due to the hyper-inflationary economy. The change from the official rate to the market rate for translation is reflected in the Foreign currency translation reserve.

e) Minority's share in net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

f) Minority interest's share in net assets of 'the Group' is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

1.04 Tangible Fixed Assets and Capital Work-in-Progress

a) Tangible assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets and are further adjusted by the amount of CENVAT credit, VAT credit availed and subsidy directly attributable to the cost of fixed asset, wherever applicable. Interest and other borrowing costs during construction period to finance qualifying fixed assets is capitalised, if capitalisation criteria are met.

b) Subsequent expenditure related to an item of tangible asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day to day repair and maintenance expenditure are charged to the statement of profit and loss for the period during which such expenses are incurred.

c) Capital work-in-progress comprises cost of fixed assets that are not yet ready for their intended use at the balance sheet date and are carried at cost comprising direct cost, related incidental expenses, other directly attributable costs and borrowing costs. The allocation of pre-operative expenditure is done on the basis of prime cost of fixed assets in the year of commencement of commercial production.

d) Assets retired from active use and held for disposal are stated at the lower of their net book value or net relisable value, and are shown seperately

e) Gains or losses arising from disposal of tangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the assets are disposed off.

1.05 Intangible Assets

Intangible assets are recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and cost of the assets can be measured reliably.

i) Goodwill

The excess of cost to the parent of its investment in subsidiaries over its portion of equity in the subsidiaries at the respective dates on which investment in subsidiaries were made is recognised in the financial statements as goodwill. The parent's portion of equity in the subsidiaries is determined on the basis of the value of assets and liabilities as per the financial statements of the subsidiaries as on the date of investment. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the acquisition. Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in the subsequent period unless it is caused by a specific external event of an exceptional nature.

ii) Computer Software

Acquired Computer software licenses and their development costs are capitalised on the basis of the costs incurred to acquire, develop and bring to use the specific software. These costs are amortised on straight line basis over their estimated useful life from three to six years.

iii) **Technical know-how**

Technical know-how is stated at their historical cost and amortised on straight line basis over their estimated useful life of six years.

iv) **Patents and Trademarks**

Patents and trademarks of group companies are stated at their historical cost and amortised on straight line basis over their estimated useful life of six years.

v) **Research and Development costs**

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the company can demonstrate all the followings:

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

b) Its intention to complete the asset;

c) Its ability to use or sale the asset;

d) How the asset will generate future economic benefits;

e) The availability of adequate resources to complete the development and to use or sale the asset; and

f) The ability to measure reliably the expenditure attributable to the intangible asset during development.

vi) Gains or losses arising from disposal of the intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the assets are disposed off.

1.06 Depreciation and Amortisation

a) Depreciation has been provided on straight line method at the rates and in the manner as prescribed in Schedule XIV of the Companies Act, 1956 which approximate the useful life of the assets estimated by the management and for Group Companies based on management estimate of useful economic life as follows:

Assets	**Useful life**
Building	20-39 years
Plant and machinery	5-10 years
Other assets	3-5 years

The residual values and useful life of assets are reviewed and adjusted, if appropriate, at each balance sheet date.

Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis. Depreciation on assets for a value not exceeding ₹ 5000 acquired during the year is provided at the rate of 100%. In case of group companies, assets for a value below ₹ 70067 (Euro 1000) is charged off in the statement of profit and loss.

b) Leasehold land are amortised on a straight line basis over the unexpired period of their respective lease ranging from 90-99 years.

c) Dies and fixtures are depreciated on straight line basis over their estimated useful life of six years.

d) Intangible assets are amortised on straight line basis over six year being their estimated useful life.

e) Asstes once classified as held for sale are not depreciated or amortised.

1.07 Inventories

a) Raw materials, components, stores and spares are valued at lower of cost and net realisable 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. The cost of raw materials, components, stores and spares comprises of purchase price and other costs incurred in bringing the inventories at their present location and condition and are determined on a moving weighted average basis in case of the company while First In First Out basis (FIFO) in case of Group companies.

b) Work-in-progress and finished goods are valued at lower of cost and net realisable value after providing for cost of obsolescence. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

c) Traded goods are valued at lower of cost and net realisable value after providing for cost of obsolescence. Cost includes cost of purchase and other costs incurred in bringing the inventories at their present location and condition. Cost is determined on a weighted average basis.

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

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

1.08 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 transaction.

ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction.

iii) Exchange differences

Exchange differences arising on conversion/ settlement of foreign currency monetary items and on foreign currency liabilities relating to fixed assets acquisition are recognised as income or expense in the year in which they arise.

iv) Translation of integral and non integral foreign operations

The operations of foreign branches of the Company are integral in nature and financial statements of the integral foreign operations are translated as if the transactions of the foreign operation have been those of the Company itself.

All the activities of the foreign subsidiaries are carried out with a significant degree of autonomy from those of the parent. Accordingly, as per the provisions of Accounting Standard-11 “Effect of changes in foreign exchange rates” notified under Companies (Accounting Standards) Rules,2006 (as amended), these operations have been classified as “Non integral operations” and therefore all assets and liabilities, both monetary and non-monetary, are translated at the closing rate while income and expenses are translated at the average quaterly exchange rates, where such rates are approximate the exchange rate on the date of transaction. The resulting exchange differences are accumulated in the foreign currency translation reserve until the disposal of the net investment.

v) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/ income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or expense for the period.

1.09 Derivative Financial Instruments

Derivative Financial instruments are initially recognised at their fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The Group utilises derivative financial instruments to reduce fluctuation in interest rates. The fair value of financial instruments is based on information available and provided by financial institutions to management. Financial instruments are not used for trading purposes.

Changes in fair value of those instruments will be reported in operating result or equity depending on whether the financial instrument qualifies for hedge accounting. The accounting for gains and losses associated with changes in the fair value of the derivative and the effect on the consolidated financial statements will depend on its hedge designation and whether the hedge is highly effective in achieving offsetting changes in the fair value of cash flows of the asset or liability hedged.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the ineffective portion is recognised in the income statement within 'Finance Cost'.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cummulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the income statement as other operating expenses.

Amounts recognised as cash flow hedge reserve are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as reserve are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in reserve remains in reserve until the forecast transaction or firm commitment affects profit or loss.

1.10 Government Grants and Subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that

(i) the Company will comply with the conditions attached to them, and

(ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to a fixed asset, the same is adjusted from the cost of the respective asset.

1.11 Retirement Benefits

a) Short Term Employee Benefit

i) Leave encashment

Leave encashment is provided on the basis of earned leave standing to the credit of the employees and the same is discharged by the Company by the year end.

b) Long Term Employee Benefit

i) Gratuity

The employee's Gratuity Fund Scheme, which is defined benefit plan, is managed by Trust maintained with Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Ltd. The Liabilities with respect to Gratuity Plan are determined by actuarial valuation on projected unit credit method on the balance sheet date, based upon which the company contributes to the Group Gratuity Scheme. The difference, if any, between the actuarial valuation of the gratuity of employees at the year end and the balance of funds with Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Ltd. is provided for as assets/ (liability) in the books. Actuarial gains/losses for defined benefit plans are recognised in full and are immediately taken to the statement of profit and loss and are not deferred.

ii) Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to provident fund are made in accordance with the relevant scheme and are charged to the statement of profit and loss for the year when an employee renders the related services. The Company has no obligation, other than the contribution payable to the provident fund.

iii) Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group companies have both defined contribution and defined benefit plans. A defined contribution plan is a pension plan under which the Group companies pays fixed contributions into a separate entity. The Group companies have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged to the statement of profit and loss in the period in which they arise and are not deferred.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straightline basis over the vesting period.

For defined contribution plans, the Group Companies pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group Companies have no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

iv) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonus and profit-sharing when there is a present obligation to make such payment as a result of past event and reliable estimate of the obligation can be made.

v) Other post employment obligations

Some Group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee completing a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged to the statement of profit and loss in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

c) Termination benefits

Termination benefits are payable when employment is terminated by the Group companies before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits are immediately charged to the statement of profit and loss in accordance with the accounting policy.

1.12 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

a) Sale of goods

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer, and are recorded net of returns and trade discount. The Company collects sales taxes and Value Added Taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company and therefore are excluded from revenue. Excise duty is deducted from revenue (gross) to arrive at revenue from operations (net). Sales do not include inter-divisional transfers.Sales includes WEEE Waste Electrical and Electronic Equipment (WEEE) levy to customer.

b) Export incentives

Export incentives under various schemes notified by the government have been recognised on the basis of their entitlement rates and credits in the passbook/ amount received. Benefits in respect of Advance Licences received by the company against export made by it are accounted for as and when goods are imported against them and debited to raw material comsumption account.

c) Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicabe interest rate.

d) Claims

Claims are recognised when there exists reasonable certainty with regard to the amounts to be realised and the ultimate collection thereof.

1.13 Prior Period Items/ Extraordinary Items

Prior period expenses/ incomes, are shown as prior period items in the statement of profit and loss as per the provisions of Accounting Standard-5, ‘Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies’ notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

Exceptional items are transactions which due to their size or incidence are separately disclosed to enable a full understanding of the Group’s financial performance. Items which may be considered exceptional are significant restructuring charges, gains or losses on disposal of investments or subsidiaries, charges relating to the acquisition of subsidiaries, write down of inventories and significant disposal of fixed assets.

Items of income or expense that arise from events or transactions that are distinct from ordinary activities of the enterprise and are not expected to recurr frequently or regularly are treated as extraordinary items.

1.14 Segment Reporting

Identification of segments

The group’s operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the group operate.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the group as a whole."

1.15 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

1.16 Taxes on Income

Tax expense for the year comprises of current tax and deferred tax.

a) Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date. The Company is eligible for deduction under section 80IC of Income Tax Act, 1961 in respect of income of units located in Special Category of States.

b) Deferred income tax reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws those are enacted at the reporting date.

   Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations, where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

   Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

   In the situations, where the Company is entitled to a tax holiday under the Income-tax Act, 1961, no deferred tax asset/ (liability) is recognised in respect of timing differences which reverse during the tax holiday period, to the extent the company's gross total income is subject to the deduction during the tax holiday period. Deferred tax, in respect of timing differences which are reversable after the tax holiday period, is recognised in the year in which the timing differences originate. However, the company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

   The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is virtually certain, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes virtually certain, that sufficient future taxable income will be available.

c) Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognise MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement" under loans and advances. The company reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

1.17 Impairment of Assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

1.18 Leases

a) Finance leases

The Group companies lease some assets where the risks and rewards incidental to ownership are largely transferred to the Group. These assets are capitalised and recognised in the balance sheet at the lower of the fair value of the asset and the discounted value of the minimum lease instalments. The lease instalments payable are broken down into repayment and interest components, based on a fixed interest rate and equal instalments. The lease commitments are carried under liabilities exclusive of interest. The interest component is recognised in the profit and loss account in accordance with the lease instalments. The relevant assets are depreciated over the remaining useful lives or the lease term, whichever is less.

b) Operating leases

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 recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

1.19 Borrowing Costs

Borrowing cost includes interest and ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

1.20 Provisions and Contingent Liabilities

Provisions

A provision is recognised when the group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Provision for warranty

Product warranty costs are accrued in the year of sales of products, based on past experience. The group periodically reviews the adequacy of product warranties and adjust warranty percentage and warranty provisions for actual experience, if necessary. The timing of outflow is expected to be within one to two years.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The company does not recognise a contingent liability but discloses its existence in the financial statements.

Restructuring provisions

The provision for restructuring relates to the estimated costs of initiated reorganisations that have been approved by the Board of Management, and which involve the realignment of certain parts of the manufacturing, selling and administration organisation. When such reorganisations require discontinuance and/or closure of lines of activities, the anticipated costs of closure or discontinuance are included in restructuring provisions. A liability is recognised for those costs only when the Company has a detailed formal plan for the restructuring and has raised a valid expectation with those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

1.21 Cash and Cash Equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

Notes on Accounts

for the year ended March 31, 2012

(₹ in Crores)

2 SHARE CAPITAL	As At March 31, 2013	As At March 31, 2012
a) Authorised		
20,01,00,000 (Previous Year 20,01,00,000) equity shares of ₹ 5/- each	100.05	100.05
Issued, subscribed and fully paid-up		
12,47,74,812 (Previous Year 12,47,74,812) equity shares of ₹ 5/- each	**62.39**	**62.39**

b) Reconciliation of the shares outstanding at the beginning and at the end of the year

	March 31, 2013		March 31, 2012	
	No. of shares	(₹ in Crores)	No. of shares	(₹ in Crores)
At the beginning of the year	124,774,812	62.39	124,774,812	62.39
Issued during the year	–	–	–	–
Outstanding at the end of the year	**124,774,812**	**62.39**	**124,774,812**	**62.39**

c) Terms rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended 31 March 2013, the amount of per share dividend recognised as distributions to equity shareholders is ₹ 7.50 (Previous Year ₹ 6.50).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

d) Details of shareholders holding more than 5% shares in the Company is set out below (legal ownership unless otherwise stated)

	March 31, 2013		March 31, 2012	
	No. of shares	% holding	No. of shares	% holding
Shri Qimat Rai Gupta, Chairman *	9,535,888	7.64	9,535,888	7.64
Shri Surjit Gupta, Director	6,530,160	5.23	6,530,160	5.23
QRG Enterprises Limited	37,971,776	30.43	37,971,776	30.43
Ajanta Mercantile Limited	13,650,402	10.94	12,369,600	9.91
Seacrest Investment Limited**			12,820,000	10.27

* Shareholding of Shri Qimat Rai Gupta, Chairman includes 26,64,000 equity shares (previous year 26,64,000 equity shares) for and behalf of M/s Guptajee & Company, a firm in which he is a partner.

