



Havells India Limited

32<sup>nd</sup> Annual Report  
2014-15



**HAVELLS**

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# Corporate Information

## 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 Limited  
Yes Bank Limited  
Axis Bank Limited  
Standard Chartered Bank  
HSBC Bank Limited  
HSBC Bank (Mauritius) Limited  
ICICI Bank Limited  
State Bank of India

## Registrars and Share Transfer Agent

MCS Limited (Unit-Havells India Limited)  
F-65, 1<sup>st</sup> Floor, Okhla Industrial Area,  
Phase-I, New Delhi - 110 020  
Tel : 011-41406149-52  
[www.mcsdel.com](http://www.mcsdel.com)

## Listed on

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 : +91-120-3331000  
Fax : +91-120-3332000  
[www.havells.com](http://www.havells.com)  
CIN: L31900DL1983PLC016304



# The Board of Directors



**ANIL RAI GUPTA**  
Chairman and Managing Director



**SURJIT GUPTA**  
Non-Independent  
Non-Executive Director



**RAJESH GUPTA**  
Whole-time Director (Finance)  
and Group CFO



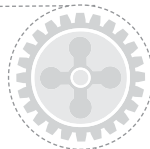
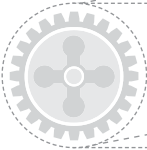
**DR. ADARSH KISHORE**  
Independent Director



**S. B. MATHUR**  
Independent Director



**PUNEET BHATIA**  
Non-Independent  
Non-Executive Director





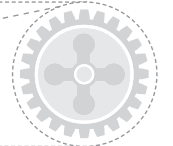
**AMEET KUMAR GUPTA**  
Whole-time Director



**A. P. GANDHI**  
Independent Director



**V. K. CHOPRA**  
Independent Director



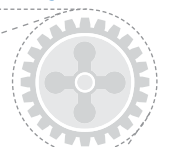
**S. K. TUTEJA**  
Independent Director

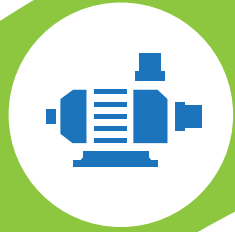


**PRATIMA RAM**  
Independent Director



**T. V. MOHANDAS PAI**  
Non-Independent  
Non-Executive Director



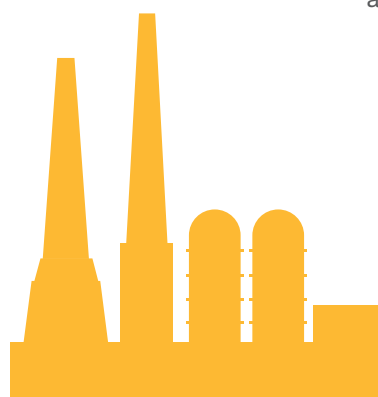
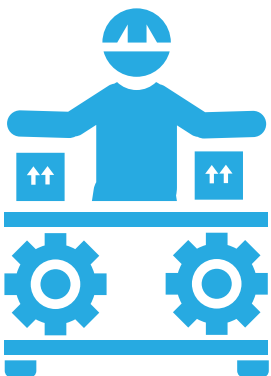


**Long before India woke up to the need for self-sufficiency in manufacturing, we were conceptualising, innovating and designing our own products. And were making them in India too!**

We were investing in manufacturing quality products much before the industry started looking at India as a manufacturing destination. Even today we are doing it better than most.

This is the story of the transformation of our manufacturing prowess - from a mere process to a symbol of self-reliance benchmarked to global quality.

It is the story of our emergence as a world-class manufacturing hub with a product portfolio that is completely aligned with the evolving consumer aspirations and needs.



The journey of Havells manufacturing excellence spans nearly four decades, since the setting up of our first manufacturing plant for Rewirable Switches and Changeover Switches back in 1976. Since then, we have come a long way. Our 11 manufacturing units in India and 8 international units underline our manufacturing strength across a range of premium and high-quality products.

**This is the Havells storyline of distinctive manufacturing, with which we are powering the world, efficiently and innovatively!**

Each year, we manufacture 11 lakhs 50 thousand kms of domestic and industrial cables which is almost 28 times the earth's circumference

Our fire survival cables continue to remain in operation at high temperatures like 650°C, 750°C and 950°C in different conditions

Our switches and switchgears are not just aesthetically pleasing, they match global standards

We are the first company to offer 5-star energy efficient fans in the country. We also have the most green CFL in the country

Our domestic appliances are a refreshing discovery in premium design, unmatched functionality and lifestyle experience

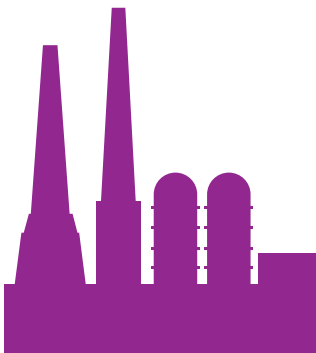
**Manufacturing excellence is a key growth driver at Havells.**

# Map Showing Manufacturing Facilities

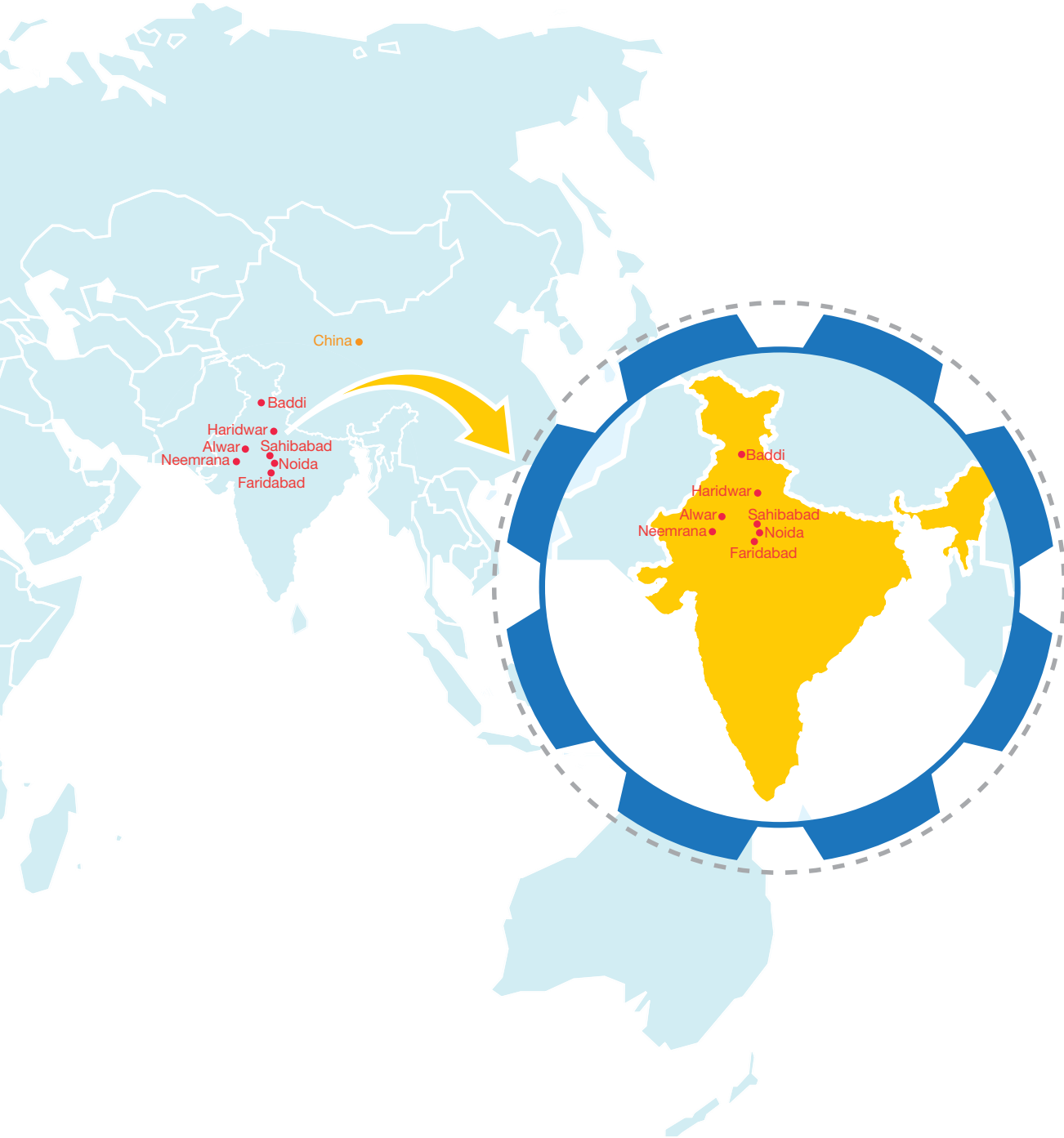


## Havells Manufacturing Locations - Rest of the World

- Belgium (Lamps)
- China (Lighting)
- Columbia (Fluorescent Tubes & Fixtures)
- Costa Rica (Fixtures)
- France (IC Fixtures)
- France (Lumiance Fixtures)
- Germany (Lamps)
- Tunisia (Lighting)
- U.K. (Concord Fixtures)







### Havells Manufacturing Locations - India

- Alwar
- Baddi
- Faridabad
- Haridwar
- Neemrana
- Noida
- Sahibabad



— ❧ **Shri Qimat Rai Gupta** ❧ —

24.01.1937 to 07.11.2014

*The measure of a man is not to be judged solely by the wealth he created, but also in the number of lives he meaningfully influenced.*

On both these measures, Shri Qimat Rai Gupta stands tall.

A life that was self fulfilled and contributed to the betterment of society is to be celebrated.

While he is physically not present amongst us today, what remains is the momentum that he gave to this enterprise, the inspiration with which he led his people and the benevolence with which he helped children and people in need.

His life is a testimony to the fact that with determination and hard work, a human being can achieve beyond imagination. He was a true karma yogi who believed in the tenets of the Bhagavad Gita and lived his life according to its principles.

A line from the Bhagavad Gita is aptly applicable to him and his way of life...  
*Kaayena manasaa buddhya kevalairindriyairapi. Yoginaha karma kurvanti sangam tyakvaatmashuddhaya.*

{A Karma-yogi performs action by body, mind, intellect, and senses, without attachment (or ego), only for self-purification.}

He brought complete focus to every task that he undertook.

His beginnings were humble, but his passion and vision transformed the very way that people looked at electrical goods in India and abroad. He bought over a small electrical goods company in 1971 and transformed it into one of the biggest electrical goods companies in the world with several global brands.

Fondly known as QRG, he was a man full of passion, driven by determination and a child-like curiosity to learn and grow.

He was a keen admirer of talent and his uncanny ability to spot talent and groom people helped him mould his Company's management into a world-class enterprise.

He was known for his risk taking ability and his flair to nurture new businesses to a mature status.

At the same time, QRG believed that a business can only thrive in a healthy society and environment, and that serving people with meagre or no means is the duty of every well-to-do person. His contributions to the betterment of the less fortunate were not sporadic acts of charity, but a continual mission that formed as important a part of his life as did his various businesses.

Today his life, his achievements, his concerns and his vision are our cornerstones, inspiring us to make his dreams come true.