** The holding of Seacrest Investment Limited has decreased from 10.27% as at March 31, 2012 to 4.66% (representing 58,20,000 equity shares) as at March 31, 2013.

e) **Aggregate number of shares issued as fully paid up pursuant to contract without payment being received in cash or by way of bonus shares during the period of five years immediately preceding the date of balance sheet:**

	As At March 31, 2013	As At March 31, 2012
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash.	2,219,000	2,219,000
Equity shares allotted as fully paid up bonus shares by capitalisation of securities premium account and general reserve.	62,387,406	62,387,406

(₹ in Crores)

3	RESERVES AND SURPLUS	As At March 31, 2013	As At March 31, 2012
a)	**Capital Reserve**	**7.61**	**7.61**
b)	**Business Reconstruction Reserve***	**104.93**	**104.93**
c)	**Cash flow hedge reserve****	**(3.48)**	**–**
d)	**General Reserve**		
	As per the last balance sheet	148.45	117.90
	Add: Amount transferred from surplus in the statement of profit and loss	37.50	30.55
		185.95	**148.45**
e)	**Foreign currency translation reserve**		
	As per the last balance sheet	(6.68)	(32.38)
	Add: Exchange difference during the year on net investment in non-integral foreign operations	17.74	25.70
		11.06	(6.68)
	Share of Joint Venture	0.23	–
		11.29	**(6.68)**
f)	**Surplus in the statement of profit and loss**		
	As per the last balance sheet	638.91	393.29
	Profit for the year	581.43	369.92
	Add: Share of minority interest	0.00	0.51
		1220.34	**763.72**
	Less Appropriations :		
	Proposed final equity dividend	(93.58)	(81.10)
	Corporate tax on proposed dividend	(15.91)	(13.16)
	Transfer to general reserve	(37.50)	(30.55)
	Net surplus in the statement of profit and loss	**1073.35**	**638.91**
		1,379.65	**893.22**

* The Company had created Business Reconstruction Reserve Account in the financial year 2009-10 by transfer of ₹ 400 crores from securities premium account for the purpose of adjustment of certain expenses as per the scheme of arrangement entered into by the Company with its subsidiary and associate company as approved by the Hon'ble High Court of Delhi vide their order dated 19.08.2010.

** The group companies have entered into an interest rate swap to hedge their interest risk on long term borrowings. The effective policies of the hedge is recognised directly under cash flow hedge reserve.

(₹ in Crores)

4 LONG TERM BORROWINGS	As At March 31, 2013	As At March 31, 2012
Term loans from Banks (secured)		
External commercial borrowings {refer point (a)}	108.78	–
From Canara Bank Limited {refer point (b)}	–	69.27
From Consortium banks {refer point (c)}	420.88	–
From Standard Chartered {refer point (d)}	203.99	–
From Barclays bank {refer point (e)}	–	352.49
From Banco lafise {refer point (f)}	–	5.84
Deferred payment credit		
Finance lease obligations {refer point (g)}	8.71	11.04
	742.36	**438.64**

a) External commercial borrowing is from HSBC Bank (Mauritius) Limited. The said loan is repayable in 12 equal quaterly instalments of ₹ 9.60 crores (USD 16,66,667) starting from 26th April 2014 carrying an interest rate of LIBOR + 195 bps per annum, and is secured by way of:-

   i) first charge on movable fixed assets aquired out of the said loan and

   ii) equitable mortgage over land and building situated at plot no. 2A, sector 10, BHEL Industrial Estate, Haridwar, Uttarakhand.

   The charge in respect of said securities is pending for creation.

b) Term loan from Canara Bank, Prime Corporate Branch-II, New Delhi has been repaid during the year. The loan was repayable in 16 equal quaterly instalments of ₹ 7.88 crores each commencing from 1st April 2011 and extending till 1st January 2015. The said loan was secured against following assets which have been discharged during the year:-

   i) equitable mortgage of Company's factory land and building situated at Village Gullarwala, Baddi, Himachal Pradesh and 204 & 204A, MIA, Alwar, Rajasthan.

   ii) hypothecation of plant and machinery and other fixed assets purchased out of the above said loan.

c) During the year, the group companies signed secured facility agreement with HSBC Bank Plc, Standard Chartered Bank and ICICI Bank UK Plc for Euro 77,500 (including revolving facility for Euro 2,500) at EURIBOR + 3.50% p.a (linked with group leverage ratio). The said loan is repayable by half yearly instalments ranging from Euro 3760 to Euro 8030 ending on May 2016. Plant and property, trade receivables and inventories in France, Germany, Belgium, UK, Netherlands, Argentina, Ecuador, Dubai, Greece, Thailand, Mexico, US, Brazil and Colombia are pledged as security against the aforesaid facility. With this funding, the group repaid the term loan with banking group led by Barclays Bank which was to be repaid in two equal instalments on June 2012 and December 2012 and balance ₹ 352.49 crores in April 2013.

d) i) The group companies also entered into loan agreement on 14th March 2013 with Standard Chartered bank for Euro 12,000 million at the rate of EURIBOR + 3.7511% p.a (linked with group leverage ratio). The loan is repayable in three instalments of Euro 3000, Euro 4500 and Euro 4500 commencing from March 2016. Central warehouse building located in France is pledged under this agreement.

   ii) During the year, the group companies entered into a term facility agreement with Standard Chartered Bank for a loan of ₹ 180.81 Crores (Euro 26,000,000) at EURIBOR plus 1.5% p.a. on the corporate guarantee of parent company. The loan is repayable in quarterly instalments of ₹ 15.07 crores (Euro 21,66,667) commencing from June 3013 and ending on March 2016.

e) Term loan from Barclays Bank, London led consortium are secured by way of mortgages on freehold properties and fixed and floating charges on the assets of group companies in France, Germany, Belgium, UK, Netherland, Ecuador, Brazil and Colombia. The entire term loan from Barclays bank has been repaid during the year.

f) Term loan from Banco Lafise, Panama, S.A. is secured by way of mortgages on company's property (land and building) at Costa Rica. The entire said term loan has been repaid during the year.

g) Assets acquired under lease are secured by way of respective assets taken on lease carrying an interest rate of 4.96% per annum. {refer note no 30(17)(c)}

h) Current maturities of long term borrowings is ₹ 147.31 crores (previous year ₹ 158.54 crores)

(₹ in Crores)

5A	DEFERRED TAX LIABILITIES (NET)	As At March 31, 2013	As At March 31, 2012
	Deferred tax liability		
	On account of difference in rates and method of depreciation of fixed assets	73.26	64.97
	Others	0.87	0.83
	Gross deferred tax liability	**74.13**	**65.80**
	Deferred tax asset		
	On account of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis	5.55	3.97
	On account of provision for doubtful trade receivables and litigation	1.71	1.38
	Others	4.97	4.84
	Gross deferred tax asset	**12.23**	**10.19**
	Deferred income tax liability (Net)		
	at the end of year	**61.90**	**55.61**
	for the year	6.29	0.24

(₹ in Crores)

5B	DEFERRED TAX ASSETS (NET)	As At March 31, 2013	As At March 31, 2012
	Deferred tax liability		
	on account of difference in rates and method of depreciation of fixed assets	5.89	32.06
	Others	3.88	10.30
	Gross deferred tax liability	**9.77**	**42.36**
	Deferred tax asset		
	on account of difference in rates and method of depreciation of fixed assets	2.77	–
	on account of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis	20.87	42.36
	Gross deferred tax asset	**23.64**	**42.36**
	Deferred income tax Asset (Net)		
	At the end of year	**13.87**	**0.00**
	For the year	13.87	0.00

The Group companies has recognised deferred tax assets of ₹ 13.87 crores in respect of timing differences capable of reversal in future period relating to fixed assets, pension liabilities, leased assets and other accruals. Deferred tax assets are not recognised in respect of losses amounting to ₹ 2139.92 crores (previous year ₹ 1692.56 crores), due to absence of virtual certainity supported by convincing evidences that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

(₹ in Crores)

6	OTHER LONG TERM LIABILITIES	As At March 31, 2013	As At March 31, 2012
	Retention money from contractors	0.08	2.72
	Sales incentives payable	33.18	–
	Environmental liabilities*	12.14	12.72
	Mark to market liability	3.49	9.93
		48.89	**25.37**

* The environment liabilities relates to clean up and remediation cost of water contamination for the factory located in Belgium and for a site in Mullins,US.

(₹ in Crores)

7	LONG TERM PROVISIONS	As At March 31, 2013	As At March 31, 2012
	Retirement benefit obligations {refer note no 30(14)(ii)}	282.42	301.62
	Product warranties {refer note no 11(a)}	1.63	0.34
	Litigation {refer note no 11(b)}	14.08	15.14
	Onerous lease {refer note no 11(d)}	0.11	0.32
		298.24	**317.42**

(₹ in Crores)

8	SHORT TERM BORROWINGS	As At March 31, 2013	As At March 31, 2012
	Loans repayable on demand (from banks)		
	Cash credit/ working capital limits (Secured) {refer point (a & b)}	–	295.68
	Cash credit/ working capital limits (Unsecured)	91.84	134.19
		91.84	**429.87**

a) Working capital limits from Barclays Bank, London led consortium was secured by way of mortgages on freehold properties and fixed and floating charges on the assets of group companies in France, Germany, Belgium, UK, Netherlands, Ecuador, Brazil and Colombia. The entire working capital limit of group have been repaid during the year.

b) Working capital limits under consortium of Canara Bank, Corporation Bank, IDBI Bank Limited, State Bank of India, Standard Chartered Bank, ICICI Bank, Yes Bank Limited and The Hongkong and Shanghai Banking Corporation Limited are secured by way of :

   i) pari-passu first charge by way of hypothecation on stocks of raw material, semi-finished goods, finished goods, stores and spares, bill receivables, book debts and all movable and other current assets of the Company.

   ii) pari-passu first charge by way of Equitable Mortgage on land and building at 14/3, Mathura Road, Faridabad.

   iii) pari-passu second charge by way of hypothecation on plant and machinery, generators, furnitures and fixtures, electric fans and installations.

(₹ in Crores)

9	TRADE PAYABLES	As At March 31, 2013	As At March 31, 2012
	Trade payables	928.98	1069.92
		928.98	**1069.92**
	Share of Joint Venture	3.88	–
		932.86	**1069.92**

(₹ in Crores)

10	OTHER CURRENT LIABILITIES	As At March 31, 2013	As At March 31, 2012
	Current maturities of long-term borrowings (refer note no. 4)	144.28	110.98
	Current maturities of finance lease obligation (refer note no. 4)	3.03	47.56
	Interest accrued but not due on borrowings	4.70	1.06
	Interest accrued and due on borrowings	–	0.12
	Unpaid dividend {refer point (a)}	0.61	0.40
	Creditors for capital goods	5.71	6.84
	Other payables		
	Sales incentives payable	132.11	114.81
	Trade deposits	18.93	16.20
	Advances and progress payments from customers	53.19	37.37
	Excise duty payable {refer point (b)}	13.68	16.12
	Other statutory dues payable	141.37	171.91
	Other liabilities {refer point (c)}	154.89	175.64
		672.50	**699.01**
	Share of Joint Venture	0.06	–
		672.56	**699.01**

a) Investor Education and Protection Fund is being credited by the amount of unclaimed dividend after seven years from the due date.The Company has transferred and deposited a sum of ₹ 0.01 crore (previous year ₹ 0.01 crore) out of unclaimed dividend pertaining to the financial year 2004-05 to Investor Education and Protection Fund of Central Government in accordance with the provisions of Section 205C of the Companies Act, 1956.

b) The Company has made a provision of excise duty payable amounting to ₹ 13.68 crores (previous year ₹ 16.12 crores) on stocks of finished goods and scrap material at the end of the year except at Baddi and Haridwar units which are exempted from excise duty. Excise duty is considered as an element of cost at the time of manufacturing of goods.

c) Other liabilities include expenses payable and miscellaneous deposits.

d) The Company has not made any provision for cess payable u/s 441A of the Companies Act, 1956. The said provision shall be made as and when the requisite notification is issued by the Central Government in this regard.

(₹ in Crores)

11	SHORT TERM PROVISIONS	As At March 31, 2013	As At March 31, 2012
	i) Provision for employee benefits		
	Gratuity {refer note no 30 (14)(i)}	3.29	3.22
		3.29	**3.22**
	ii) Other provisions		
	Product warranties {refer point (a)}	39.05	25.98
	Litigations {refer point (b)}	17.18	12.88
	Restructuring {refer point (c)}	1.29	15.51
	Provision for onerous leases {refer point (d)}	0.19	1.28
	Proposed equity dividend {refer point (e)}	93.58	81.10
	Corporate Dividend tax	15.91	13.16
	Income Tax (net of advance tax and TDS)	10.46	30.68
	Wealth Tax	0.06	0.04
		177.72	**180.63**
		181.01	**183.85**

Provision for warranties

a) A provision is recognised for expected warranty claims on products sold during the last one to two years, based on past experience of the level of repairs and returns. It is expected that significant portion of these costs will be incurred in the next financial year and all will have been incurred within two years after the reporting date. Assumptions used to calculate the provisions for warranties were based on current sales levels and current information available about returns based on one to two years warranty period for all products sold. The table below gives information about movement in warranty provisions.

(₹ in Crores)

	As At March 31, 2013	As At March 31, 2012
At the beginning of the year	26.32	16.02
Arising during the year	34.99	42.18
Utilised during the year	20.59	31.88
Unused amount reversed	0.04	–
At the end of the year	**40.68**	**26.32**
Current portion	39.05	25.98
Non-current portion (refer note no. 7)	1.63	0.34

b) **Provision for litigations**

i) During the financial year 2008-09, a demand for ₹ 0.54 crores has been raised by the Central Excise Department towards additional custom duty in cases where the duty has been paid through DEPB. The Company is contesting the same in the view of notification No. 28/(RE2003)/2002-2007 dated 28.01.2004 issued by Ministry of Commerce and Industry, Department of Commerce. A provision of ₹ 0.28 crores has been made towards the estimated liability on this account.

ii) During the financial year 2010-11, the Central Excise Department, Jalandhar raised a penalty demand for ₹ 0.10 crores towards differential excise duty on finished goods sold by the branches at higher selling price. The Company is contesting the same before the Central Excise and Service Tax Appellate Tribunal (CESTAT). A provision of ₹ 0.10 crore has been made towards the estimated liability on this account.

iii) The Company has challenged the constitutional validity of Entry of Goods under Local Area Act, 2010 before the Hon'ble High Court of Himachal Pradesh at Shimla. The Company has deposited 1/3rd of assessed tax and the Apex Court has granted stay for balance 2/3rd amount against submission of bank guarantee. The Company has made a provision of ₹ 1.26 crores during the year (previous year ₹ 1.21 crores) and the liability as on date is ₹ 1.84 crores (previous year ₹ 1.40 crores).

iv) The Company has challenged the constitutional validity of the entry tax under Entry Tax Act 1999, before the Hon'ble High Court of Judicature, Rajasthan Jaipur Bench, Jaipur. The Hon'ble Supreme Court has granted the stay to the extent 50% of total amount of liability. The Company has made a provision of ₹ 0.31 crores during the year (previous year ₹ 0.30 crores) and the liability as on date is ₹ 0.98 crores (previous year ₹ 0.92 crores).

v) During the Financial year 2011-12, a demand of ₹ 0.21 crores has been raised by the Excise and Taxation officer, Jalandhar. The Company is contesting the same before the Deputy Excise & Taxation Commissioner, Jalandhar Division. However the Company expects a liability of ₹ 0.06 crores on account of input tax credit on diesel and a provision has been made accordingly.

vi) A demand of ₹ 0.03 crores has been raised by the Income Tax Department for the financial year 2003-04. The same is contested before the Hon'ble Income Tax Appellate Tribunal. However, the Company expects a liability of ₹ 0.02 crores and a provision has been made accordingly.

vii) In case of group companies, litigation provisions created during the year amounting to ₹ 5.60 crores (previous year ₹ 14.66 crores) are related to Social Security calculation disputes in Spain, VAT dispute in UK, product quality claim in Belgium, and Labour claims in Brazil related to factories closed in past. The liability as on date is ₹ 27.98 crores (previous year ₹ 25.42 crores) out of which ₹ 13.90 crores (previous year ₹ 10.28 crores) is shown in Short term provision.

The table below gives information about movement in litigation provisions:

(₹ in Crores)

	As At March 31, 2013	As At March 31, 2012
At the beginning of the year	28.02	11.57
Arising during the year	7.25	16.47
Utilised during the year	4.01	–
Unused amount reversed	–	–
At the end of the year	**31.26**	**28.02**
Current portion	17.18	12.88
Non-current portion (refer note no. 7)	14.08	15.14

c) **Provision for Restructuring**

The restructuring provision relates to the remodelling of the business to ensure that the Group remains competitive in the current economic scenario in Europe. The table below gives information about movement in restructuring provisions:

At the beginning of the year	15.51	12.33
Arising during the year	–	3.18
Utilised during the year	14.22	0.00
Unused amount reversed	–	–
At the end of the year	**1.29**	**15.51**
Current portion	1.29	15.51
Non-current portion (refer note no. 7)	–	–

d) **Provision for Onerous lease**

The onerous lease provision relates to various sites in the UK that are no longer rquired by the group. This is for a partly empty office in manchester and will last till 2014.

At the beginning of the year	1.60	5.90
Arising during the year	–	–
Utilised during the year	1.30	4.30
At the end of the year	**0.30**	**1.60**
Current portion	0.19	1.28
Non-current portion (refer note no. 7)	0.11	0.32

e) **Provision for dividend**

The Company has proposed dividend for the year @ 150% (previous year @ 130%) on its equity capital and a provision for corporate dividend tax including surcharge and education cess thereon has been made.

12 FIXED ASSETS

(₹ in Crores)

SL. NO.	Description	GROSS BLOCK						DEPRECIATION/ AMORTISATION						NET BLOCK	
		As at April 01, 2012	Addition/ Adjustments during the year	Sales during the year	Foreign Currency Realignment	Impairment	As at March 31, 2013	Upto last year	For the year	Sales during the year	Foreign Currency Realignment	Impairment	To date	As at March 31, 2013	As at March 31, 2012
a)	**Tangible Assets**														
	Industrial land														
	Freehold	60.48	–	1.96	0.66	–	59.18	–	–	–	0.01	–	0.01	59.17	60.48
	Leasehold	85.01	1.60	–	0.17	–	86.78	–	1.00	–	–	–	1.00	85.78	85.01
	Buildings														
	Freehold	552.59	86.54	6.85	2.80	0.15	634.93	223.14	23.20	1.36	0.28	0.15	245.11	389.82	329.45
	Leasehold	34.01	–	–	3.35	–	37.36	34.01	–	–	3.35	–	37.36	–	–
	Plant and machinery	1,444.59	50.13	13.62	94.69	32.62	1,543.17	1,051.30	44.15	10.09	93.99	16.78	1,162.57	380.60	393.29
	Dies and fixtures	183.14	47.83	26.09	(7.88)	–	197.00	173.05	11.40	25.83	(8.04)	–	150.58	46.42	10.09
	Furniture and fixtures	82.19	11.89	8.25	0.21	0.89	85.15	51.61	6.43	7.90	(0.11)	0.49	49.54	35.61	30.58
	Vehicles	15.52	3.53	2.08	(2.30)	–	14.67	9.72	1.15	0.94	(2.67)	–	7.26	7.41	5.80
	R & D Equipments	10.45	1.09	–	–	–	11.54	3.01	0.67	–	–	–	3.68	7.86	7.44
	Office Equipments	80.13	16.98	11.40	(0.26)	–	85.45	55.42	8.19	10.63	(2.75)	–	50.23	35.22	24.71
	Electric fans and installations	97.17	8.47	0.03	2.06	–	107.67	57.75	3.42	0.01	1.75	–	62.91	44.76	39.42
		2,645.28	**228.06**	**70.28**	**93.50**	**33.66**	**2,862.90**	**1,659.01**	**99.61**	**56.76**	**85.81**	**17.42**	**1,770.25**	**1,092.65**	**986.27**
	Share of Joint Venture	–	0.06	–	–	–	0.06	–	0.00	–	–	–	0.00	0.06	–
	Total tangible assets	**2,645.28**	**228.12**	**70.28**	**93.50**	**33.66**	**2,862.96**	**1,659.01**	**99.61**	**56.76**	**85.81**	**17.42**	**1,770.25**	**1,092.71**	**986.27**
	Previous year	**2,750.94**	**122.82**	**372.71**	**146.58**		**2,647.63**	**1,788.02**	**91.55**	**343.58**	**123.02**		**1,659.01**	**988.62**	**962.92**
b)	**Intangible Assets**														
	Computer Software	64.28	7.06	–	(2.79)	–	68.55	50.16	5.20	–	(0.62)	–	54.74	13.81	14.12
	Patent and Trademark	47.58	–	–	0.87	–	48.45	19.77	4.76	–	0.34	–	24.87	23.58	27.81
	Technical know-how	0.51	–	–	–	–	0.51	0.34	0.09	–	–	–	0.43	0.08	0.17
	Total intangible assets	**112.37**	**7.06**	**–**	**(1.92)**	**–**	**117.51**	**70.27**	**10.05**	**–**	**(0.28)**	**–**	**80.04**	**37.47**	**42.10**
	Previous year	**94.44**	**8.08**	**0.03**	**7.53**	**–**	**110.02**	**61.86**	**3.30**	**0.02**	**5.13**	**–**	**70.27**	**39.75**	**32.58**
c)	**Capital Work-in-Progress**	66.25	19.23	65.43	0.14	–	20.19	–	–	–	–	–	–	20.19	66.25
	Share of Joint Venture	–	4.70	–	–	–	4.70	–	–	–	–	–	–	4.70	–
	Total Capital work-in-progress	**66.25**	**23.93**	**65.43**	**0.14**	**–**	**24.89**	**–**	**–**	**–**	**–**	**–**	**–**	**24.89**	**66.25**
	Previous year	**24.90**	**81.10**	**40.36**	**0.61**	**–**	**66.25**	**–**	**–**	**–**	**–**	**–**	**–**	**66.25**	**24.90**
d)	**Assets held for sale - tangible**													0.46	–
	Total -Current Year	**2,823.90**	**259.11**	**135.71**	**91.72**	**33.66**	**3,005.36**	**1,729.28**	**109.66**	**56.76**	**85.53**	**17.42**	**1,850.29**	**1,155.53**	**1,094.62**
	-Previous year	**2,870.28**	**212.00**	**413.10**	**154.72**		**2,823.90**	**1,849.88**	**94.85**	**343.60**	**128.15**		**1,729.28**	**1,094.62**	**1,020.40**

Notes: -

1. Freehold land includes two plots at Bawana and Narela Industrial Area in respect of which possession has not been given by authority.
2. The title deed in respect of freehold land at Badli is yet to be executed.
3. Buildings include ₹ 0.05 crore being the cost of premises purchased at Leonard Road, Bangalore, title deed in respect of which has not been executed as yet.
4. Depreciation includes ₹ 1.00 crore on accou nt of Leasehold land amotised during the year.
5. Additions/ adjustments include dies and fixtures having a book value of ₹ 24.87 crores transferred from inventories during the year. {refer note no 30(4)}
6. The machineries retired from active use and held for disposal are classified as assets held for sale. Details are as under:
   Gross Block ₹ 3.50 crores, Accumulated depreciation ₹ 1.53 crores, Loss ₹ 1.51 crores and Net Block ₹ 0.46 crores

(₹ in Crores)

13	LONG TERM LOANS AND ADVANCES	As At March 31, 2013	As At March 31, 2012
	Unsecured- considered good		
	Capital advances	3.53	1.37
	Earnest money and security deposits	10.80	10.97
	MAT Credit entitlement	46.07	33.67
	Prepaid expenses	0.32	0.19
	Balance with Statutory authorities	0.23	0.19
		60.95	**46.39**

(₹ in Crores)

14	OTHER NON-CURRENT ASSETS	As At March 31, 2013	As At March 31, 2012
	Trade receivables (unsecured-considered good)	–	0.34
		–	**0.34**

(₹ in Crores)

15	INVENTORIES	As At March 31, 2013	As At March 31, 2012
	Raw materials and components	258.49	286.50
	Work-in-progress	60.59	62.31
	Finished goods	443.00	431.30
	Stock in trade (traded goods)	531.57	541.99
	Stores and spares	11.30	7.84
	Loose tools	0.52	0.07
	Dies and fixtures	–	26.90
	Packing materials	8.41	7.93
	Fuel and Gases	0.88	0.63
	Scrap materials	3.60	2.28
		1318.36	**1367.75**
	Share of Joint Venture	0.00	–
		1318.36	**1367.75**
	The above includes goods in transit as under:		
	Raw material	24.87	23.27
	Finished goods	13.01	5.63
	Stock in trade (traded goods)	99.56	84.01

a) Inventories other than scrap materials have been taken at lower of cost and net realisable value.

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

c) Inventory of group companies of ₹ 92.09 crores (previous year ₹ 117.20 crores) valued on First In First Out (FIFO) basis.