*While the person that was QRG is no longer with us,  
his ideals continue to guide all of us at Havells.*

**May his soul rest in eternal peace.**

# Chairman's Letter



**ANIL RAI GUPTA**  
Chairman and Managing Director



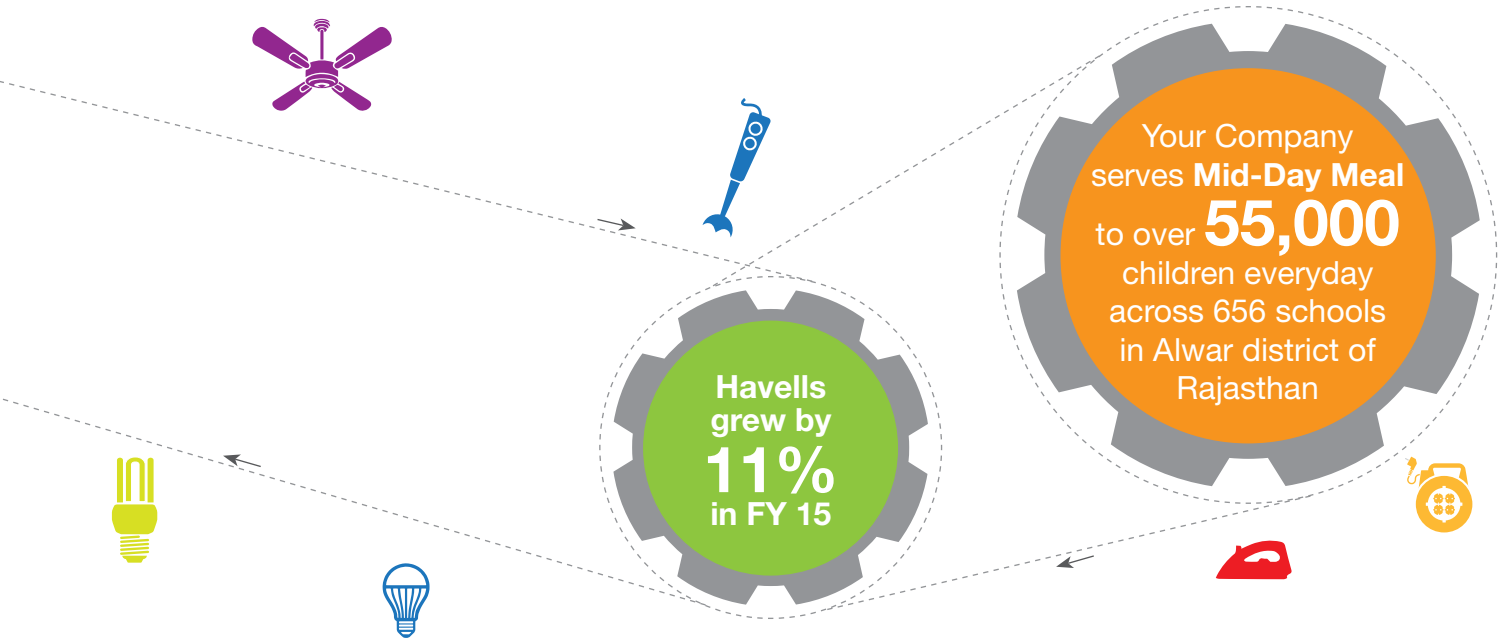
## Dear Shareholders,

Greetings from Havells!

An organisation's journey is often marked by certain momentous events that define, or redefine, the course of its trajectory. Your late Founder Chairman, Shri Qimat Rai Gupta, with his visionary guidance, pioneered several such historic and strategic changes to enable the evolution of Havells into a globally reputed Indian electrical company. We will always remember him as an inspiring genius with a strong ability to think ahead of time.

Looking back at Havells' journey since inception, many of his epoch-making initiatives are etched in our memory. One such decision, to rely on our own manufacturing and elevate it at par with global benchmarks, has proved to be momentous for Havells' growth. It redefined the Indian electrical industry and paved the way for Havells' evolution from an Electrical company into a Fast Moving Electrical Goods company that would connect with the consumers and innovate to keep pace with their aspirations. 'Make in India' theme may just have been coined - but Havells has practised and improvised on it for decades.

The management team at Havells would continue to be guided by QRG's philosophy of simplicity, transparency and trust.



Havells grew by 11% during the year marked by economy slowdown, which impacted both investment and industrial demand. Amidst the slowdown, we have focussed on strengthening our connect with channel partners, including last mile retailers, and product portfolio rationalisation. We continue to drive business with cost efficiencies, margin improvement, and cash conservation. During the current year, we will take a series of incremental and simple yet effective steps to leverage our strong infrastructure, brand, product and distribution channel.

Havells has been an early adopter of technology. We are now aggressively moving technology to the core of our business. It is central to our connect with customers, dealers and the salesforce. With ease of doing business in mind, we launched mobile applications for our dealers who can now access all information about their business with Havells on the go. For customers, we have launched an app providing information about the entire range of Havells' products including its imagery upon installation. Your Company is continuously investing in technology to maintain a strong differentiator in the Industry and enable a non-linear growth going forward.

Our LED business is another high-growth area, from which we expect to yield considerable revenues over the next few years. We have already launched India's brightest and the most energy efficient LED lamp and with the increased government focus and subsidies on LED, the next few years could mark a huge spurt in demand from this segment. Your Company recently acquired controlling stake in Bengaluru based startup Promptec Energy Solutions. Promptec

focusses on areas of Solar and LED street light, which fills a key gap in our portfolio for this fast growing segment.

The recent change in the central political leadership has raised expectations of economic revival though it's yet to be reflected on the ground. We remain sanguine on the potential of Indian demography and demand. We feel that growth should pick up in the second half of the current year, with focus on infrastructure and industrial projects providing a direct boost to your Company's product portfolio.

As a corporate citizen, we are also committed to doing business in a responsible manner, where we continue to discharge our social obligations with utmost passion and sincerity. Your Company serves Mid-Day Meal to over 55,000 children everyday across 656 schools in Alwar district of Rajasthan. Not only do these children get nutritious food but it helps them focus on their studies. Taking this further, your Company will also be building eco-friendly bio-toilets in 100 of the 656 schools this year. This would especially help girls who, in the absence of this basic facility, have to skip school.

We see a large canvas of opportunities in front of us and we are fully prepared to leverage them with the cooperation of our people, partners and associates. I would like to take this opportunity to thank all of them, as also the Board of Directors for their invaluable guidance through this journey.

Thanking you,  
Yours truly

**ANIL RAI GUPTA**

# Brand New Results

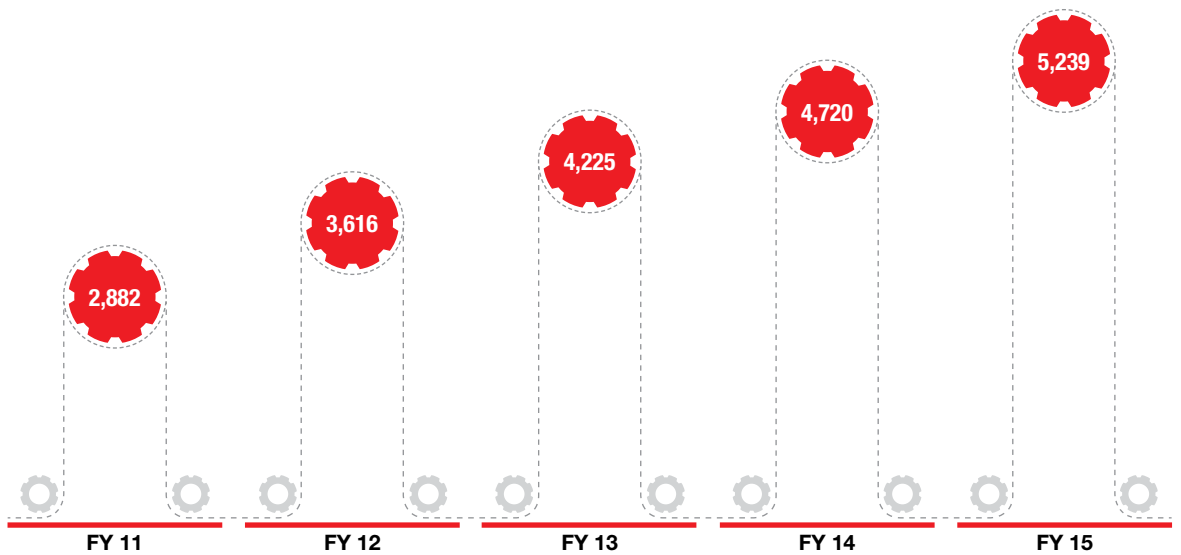
## Powering Growth through Manufacturing Excellence

The double digit growth we delivered during the year stands testimony to the success of our future-driven strategy.

The indigenously developed innovative, high quality and consumer friendly products are powering consumers who have chosen us as a preferred brand.

### Havells India Limited (Standalone)

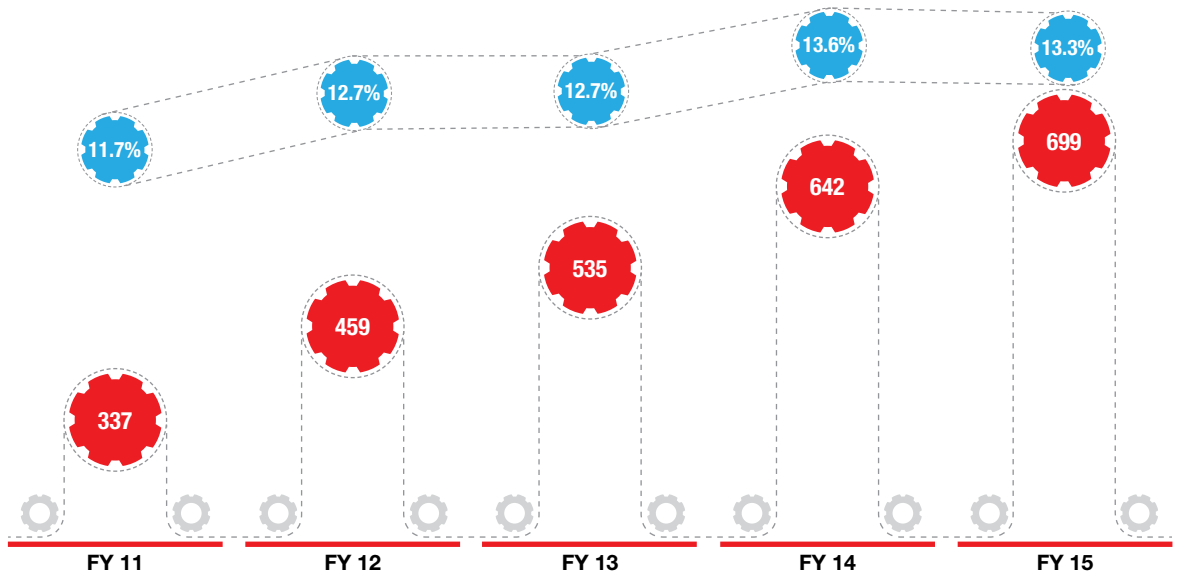
#### Net Revenue (₹ in Crores)



#### EBIDTA & EBIDTA Margin (%)

EBIDTA Margin

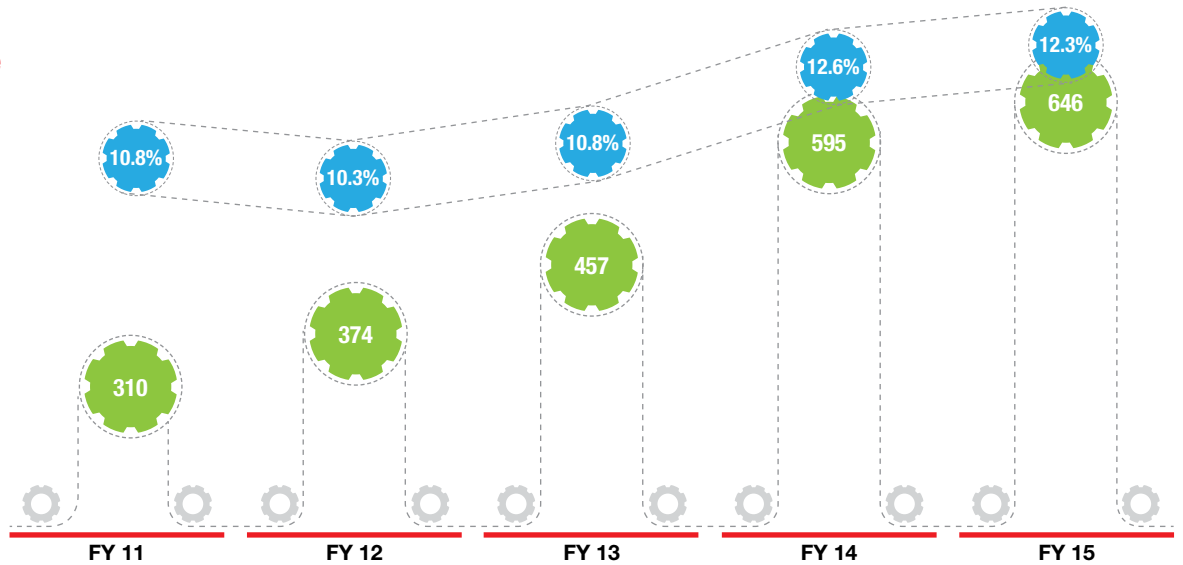
EBIDTA  
(₹ in Crores)



\*Earnings Before Interest Depreciation Tax & Amortisation

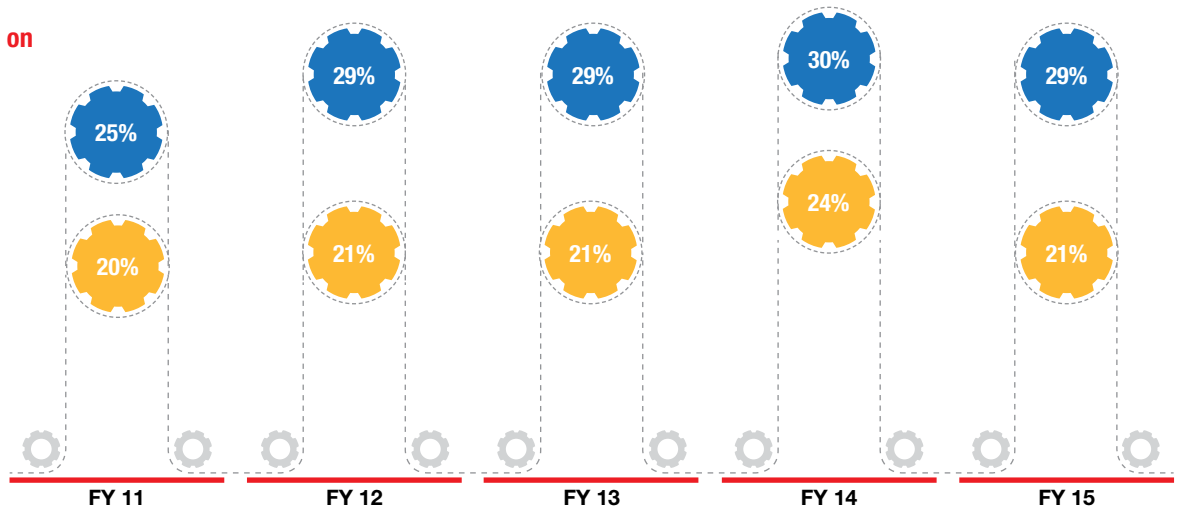
**Profit Before Tax (PBT) & PBT as % to Net Revenue**

- PBT as % to Net Revenue
- Profit Before Tax (PBT)
- (₹ in Crores)



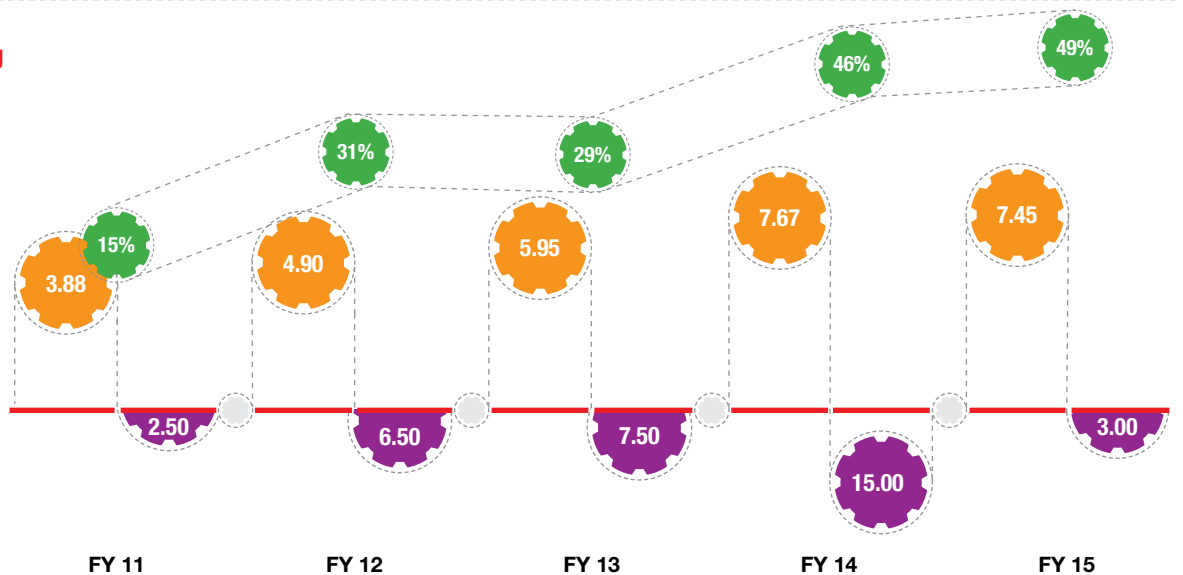
**Return on Average Capital Employed (ROACE) & Return on Average Equity (ROAE) (%)**

- ROACE
- ROAE



**Dividend Per Share (₹), Earning Per Share (₹) and Dividend Payout Ratio (%)**

- Dividend payout ratio = (Dividend + Dividend Tax) / PAT
- EPS-adjusted for bonus issue/split
- Dividend per share (₹)



# A timeline of excellence



- 1958** • Commenced trading operations in Delhi
- 1971** • Bought Havells brand
- 1976** • Set up the first manufacturing plant for Rewirable Switches and Changeover Switches at Kirti Nagar, Delhi
- 1979** • Set up a manufacturing plant for HBC Fuses at Badli, Delhi
- 1980** • Started manufacturing high quality Energy Meters at Tilak Nagar, Delhi
- 1983** • Acquired Towers and Transformers Ltd. and turned it into a profitably manufacturing Energy Meters company in 1 year
- 1987** • Started manufacturing MCBs at Badli, Delhi, in a Joint Venture with Geyer, Germany
- 1990** • Set up a manufacturing plant at Sahibabad, UP, for Changeover Switches
- 1993** • Set up another manufacturing plant at Faridabad, Haryana, for Control Gear Products
- Listed on both, the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE)
- 1997** • Acquired Electric Control & Switchboards at Noida, UP, for manufacturing customised packaged solutions
- 1998** • Introduced Ferraris high-end meter in joint venture with DZG, Germany



- 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 stake in an industry major - Standard Electricals Ltd.
- 2001** • Acquired business of Havells Industries Ltd., MCCB of Crabtree India Limited and merged ECS Limited in the company to consolidate its area of core competence
- 2002** • Standard Electricals Ltd. become a 100% Subsidiary of Havells India Ltd.
- Attained IEC certification for Industrial Switchgear and CSA certification for all manufacturing units
- 2003** • Launch of Fans, CFL and Lighting
- 2004** • Set up manufacturing plant at Baddi, HP, for manufacturing of Domestic Switchgear
- Set up a plant for manufacturing of CFL at existing manufacturing plant in Faridabad, Haryana
- Set up a manufacturing plant for manufacturing of Ceiling Fans at Noida, UP

- Set up our own marketing office in London through our wholly owned subsidiary company Havells U.K. Ltd.
- In December 2004 placed 235 fully convertible debentures of ₹ 10 Lacs on M/s. Shine Ltd., Mauritius
- Attained CE certificate for CFL
- 2005** • Set up manufacturing plant in Haridwar, Uttaranchal for manufacturing Fans
- Set up R&D Centre at Noida H.O.
- Started Mid-Day Meal programme at Alwar, Rajasthan with 1,500 students
- Awarded KEMA certification by The Dutch Council for Accreditation, making QRG the only group to attain this certification
- 2006** • Added CFL production unit in Haridwar manufacturing plant
- Expansion at Alwar manufacturing plant for increase of production capacity
- Expansion at Baddi manufacturing plant and installation of an Export Oriented Unit
- Crabtree India merged with Havells India
- First company to get the ISI Certification for complete range of CFLs





- 2007**
  - Set up Capacitor manufacturing plant in Noida, U.P., with capacity of 6,00,000 kVAr per month
  - Acquired the Lighting business of Frankfurt-based company "Sylvania", a global leader in lighting business; 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 Ltd. 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
- 2008**
  - Setup of fully automatic plant for Motors in a J.V. with Lafert of Spain in Neemrana
  - First Indian CFL manufacturers to have adopted RoHS, European norms on Restriction of Hazardous Substances in CFLs
  - Set up Global Corporate office, QRG Towers in Noida
  - Investment of ₹ 50 crores in Global Center for Research and Innovation (CRI)
  - Change in Corporate Brand identity



- 2009**
  - Set up fully automatic 2<sup>nd</sup> unit for Switchgear manufacturing at Baddi
  - Global consolidation of CFL manufacturing plant at Neemrana for domestic and export purposes
  - Launch of India's 1<sup>st</sup> HPF CFL
  - Launch of India's 1<sup>st</sup> BEE 5\* Rated Fan
- 2010**
  - Set up 2<sup>nd</sup> unit for Fan manufacturing at Haridwar
  - Set up world's first new generation CMH Lamp Plant at Neemrana
  - Acquired 100% interest in Standard Electricals
  - Entered Electrical Water Heaters business
  - Launched Havells brand in US & Mexico
- 2011**
  - Set up of new Industrial Switchgear Plant in Sahibabad
  - Launched new range of Control Gear Cosmic Star series
  - Launched Domestic Appliances
  - Standard Electricals merged with Havells
  - Entered into a Joint Venture with Shanghai Yaming Lighting, China



- 2012**
  - Set up India's first and only large scale Lighting Fixtures plant in Neemrana
  - Launched Copper Flexible Cables under the Standard brand
  - Launched Crabtree XPRO Switchgear
  - Entered new segment, Kit Kat switches, under Brand REO
  - Expanded Baddi plant for manufacturing of Kit Kat Switches
- 2013**
  - First private cable & wire testing facility set up at Alwar plant
  - Entered the business of Self Priming Monoblock Pumps
  - Introduced first Sustainability Report
  - Transfer Brand Rights to the Company
- 2014**
  - Introduced Premium Fans Category under the Standard Brand
  - Became the only company to manufacture entire range of Ceiling, Table, Pedestal and Wall (TPW) range of Fans in-house
  - Started in 2005, Mid-Day Meal scheme now stands extended to over 55,000 school children across 656 schools in Alwar district of Rajasthan
  - More than 270 Galaxies across the country

**Imagine covering the distance between the earth and the moon three times? That is the total length of domestic and industrial cables produced by Havells annually**



Havells is India's second largest manufacturer of domestic and industrial cables with an annual manufacturing capacity of 11,50,000 kms.

Havells also has the largest single location integrated cable manufacturing plant in India.

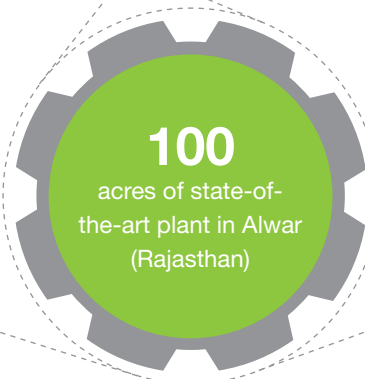
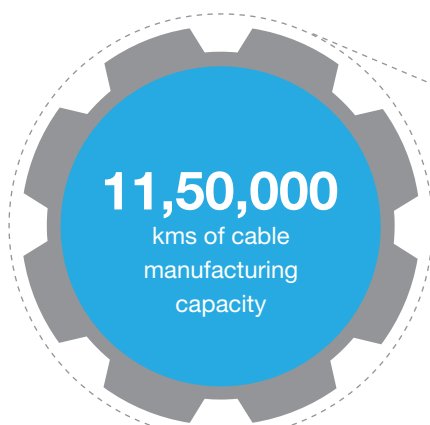
Sprawled over 100 acres of state-of-the-art plant in Alwar (Rajasthan) with its most modern and laser controlled automated machines, is a benchmark in manufacturing excellence. The best of raw material, procured directly from primary manufacturers, lend the highest levels of quality to our products. The purest form of electrolyte-grade copper is used to create some of the best domestic cables and industrial cables in the industry, with the highest degree of conductivity. As one of the very few private sector companies to have a NABL - National Accreditation for Board testing and Calibration Laboratories certified R&D Lab, Havells' manufacturing strength has an innovative edge that is unmatched in the industry.

This is just one side of our domestic cables and industrial cables manufacturing story. The Havells stamp of quality is etched on every inch of our cables across the entire production value chain and spans our complete product portfolio in this category, from High Tension (HT) to Low Tension (LT), Control, Flexible and Specialty cables.

The enhanced safety features that we have consistently and continuously added to our cables have more than set industry benchmarks, they have actually changed the dynamics of the Indian cable industry. Our lead and cadmium-free products are the last word in safety, while our halogen-free domestic and industrial cables ensure total protection from any possible threat of choking or asphyxiation.