(₹ in Crores)

16	TRADE RECEIVABLES	As At March 31, 2013	As At March 31, 2012
	Outstanding due for a period exceeding six months from the date they are due for payment		
	Unsecured, considered good	17.32	13.38
	Unsecured, considered doubtful	42.41	31.52
		59.73	**44.90**
	Less: Provision for doubtful receivables	42.41	31.52
		17.32	**13.38**
	Other receivables		
	Unsecured, considered good	844.96	877.15
	Unsecured, considered doubtful	12.49	16.60
		857.45	**893.75**
	Less: Provision for doubtful receivables	12.49	16.60
		844.96	**877.15**
		862.28	**890.53**

(₹ in Crores)

17	CASH AND BANK BALANCES	As At March 31, 2013	As At March 31, 2012
	a) Cash and cash equivalents		
	Balances with banks:		
	Current accounts	223.22	137.39
	Cash credit accounts	98.76	91.76
	Unpaid dividend account	0.61	0.40
	Fixed Deposits having a maturity period of less than three months	141.30	–
	Cash on hand	0.04	0.91
		463.93	**230.46**
	b) Other bank balances		
	Deposits held as margin money against bank guarantees *	0.05	1.88
	Deposits with original maturity for more than 3 months but less than 12 months	0.54	1.30
		0.59	**3.18**
		464.52	**233.64**
	Share of Joint Venture	9.05	–
		473.57	**233.64**

* Including bank deposits of ₹ 0.01 crore (previous year ₹ 0.01 crore) with more than twelve months maturity

(₹ in Crores)

18	SHORT TERM LOANS AND ADVANCES	As At March 31, 2013	As At March 31, 2012
	Other loans and advances (unsecured -considered good)		
	Advances against material and services	71.78	46.24
	Prepaid expenses	36.25	39.15
	Security deposits	39.90	45.19
	Other advances	0.36	0.59
	Balance with Statutory/ Government authorities:		
	Excise duty	0.39	0.41
	Service tax	0.65	0.19
	VAT	34.08	22.96
	Other deposits with Statutory/ Government authorities	19.19	13.27
		202.60	**168.00**
	Share of Joint Venture	2.61	–
		205.21	**168.00**

(₹ in Crores)

19	OTHER CURRENT ASSETS	As At March 31, 2013	As At March 31, 2012
	Unsecured, considered good		
	Earnest money	1.70	1.45
	Retention money	1.94	1.68
	Export incentives receivable	6.69	6.30
	DEPB licences in hand	0.46	0.28
	Capital investment subsidy receivable	0.60	0.60
	Claims and other debts	0.82	1.18
	Interest accrued on deposits	0.37	0.17
		12.58	**11.66**

(₹ in Crores)

20	REVENUE FROM OPERATIONS	Year Ended March 31, 2013	Year Ended March 31, 2012
	Sale of products		
	Finished goods	5421.73	4785.86
	Stock in trade (traded goods)	2551.55	2282.88
		7973.28	**7068.74**
	Less: Turnover discount, incentives and rebates	470.10	360.43
		7503.18	**6708.31**
	Other operating revenue		
	Scrap sales	19.68	19.15
	Export incentives	6.41	5.69
	Revenue from operations (gross)	**7529.27**	**6733.15**
	Less: Excise duty	281.38	214.95
	Revenue from operations (net)	**7247.89**	**6518.20**
	Details of products sold		
	Finished goods		
	Switchgears	1080.52	896.68
	Cables	1942.32	1787.38
	Lighting and Fixtures	1857.82	1690.56
	Electrical consumer durables	541.07	411.22
	Others	–	0.02
		5421.73	**4785.86**
	Traded goods		
	Switchgears	100.56	78.83
	Lighting and Fixtures	2139.91	2002.70
	Electrical consumer durables	311.08	201.35
		2551.55	**2282.88**

(₹ in Crores)

21	OTHER INCOME	Year Ended March 31, 2013	Year Ended March 31, 2012
	Interest income on		
	Bank deposits	1.53	0.95
	Delayed payments from customers	0.93	0.45
	Others	0.20	0.25
	Miscellaneous income	5.67	11.31
	Profit on sale of fixed assets	23.01	7.88
	Excess provisions no longer required written back	2.02	20.51
		33.36	**41.35**
	Share of Joint Venture	0.01	–
		33.37	**41.35**

(₹ in Crores)

22	COST OF MATERIALS CONSUMED	Year Ended March 31, 2013	Year Ended March 31, 2012
	Copper	748.89	659.05
	Aluminium	395.92	407.82
	General plastic	149.34	155.00
	Paints and chemicals	122.16	124.54
	Steel	112.35	121.79
	Engineering plastic	41.19	41.21
	Phosphor powder	71.17	43.12
	Glass and glass tube	18.69	78.95
	Ballast	50.26	46.07
	Packing materials	133.66	127.64
	Others	879.55	760.06
		2723.18	**2565.25**

(₹ in Crores)

23	PURCHASE OF STOCK IN TRADE (TRADED GOODS)	Year Ended March 31, 2013	Year Ended March 31, 2012
	Switchgears	48.50	37.04
	Lighting and fixtures	1175.84	1082.97
	Electrical consumer durables	207.82	128.81
		1432.16	**1248.82**
	Share of Joint Venture	4.86	–
		1,437.02	**1,248.82**

(₹ in Crores)

24	CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE	As at March 31, 2013	As at March 31, 2012	(Increase)/ decrease
	Inventories at the end of the year			
	Finished goods	443.00	431.30	(11.70)
	Stock in trade (traded goods)	531.57	541.99	10.42
	Work in progress	60.59	62.31	1.72
	Scrap	3.60	2.28	(1.32)
		1,038.76	**1,037.88**	**(0.88)**
	Inventories at the beginning of the year			
	Finished goods	431.30	317.25	(114.05)
	Stock in trade (traded goods)	541.99	482.96	(59.03)
	Work in progress	62.31	49.39	(12.92)
	Scrap	2.28	1.42	(0.86)
		1,037.88	**851.02**	**(186.86)**

(₹ in Crores)

	Year Ended March 31, 2013	Year Ended March 31, 2012
Details of inventory at the end of the year		
Finished Goods		
Switchgears	77.67	77.31
Cables	137.20	128.45
Lighting and Fixtures	170.48	191.92
Electrical consumer durables	57.65	33.62
	443.00	**431.30**
Stock in trade (traded goods)		
Switchgears	7.65	7.52
Lighting and Fixtures	457.61	489.31
Electrical consumer durables	66.31	45.16
	531.57	**541.99**
Work in progress		
Switchgears	11.33	8.49
Cables	26.28	24.74
Lighting and Fixtures	18.89	24.48
Electrical consumer durables	4.09	4.60
	60.59	**62.31**
Details of inventory at the beginning of the year		
Finished Goods		
Switchgears	77.31	50.59
Cables	128.45	80.26
Lighting and Fixtures	191.92	153.02
Electrical consumer durables	33.62	33.32
Others	–	0.06
	431.30	**317.25**
Stock in trade (traded goods)		
Switchgears	7.52	6.76
Lighting and Fixtures	489.31	445.14
Electrical consumer durables	45.16	31.03
Others	–	0.03
	541.99	**482.96**
Work in progress		
Switchgears	8.49	6.73
Cables	24.74	20.96
Lighting and Fixtures	24.48	17.92
Electrical consumer durables	4.60	3.78
	62.31	**49.39**

(₹ in Crores)

25	EMPLOYEE BENEFITS EXPENSE	Year Ended March 31, 2013	Year Ended March 31, 2012
	Salaries, wages, bonus, commission and other benefits	814.83	762.22
	Contribution towards PF, Family Pension and ESI	8.32	6.73
	Gratuity expense	3.82	2.72
	Staff welfare expenses	23.09	18.77
		850.06	**790.44**
	Share of Joint Venture	0.20	–
		850.26	**790.44**
	Employee benefits expense include managerial remuneration as detailed below:		
	Salaries, bonus and other benefits	3.33	3.10
	Contribution towards PF	0.14	0.12
	Commission	8.15	6.66
		11.62	**9.88**

(₹ in Crores)

26	FINANCE COSTS	Year Ended March 31, 2013	Year Ended March 31, 2012
	Interest expense	113.28	108.90
	Bank charges	7.69	9.74
	Exchange difference to the extent considered as an adjustment to borrowing cost {refer note 30(7)}	2.25	9.46
		123.22	**128.10**
	Share of Joint Venture	0.00	–
		123.22	**128.10**

(₹ in Crores)

27	DEPRECIATION AND AMORTISATION EXPENSE	Year Ended March 31, 2013	Year Ended March 31, 2012
	Depreciation of tangible assets	99.55	91.55
	Amortisation of intangible assets	10.11	3.30
		109.66	**94.85**
	Share of Joint Venture	0.00	–
		109.66	**94.85**

(₹ in Crores)

28	OTHER EXPENSES	Year Ended March 31, 2013	Year Ended March 31, 2012
	Consumption of stores and spares	29.88	24.90
	Power and fuel	72.55	67.58
	Job work charges	120.25	100.15
	Increase/(decrease) in excise duty in inventory of finished goods and scrap	(0.08)	9.67
	Rent	80.05	68.05
	Repairs and maintenance		
	Plant and machinery	26.38	25.91
	Buildings	15.90	7.30
	Others	12.14	7.52
	Rates and taxes	54.90	62.39
	Insurance	19.86	16.84
	Trade mark fee and royalty	42.89	38.53
	Research and development expenses {refer note 30(8)}	54.70	42.00
	Travelling and conveyance	100.56	91.81
	Legal and professional charges	40.32	62.96
	Payment to Auditors		
	As auditor:		
	Audit fee	10.17	8.36
	Taxation matters	2.67	5.08
	Reimbursement of expenses	0.07	0.02
	Exchange fluctuations (Net)	17.18	21.18
	Donation	4.51	6.08
	Freight and forwarding expenses	253.93	244.14
	Service tax and custom duty paid	12.78	5.59
	Advertisement and sales promotion	241.15	184.69
	Cash discount	120.08	61.06
	Commission on sales	33.04	68.72
	Product warranties and after sales services	72.70	52.87
	Trade receivable factoring charges	19.82	18.91
	Loss on sale/ discard of fixed assets	5.49	16.46
	Impairment on tangible assets	16.24	–
	Bad debts written off	5.01	0.88
	Provision for doubtful trade receivables	7.97	17.43
	Miscellaneous expenses	75.93	106.14
		1569.04	**1443.22**
	Share of Joint Venture	0.38	–
		1,569.42	**1,443.22**

(₹ in Crores)

29		CONTINGENT LIABILITIES AND COMMITMENTS	2012-13	2011-12
A		**Contingent liabilities (to the extent not provided for)**		
	a	Claims/ Suits filed against the Company not acknowledged as debts (refer point (i))	14.42	6.96
	b	Bank guarantees opened with banks	98.57	93.14
	c	Letter of credits opened with banks	31.39	37.41
	d	Liability towards banks against receivable buyout facilities (refer note (ii))	63.83	48.51
	e	Bonds to excise department against export of excisable goods/purchase of goods without payment of duty (to the extent utilised)	18.72	20.44
	g	Custom duty payable against export obligation	19.17	19.32
	h	Disputed tax liabilities in respect of pending cases before Appellate Authorities {amount deposited under protest ₹ 5.24 crores (previous year ₹ 6.93 crores)} (refer point (iii))	46.03	26.39
	j	Demand raised by Uttarakhand Power Corporation Limited contested before electricity Ombudsman, Dehradun {Amount deposited under protest ₹ 1.00 crores (previous year ₹ 0.20 crores)}	1.00	2.60
	k	Environmental Liability	14.60	14.35

Notes:

i) The Company had supplied switchgear products to one of its international customer “Electrium” from 2009 onwards after due inspection by the customer. The customer has claimed that the material supplied by the Company was not of approved quality norms and consequently Electrium voluntarily recalled the material from the market. During the year, arbitration proceedings were initiated by Electrium claiming initial compensation of ₹ 197.57 crores, however till date no hearing has happened.

During the tenure of the dispute period, the Company had supplied material to Electrium amounting to ₹ 9.45 crores only and as per the terms of the contract, the Company is not liable to pay any consequential cost. Accordingly, management is of the view that the claim made by customer is not tenable as the contract expressly limits the Company’s liability with respect to replacement of the defective products. The matter is subjudice.

ii) a) The Company has utilised a receivable buyout facility of ₹ 249.91 crores (previous year ₹ 244.75 crores) availed from IDBI Bank Limited against insurance backed trade receivables with a recourse of 10% of facility amount. Accordingly, the trade receivables at the end of the year stand reduced by the said amount. A sum of ₹ 18.60 crores (previous year ₹ 18.91 crores) on account of charges paid for this facility has been debited to trade receivables factoring charges account.

b) During the year, the Company has utilised a receivable buyout facility of ₹ 91.18 crores (previous year nil) availed from Axis Bank Limited against insurance backed trade receivables with a recourse of 10% of the facility amount. Accordingly, the trade receivables at the end of the year stand reduced by the said amount. A sum of ₹ 1.22 crores (previous year nil) on account of charges paid for this facility has been debited to trade receivables factoring charges account.

c) The Company has arranged channel finance facility for its customers of ₹ 325.92 crores (previous year ₹ 269.54 crores) from Yes Bank Limited and Axis Bank Limited against the insurance backed trade receivables with a recourse of 5% of the facility utilised and 10% of the facility amount respectively .

iii) The various disputed tax liabilities are as under :

(₹ in Crores)

Sl.	Description	Period to which relates	Disputed amount 2012-13	Disputed amount 2011-12
a)	**Excise / Customs/ Service Tax**			
	Show cause notices/ demands raised by Excise and Custom department pending before various appellate authorities.	1987-88 to 2012-13	16.92	10.39
b)	**Income Tax**			
	Disallowances / additions made by the income tax department pending before various appellate authorities.	2004-05 to 2009-10	13.18	6.52
c)	**Sales Tax/ VAT**			
	Show cause notices/ demands raised by Sales tax/ VAT department pending before various appellate authorities	2003-04 to 2010-11	15.78	9.33
d)	**Others**			
	Demand of local area development tax by the concerned authorities.	2001-02	0.12	0.12
	Demand of octroi alongwith penalty in the state of Maharashtra by the concerned authorities.	2010-11	0.03	0.03
			46.03	**26.39**

Based on favourable decisions in similar cases, legal opinion taken by the Company, discussions with the solicitors etc., the Company does not expect any liability against these matters and hence no provision has been considered in the books of accounts.