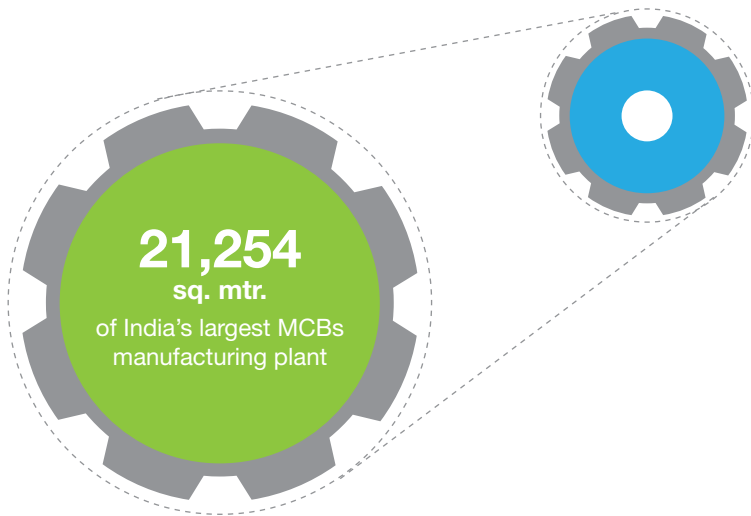
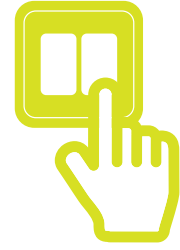
From fire retardant products to products that are RoHS (Reduction of Hazardous Substances), High Insulation Resistant, rodent/ant/termite-free – every piece of cable that comes from the Havells' portfolio is fabricated to the highest levels of safety, endorsed by BASEC certification.

Innovation is a key driver of this business segment and our innovative strength is evident across every facet of our value chain. With the solar photovoltaic industry on a high amid growing environmental awareness, we are constantly evolving this product to make it more flexible, reliable, durable, fire retardant and easy to instal. Our halogen-free and UV resistant solar cables are fully recyclable, in accordance with the new environmental regulations, while our submarine cables run hundreds of miles under water to connect vital installations.



**With their distinctive edge, Havells' domestic and industrial cables have emerged as the preferred choice for consumers around the world to power their homes, offices and utilities.**

# A future where switchgears work on robotics systems. With Havells, it's a reality waiting to happen!



India's most automated switchgear plant, the Baddi facility has given Havells the distinction of being the country's largest manufacturer of MCBs. Spread over an area of 21,254 sq. mtr., the bio-diversity rich Baddi plant in Himachal Pradesh brings domestic switchgears alive.



Equipped with the latest machines that make it a hallmark of excellence in manufacturing quality, the plant has a 24-hour testing lab and a unique, highly automated robotic toolroom to manufacture precise machine tools, with on-line data recording of all process control parameters that ensure the highest quality of switchgears.

The assembly lines are highly automated with calibration and verification done in-house, to ensure a highly completely streamlined process. From material feeding to temperature and humidity control, the entire manufacturing value chain is programmed to deliver excellence. No wonder every product from these assembly lines is crafted to detail and is mapped to the best of quality standards – across the entire switchgear portfolio, spanning across modular & non-modular switches, MCBs, RCCBs, changeovers, isolators and more.

An engineer's delight and a consumer's pride, our switches and switchgears are in fact an exemplary showcase of high technical quality and inspiring architecture. Brands under the Havells and Crabtree brand, our modular switches come with the promise of unmatched safety, while our non-modular REO switches offer user-friendly switching solutions for the home.

Our aesthetically designed versatile range of Modular Plate Switches is made for foolproof protection and is built to last.

This, however, is just the beginning of our switchgears manufacturing story. A future plan for enhanced robotic systems, an automated machine maintenance monitoring system and an integrated networking system are on the anvil to lend even higher levels of innovative excellence to this plant.



World-class testing labs and state-of-the-art toolrooms at the plants are a feather in Havells' manufacturing cap. Continual improvement is a key focus area enabled through world's best practices Total Quality Management (TQM) for product and quality upgradation, while sustainability initiatives ensure energy conservation and recycling/reuse of waste.



Our switchgear manufacturing strength extends beyond domestic switchgears into the realm of industrial switchgears. Our Sahibabad plant, with a manufacturing area of 1,20,000 sq. ft., is designed to keep pace with the ever growing demand for high quality industrial switchgears, with world-class manufacturing practices to produce industrial switchgears aligned to global standards.

A key differential of this plant is its Swiss-made METAR machines for capacitor element winding, which distinguishes us from local manufacturers. From MCCBs to Load Banks, Capacitors, Control Gear and Air Circuit Breaker, every product in the industrial switchgear range comes with the mark of supreme quality, endorsed by global certifications. Our high precision switches, built on world-class infrastructure supported by best manufacturing practices,

have a unique design that ensures the minimum possible down time required by industries.

World-class testing labs and state-of-the-art toolroom have led to the emergence of this plant as a feather in Havells' manufacturing cap. Continual improvement is a key focus area enabled through world's best practices Total Quality Management (TQM) for product and quality upgradation, while sustainability initiatives ensure energy conservation and recycling/reuse of waste.

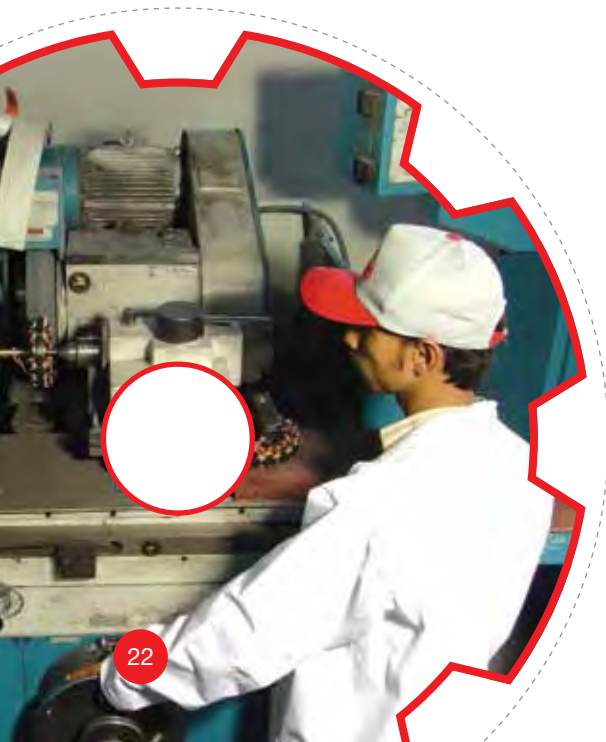
Both our domestic and industrial switchgear manufacturing capacities are augmented by our Faridabad plant, which is fitted with advanced machinery for enhanced productivity. With a sola tube transmitting sunlight to illuminate the plant, this facility is extraordinarily energy-efficient. Energy efficiencies are, in fact, built into the processes and systems at all our plants.

Constantly evolving to cater to the ever increasing demand for domestic and industrial switchgears, we have emerged as a leading manufacturer of Low Voltage Industrial products for Three Phase and Single Phase power distribution, switching control and protection requirements. Our products are approved by international quality bodies such as KEMA, CE, CSA, and are as per IEC standards/IS standard.



**As the world moves towards high-end switching solutions that make every switching experience a pleasure in living and working, we continue to invest in our switchgear products to make them more aesthetically and functionally efficient.**

**Once upon a time, fans were just a piece of machinery hung from the ceiling to throw a bit of cool breeze during summer. Havells changed all that with its innovative designs, excellent finish and remote switching systems!**



Since our foray into the fans business in mid-2003, Havells has emerged as one of the fastest growing premium fans brand in the Indian market. Our largest integrated, first-of-its-kind fans manufacturing unit in India at Haridwar ensures a fully automatic process-driven production chain for our complete range of fans. Our entire process chain is automated from production to paint and from testing to packaging.



Exciting designs (ranging from ultra modern to the antique), dual colour fans to capture the imagination of children and high-speed fans – we have a fan for every need, every taste.

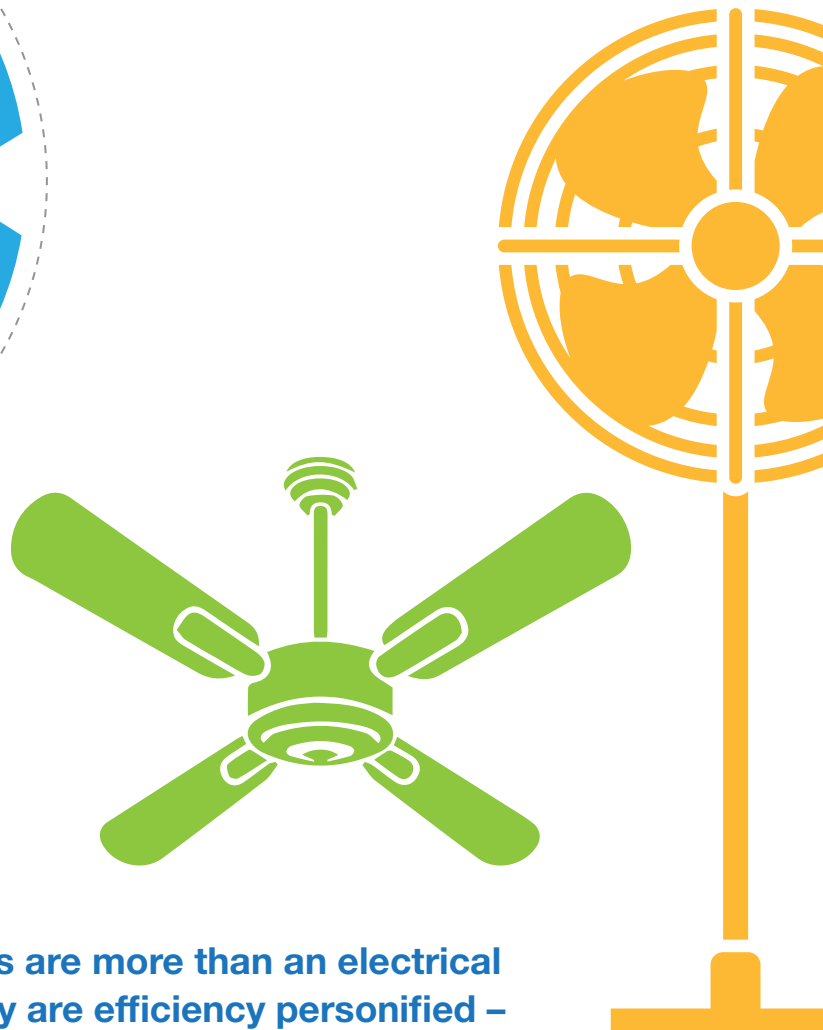
Our fans, in fact, do more than just circulate air; they actually speak aloud of our manufacturing capabilities in this product segment, which encompasses some of the most appealing

of innovations and designs in various categories of fans – Premium under light, Special finish, Decorative, Ventilating, Personal and Table fans.

From ceiling to pedestal fans, from air circulators to ventilators, from domestic exhausts to industrial and portable – our fans come in an exciting range that are meticulously crafted and designed, and scrupulously manufactured at our Haridwar facility.

From pioneering India's first BEE 5-star rated Energy Efficient Fans to innovating new benchmarks in excellence - we have created a portfolio of fans with a range of unusual features that makes every experience with a Havells' fan memorable and exhilarating. Our Rio pedestal fan is equipped with an infra red remote and an eight-hour timer facility, while the Opus remote-controlled range spells class as never before, with its nickel finish and transparent blades.

Our range of fan ensure superior performance even at low voltage – ideal for Indian weather conditions.

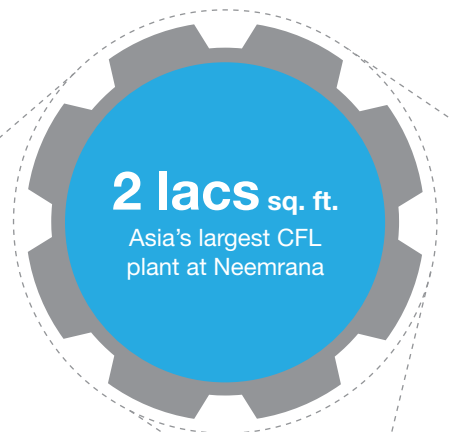


**With energy-saving features, our fans are more than an electrical appliance for homes and offices; they are efficiency personified – the choicest summer partner for every consumer.**

**From candles, the world moved on to bulbs, and then the bulbs became luminaires. Havells went a step ahead to transform the brilliance of LEDs and CFLs into enduring cadence that could illuminate your world at a click, virtually!**



Not only is it a visual delight but also a dream destination for lighting experts. While our CFL plant at Neemrana is one of the largest in the industry; our lighting fixtures plant is the only and the largest in the country.



With an exhaustive lighting product range encompassing CFLs, LEDs & fixtures and ceramic metal halide lamps, the Neemrana facility is one of the largest integrated plants of its kind in the country. What's more, it is also India's largest energy efficient induction motors manufacturing facility and the best automated manufacturing plant for geysers.

We forayed into the energy-saving CFL lighting when India was yet to awaken to its importance. Seeing the huge potential in CFL lighting, we set up a CFL production facility at our Faridabad manufacturing plant, which gave us an early-mover advantage in the business. Further expanding our CFL portfolio, we added a CFL production unit at our Haridwar manufacturing plant. We also went in for global consolidation of our CFL manufacturing plant at Neemrana for domestic and export purposes. We were also the first in the world to set up the new generation CMH Lamp Plant at Neemrana. It is the only one in India and second in Asia outside Japan.

The Neemrana CFL plant, with its fully automated CFD & CFT capsule manufacturing line, has an in-built mistake proofing mechanism. The lighting and fixtures technology is also globally benchmarked, with its international automated machinery to deliver world-class products.

The Neemrana edge of our manufacturing extends to LEDs, with Havells now manufacturing and exporting 500 varieties of LED products. We also manufacture LED lamps at our Noida plant, with its unique space-saving factory design and advanced circuit board technology.



**Our Neemrana and Noida plants have a lighting and fixtures product portfolio that is scaled to global standards.**



# Directors' Report

## To The Members

Your Directors have pleasure in presenting their 32<sup>nd</sup> Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31<sup>st</sup>, 2015.

### 1. FINANCIAL SUMMARY

The Board's Report is prepared based on the stand alone financial statements of the Company. The Company's financial performance for the year under review alongwith previous year's figures are given hereunder:

(₹ in Crores)

Particulars	Consolidated		Standalone	
	2014-15	2013-14	2014-15	2013-14
Net Sales	8,569.43	8,185.80	5,238.69	4,719.69
Other Income	50.46	41.25	52.21	44.06
Operating Profit before Finance Costs, Depreciation, Tax and Extraordinary items	711.59	783.74	751.33	685.66
Less: Depreciation and amortisation expenses	138.66	115.54	87.51	63.63
Finance Costs	63.96	74.11	17.57	26.93
<b>Profit before Tax and Exceptional Expenses</b>	<b>568.97</b>	<b>594.09</b>	<b>646.25</b>	<b>595.10</b>
Less: Exceptional Items	-	-	-	-
Less: Tax	183.55	147.76	181.31	116.41
<b>Net Profit for the year</b>	<b>385.42</b>	<b>446.33</b>	<b>464.94</b>	<b>478.69</b>
Add: Balance brought forward from previous year	960.69	1,073.35	1,429.04	1,217.43
Less: Adjustment related to transitional provision as per Schedule II to the Companies Act, 2013	3.42	-	-	-
Add: Share of Profit transfer to minority	0.00	0.00	-	-
<b>Profit available for appropriation</b>	<b>1,342.69</b>	<b>1,519.68</b>	<b>1,890.56</b>	<b>1,696.12</b>
<b>Appropriation of Profits</b>				
Transfer to General Reserve	46.50	339.91	46.50	48.00
Interim Dividend	-	62.41	-	62.41
Proposed Dividend	187.35	124.82	187.35	124.82
Dividend for previous year	-	0.03	-	0.03
Corporate Dividend Tax	38.14	31.82	38.14	31.82
Balance carried over to Balance Sheet	1,070.70	960.69	1,618.57	1,429.04
	<b>1,342.69</b>	<b>1,519.68</b>	<b>1,890.56</b>	<b>1,696.12</b>

Havells, on a standalone basis achieved 11% growth in its net sales to ₹ 5,239 crores in 2014-15 as against ₹ 4,720 crores in 2013-14. The operating profit before Finance costs, depreciation and tax was ₹ 751 crores in financial year 2014-15, 9% higher than ₹ 686 crores in financial year 2013-14. Profit after tax was ₹ 465 crores in year 2014-15 as compared to ₹ 479 crores of preceding year.

On a consolidated basis, Havells had 5% growth in net sales to ₹ 8,569 crores in financial year 2014-15 as against ₹ 8,186 crores in 2013-14. The consolidated operating profit before Finance costs, depreciation and tax was ₹ 712 crores in 2014-15 as compared to ₹ 784 crores in the preceding year. Consolidated Profit after tax was ₹ 385 crores in year 2014-15 as compared to ₹ 446 crores of preceding year.

### 2. BRIEF DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR/ STATE OF COMPANY'S AFFAIRS

Your Company had a sales growth of 5% on a consolidated basis in the year 2014-15. The muted

growth was a result of challenging macro environment and slowdown in consumer demand. Segments like cables grew by about 13% and switchgears segment by 5%. Lighting & fixtures grew by mere 3% on account of lowered demand for CFL. At the same time consumer durables segment showed an impressive growth of 20%, though on a smaller base.

The Company is fast adopting newer technologies ensuring sustainable growth in the future. For example, your company already has been working on fast growing LED space. We are already equipped with the state of the art factory at Neemrana to capitalise on the growth of this segment. Our recent acquisition of Promptec, a Bengaluru based company in the Solar LED Street light space is another step to strengthen our position in the growing LED market. Even the government impetus will further help the sector and companies like ours. Havells is fully geared to take advantage of this opportunity.

Innovation has been at the forefront of your company's growth strategy. This year we launched few innovative

products like Lumeno- India's brightest LED. During the year your company added the first Made in India MCB, Euro -2 series to the portfolio. In the fans category, the Company pursuant to its image of being pioneers of energy efficient fans in the country, introduced India's most energy efficient fan- ES40 that consumes only 40watt electricity as compared to a normal ceiling fan that consumes anywhere between 70-80 watts. We have already filed a patent for its unique design and aesthetics. Increasing our focus on brand Standard, the Company re-launched the brand with new identity and fresh look. We expect brand Standard to attain newer heights in times to come. These measures are expected to fuel Company's growth in the coming year. Your company also launched India's most automated water heater plant at Neemrana, Rajasthan. The plant is fully operational and will be able to cater to the requirements of the coming season.

Havells continued to invest in brand building and spent ₹ 154.99 crores during 2014-15. During the year, we changed the media strategy to be able to cover more genres of media including general entertainment channels, new channels and print media. The Company continued to invest on Cricket and IPL and like before launched new campaigns during IPL this year.

#### **SUBSIDIARY COMPANIES, JOINT VENTURE AND CONSOLIDATED FINANCIAL STATEMENTS**

The Sylvania-European operations have remained stable during the year despite difficult market conditions. Even with volatile forex conditions the focus for the company has been on profitability, cash generation and debt reduction in the business. The business in the year has shown significant improvement in the financial profile and the company expects this business to remain stable and further strengthens the quality of the balance sheet.

Sylvania is working towards alignment of its product portfolio to the growing consumer demand for LED that is witnessing higher sales in Europe. The technological shift from CFL to LED has been quite smooth as the company already had the fixtures range in Europe. This ensures that we are well placed to address the market shift towards LED.

The Sylvania-Latin America business, which contributes around 35% to Sylvania's total revenue, continues to focus on profitability and growth. Though the year under review witnessed currency volatility, we see economic sentiment picking up in the coming year.

As part of our commitment to the United Nations' global initiative aimed at promoting sustainable development in the lighting business, we became a Gold Sponsor for the International Year of Light in 2015.

Our products continued to claim international awards for their quality, innovation and design. Our immensely popular architectural lighting brand Concord won

the Lighting Design Awards (LDAs) for the fourth consecutive year.

Sylvania on standalone registered net revenue of Euro 443.1 mn in financial year ended 2014-15 as compared to Euro 440.1 mn in financial year ended 2013-14. EBIDTA (Earnings Before Interest Depreciation Tax and Amortisation) was Euro 6.3 mn in financial year ended 2014-15 as compared to Euro 16.5 mn in financial year ended 2013-14.

As on 31<sup>st</sup> March, 2015, your Company has 55 (Fifty Five) subsidiary companies, 2 being direct subsidiaries and the rest 53 step-down subsidiaries, all of which are registered outside India. The 2 Direct subsidiaries are -

1. Havells Holdings Limited based at Isle of Man. This entity is an SPV formed for the purpose of holding investments and mobilizing funds for the 53 step-down Sylvania subsidiaries of the Company.
2. Havells Exim Limited based at Hong Kong. This entity serves as a Central Procurement Company (CPC) to procure various electrical products for Havells and Sylvania trading operations.

The Board of Directors of the Company has, by Resolution passed in its meeting held on 11<sup>th</sup> May, 2015, given consent for not attaching the Balance Sheets of the subsidiaries concerned.

The consolidated financial statements of the Company including 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.

A report on performance and financial position of each of the subsidiaries, associates and joint venture companies included in the consolidated financial statement is presented in a separate section in this Annual Report. Please refer (AOC-1) annexed to the financial statements in the Annual Report.

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](http://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 respective offices of its subsidiary companies.

#### **JOINT VENTURE**

Your Company has a 50:50 joint venture in People's Republic of China with Shanghai Yaming Lighting Co., Ltd. under the name of Jiangsu Havells Sylvania Lighting Co., Ltd. This joint venture company is created with an

objective to use advanced technology, know-how and scientific management techniques for production of lighting lamps and fixtures and to sell it to Havells group companies.

Both the partners have made full investment in JV (USD 5.3 mn by each partner) as required by JV contract for its registered capital.

In Financial Year 2014-15, JV achieved sales of US\$ 19.9 mn against US\$ 17.4 mn in 2013-14, thereby showing a growth of 14%. Growth in sales and margin improvement has resulted in net profit of 4% as against loss of 1.4% in 2013-14.

As the global lighting industry is inclining towards LED lighting products, during the period of 2014, JV has invested in infrastructure for LED products and is setting up a team of experts to focus on increasing the share of LED in the total sales.

### 3. NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR

During the financial year ended 31<sup>st</sup> March, 2015, no entity became or ceased to be the subsidiary, joint venture or associate of the Company.

### 4. RESERVES

Your Company proposes to carry ₹ 46.50 crores to the general reserve and retain ₹ 1,618.57 crores in the profit and loss account.

### 5. DIVIDEND

Your Directors are pleased to recommend a Dividend of ₹ 3/- per equity share for the year 2014-15. The proposed dividend, subject to approval of Shareholders in the ensuing Annual General Meeting of the Company, would result in appropriation of ₹ 225.49 crores (including Corporate Dividend Tax of ₹ 38.14 crores) out of the profits thus giving 48.50% 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 1<sup>st</sup> July, 2015, Wednesday to 7<sup>th</sup> July, 2015 Tuesday (both days inclusive).

### 6. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position of the Company occurred between

the end of the financial year to which this financial statements relate and the date of this Report.

However, in terms of the "Part B - Havells Employees Stock Purchase Plan 2014" of the Havells Employees Long Term Incentive Plan 2014, which is administered by Havells Employees Welfare Trust, 1,01,857 Equity Shares of ₹ 1/- each, were granted on 23<sup>rd</sup> April, 2015 to the eligible employees, which, if exercised, shall result in an equivalent no. of Equity Shares of ₹ 1/- to be allotted to Eligible Employees of the Company under the Plan.

Further, the Board of Directors in its Meeting held on 20<sup>th</sup> April, 2015, approved an investment upto ₹ 32 crores in one or more tranches for purchase and subscription of Equity Shares to acquire majority stake of 51% in Promptec Renewable Energy Solutions Pvt. Ltd. (Promptec). Promptec is a Bengaluru based company engaged in marketing and manufacturing of LED products including street lighting, office lighting and solar lighting. Subsequently, the Company has signed an agreement with Promptec to this effect.

### 7. CHANGE IN THE NATURE OF BUSINESS, IF ANY

There was no change in the nature of business of the Company during the financial year ended 31<sup>st</sup> March, 2015.

### 8. DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL INCLUDING THOSE WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR

As at 31<sup>st</sup> March, 2015, your Board comprised of the following 12 Directors:

#### 1. Shri Anil Rai Gupta, Chairman and Managing Director

Consequent to the demise of Shri Qimat Rai Gupta, founder Chairman and Patriarch, on 7<sup>th</sup> November, 2014, the Board of Directors, upon the recommendations of the Nomination and Remuneration Committee, designated Shri Anil Rai Gupta, the then Joint Managing Director, as the Chairman and Managing Director of the Company with effect from 13<sup>th</sup> November, 2014.

Shri Anil Rai Gupta, was last re-appointed by the Shareholders of the Company in the Annual General Meeting held on 5<sup>th</sup> July, 2013 for a period of 5 (Five) years with effect from 1<sup>st</sup> April, 2014.

Consequent upon his designation as the Chairman and Managing Director of the Company, the Board of Directors, upon the recommendations of the Nomination and Remuneration Committee, in its meeting held on 22<sup>nd</sup> December, 2014 varied the terms of remuneration being paid to Shri Anil Rai Gupta, with effect from 1<sup>st</sup> January, 2015. His remuneration requires the approval of the members at the ensuing AGM.

Further, pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri Anil Rai Gupta, is due to retire by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment.