Besides the above, show cause notices from various departments have been received by the Company have not been treated as contingent liabilities since the Company has adequately represented to the concerned departments.

iv) a) The Company is under obligation to export goods within a period of eight years from the date of issue of EPCG licenses issued in terms of para 5.2 of Foreign Trade Policy 2009-2014. As on the date of balance sheet, the Company is under obligation to export goods worth ₹ 125.80 crores (previous year ₹ 130.77 crores) within the stipulated time as specified in the respective licenses. Out of the said amount, the Company has fulfilled the export obligation of ₹ 86.44 crores (previous year ₹ 60.66 crores) in respect of which application for Export Obligation Discharge Certificates (EODC) will be filed with the Director General Foreign Trade (DGFT) within the stipulated time.

b) Further the Company is under obligation to export goods worth ₹ 60.46 crores (previous year ₹ 61.86 crores) in respect of duty free imports made by the Company against Advance Licenses. Out of the said amount, export obligation of ₹ 49.70 crores (previous year ₹ 42.82 crores) has been fulfilled by the Company as at the end of the year in respect of which application for Export Obligation Discharge Certificates (EODC) will be filed with the Director General Foreign Trade (DGFT) within the stipulated time.

(₹ in Crores)

B	Commitments	2012-13	2011-12
	Estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	35.89	30.57

30 OTHER NOTES ON ACCOUNTS

1 a) The Subsidiary companies considered in the consolidated financial statement are:

	Name of Subsidiary	Country of incorporation	Date of control	Nature	Extent of Control	
					2012-13	2011-12
1	Havells Holdings Limited	Isle of Man	09.03.2007	WOS	100%	100%
2	Havells Exim Limited	Hong Kong	24.10.2010	WOS	100%	100%
3	Havells Malta Limited	Malta	13.03.2007	WOS of Havell's Holdings Limited	100%	100%
4	Sylvania India Limited	India	21.06.2010	WOS of Havells Malta Limited	100%	100%
5	Havell's Netherlands Holding B.V.	Netherlands	13.03.2007	WOS of Havells Malta Limited	100%	100%
6	Havell's Netherlands B.V.	Netherlands	13.03.2007	WOS of Havell's Netherlands Holding B.V.	100%	100%
7	SLI Europe B.V.	Netherlands	20.04.2007	WOS of Havell's Netherlands B.V.	100%	100%
8	Havells Sylvania Holdings (BVI-1) Ltd	British Virgin Islands	20.04.2007	WOS of Havell's Netherlands B.V.	100%	100%
9	Flowil International Lighting (Holding) B.V.	Netherlands	20.04.2007	WOS of SLI Europe BV	100%	100%
10	Sylvania Lighting International B.V.	Netherlands	20.04.2007	WOS of SLI Europe BV	100%	100%
11	Havells Sylvania (Thailand) Limited	Thailand	20.04.2007	49% held by Flowil International Lighting (Holding) B.V. and 51% held by Thai Lighting Assets Co Ltd	100%	100%
12	Guangzhou Havells Sylvania Enterprise Limited	China	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
13	Havells Sylvania Asia Pacific Limited	Hong Kong	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
14	Havells Sylvania Sweden A.B.	Sweden	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
15	Havells Sylvania Finland OY	Finland	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
16	Havells Sylvania Norway A.S.	Norway	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
17	Havells Sylvania Fixtures Netherlands B.V.	Netherlands	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
18	Havells Sylvania Lighting Belgium N.V.	Belgium	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
19	Havells Sylvania Belgium B.V.B.A.	Belgium	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
20	Havells Sylvania Lighting France S.A.S	France	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
21	Havells Sylvania France S.A.S.	France	20.04.2007	WOS of Havells Sylvania Lighting France SA	100%	100%
22	Havells Sylvania Italy S.P.A.	Italy	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
23	Havells Sylvania Portugal Lda	Portugal	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
24	Havells Sylvania Greece A.E.E.E.	Greece	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
25	Havells Sylvania Spain S.A.	Spain	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
26	Havells Sylvania Germany Gmbh	Germany	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
27	Havells Sylvania Switzerland A.G	Switzerland	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
28	Havells Sylvania Brasil Illuminacao Ltda.	Brazil	20.04.2007	WOS of Sylvania Lighting International B.V.	100%	100%
29	Havells Sylvania Argentina S.A.	Argentina	20.04.2007	WOS of Sylvania Lighting International B.V.	100%	100%
30	Havells Sylvania N.V.	Dutch Antilles	20.04.2007	WOS of Sylvania Lighting International B.V.	100%	100%
31	Havells Sylvania Colombia S.A.	Colombia	20.04.2007	WOS of Havells Sylvania Holdings BVI-1 Limited	100%	100%

	Name of Subsidiary	Country of incorporation	Date of control	Nature	Extent of Control	
					2012-13	2011-12
32	Havells Mexico S.A. de C.V.	Mexico	20.04.2007	WOS of Sylvania Lighting International B.V.	100%	100%
33	Havells SLI Servicios Generales Mexico S.A.de CV	Mexico	20.04.2007	WOS of Havells Mexico SA de CV	100%	100%
34	Havells Sylvania El Salvador S.A. de C.V.	El Salvador	20.04.2007	WOS of Havells Sylvania Export N.V.	100%	100%
35	Havells Sylvania Guatemala S.A.	Guatemala	20.04.2007	WOS of Havells Sylvania Export N.V.	100%	100%
36	Havells Sylvania Costa Rica S.A.	Costa Rica	20.04.2007	WOS of Havells Sylvania Export N.V.	100%	100%
37	Havells Sylvania Panama S.A.	Panama	20.04.2007	WOS of Havells Sylvania Export N.V.	100%	100%
38	Havells Sylvania Venezuela C.A.	Venezuela	20.04.2007	WOS of Havells Sylvania Colombia S.A.	100%	100%
39	Havells Sylvania Europe Limited	United Kingdom	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
40	Havells Sylvania UK Limited	United Kingdom	20.04.2007	WOS of Havells Sylvania Europe Limited	100%	100%
41	Havells Sylvania Fixtures UK Limited	United Kingdom	20.04.2007	WOS of Havells Sylvania Europe Limited	100%	100%
42	Havells Sylvania Tunisia S.A.R.L.	Tunisia	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
43	Havells Sylvania Export N.V	Dutch Antilles	20.04.2007	WOS of Sylvania Lighting International B.V.	100%	100%
44	Havells Sylvania Holdings (BVI-2) Ltd	British Virgin Islands	20.04.2007	WOS of Havells Sylvania Holdings BVI-1 Limited	100%	100%
45	Havells Sylvania Dubai FZCO	UAE	07.01.2008	WOS of Havells Sylvania Europe Limited	100%	100%
46	Havells Sylvania (Shanghai) Ltd	China	14.01.2008	WOS of Havells Sylvania Asia Pacific Limited	100%	100%
47	Havells Sylvania Peru S. A. C.	Peru	18.01.2008	WOS of Havells Sylvania Colombia S.A.	100%	100%
48	Havells Sylvania Iluminacion (Chile) Ltda	Chile	10.09.2008	WOS of Sylvania Lighting International B.V.	100%	100%
49	Havells Sylvania (Malaysia) Sdn. Bhd	Malaysia	10.09.2008	WOS of Havells Sylvania Asia Pacific Limited	100%	100%
50	Havells USA Inc.	USA	31.12.2010	WOS of Havell's Netherlands B.V.	100%	100%
51	Panama Americas Trading Hub SA	Panama	28.05.2010	WOS of Sylvania Lighting International B.V.	100%	100%
52	Havells Sylvania Poland S.P.Z.O.O	Poland	29.05.2009	99% held by Flowil International Lighting (Holding) B.V. & 1% held by Havells Sylvania Europe Limited	100%	100%
53	Havells Sylvania TR Elektrik Ürünleri Ticaret Limited Şirketi	Turkey	17.11.2011	99.95% held by of Havells Sylvania Europe Ltd and 0.05 % held Havells Sylvania UK Ltd	100%	100%
54	Thai Lighting Asset Co. Ltd. *	Thailand	20.02.2012	49% held by Flowil International Lighting (Holding) B.V.	49%	49%
55	PT Havells Sylvania Indonesia	Indonesia	31.05.2011	74% held by Flowil Lighting International (Holding) B.V. and 26% held by Havells Sylvania Thailand Ltd	100%	100%
56	Havells Sylvania South Africa Proprietary Limited	South Africa	10.07.2012	# WOS of Flowil International Lighting (Holding) B.V.	100%	-

WOS refers to 'Wholly Owned Subsidiary'

During the year 2012-13, 'Havells Sylvania South Africa Proprietary Ltd.' has been incorporated as a wholly owned subsidiary of 'Flowil Lighting International (Holding) B.V.'

* 'Flowil International Lighting (Holding) B.V.' (WOS of Sylvania Lighting International B.V.) holds 49% equity interest in 'Thai Lighting Assets Co. Ltd.'. However the said company has majority representation on the entities board of directors and the approval of the said company is required for all major operational decision and the operations are solely carried out for the benefit of the group. Based on these facts and circumstances, management determined that in substance the group controls this entity and therefore has consolidated this entity in its financial statements.

b) The Group has entered into a Joint Venture agreement with 'Shanghai Yaming Lighting Co., Ltd., Shanghai', China on 26th December 2011 for forming a joint venture Company for production of lighting lamps and lighting accessories and sales/ services of related products. Accordingly, a Company 'Jiangsu Havells Sylvania Lighting Co., Ltd.' a Jointly Controlled Entity has been formed vide certificate of approval dated 13th February 2012 issued by the People's Government of Jiangsu Province, China. The Group has invested a sum of ₹ 16.85 crores (RMB 19.19 millions) towards 50% of capital contribution in said joint venture company as on the date of balance sheet. There were no manufacturing operation during the previous year.

Name of Joint Venture	Description of Interest	Country of Incorporation	Proportion of Ownership interest as at March 31, 2013
Jiangsu Havells Sylvania Lighting Co., Ltd.	Jointly Controlled Entity	Jiangsu Province, China	50%

The Group's interest in the joint venture is accounted by using proportionate consolidation method.

c) In the consolidated financial statements, the figures of subsidiary company 'Havells Holdings Limited', 'Havells Malta Limted (including step down subsidiaries)' and 'Havells Exim Limited' have been incorporated based on the audited financial statements as at March 31, 2013 and of Joint Venture 'Jiangshu Havells Sylvania Lighting Co., Ltd.' on the basis of the audited financial statements ended on 31st December 2012. Adjustment towards capital contribution of ₹ 5.32 crores made subsequent to 31st December, 2013 have been shown under the head cash and bank balances.

2 The Company has, vide special resolution passed by way of postal ballot on 23rd March 2013 approved "Havells Employees Stock Option Plan 2013" (ESOP 2013 or Plan) for granting Employees Stock Options in the form of Equity Shares to eligible employees. The plan will be administered by Havells Employees Welfare Trust ("EW Trust") under the supervision of the Nomination and Remuneration Committee of the Board of Directors of the Company ("Committee") in compliance with the provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (SEBI Guidelines) and any other applicable provisions for the time being in force. The first grant date of the options under the approved ESOP 2013 Plan is 8th April 2013. The options are vested equally over a period of 2 years after the date of grant, and the said options can be exercised any time within a period of 30 days from the date of vesting and will be settled by way of equity shares in accordance with the aforesaid plan. 45,939 (nos.) equity shares have been offered on the grant date i.e. 8th April 2013 which shall vest equally in April 2014 and April 2015.

3 The Company has been sanctioned External Commercial Borrowing of ₹ 112.01 crores (USD 20 millions) by HSBC Bank(Mauritius) Limited for the setting up of new projects and expansion of its units at various locations. The said borrowings have been fully utilised for the purpose for which they were sanctioned and in accordance with External Commercial Borrowing Guidelines as contained in Master Circular No. 12/2012-13 issued by Reserve Bank of India.

4 During the year the Company has transferred dies and fixtures of ₹ 24.87 crores from inventory to fixed assets. In the earlier years, the consumption of dies and fixtures were charged to Statement of Profit and Loss based on their use in actual production. However, during the year, dies and fixtures have been capitalised to the carrying cost of fixed assets and amortised over a period of 6 years being their estimated useful life. The aforesaid change in method of accounting has been made for better and more appropriate presentation in the financial statements and does not have any material impact on the profit of the year.

5 a) The Company, as a 'Settlor', had established irrevocable determinate contributory trust known as 'Havells Business Partner Trust' vide Deed of Indenture executed on October 7, 2010 with the object for holding the distribution commission/ sales incentive accrued to the participating dealers, for a period of at least three years from the date of such contribution to the trust and to make investment in permitted securities for the benefit of participating dealers. The said scheme has been discontinued during the year.

b) During the year, the Company has started an incentive scheme for the dealers named as "QRG Incentive Scheme". As per the scheme a sum of ₹ 31.84 crores on account of sale incentives accruing to the participating dealers has been retained for the issue of fixed deposits with the Company.

6 The Company's manufacturing units at Baddi, (Himachal Pradesh) and Haridwar (Uttarakhand) are exempted from excise duty vide Notification No. 49 and 50/2003 issued by Government of India, Ministry of Finance, Department of Revenue, Central Board of Excise and Customs, New Delhi and the profits of the said units are eligible for deduction as per the provisions under section 80-IC of the Income Tax Act,1961.

7 Companies (Accounting Standards) Amendment Rules, 2009 issued by the Ministry of Corporate Affairs vide Notification no.G.S.R.225 (E) dated March 31, 2009, had amended the Accounting Standard-11, “The Effect of Changes in Foreign Exchange Rates” and given an option to the companies to adopt the treatment prescribed in the said notification in reference to its foreign currency transactions. The Company has, consistently following the provisions of AS-11 as in the past, chosen not to adopt the alternate treatment prescribed under the above notification. In accordance with the accounting policy of the Company, a sum of ₹ 5.86 crores has been recognised as exchange loss in respect of the long term borrowings during the year (previous year exchange Loss ₹ 15.18 crores).

Out of the said loss, ₹ 2.25 crores (previous year ₹ 9.46 crores) have been treated as finance cost being the exchange difference arising from foreign currency borrowings to the extent they can be regarded as an adjustment to interest costs as per Accounting Standard-16, “ Borrowing Costs” notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

8 Research and Development Expenses debited to the Statement of Profit and Loss include the following:

(₹ in Crores)

		2012-13	2011-12
a)	Employee benefits expense	40.80	30.34
b)	Cost of materials consumed	3.52	2.64
c)	Rent	2.39	2.44
d)	Other expenses	7.99	6.58
		54.70	**42.00**

9 **Goodwill**

a) Goodwill is allocated to the group’s cash-generating units (CGUs) identified according to economic area of operation of segments.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets and projections approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the lighting business in which the CGU operates.

The key assumptions used for each of the above CGU’s value-in-use calculations are growth rate of 3% and discount rate of 7.50%.

Management determined budgets gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the business. The calculations performed indicate that there is no impairment of goodwill.

b) Goodwill has been determined on the basis of excess of cost to the parent over net asset acquired in subsidiary companies. Movement of Goodwill is as follows:

(₹ in Crores)

	2012-13	2011-12
Balance at the beginning of the year	362.46	335.41
Arising on investment in Joint venture	0.59	–
Realignment effect of Foreign exchange fluctuation	6.39	27.05
Balance at the end of the year	**369.44**	**362.46**

10 The group identifies its divisions into cash generating units for the purpose of testing of impairment of fixed assets. The cash generating units have been identified on the basis of group of assets that includes the asset that generates cash inflows from continuing use that are largely independent of other assets or group of assets.

Each of the identified cash generating units have been assessed at the balance sheet date and tested for impairment. The group has generally considered external factors influencing impairment of assets such as significant changes in market value of the assets, changes in technological, market, economical or legal environment, return on investment etc. and internal factors such as obsolescence, physical damage, changes at operation level etc. for assessment of impairment conditions existing in the cash generating units as on the balance sheet date.

In group companies, impairment of land & building, plant & machinery and other assets were recognised due to change economic conditions, change in technology and other external factors resulting in recoverable value being less than the carrying value. The total impairment recognised during the year was ₹ 16.24 crores relates to impairment in Colombia.

11 **Exceptional items**

During the year, 'Havell's Netherlands B.V.' and 'Flowil International Lighting (Holding) B.V. (Havells Sylvania)' entered into a settlement agreement with Osram Sylvania Inc and Osram AG. The Settlement has confirmed and clarified that the jurisdictional ownership of Sylvania brand in the US, Puerto Rico, Canada and Mexico owned by Osram Sylvania Inc. and Havells Sylvania owns the trademark in the rest of the world. Further, both parties will be entitled to manufacture and brand products in each other's territories, provided the products are destined for sale in their own territories. The parties also agreed to withdraw all pending litigations in various jurisdictions and intend to collaborate with each other to strengthen the brand in their respective territories. In light of the allocation of rights, Havells Sylvania received a one-time fee of ₹ 194.41 crores (USD 38 millions). The parties are satisfied with the settlement reached as it strengthens the Sylvania trademark globally for the benefit of both.

12 Interest and other borrowing costs amounting to ₹ 0.70 crores (previous year nil) have been capitalised to the carrying cost of fixed assets being financing costs directly attributable to the acquisition, construction or installation of the concerned qualifying assets till the date of its commercial use, in accordance with Accounting Standard-16, "Borrowing Costs" notified by Companies (Accounting Standards) Rules, 2006 (as amended).

13 **Foreign currency exposure and derivative instruments**

a) Foreign currency exposures recognised by the Group that have not been hedged by a derivative instrument or otherwise as at March 31, 2013 are as under:

(₹ in Crores)

		As At March 31, 2013		As At March 31, 2012	
Currency	**Nature of Transaction**	**Foreign Currency**	**Indian Rupees**	**Foreign Currency**	**Indian Rupees**
GBP	Export Trade Receivables	–	–	£ 0.00	0.08
	Import Trade Payables	£ 0.00	0.25	–	–
USD	Export Trade Receivables	$ 0.57	30.82	$ 0.26	13.54
	Import Trade Payables	$ 0.60	32.88	$ 0.47	23.89
	Foreign currency loan from banks	$ 2.00	108.78	$ 1.93	98.48
EURO	Export Trade Receivables	€ 0.00	0.29	€ 0.00	0.21
	Import Trade Payables	€ 0.02	1.30	€ 0.01	0.70
JPY	Import Trade Payables	¥ 0.21	0.12	–	–
CHF	Import Trade Payables	CHF 0.00	0.01	CHF 0.00	0.04

b) Derivative instruments outstanding as at March 31, 2013 are as under:

Sl.	Details of Derivatives	Currency/ Pair of currency	Purpose	As At March 31, 2013		As At March 31, 2012	
				Amount in Foreign Currency	INR (in Crores)	Amount in Foreign Currency	INR (in Crores)
i)	**Forward contracts**						
	Buy*	Euro-USD	To hedge the import creditors	USD 2,50,00,000 (Euro1,91,37,124)	135.97	USD 2,58,20,000 (Euro 1,94,25,848)	132.76
	Buy*	GBP-USD	To hedge the import creditors	–	–	USD 26,72,500 (Euro 16,61,696)	13.61
ii)	**Interest Swap**		To hedge the interest expense on term loan	Euro 6,69,48,733	465.59	Euro 4,00,00,000	273.76
	*Buy USD and sell Euro/GBP to pay supplier						

14 **Employee Benefits**

i) **For the company, the disclosures pursuant to Accounting Standard-15, "Employee Benefits" notified under the Companies (Accounting Standards) Rules, 2006 (as amended), are given below:**

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as expense for the year are as under*:

(₹ in Crores)

	2012-13	2011-12
Employer's Contribution towards Provident Fund (PF)	6.47	4.88
Employer's Contribution towards Family Pension Scheme (FPS)	2.04	1.73
Employer's Contribution towards Employee State Insurance (ESI)	0.44	0.37

* Includes ₹ 0.63 crore (previous year ₹ 0.25 crore) expensed under R&D expenses.

Defined Benefit Plan

The employee's Gratuity Fund Scheme, which is a defined benefit plan, is managed by Trust maintained with Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Ltd.. The present value of obligation is determined based on actuarial valuation using Projected Unit Credit Method, which recognises 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.

(₹ in Crores)

		2012-13	2011-12
a)	**Reconciliation of opening and closing balances of Defined Benefit obligation**		
	Defined Benefit obligation at beginning of the year	12.25	9.51
	Interest Cost	0.95	0.80
	Current Service Cost	2.29	1.67
	Benefit paid	(0.96)	(0.75)
	Actuarial (gain) / loss	1.62	1.02
	Defined Benefit obligation at year end	**16.15**	**12.25**
b)	**Reconciliation of opening and closing balances of fair value of plan assets**		
	Fair value of plan assets at beginning of the year	9.03	7.14
	Expected return on plan assets	0.97	0.72
	Employer contribution	3.75	1.87
	Actuarial gain / (loss)	0.07	0.05
	Benefits paid	(0.96)	(0.75)
	Fair value of plan assets at year end	**12.86**	**9.03**

(₹ in Crores)

		2012-13	2011-12
c)	**Reconciliation of fair value of assets and obligations**		
	Fair value of plan assets	12.86	9.03
	Present value of obligation	16.15	12.25
	Amount recognised in Balance Sheet- Asset / (Liability)	**(3.29)**	**(3.22)**
d)	**Expenses recognised during the year**		
	Current Service Cost	2.29	1.67
	Interest Cost	0.95	0.80
	Expected return on plan assets	(0.97)	(0.72)
	Actuarial (gain) / loss	1.55	0.97
	Net Cost debited to statement of profit and loss	**3.82**	**2.72**
e)	**Broad categories of plan assets as a percentage of total assets**		
	Insurer managed funds	100%	100%
f)	**Actuarial assumptions**		
	Mortality Table (LIC)	1994-96	1994-96
		(Ultimate)	(Ultimate)
	Discount rate (per annum)	8.10%	8.75%
	Expected rate of return on plan assets (per annum)	9.30%	9.30%
	Rate of escalation in salary (per annum)	6.00%	6.00%
	Attrition Rate	5.00%	5.00%
g)	**Actual return on plan assets**	1.04	0.77

		2012-13	2011-12	2010-11	2009-10	2008-09
h)	**Amounts for current and previous periods:**					
	Present value of obligation	16.15	12.25	9.52	6.56	5.53
	Fair value of plan assets	12.86	9.03	7.15	6.35	5.53
	Surplus/(Deficit)	**(3.29)**	**(3.22)**	**(2.37)**	**(0.21)**	**–**

i)	**Net Assets / (Liability) recognised in Balance Sheet (including experience adjustment impact)**		
	Present value of defined Benefit obligation	16.15	12.25
	Fair value of plan assets at year end	12.86	9.03
	Status [Surplus/(Deficit)]	(3.29)	(3.22)
	Experience Adjustment of Plan Assets [Gain/(loss)]	1.62	1.02
	Experience Adjustment of Obligation [Gain/(loss)]	0.80	1.26

j) The plan assets are maintained with Life Insurance Corporation of India (LIC) and Bajaj Allianze Life Insurance Company Ltd..

k) The Company expects to contribute ₹ 3.75 crores (previous year ₹ 3.00 crores) to the plan during the next financial year.

The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for the plan assets management.

ii) **For Group companies, the disclosures pursuant to Accounting Standard-15, "Employee Benefits" notified under the Companies (Accounting Standards) Rules, 2006 (as amended), are given below:**

The Group has various defined benefit pension plans covering eligible employees in Germany, Thailand, France, Italy and the UK. Benefits are based on number of years of service and the employee's compensation. The Group's funding policy is consistent with the funding requirements of law and regulations in the various jurisdictions. The Group also has a post retirement medical benefit plan in Switzerland and an early retirement plan in Belgium, which are unfunded.

The measurement date for the Group's defined benefit pension, defined contribution plan and post retirement medical benefit plan is 31st March of each year.

(₹ in Crores)

(a) The amounts recognised in the financial statement are:	As At March 31, 2013	As At March 31, 2012
Pension benefits and early retirement plan	276.48	277.19
Post retirement medical plan	5.94	24.43
	282.42	**301.62**

(b) The amounts recognised in the income statement are :	Year ended March 31, 2013	Year ended March 31, 2012
Pension benefits and early retirement plan	11.75	10.12
Post retirement medical plan	(18.35)	0.52
	(6.60)	**10.64**

(c) The amounts recognised in the balance sheet are determined:	As At March 31, 2013	As At March 31, 2012
Present value of defined benefits plans		
- Funded obligations	619.16	546.57
- Unfunded obligations	22.62	14.93
Total defined benefit obligation	**641.78**	**561.50**
Fair value of plan assets	(397.34)	(321.20)
	244.44	**240.30**
Present value of other unfunded obligations	37.98	61.32
	282.42	**301.62**

(d) The amounts recognised in the income statement are :	Defined benefit plans	Post retirement medical plan	Total
	Year ended March 31, 2013		
Current service cost	2.94	–	2.94
Interest cost	27.37	–	27.37
Curtailments and settlements	–	(18.35)	(18.35)
Expected return on plan assets	(18.56)	–	(18.56)
Total included in staff costs	**11.75**	**(18.35)**	**(6.60)**
	Year ended March 31, 2012		
Current service cost	2.94	–	2.94
Interest cost	26.25	0.52	26.77
Curtailments and settlements	–	–	–
Expected return on plan assets	(19.07)	–	(19.07)
Total included in staff costs	**10.12**	**0.52**	**10.64**

The actual return on plan assets is a profit of ₹ 64.15 crores (March 2012 Profit of ₹ 4.44 crores)

(e) **Reconciliation of opening and closing balance of obligations are as follows:**	**Defined benefit plans**	**Early retirement plans**	**Post retirement medical plan**	**Total**
	2012-13	**2012-13**	**2012-13**	**2012-13**
As at beginning of the year	561.49	30.68	24.43	616.60
Curtailment and settlements	–	–	(18.35)	(18.35)
Exchange differences	21.47	2.83	(0.67)	23.63
Current service cost	3.03	–	–	3.03
Interest cost	27.96	–	–	27.96
Actuarial losses	52.31	–	–	52.31
Contributions by plan participants	–	–	–	–
Reclassification from restructuring provision	–	–	–	–
Benefits paid	(24.48)	(5.56)	(0.39)	(30.43)
As at end of the year	**641.78**	**27.95**	**5.02**	**674.75**
	2011-12	**2011-12**	**2011-12**	**2011-12**
As at beginning of the year	522.17	13.04	22.04	557.25
Curtailment and settlements	(38.12)	–	–	(38.12)
Exchange differences	52.64	7.26	2.38	62.28
Current service cost	3.80	–	–	3.80
Interest cost	26.24	(11.62)	0.52	15.14
Actuarial losses	14.02	–	1.22	15.24
Reclassification from restructuring provision	–	33.56	–	33.56
Benefits paid	(19.26)	(11.56)	(1.73)	(32.55)
As at end of the year	**561.49**	**30.68**	**24.43**	**616.60**

Unrecognised past service cost as at March 2013 of ₹ 1.62 crores (March 2012 nil) in respect of France pension plan.