2. Shri Surjit Gupta, Non-Executive Director

Shri Surjit Gupta is one of the First Directors of the Company and belongs to the Promoter Group. He works as technical head of Havells. Under his guidance Havells has become a leading group in the Electrical Industry with an excellent reputation for quality engineering products. He was instrumental in the initial exposures of Havells to international manufacturers and technology. Havells under his leadership has entered into alliances with several foreign manufacturers.

3. Shri Ameet Kumar Gupta, Whole-time Director

The Board, upon the recommendations of the Nomination and Remuneration Committee, at its Meeting held on 22<sup>nd</sup> December, 2014, appointed Shri Ameet Kumar Gupta, as an Additional Director with effect from 22<sup>nd</sup> December, 2014 and a Whole-time Director with effect from 1<sup>st</sup> January, 2015. His appointment and remuneration requires the approval of members at the ensuing AGM.

The Company has received a Notice in writing under the provisions of section 160 of the Companies Act, 2013, along with a deposit of ₹ 1,00,000/- proposing the candidature of Shri Ameet Kumar Gupta for the office of Director. The Company has received consent in writing to act as Director in Form DIR-2 and intimation in Form DIR-8 to the effect that he is not disqualified u/s 164(2) to act as Director.

Shri Ameet Kumar Gupta is a Bachelor of Engineering (Electronics & Communication) from Delhi University and an MBA (Marketing and Finance) from Wake Forest University, North Carolina, USA.

He has been working with the QRG group for about 2 decades and actively involved in new business development activities along with Shri Anil Rai Gupta. In addition, he has been accredited with new product introduction and development and also for setting up new plants and manufacturing facilities for the QRG group. His functions include spearheading new projects being under taken by the organisation.

4. Shri Rajesh Gupta, Whole-time Director (Finance) and Group CFO

Shri Rajesh Gupta, Whole-time Director (Finance) and Group CFO of the Company, is a Chartered Accountant having rich experience in finance and allied fields. He is serving the Company for more than 35 years. He is the Director (Finance) and Group CFO.

Shri Rajesh Gupta, Whole-time Director (Finance) and Group CFO of the Company, was last re-appointed by the shareholders in the AGM held on 29<sup>th</sup> September, 2010 for a term of 5 (Five) years w.e.f. 1<sup>st</sup> April, 2010, with further variations as to remuneration being approved in the AGM held on 5<sup>th</sup> July, 2013. As per the existing terms of his appointment, his tenure expires on 31<sup>st</sup> March, 2015.

Accordingly, based on the recommendations of the Nomination and Remuneration Committee, the Board, in its Meeting held on 28<sup>th</sup> January, 2015, has re-appointed Shri Rajesh Gupta as the Whole-time Director (Finance) and Group CFO for a period of 5 (Five) years w.e.f. 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2020. He is appointed as the Chief Financial Officer in terms of the Companies Act, 2013. His re-appointment and remuneration requires the approval of members at the ensuing AGM.

Further, pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri Rajesh Gupta, is due to retire by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment.

5. Shri S. B. Mathur, Independent Director

Shri S. B. Mathur, is an independent director on the Board since year 2006. A qualified Chartered Accountant, retired from Life Insurance Corporation of India (LIC) in October 2004 as its Chairman. He held various positions such as Senior Divisional Manager of Gwalior Division, Chief of Corporate Planning, General Manager of LIC (International) E.C., Zonal Manager in Charge of Western Zone and Executive Director. He has a successful track record of introducing new products in the insurance sector in a competitive environment. He is an Advisor, National Investment Fund and member, Insurance Regulatory and Development Authority.

6. Shri A. P. Gandhi, Independent Director

B.E. (Mechanical), Shri A. P. Gandhi has vast and extensive knowledge in the field of automobile manufacturing, sales and finance. He has rich years of experience in engineering. He has held top leadership position in prestigious organisations for nearly two decades in over forty nine years of working in professional sector. He has recently joined the Board of Hyundai Motor India Limited.

7. Shri V. K. Chopra, Independent Director

Chartered Accountant & Certified Associate of Indian Institute of Bankers, Shri V. K. Chopra professionally a Chartered Accountant has vast experience in finance & banking matters. In his professional career, he has held top leadership positions in various prestigious banking organisations viz. Central Bank of India, Punjab & Sindh Bank, Corporation





Bank & SIDBI. He was also a wholtime member of SEBI. Presently, he holds directorships in various prestigious organisations.

8. Shri S. K. Tuteja, Independent Director

Shri S. K. Tuteja, a member of the 1968 batch of the Indian Administrative Services (IAS), Punjab cadre, retired as Secretary to the Government of India in the Department of Food & Public Distribution after 37 years of Civil Service. IAS, FCS, M. Com (DU), he has served on different posts in Government of India, Government of Punjab and in Public Sector. He was awarded the "Dayanand Munjal Award" for "Manager of the Year". He has acted as a consultant to various international programmes carried out in the field of new technologies and innovations. He participated as a Member of the India Delegation in the 4<sup>th</sup> Ministerial Conference of WTO held in Doha, Qatar and was a member of the Executive Committee of the International Sugar Organisation, London and the International Grain Council, London.

9. Dr. Adarsh Kishore, Independent Director

Dr. Adarsh Kishore, a member of the 1969 batch of Indian Administrative Services (IAS), Rajasthan, Cadre, Phd in Political Economy is Former Finance Secretary, GOI and Former Executive Director, International Monetary Fund (IMF) representing Bangladesh, Bhutan, India and Sri Lanka. He is an Advisor, Chartered Finance Management Limited.

10. Smt. Pratima Ram, Independent Director

The Board, upon the recommendations of the Nomination and Remuneration Committee, at its Meeting held on 28<sup>th</sup> July, 2014, appointed Smt. Pratima Ram as an Additional Director and Independent Director. She holds office upto the date of this AGM.

The Company has received a Notice in writing under the provisions of section 160 of the Companies Act, 2013, along with a deposit of ₹ 1,00,000/- proposing the candidature of Smt. Pratima Ram for the office of Director. The Company has received consent in writing to act as Director in Form DIR-2 and intimation in Form DIR-8 to the effect that she is not disqualified u/s 164(2) to act as Director. The Company has also received declaration from her that she meets the criteria of independence as prescribed u/s 149(6) of the Companies Act, 2013.

In the opinion of the Board, she fulfills the condition for appointment as Independent Director on the Board.

She is eligible to be appointed as a Director of the Company and her appointment requires the approval of members at the ensuing AGM.

Smt. Pratima Ram is an experienced banker with three decades of service in Corporate, International and Investment Banking. She has worked in India, USA and South Africa.

Smt. Pratima Ram held the position of Chief General Manager and Country Head of United States operations of State Bank of India and prior to this she was the CEO of the South African operations of the Bank. At SBI Capital Markets, she led the Corporate Advisory, M&A, and project Appraisal businesses. While at SBI, she also headed the Diamond Financing business of the Bank.

On leaving the public sector, she joined private sector in the infrastructure space as Group President Finance at Punj Lloyd Group having diversified operations in more than 15 countries. She is currently the Advisor to India Infoline Finance Ltd., a Non-Banking Finance Company focused on lending to small businesses, Real Estate and Health care sectors.

She has held Board position in SBI California Lloyd, USA and India Infoline Finance Ltd., Mumbai. Smt. Pratima Ram graduated from university of Virginia, USA and Bangalore University.

11. Shri T. V. Mohandas Pai, Non-Independent Director

The Board, upon the recommendations of the Nomination and Remuneration Committee, at its Meeting held on 22<sup>nd</sup> December, 2014, appointed Shri T. V. Mohandas Pai as an Additional Director as Non-Independent and Non-Executive. He holds office upto the date of this AGM.

The Company has received a Notice in writing under the provisions of section 160 of the Companies Act, 2013, along with a deposit of ₹ 1,00,000/- proposing the candidature of Shri T. V. Mohandas Pai for the office of Director. The Company has received consent in writing to act as Director in Form DIR-2 and intimation in Form DIR-8 to the effect that he is not disqualified u/s 164(2) to act as Director.

He is eligible to be appointed as a Director of the Company and his appointment requires the approval of members at the ensuing AGM.

Shri T. V. Mohandas Pai is a key player in the development of the IT services industry in India and instituted several industry-firsts in the Country. Prior to this, he was a Member of the Board at Infosys Ltd., where he also served as CFO and the lead for Human Resources and Education & Research. He was the first to institute the broad based employee stock option plan, led the first Indian company to list in the US etc.

He co-founded Aarin Capital Partners in early 2012 to fund opportunities in Health Care, Life Sciences, Education and Technology-led businesses. He

also co-founded Exfinity Investment Managers in mid-2014 to launch Exfinity Technology Fund I and focused on providing capital and operational support to technology companies with an India base or focus.

He is also the Chairman of SEBI Primary Markets Advisory Committee (PMAC). He was a Trustee of the International Financial Reporting Standards (IFRS) Foundation and a Member of the Dr. Anil Kakodkar Committee on Autonomy for the IITs and the Karnataka Knowledge Commission. He is currently a Member on the Boards of IIT, Hyderabad. Chairperson, FICCI Higher Education Committee

He was a Member of various important national committees like the Kelkar Committee, constituted by the Ministry of Finance, GoI; the Non-Resident Taxation Committee as well as the Chair of the Karnataka ICT Group 2020.

He is also a keen philanthropist who helped set up the Akshaya Patra Foundation in Bangalore which today delivers a hot mid-day meal to over 1.4 million school children in 11,000 government schools across 9 states in India along with other likeminded persons. In April 2015, the President of India awarded him the Padma Shri in recognition of his efforts for the betterment of the nation in areas of Trade and Industry.

12. Shri Puneet Bhatia, Non-Independent Director

The Board, upon the recommendations of the Nomination and Remuneration Committee, at its Meeting held on 22<sup>nd</sup> December, 2014, appointed Shri Puneet Bhatia as an Additional Director as Non-Independent and Non-Executive. He holds office upto the date of this AGM.

The Company has received a Notice in writing under the provisions of section 160 of the Companies Act, 2013, along with a deposit of ₹ 1,00,000/- proposing the candidature of Shri Puneet Bhatia for the office of Director. The Company has received consent in writing to act as Director in Form DIR-2 and intimation in Form DIR-8 to the effect that he is not disqualified u/s 164(2) to act as Director.

He is eligible to be appointed as a Director of the Company and his appointment requires the approval of members at the ensuing AGM.

Shri Puneet Bhatia is Managing Director and Country Head - India for TPG Asia. Prior to joining TPG Asia in April 2002, Shri Puneet Bhatia was Chief Executive, Private Equity Group for GE Capital India, where he was responsible for conceptualizing and creating its direct and strategic private equity investment group.

Prior to this, he was with ICICI Ltd. from 1990 to 1995 in the Project and Corporate Finance group

and thereafter worked as Senior Analyst with Crosby Securities from 1995 to 1996 covering the automobiles and consumer sectors.

Shri Puneet Bhatia currently serves as Director on the Boards of Shriram Transport Finance and Shriram City Union Finance. He has a B.Com Honors degree from the Sriram College of Commerce, Delhi and an M.B.A. from the Indian Institute of Management, Calcutta.

The details of Directors being recommended for appointment/ 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 appointment/ re-appointment of Directors are also included in the Notice.

**9. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS**

During the financial year 2014-2015, the Board of Directors of the Company, met 10 (Ten) times on 23<sup>rd</sup> April, 2014, 28<sup>th</sup> May, 2014, 30<sup>th</sup> June, 2014, 28<sup>th</sup> July, 2014, 23<sup>rd</sup> September, 2014, 22<sup>nd</sup> October, 2014, 13<sup>th</sup> November, 2014, 22<sup>nd</sup> December, 2014, 28<sup>th</sup> January, 2015 and 18<sup>th</sup> March, 2015.

Further, a separate Meeting of the Independent Directors of the Company was also held on 18<sup>th</sup> March, 2015, whereat the prescribed items enumerated under Schedule IV to the Companies Act, 2013 and clause 49 of the Listing Agreement were discussed.

**10. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors to the best of their knowledge hereby state and confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) 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 profit of the company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;



- d) the directors had prepared the annual accounts on a going concern basis; and
- e) the internal financial controls to be followed by the company were laid down and such internal financial controls were adequate and were operating effectively.
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### 11. DECLARATION BY INDEPENDENT DIRECTOR(S) AND RE-APPOINTMENT, IF ANY

All the Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

#### 12. NOMINATION AND REMUNERATION POLICY OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

In adherence of section 178(1) of the Companies Act, 2013, the Board of Directors of the Company in its Meeting held on 22<sup>nd</sup> December, 2014, approved a policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided u/s 178(3), based on the recommendations of the Nomination and Remuneration Committee. The broad parameters covered under the Policy are – Company Philosophy, Guiding Principles, Nomination of Directors, Remuneration of Directors, Nomination and Remuneration of the Key Managerial Personnel (other than Managing/ Whole-time Directors), Key-Executives and Senior Management and the Remuneration of Other Employees.

The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is furnished in **ANNEXURE – 1** and forms part of this Report.

#### 13. FORMAL ANNUAL EVALUATION

As the ultimate responsibility for sound governance and prudential management of a company lies with its Board, it is imperative that the Board remains continually energized, proactive and effective. An important way to achieve this is through an objective stock taking by the Board of its own performance.

The Companies Act, 2013, notified on 1<sup>st</sup> April, 2014, not only mandates board and director evaluation, but also requires the evaluation to be formal, regular and

transparent. Subsequently, through two circulars (dated April 17, 2014 and September 15, 2014), SEBI has also revised the Equity Listing Agreement, to bring the requirements on this subject in line with the Act.

In accordance with the framework approved by the Nomination and Remuneration Committee, the Board of Directors, in its Meeting held on 18<sup>th</sup> March, 2015, undertook the evaluation of its own performance, its Committees and all the individual Directors.

The review concluded by affirming that the Board as a whole as well as all of its Members, individually and the Committees of the Board continued to display commitment to good governance, ensuring a constant improvement of processes and procedures.

It was further acknowledged that every individual Member and Committee of the Board contribute its best in the overall growth of the organisation.

#### 14. EXTRACT OF THE ANNUAL RETURN

The extract of the Annual Return in Form No. MGT – 9 forms part of the Board's Report and is annexed herewith as **ANNEXURE - 2**.

#### 15. AUDITORS

##### 1. STATUTORY AUDITORS

The Statutory Auditors, M/s V. R. Bansal & Associates, Chartered Accountants, (Registration 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 141 of the Companies Act, 2013.

##### STATUTORY AUDITORS' REPORT

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

##### 2. COST AUDITORS

Pursuant to the provisions of Section 141 read with Section 148 of the Companies Act, 2013 and Rules made thereunder, M/s. Sanjay Gupta & Associates, Cost Accountants (Firm Regn. No. 000212) were appointed as the cost auditors of the Company for the year ending 31<sup>st</sup> March, 2015.

In terms of the Cost Audit Order dated 30<sup>th</sup> June, 2014 notified by the Ministry of Corporate Affairs which exempted certain industries from the purview of Cost Audit, the Company was not required to get the cost audit done for the financial year

2014-15. However, by virtue of Cost Audit Order notified by the Ministry of Corporate Affairs dated 31<sup>st</sup> December, 2014, the Company is again covered under the purview of Cost Audit w.e.f. the financial year 2015-16.

The due date for filing the Cost Audit Reports for the Financial Year ended 31<sup>st</sup> March, 2014 was 28<sup>th</sup> September, 2014 and the Cost Audit Report was filed by the Cost Auditor M/s Sanjay Gupta & Associates, Cost Accountants, on 20<sup>th</sup> August, 2014.

### 3. SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with corresponding Rules framed thereunder, M/s MZ & Associates were appointed as the Secretarial Auditors of the Company to carry out the secretarial audit for the year ending 31<sup>st</sup> March, 2015.

#### SECRETARIAL AUDIT REPORT

A Secretarial Audit Report given by the Secretarial Auditors in **Form No. MR-3** is annexed with this Report as **ANNEXURE – 3**.

There are no qualifications, reservations or adverse remarks made by Secretarial Auditors in their Report.

### 16. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

During the financial year ended 31<sup>st</sup> March, 2015, no Loan u/s 186 of the Companies Act, 2013 was made by the Company.

The particulars of investments and guarantees made/ given by the Company, under Section 186 is furnished in **ANNEXURE – 4** and forms part of this Report.

### 17. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of every contract and arrangement entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto are disclosed in **Form No. AOC -2** in **ANNEXURE - 5** and form part of this Report.

### 18. 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 ₹ 150.99 crores towards Income Tax as compared to ₹ 116.41 crores paid during the last financial year. The Company also paid Excise Duty of ₹ 319.10 crores, Custom Duty, Sales Tax & Service Tax of ₹ 523.54 crores, totalling ₹ 842.64 crores during financial year 2014-15 as compared to ₹ 819.28 crores paid during last financial year.

### 19. DETAILS RELATING TO DEPOSITS COVERED UNDER CHAPTER V OF THE ACT

The Shareholders vide their Special Resolution dated 9<sup>th</sup> June, 2014, passed by way of Postal Ballot, have approved inviting/ accepting/ renewing deposits, in terms of the provisions of Companies Act, 2013 making the Company eligible for the same.

The Company has neither accepted nor renewed any deposits during the year under review. During the year, your Company repaid all the outstanding fixed deposits from public aggregating to ₹ 75.32 crores. As at 31<sup>st</sup> March, 2015, there was no deposit remaining unpaid or unclaimed as at the end of the year.

### 20. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company has always been undertaking CSR activities on a significant scale through QRG Foundation, a Trust instituted by the group, upholding the belief that corporates have a special and continuing responsibility towards social development.

The vision of Havells Group's CSR activities, to make sustainable impact on the human development of under-served communities through initiatives in Education, Health and Livelihoods, has been formally codified with the constitution of a dedicated Corporate Social Responsibility Committee of the Board on 30<sup>th</sup> October, 2013 by the Board of Directors of the Company prior to the notification of section 135 of the Companies Act, 2013 and Rules framed thereunder. Details regarding the constitution, roles and functions of the Corporate Social Responsibility Committee are given in the Report on Corporate Governance.

Further, the Board of Directors of your Company has also adopted the CSR Policy of the Company as approved by the Corporate Social Responsibility Committee which is also available on the website of the Company at [www.havells.com](http://www.havells.com).

The Annual Report on CSR as per Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed herewith as **ANNEXURE – 6** to this Report in the prescribed format.

### 21. AUDIT COMMITTEE

The Audit Committee of the Board of Directors of the Company, comprises 4 (Four) Members, namely Shri V. K. Chopra, Shri S. B. Mathur, Shri A. P. Gandhi and Shri Surjit Gupta, majority of them being Independent Directors except Shri Surjit Gupta, who is a Non-Independent Non-Executive Director. Shri V. K. Chopra, an Independent Director, is the Chairperson of the Audit Committee.

The Board accepted the recommendations of the Audit Committee whenever made by the Committee during the year.

## 22. RISK MANAGEMENT POLICY

Havells understands controlling risks through a formal programme is necessary for the well-being of the Company. To this end, the Board has formed an Enterprises Risk Management Committee to identify the risks impacting the business and formulate strategies/ policies aimed at risk mitigation as part of risk management. Further, a core Committee comprising senior management, has also been formed to identify and assess key risks and formulate strategies for mitigation of risks identified in consultation with process owners.

During the year, the Board of Directors, in its meeting held on 28<sup>th</sup> January, 2015, has also adopted a formal Risk Management policy for the Company, whereby, risks are broadly categorized into Strategic, Operational, Compliance, and Financial & Reporting Risks. The Policy outlines the parameters of identification, assessment, monitoring and mitigation of various risks which are key to business objectives.

## 23. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Risk Management and Governance Department of the Company have certified the existence of various risk-based controls in the Company and also tested the key controls towards assurance for compliance for the present fiscal.

Further, the testing of such controls shall also be carried out independently by the Statutory Auditors from the financial year 2015-16 onwards as mandated under the provisions of the Companies Act, 2013.

In the opinion of the Board, the existing internal control framework is adequate and commensurate to the size and nature of the business of the Company.

## 24. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES

Prior to the notification of section 177(9) of the Companies Act, 2013, the Company has had in place a composite Policy "Idea & satark", whereby "Idea" seeks to promote a culture of innovative thinking and creativity in all aspects of business – technical, non-technical, commercial, administrative, processes, cost saving etc. that may benefit the Company; and "Satark" (alert/ vigilant) functions as a Whistle Blowing mechanism, empowering any person associated with the organisation to bring to the attention of the management any irregularity that he/ she may notice. The "Idea & Satark"

- is a forum available to the employees and any person associated with the organisation, allowing him/ her to blow the whistle/ highlight any fraud, irregularity, wrongdoing etc.

- ensures confidentiality of the whistle-blower under the Policy subject to the rights of the person against whom the grievance is made.
- provides whistle-blower access to the Chairman of the Audit Committee.

Recognizing the regulatory mandate u/s 177(9) and clause 49 of the Listing Agreement placing greater stress on the establishment of Vigil Mechanism in a listed entity for its directors and employees so they may report their genuine concerns or grievances, steps were taken during the financial year 2014-15, by way of placing refreshed drop-boxes and posters across all establishments – Units, Branches and the Corporate Office to increase awareness about Satark, especially highlighting the fact that the forum provides direct access to Audit Committee Chairman in cases where the complaint is to be made against any senior management employee.

## 25. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There was no significant and material order passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

## 26. EMPLOYEE RELATIONS

Havells is an equal opportunities employer. Employees are evaluated solely on the basis of their qualifications and competencies. Havells hiring policy is geared to ensure it hires employees without regard to their race, colour, religion, national origin, citizenship, age, sex, marital status, ancestry or socio-economic background.

Havells provides equal opportunity in all aspects of employment, including recruitment, training conditions of service, career progression, termination or retirement and acts like a beacon to employees at all levels to act fairly and prevent discrimination.

The global workforce which spread across the continents, forms the backbone of the entity. We handle global preferences and mindsets of both internal and external customers. Employee recognition schemes in the form of ESOPs/ ESPS and the Idea policy have been a successful tool in acknowledging their contribution and making them partners in the wealth created by Havells.

Havells greatest asset is its employees. It is committed to attracting, retaining, and developing the highest quality and most dedicated work force possible in today's market. It strives to promote people on the basis of their qualifications, performance, and abilities, and is determined to provide a work environment free of any form of illegal discrimination both direct and indirect, including sexual harassment. Further, Havells is committed to maintaining a workplace where each employee's privacy and personal dignity is respected

and protected from offensive or threatening behaviour including violence.

#### **“Nirbhaya”**

In accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to provide for the effective enforcement of the basic human right of gender equality and guarantee against sexual harassment and abuse, more particularly against sexual harassment at work places, your Company has in place a “Nirbhaya Policy”, duly approved by the Board of Directors.

An Internal Complaints Committee has been constituted under the above policy which provides a forum to all female personnel to lodge complaints (if any) therewith for redressal. The Committee submits an annual report to the Audit Committee of the Board of Directors of your Company on the complaints received and action taken by it during the financial year.

During the year, no complaint was lodged with the Internal Complaints Committee formed under Nirbhaya Policy.

In order to fulfill the desired utility of the Committee and make the Nirbhaya Policy meaningful, the Committee meets at specified intervals to take note of useful tools, mobile applications, media excerpts etc. that enhance security of female employees. The same are circulated within the organisation to encourage general awareness.

#### **27. DETAILS PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013**

Details pursuant to section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 form part of this Report and are annexed herewith as **ANNEXURE - 7**.

#### **28. HAVELLS EMPLOYEES LONG TERM INCENTIVE PLAN 2014**

The shareholders vide their special resolution dated 9<sup>th</sup> June, 2014 have approved the Havells Employees Long Term Incentive Plan 2014 (‘the Plan’) framed in accordance with the erstwhile SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Plan administered by Havells Employees Welfare Trust under the supervision of the Nomination and Remuneration Committee, covers Part A – Havells Employees Stock Option Plan 2013 and Part B – Havells Employees Stock Purchase Plan 2014.

Promoters, Independent Directors, 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/ issue of shares under the Plan.

The Company has received a certificate dated 17<sup>th</sup> April, 2015 from the Auditors of the Company that the Scheme has been implemented in accordance with the SEBI Guidelines and the Resolution passed by the shareholders dated 9<sup>th</sup> June, 2014. The Certificate would be placed at the Annual General Meeting for inspection by members. Disclosures under the Havells Long Term Incentive Plan 2014 as at 31<sup>st</sup> March, 2015, are set out in **ANNEXURE - 8** to this Report.

### **29. CREDIT RATINGS**

#### **CARE Ratings**

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.

CARE has also reaffirmed the **CARE AA+ [Double A Plus]** rating 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.

Further, CARE has revised the Credit Rating assigned by it to the FD (Fixed Deposit) programme of the Company, from CARE AA+ (FD) (Double A Plus (Fixed Deposits)) to CARE AAA (FD) (Triple A (Fixed Deposits)).

#### **ICRA Rating**

In the annual surveillance conducted by ICRA of the Credit Rating assigned by it to the FD (Fixed Deposit) programme of the Company viz. Havells India Limited, ICRA has upgraded the rating to MAAA (pronounced as M triple A) from MAA (pronounced as M double A) earlier. MAAA is the highest-credit-quality rating assigned by ICRA.