(f) **Reconciliation of opening and closing balance of fair value of plan assets over the year is as follows:**	**Defined benefit plans**	
	2012-13	**2011-12**
As at beginning of the year	337.07	315.16
Exchange differences	(0.99)	33.39
Expected return on plan assets	19.19	19.07
Actuarial gains/(losses)	47.01	(14.63)
Employer contributions	10.29	9.42
Employee contributions	–	–
Benefits paid	(15.23)	(41.20)
As at end of the year	**397.34**	**321.21**

(g)	Asset holdings in the plan	UK	Germany	Total	Total (%)
		2012-13	2012-13	2012-13	2012-13
	Equities	228.34	–	228.34	57%
	Corporate bonds	18.94	–	18.94	5%
	Gilts	96.06	–	96.06	24%
	Insurance contracts	–	15.10	15.10	4%
	Other	38.90	–	38.90	10%
	Total market value of assets	**382.24**	**15.10**	**397.34**	**100%**
		2011-12	2011-12	2011-12	2011-12
	Equities	166.09	–	166.09	52%
	Corporate bonds	101.40	–	101.40	31%
	Gilts	35.68	–	35.68	11%
	Insurance contracts	–	15.79	15.79	5%
	Other	2.24	–	2.24	1%
	Total market value of assets	**305.41**	**15.79**	**321.20**	**100%**

(h)	Where relevant and available the principal actuarial assumptions used on the defined benefit plans for current year are as follows:	2012-13	2011-12
	Discount rate	3.75% - 4.70%	1.40% - 5.00%
	Future salary increases	2.50% - 6.50%	2.50% - 3.00%
	Inflation rate	2.00% - 2.20%	2.00%
	Future pension increases	2.00% - 2.20%	2.00%
	Expected return on plan assets	4.50% - 5.50%	4.50% - 5.60%

Assumptions regarding the future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Mortality assumptions for the most significant country, the UK, are based on SAPS S1 pensioner mortality table with multiplier of 110% and projected with medium cohort mortality improvements in line with each individual's year of birth.

Life expectancy rates as at balance sheet date		
Male	18.50 - 21.50	17.60 - 22.10
Female	22.60 - 23.70	20.30 - 24.20
Life expectancy rates 20 years after the balance sheet date		
Male	21.20 - 22.80	17.60 - 23.60
Female	25.10 - 25.20	20.30 - 25.80
Overall withdrawal rates (%)	1.00 - 8.31	1.00 - 15.50

		Pension benefits and early retirement plan				
		2012-13	2011-12	2010-11	2009-10	2008-09
(i)	**Amount for the current and previous four periods are as follows:**					
	Defined benefit obligation	669.73	592.17	535.21	514.89	460.31
	Plan assets	397.34	321.21	315.16	266.49	238.73
	(Deficit)/ Surplus	**272.39**	**270.96**	**220.05**	**248.40**	**221.58**
	Experience adjustments on plan liabilities	52.31	14.02	(22.34)	80.93	(40.39)
	Experience adjustments on plan assets	47.01	(14.63)	10.40	30.32	(59.94)
		Post retirement medical plan				
	Defined benefit obligation	5.02	24.43	22.04	18.20	19.31
	Experience adjustments on plan liabilities	–	1.22	0.12	1.68	(1.73)

(j) The Company expects to contribute ₹ 10.21 crores (previous year ₹ 10.29 crores) to the plan during the next financial year.

15 **Segment Reporting**

The segment reporting of the Company has been prepared in accordance with Accounting Standard-17, "Segment Reporting", notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

Segment Reporting Policies

a) **Identification of Segments:**

Primary- Business Segment

The Company has identified four reportable segments viz. Switchgears, Lighting and fixtures, Cables and Electrical consumer durables on the basis of the nature of products, the risk and return profile of individual business and the internal business reporting systems. The products included in each of the reported business segments are as follows:

(i) The switchgear segment comprises of domestic and the industrial switchgears, electrical wiring accessories, industrial motors and capacitors.

(ii) The cable segment comprises of domestic cables and industrial underground cables.

(iii) The lighting and fixture segment comprises of energy saving lamps (CFL) and luminaries.

(iv) The electrical consumer durable segment comprises of fans, water heaters and domestic appliances.

Secondary- Geographical Segment

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

b) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocated".

c) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets, borrowings and other assets and liabilities that can not be allocated to a segment on reasonable basis have been disclosed as "Unallocated".

(₹ in Crores)

		As At March 31, 2013	As At March 31, 2012
(i)	**Primary- Business Segment**		
A.	**Revenue**		
	Segment Revenue		
	Switchgears	1078.06	896.15
	Cables	1692.48	1592.99
	Lighting and fixtures	3688.08	3456.98
	Electrical consumer durables	789.27	572.08
		7247.89	**6518.20**

(₹ in Crores)

		As At March 31, 2013	As At March 31, 2012
B.	**Results**		
	Segment Results		
	Switchgears	365.32	323.42
	Cables	154.08	125.90
	Lighting and fixtures	971.63	1022.75
	Electrical consumer durables	197.82	161.02
		1688.85	**1633.09**
	Unallocated expenses net of income	1096.25	1029.26
	Operating Profit	**592.60**	**603.83**
	Finance Costs	123.22	128.10
	Profit before exceptional item	**469.38**	**475.73**
	Exceptional Expenses	(194.41)	–
	Profit before tax	**663.79**	**475.73**
	Income tax expense	82.36	105.81
	Profit after tax	**581.43**	**369.92**
C.	**Other Information**		
	Segment Assets		
	Switchgears	501.03	493.91
	Cables	489.18	530.75
	Lighting and fixtures	2378.27	2303.39
	Electrical consumer durables	242.12	199.50
		3610.60	**3527.55**
	Unallocated	861.19	647.84
		4471.79	**4175.39**
	Segment Liabilities		
	Switchgears	153.53	100.57
	Cables	136.18	342.66
	Lighting and fixtures	1310.23	1366.95
	Electrical consumer durables	99.78	55.71
		1699.12	**1865.89**
	Unallocated	1329.92	1353.80
		3029.66	**3219.69**
	Capital Expenditure		
	Switchgears	31.20	18.26
	Cables	3.81	9.99
	Lighting and fixtures	74.64	79.39
	Electrical consumer durables	11.78	24.63
		121.43	**132.27**
	Unallocated	47.39	39.37
		168.82	**171.64**
	Depreciation and amortisation expenses		
	Switchgears	18.23	11.36
	Cables	18.06	17.29
	Lighting and fixtures	61.64	56.77
	Electrical consumer durables	3.96	3.01
		101.89	**88.43**
	Unallocated	7.77	6.42
		109.66	**94.85**

(₹ in Crores)

		As At March 31, 2013	As At March 31, 2012
	Non-cash expenses other than depreciation		
	Switchgears	0.27	5.94
	Cables	0.59	1.00
	Lighting and fixtures	25.86	23.62
	Electrical consumer durables	0.53	1.21
		27.25	**31.77**
	Unallocated	2.45	2.12
		29.70	**33.89**
(ii)	**Secondary- Geographical Segments**		
	Segment Revenue		
	The following is the distribution of Company's consolidated revenue by geographical market, regardless of where the goods were produced.		
	Revenue-Domestic Market	4005.83	3442.79
	Revenue-Overseas Market	3242.06	3075.41
		7247.89	**6518.20**
	Segment Assets		
	Within India	2031.71	1850.27
	Outside India	2440.08	2325.12
		4471.79	**4175.39**
	Capital Expenditure		
	Within India	119.68	137.57
	Outside India	49.14	34.07
		168.82	**171.64**

16 **Related party transactions**

As per Accounting Standard-18, "Related Party Disclosures" notified under the Companies (Accounting Standards) Rules, 2006 (as amended), related parties in terms of the said standard are disclosed below:-

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

(i)	Enterprises in which directors exercise significant influence	(ii)	Key Management Personnel
	QRG Enterprises Limited		Shri Qimat Rai Gupta
	QRG Foundation		Shri Surjit Gupta
	QRG Medicare Limited		Shri Anil Rai Gupta
	QRG Central Hospital and Research Centre Limited		Shri Rajesh Gupta
	QRG Corporate Services Limited		
	Guptajee & Company		
	Appleby Trust (Isle of Man) Limited		
	Ajanta Mercantile Limited		

(B) Transactions during the year

(₹ in Crores)

		2012-13	2011-12
(i)	**Purchase of traded goods**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	0.00	0.26

(₹ in Crores)

		2012-13	2011-12
(ii)	**Purchase of stores & spares**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	0.01	–
(iii)	**Sale of products**		
	Enterprises in which directors exercise significant influence		
	QRG Foundation	–	0.04
	QRG Central Hospital and Research Centre Limited	–	0.01
	QRG Medicare Limited	1.53	–
		1.53	**0.05**
(iv)	**Commission on sales**		
	Enterprises in which directors exercise significant influence		
	Guptajee & Co.	6.59	5.64
(v)	**Purchase of tangible fixed assets**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	0.03	0.01
(vi)	**Sale of fixed assets**		
	Enterprises in which directors exercise significant influence		
	QRG Central Hospital and Research Centre Limited	0.00	–
(vii)	**Rent/ Usage Charges Paid**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	19.34	19.34
(viii)	**Miscellaneous Income (Service charges received)**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	0.04	0.04
(ix)	**Trade mark fees and Royalty**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	42.25	37.92
(x)	**Donation paid**		
	Enterprises in which directors exercise significant influence		
	QRG Foundation	4.50	6.00
(xi)	**Reimbursement of Expenses received/ (paid)**		
	Enterprises in which directors exercise significant influence		
	Guptajee & Co.	1.40	0.03
	QRG Enterprises Limited	0.01	–
	QRG Medicare Limited	–	0.04
	QRG Central Hospital and Research Centre Limited	(0.00)	–
		1.41	**0.07**

(₹ in Crores)

		2012-13	2011-12
(xii)	**Dividend paid**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	24.68	9.49
	Guptajee & Co.	2.45	0.94
	Ajanta Mercantile Limited	8.04	3.09
	Key Management Personnel		
	Shri Qimat Rai Gupta	4.47	1.72
	Shri Surjit Gupta	4.24	1.63
	Shri Anil Rai Gupta	1.53	0.59
	Shri Rajesh Gupta	0.16	0.06
		45.57	**17.52**
(xiii)	**Rent received**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	0.03	0.05
(xiv)	**Legal and professional charges**		
	Enterprises in which directors exercise significant influence		
	Appleby Trust (Isle of Man) Limited	0.21	0.10
(xv)	**Managerial remuneration**		
	Key Management Personnel		
	Shri Qimat Rai Gupta	4.69	4.06
	Shri Anil Rai Gupta	3.23	2.80
	Shri Rajesh Gupta	3.70	3.02
		11.62	**9.88**
(C)	**Balances at the year end**		
	Amount Payables		
	Enterprises in which directors exercise significant influence		
	Guptajee & Company	0.69	0.27
	Appleby Trust (Isle of Man) Limited	0.04	–
	Key Management Personnel		
	Shri Qimat Rai Gupta	0.13	0.11
	Shri Anil RaI Gupta	0.13	0.06
	Shri Rajesh Gupta	0.05	0.03
		1.04	**0.47**

17 a) The Group has taken various residential/commercial premises under cancellable operating leases. These lease agreements are normally renewed on expiry. There are no restrictions placed upon the company by entering into these leases.

b) The Group has also taken few commercial premises under non-cancellable operating leases. There are no restrictions placed upon the company by entering into these leases. Normally there are renewal and escalation clauses in these contracts. The total of future minimum lease payments in respect of such leases as on March 31, 2013 is as follows:

		2012-13	2011-12
(i)	not later than one year	24.95	32.30
(ii)	later than one year and not later than five year	43.24	45.99
(iii)	later than five years	47.30	38.02
		115.49	**116.31**
Lease payments recognised in the statement of profit and loss as rent expense for the year		80.05	68.05

c) During the year, the sale/ leaseback agreement for a distribution facility located in France terminated and the group purchased the assets at terminal value of ₹ 39.85 crores (Euro 5.7 millions).

The Group also has building on lease in Germany.

Finance leases together with the present value of the net Minimum lease payments (MLP) are as follows:

(₹ in Crores)

	2012-13		2011-12	
	MLP	Present Value of MLP	MLP	Present Value of MLP
Not later than one year	3.02	2.30	48.33	47.56
Later than one year but not more than five years	10.47	9.44	10.65	9.17
Later than five years	–	–	1.93	1.87
Total Minimum Lease Payments	**13.49**	**11.74**	**60.91**	**58.60**
Less: amounts representing finance charges	1.75	–	2.31	–
Present value of Minimum Lease Payments (MLP)	**11.74**	**11.74**	**58.60**	**58.60**

d) During the current year, the group company has entered into a non-cancellable subleased contract for an empty warehouse in germany which will expire on February 28, 2014. Annual amount receivable under sublease are as follows:

	2012-13	2011-12
Not later than one year	1.58	–
Later than one year but not more than five years	–	–
Later than five years	–	–
	1.58	**–**

Amount recognised in income statement for the year ended March 31, 2013 is ₹ 1.53 crores.

18	**Earnings per share**		**2012-13**	**2011-12**
a)	**Basic earnings per share**			
	Numerator for earnings per share			
	Profit before exceptional items and Tax		469.38	475.73
	Less: Exceptional Items		(194.41)	–
	Profit before Tax		**663.79**	**475.73**
	Provision for deferred tax and Income tax		82.36	(105.81)
	Profit after taxation (before adjustment of minority interest)		**581.43**	**369.92**
	Adjustment to net earnings:			
	Less: Share of profit transferred to minority		0.00	0.00
	Profit after taxation		**581.43**	**369.92**
	Denominator for earnings per share			
	Weighted number of equity shares outstanding during the period	Nos.	124,774,812	124,774,812
	Earnings per share-Basic (one equity share of ₹ 5/- each)	₹	**46.60**	**29.65**
b)	**Diluted earnings per share**			
	Numerator for earnings per share			
	Profit before exceptional items and Tax		469.38	475.73
	Less: Exceptional Items		(194.41)	–
	Profit before Tax		**663.79**	**475.73**
	Provision for deferred tax and Income tax		82.36	(105.81)
	Profit after taxation (before adjustment of minority interest)		**581.43**	**369.92**
	Adjustment to net earnings:			
	Less: Share of profit transferred to minority		0.00	0.00
	Profit after taxation		**581.43**	**369.92**
	Denominator for earnings per share			
	Weighted number of equity shares outstanding during the period	Nos.	124,774,812	124,774,812
	Earnings per share-Diluted (one equity share of ₹ 5/- each)	₹	**46.60**	**29.65**

19 The figures have been rounded off to the nearest crore of rupees upto two decimal places. The figure 0.00 wherever stated represents value less than ₹ 50000/-.

20 Previous year figures has been regrouped /reclassified wherever necessary to make them comparable with the current year figures.

21 Note No.1 to 30 form integral part of the balance sheet and statement of profit and loss.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
(Registration No. 301003E)

For V.R. Bansal & Associates
Chartered Accountants
(Registration No. 016534N)

For and on behalf of Board

Qimat Rai Gupta
Chairman and
Managing Director

Sanjay Gupta
Company Secretary

Per Manoj Gupta
Partner
Membership No. 83906

Noida, May 28, 2013

Per V.P. Bansal
Partner
Membership No. 8843

Surjit Gupta
Director

Sanjay Johri
Associate Vice President
- Finance

Statement pursuant to exemption under section 212(8) of the Companies Act, 1956 relating to subsidiaries for the year ended 31st March 2013.

(₹ in Crores)

Sl. No.	Name of Subsidiary Company	Country of Incorporation	Capital	Reserves	Total Assets	Total Liabilities	Investment other than investment in subsidiaries	Turnover	Profit before Tax	Provision for Taxation	Profit after tax	Proposed Dividend
1	Havells Sylvania Argentina S.A.	Argentina	39.87	14.46	76.42	76.42	–	95.20	(7.49)	(0.92)	(6.57)	–
2	Havells Sylvania Brasil Illuminacion Ltda.	Brazil	249.71	(291.51)	135.84	135.84	–	142.54	8.25	(0.05)	8.30	–
3	Havells Sylvania Colombia S.A.	Colombia	49.65	86.46	196.07	196.07	–	232.56	(4.26)	(0.51)	(3.75)	–
4	Havells Sylvania Venezuela C.A.	Venezuela	0.24	4.40	18.22	18.22	–	30.52	1.17	0.02	1.15	–
5	Havells Sylvania N.V. (Ecuador)	Ecuador	2.37	33.38	59.88	59.88	–	115.65	15.34	3.55	11.79	–
6	Havells Sylvania El Salvador S.A. de C.V.	El Salvador	2.52	7.82	18.78	18.78	–	24.65	1.43	0.54	0.90	–
7	Havells Sylvania Guatemala S.A.	Guatemala	0.01	8.28	33.95	33.95	–	20.87	(2.02)	0.01	(2.03)	–
8	Havells Mexico S.A. de C.V.	Mexico	49.07	34.01	105.60	105.60	–	160.06	8.89	3.02	5.87	–
9	Panama Americas Trading Hub SA	Panama	0.05	25.54	106.74	106.74	–	320.10	15.35	(0.09)	15.44	–
10	Havells Sylvania Panama S.A.	Panama	0.05	12.35	29.37	29.37	–	39.89	3.89	1.13	2.76	–
11	Havells Sylvania Peru S.A.C.	Peru	3.49	(2.98)	5.17	5.17	–	4.36	(0.45)	0.00	(0.45)	–
12	Havells Sylvania Europe Ltd.	UK	479.98	(72.90)	1,775.28	1,775.28	–	1,772.88	(4.22)	(3.96)	(0.26)	–
13	Havells Sylvania Spain S.A.	Spain	6.80	41.15	53.66	53.66	–	–	1.83	0.71	1.12	–
14	Havells Sylvania Portugal Lda.	Portugal	3.82	6.54	11.43	11.43	–	–	0.31	0.14	0.17	–
15	Havells Sylvania Italy S.p.A.	Italy	23.71	3.77	36.42	36.42	–	–	3.65	0.86	2.79	–
16	Havells Sylvania Greece A.E.E.E.	Greece	2.85	(8.16)	9.27	9.27	–	15.27	(1.58)	0.50	(2.08)	–
17	Havells Sylvania Sweden A.B.	Sweden	31.26	(30.75)	2.68	2.68	–	–	(3.81)	0.02	(3.84)	–
18	Havells Sylvania Norway A.S.	Norway	32.83	(57.82)	0.10	0.10	–	–	(2.42)	0.01	(2.43)	–
19	Havells Sylvania Finland OY	Finland	0.02	2.04	3.73	3.73	–	0.06	0.45	(0.00)	0.46	–
20	Havells Sylvania Tunisia S.A.R.L.	Tunisia	0.58	(108.09)	8.09	8.09	–	23.51	1.77	(0.01)	1.78	–
21	Havells Sylvania UK Ltd.	UK	212.52	(213.23)	38.88	38.88	–	(0.03)	5.00	(0.03)	5.03	–
22	Havells Sylvania Fixtures UK Ltd.	UK	156.11	(141.28)	68.28	68.28	–	149.94	3.28	(0.02)	3.30	–
23	Havells Sylvania Lighting Belgium N.V.	Belgium	344.37	(249.74)	193.82	193.82	–	153.94	5.72	(0.03)	5.75	–
24	Havells Sylvania Poland S.p.z.o.o	Poland	0.01	(2.57)	0.16	0.16	–	–	(0.93)	0.01	(0.94)	–
25	Havells Sylvania Belgium B.V.B.A.	Belgium	0.25	0.40	8.91	8.91	–	–	0.58	0.48	0.10	–
26	Havells Sylvania Germany GmbH	Germany	250.11	(200.66)	319.23	319.23	–	212.99	(1.65)	(1.28)	(0.36)	–
27	Havells Sylvania Fixtures Netherlands B.V.	Netherlands	22.60	12.22	50.77	50.77	–	15.87	8.27	(0.90)	9.18	–
28	Havells Sylvania Lighting France S.A.S.	France	121.57	(49.71)	199.17	199.17	–	123.38	10.47	(1.67)	12.13	–
29	Havells Sylvania France S.A.S.	France	54.24	27.60	108.23	108.23	–	(0.15)	5.21	1.86	3.34	–
30	Havells Sylvania Switzerland A.G.	Switzerland	0.45	3.46	13.54	13.54	–	–	24.14	(6.22)	30.35	–

(₹ in Crores)

Sl. No.	Name of Subsidiary Company	Country of Incorporation	Capital	Reserves	Total Assets	Total Liabilities	Investment other than investment in subsidiaries	Turnover	Profit before Tax	Provision for Taxation	Profit after tax	Proposed Dividend
31	SLI Europe B.V.	Netherlands	1,428.83	(1,263.66)	675.64	675.64	–	–	(1.90)	0.01	(1.91)	–
32	Sylvania Lighting International B.V.	Netherlands	169.81	470.19	828.05	828.05	–	–	14.84	0.57	14.28	–
33	Flowil International Lighting (Holding) B.V.	Netherlands	660.57	(171.25)	1,191.97	1,191.97	–	–	405.36	(1.86)	407.22	–
34	Havells Sylvania (Thailand) Ltd.	Thailand	0.12	54.69	116.17	116.17	–	124.79	(5.83)	0.09	(5.92)	–
35	Guangzhou Havells Sylvania Enterprise Ltd.	China	6.14	(13.54)	(1.65)	(1.65)	–	10.89	(4.03)	0.02	(4.05)	–
36	Havells Sylvania Asia Pacific Ltd.	Hongkong	8.98	17.40	32.24	32.24	–	28.73	2.01	(0.01)	2.02	–
37	Havells Sylvania (Shanghai) Ltd	Shanghai	7.11	(8.14)	10.38	10.38	–	–	–	–	–	–
38	Havells Sylvania (Malaysia) Sdn. Bhd	Malaysia	0.38	(0.70)	5.90	5.90	–	12.11	0.02	0.11	(0.09)	–
39	Havells Sylvania Dubai FZCO	Dubai	0.72	18.98	32.77	32.77	–	44.14	1.27	(0.01)	1.28	–
40	Sylvania India Limited	India	0.57	(0.00)	0.57	0.57	–	–	0.04	0.01	0.03	–
41	Havells Malta Ltd	Malta	982.22	(0.86)	981.45	981.45	–	–	(0.12)	0.00	(0.12)	–
42	Havell's Netherlands Holdings B.V.	Netherlands	980.85	(1.05)	1,063.52	1,063.52	–	–	0.50	0.85	(0.35)	–
43	Havell's Netherlands B.V.	Netherlands	938.98	(179.34)	1,393.37	1,393.37	–	–	29.79	(0.17)	29.96	–
44	Havells Sylvania Costa Rica S.A.	Costa Rica	11.30	42.91	132.29	132.29	–	166.54	7.24	3.50	3.74	–
45	Havells USA Inc.	United States	11.98	(114.94)	115.78	115.78	–	101.52	(8.01)	3.23	(11.24)	–
46	Havells Sylvania Iluminacion (Chile) Ltda	Chile	3.85	(0.62)	13.38	13.38	–	16.29	0.18	0.08	0.10	–
47	Havells Sylvania TR Elektrik Ürünleri Ticaret Limited Şirketi	Turkey	0.15	(11.61)	14.36	14.36	–	18.75	(10.46)	0.18	(10.64)	–
48	PT Havells Sylvania Indonesia	Indonesia	0.48	(6.36)	9.61	9.61	–	0.31	(5.14)	0.03	(5.17)	–
49	Thai Lighting Assets Co. Ltd.	Thailand	0.18	(0.03)	0.18	0.18	–	–	(0.03)	0.00	(0.04)	–
50	Havells Sylvania South Africa Proprietary Limited	South Africa	0.03	(1.43)	0.04	0.04	–	–	(1.49)	0.01	(1.50)	–
51	Havells Mexico Servicios Generales SA De CV	Mexico	0.02	0.45	1.45	1.45	–	–	–	–	–	–
52	Havells Sylvania Export N.V.	Dutch Antilles	10.93	2.92	13.85	13.85	–	–	–	–	–	–
53	Havells Sylvania Holdings BVI-1 Limited	British Virgin Islands	140.07	–	140.07	140.07	–	–	–	–	–	–
54	Havells Sylvania Holdings BVI-2 Limited	British Virgin Islands	40.34	–	40.34	40.34	–	–	–	–	–	–
55	Havells Sylvania Exim Limited	Hongkong	0.00	7.46	238.33	238.33	–	666.20	4.38	0.00	4.38	–
56	Havells Holdings Limited	Isle of Man	835.53	(35.37)	983.98	983.98	–	–	(8.30)	–	(8.30)	–

Progress at a Glance of Last 10 Years - Havells India Limited (Standalone)

(₹ in crores)

Performance for the Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Turnover (Gross)	419.22	665.88	1,115.14	1,681.06	2,231.89	2,333.82	2,476.18*	3,045.60*	3,830.56*	4,506.37*
Less: Excise Duty	56.28	83.42	111.61	133.84	176.32	135.46	104.77	163.95	214.95	281.38
Turnover (Net)	362.94	582.46	1,003.53	1,547.22	2,055.57	2,198.36	2,371.41	2,881.65	3,615.61	4,224.99
Profitability										
EBIDTA(before other income)	37.11	57.92	99.48	141.00	185.42	196.82	305.48	337.30	459.07	533.12
Profit Before Tax	30.11	43.23	78.51	120.54	166.25	167.27	290.31	309.87	373.81	457.18
Profit After Tax	20.96	30.53	63.21	102.15	143.54	145.23	228.16	242.05	305.43	371.39
Financial Position										
Share Capital	5.79	5.79	13.44	26.88	28.96	30.08	31.19	62.39	62.39	62.39
Reserves and Surplus	53.57	80.82	162.57	235.55	620.07	901.83	1,104.00	1,278.42	1,545.93	1,807.83
Loan Funds	101.77	174.22	109.84	56.06	35.80	70.28	115.81	133.62	128.58	108.78
Gross Block	58.23	108.24	175.65	273.61	427.88	523.41	673.64	829.91	975.32	1,108.91
Net Block	46.31	92.33	153.20	242.25	385.25	465.48	601.23	730.30	833.95	913.54
Total Investments	3.17	3.17	3.17	3.47	164.79	387.87	531.71	715.47	775.07	791.92
Net Current Assets	115.98	172.54	138.97	84.47	166.25	165.90	161.85	82.28	183.49	335.43
Earning per share										
EPS-as reported	18.08	26.34	24.26	19.00	26.00	24.93	36.57	19.40	24.48	29.76
EPS-adjusted for bonus issue/split	2.26	3.29	6.06	9.50	13.00	12.46	18.29	19.40	24.48	29.76

*Turnover gross is after deducting turnover discount, incentive and rebates.

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Havells India Limited

Regd. Office: 1, Raj Narain Marg, Civil Lines, Delhi-110 054, India
Corporate Office: QRG Towers, 2D, Sector-126, Expressway, Noida-201 304 (U.P.) India
Consumer Care No.: 1800 11 0303 (Toll Free), 1800 103 1313 (All Connections), 011-4166 0303 (Landline)
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