### CRISIL Ratings

CRISIL has assigned “FAAA / Stable” (pronounced “F triple A rating with stable outlook”) to the Fixed Deposit Programme of the Company and “CRISIL A1+” (pronounced “CRISIL A one plus”) to the Commercial Paper Programme of the Company.

### 30. CERTIFICATIONS

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

### 31. CORPORATE GOVERNANCE CERTIFICATE

*Good governance is not a part of our vocabulary but in our organisation's DNA.*

Your Company upholds the standards of governance and is compliant 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. Setting the tone at the top, your Directors cumulatively at the Board level, advocate good governance standards at Havells. Havells has been built on a strong foundation of good corporate governance which is now a standard for all operations across your Company.

Parameters of 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 forms part of the Annual Report.

Further, the Management Discussion and Analysis Report and CEO / CFO Certificate as prescribed under clause 49 of the listing agreement are also presented in separate sections forming part of the Annual Report.

### 32. ENVIRONMENT, HEALTH AND SAFETY

Havells is committed to protecting the health and safety of everyone involved in its operations as it is committed to protecting the sustainability of the environment in which it operates. We have worked hard to put in place management systems; controls; objectives and targets; strategies; and training that uphold and honour national and international codes and standards on health, safety and environment. Whether it is policies that inculcate safe behaviour as a personal value in all our stakeholders or that prevent accidents, we have put in place mandatory compliances for all employees and contractors while on business at our sites.

Fostering a preemptive safety culture across all our assets and facilities, we also ensure energy conservation at all plant locations. We have rain water harvesting

facilities at all locations including our corporate office to maintain the balance of natural resource like water.

Your Company also provides life insurance cover, personal accident cover and robust medical and health policies to employees, workers, and channel partners against any unfortunate incident.

Havells uses the “Idea policy” to encourage employees to share their ideas and contributions in making your Company an accident free unit. We strongly believe that those on the shop floor who actually execute a task are the best to judge the parameters involved for safety and welfare.

### 33. RESEARCH AND DEVELOPMENT

Research and Development is part and parcel of ‘Knowledge Creation’ which in turn creates prosperity and wealth. It is said that ‘an idea’ can change your life; yes, on the same basis R & D brings profits and wealth to your enterprise. R & D has helped Havells in building products indigenously and progressively.

The Havells' Center for Research and Innovation (CRI), at the Company's Head Office premises in Noida, U.P. has been serving your Company since 2005. The ISO-9001, 2000 certified CRI is recognized by Department of Scientific & Industrial Research and Ministry of Science & Technology, Government of India. Further, we have dedicated R & D departments (CRIs) at all plant locations and all of them are recognized by the Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology.

The state-of-the-art R & D center, run by a strong team of engineers, cooperates closely with the various departments so as to provide the best and the latest in terms of technology and design. We take a step forward every day; based on our sound understanding of the dynamics of the business and that of our products, all integrated with the continuous endeavours of our research and development team.

### 34. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 205C of the Companies Act, 1956, your Company has transferred ₹ 3,08,058/- during the year 2014-15 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 2006-07.

### 35. LISTING OF SHARES

The shares of the Company are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). NSE has been defined as the Designated Stock Exchange of the Company. The listing fee for the year 2015-16 has already been paid to the credit of both the stock exchanges.

### **36. APPOINTMENT OF NEW RTA (REGISTRARS & TRANSFER AGENTS) OF THE COMPANY**

During the year, the Board of Directors consented to appoint Link Intime India Private Limited, having its registered office at C-13, Pannalalsilk Mills Compound, LBS Marg, Bhandup (West), Mumbai – 400078, as the new RTA (Registrars & Share Transfer Agents) of the Company in place of MCS Limited, Company's existing RTA.

All operations and services shall be handled by the Link Intime office in Delhi. The complete address for communication with the new RTA is given in the section on Corporate Governance Report.

The process of shifting is currently in progress and till the completion of all required formalities in this regard the existing RTA of the Company i.e. MCS Limited shall continue to provide share registry services to shareholders of the Company.

### **37. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings

and outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **ANNEXURE - 9** and forms part of this Report.

### **38. ACKNOWLEDGEMENTS**

The Board places on record its appreciation for the continued co-operation and support extended to the Company by customers, vendors, regulators, banks, financial institutions, rating agencies, stock exchanges and depositories, auditors, legal advisors, consultants, business associates and all the employees with whose help, cooperation and hard work the Company is able to achieve the results.

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

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

Noida, May 11, 2015

Anil Rai Gupta  
Chairman and Managing Director



**ANNEXURE 1**

**NOMINATION AND REMUNERATION POLICY OF  
DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES**  
(approved by the Board of Directors in its Meeting held on 22<sup>nd</sup> December, 2014)

**PRINCIPLE AND RATIONALE**

Section 178 of the Companies Act, 2013 and the provisions of clause 49 of the Listing Agreement with Stock Exchanges require the Nomination and Remuneration Committee of the Board of Directors of every listed entity, among other classes of companies, to

- formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.
- carry out evaluation of every director's performance.
- formulate the criteria for evaluation of Independent Directors and the Board.

Accordingly, in adherence to the abovesaid requirements and in line with the Company philosophy towards nurturing its human resources, the Nomination and Remuneration Committee of the Board of Directors of Havells India Limited hereinbelow recommends to the Board of Directors for its adoption the Nomination and Remuneration Policy for the directors, key managerial personnel and other employees of the Company as set out below:

**COMPANY PHILOSOPHY**

Havells is an equal opportunities employer. The organisation does not discriminate on grounds of age, gender, colour, race, ethnicity, language, caste, creed, economic or social status or disability. The global workforce spread across continents, which has over the years transformed Havells into a global organisation forms the backbone of the entity. Pay revisions and other benefits are designed in such a way to compensate good performance of the employees of the Company and motivate them to do better in future.

Employee recognition schemes in the form of ESOPs/ESPS have also been introduced as successful tools in acknowledging their contribution and making them partners in the wealth created by Havells.

The endeavour of the organisation is to acknowledge the contributions of its directors, key managerial personnel and other employees with best compensation and benefits that appropriately reward performance in line with the regulatory and industry best practices.

**GUIDING PRINCIPLES**

In the formulation of this Policy, the Nomination and Remuneration Committee has also endeavored to ensure the guiding principles as prescribed u/s 178(4) of the Companies Act, 2013 and the section on Responsibilities of Board under clause 49 of the Listing Agreement, summarized hereunder:

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate human resource including directors of the quality required to run the company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- c) remuneration to directors, key managerial personnel and senior management reflecting short and long term performance objectives appropriate to the working of the company and its goals;
- d) facilitating effective shareholder participation in key Corporate Governance decisions such as the nomination and election of board members;
- e) aligning key executive and board remuneration with the longer term interests of the company and its shareholders;
- f) ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.

**NOMINATION OF THE DIRECTORS**

The Nomination and Remuneration Committee of the Board of Directors is dedicated to ensuring the continuance of a dynamic and forward-thinking Board and recommend to the Board qualified candidates for directorship.

Before recommending a nominee's candidature to the Board for being appointed as a Director, the following criteria set out may be applied as guidelines in considering potential nominees to the Board of Directors.

**General Criteria**

- The background and qualifications of the Directors considered as a group should provide a significant breadth of experience, knowledge and abilities to assist the Board in fulfilling its responsibilities.
- Directors should be selected so that the Board of Directors should remain as a diverse body, with diversity reflecting gender, ethnic background, country of citizenship and professional experience. Because a mix of viewpoints and ideas enhances the Board's ability to function effectively, the Committee shall consider the diversity of the existing Board when considering potential nominees,

so that the Board maintains a body of directors from diverse professional and personal backgrounds.

- Potential nominees shall not be discriminated against on the basis of race, religion, national origin, sex, disability, or any other basis prohibited by law.
- Any nominee should be free of any conflict of interest which would violate any applicable law or regulation or interfere with the performance of the responsibilities of a director.
- Commitment of the nominee to understanding the Company and its industry, embracing the organisation's values to help shape its vision, mission and strategic direction including oversight of risk management and internal control.
- Commitment of the nominee to spending the time necessary to function effectively as a Director, including attending and participating in meetings of the Board and its Committees.

#### Specific Criteria

- Demonstrated business acumen, experience and ability to use sound judgment and to contribute to the effective oversight of the business and financial affairs of a large, multifaceted, global organisation.
- The nominee reflects the right corporate tone and culture and excels at board-management relationships.
- Experience in strategic planning and managing multidisciplinary responsibilities, the ability to navigate among diverse professional groups and points of view, a track record of communicating effectively in a global environment, and high standards of integrity and professional conduct.
- Nominees understand and endeavour to balance the interests of shareholders and/ or other stakeholders and put the interests of the company or organisation above self-interest. He/ she has demonstrated a commitment to transparency and disclosure.
- He/ she is committed to superior corporate performance, consistently striving to go beyond the legal and/or regulatory governance requirements to enhance, not just protect, shareholder value.
- Nominee contributes to effective governance through superior, constructive relationships with the Executive Directorate and management.

#### REMUNERATION OF THE DIRECTORS

The Company strives to provide fair compensation to directors, taking into consideration industry benchmarks, Company's performance vis-à-vis the industry, responsibilities shouldered, performance/track record, macro economic review on remuneration packages of heads of other organisations.

The remuneration payable to the directors of the company, shall at all times be determined, in accordance with the provisions of the Companies Act, 2013.

#### Appointment and Remuneration of Managing Director and Whole-time Director

The terms and conditions of appointment and remuneration payable to a Managing Director and Whole-time Director(s) shall be recommended by the Nomination and Remuneration Committee to the Board for its approval which shall be subject to approval by shareholders at the next general meeting of the Company and by the Central Government in case such appointment is at variance to the conditions specified in Schedule V to the Companies Act, 2013. Approval of the Central Government is not necessary if the appointment is made in accordance with the conditions specified in Schedule V to the Act.

In terms of the provisions of Companies Act, 2013, the Company may appoint a person as its Managing Director or Whole-time Director for a term not exceeding 5 (Five) years at a time.

The executive directors may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.

The break-up of the pay scale, performance bonus and quantum of perquisites including, employer's contribution to P.F., pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and shall be within the overall remuneration approved by the shareholders and Central Government, wherever required.

While recommending the remuneration payable to a Managing/ Whole-time Director, the Nomination and Remuneration Committee shall, *inter alia*, have regard to the following matters:

- Financial and operating performance of the Company
- Relationship between remuneration and performance
- Industry/ sector trends for the remuneration paid to executive directorate

Annual Increments to the Managing/ Whole-time Director(s) shall be within the slabs approved by the Shareholders. Increments shall be decided by the Nomination and Remuneration Committee at times it desires to do so but preferably on an annual basis.

#### Insurance Premium as Part of Remuneration

Where any insurance is taken by a company on behalf of its Managing Director, Whole-time Director, Manager, Chief Executive Officer, Chief Financial Officer or Company Secretary for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

However, if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

### Remuneration of Independent Directors

Independent Directors may receive remuneration by way of

- Sitting fees for participation in the Board and other meetings
- Reimbursement of expenses for participation in the Board and other meetings
- Commission as approved by the Shareholders of the Company

### Independent Directors shall not be entitled to any stock options.

Based on the recommendation of the Nomination and Remuneration Committee, the Board may decide the sitting fee payable to independent directors. Provided that the amount of such fees shall not exceed the maximum permissible under the Companies Act, 2013.

### Remuneration to Directors in other Capacity

The remuneration payable to the directors including Managing or Whole-time Director or Manager shall be inclusive of the remuneration payable for the services rendered by him in any other capacity except the following:

- (a) the services rendered are of a professional nature; and
- (b) in the opinion of the Nomination and Remuneration Committee, the director possesses the requisite qualification for the practice of the profession.

### EVALUATION OF THE DIRECTORS

As members of the Board, the performance of the individual Directors as well as the performance of the entire Board and its Committees is required to be formally evaluated annually.

Section 178(2) of the Companies Act, 2013 also mandates the Nomination and Remuneration Committee to carry out evaluation of every director's performance.

In developing the methodology to be used for evaluation on the basis of best standards and methods meeting international parameters, the Board / Committee may take the advice of an independent professional consultant.

### NOMINATION AND REMUNERATION OF THE KEY MANAGERIAL PERSONNEL (OTHER THAN MANAGING/ WHOLE-TIME DIRECTORS), KEY-EXECUTIVES AND SENIOR MANAGEMENT

The executive management of a company is responsible for the day to day management of a company. The Companies Act, 2013 has used the term "key managerial personnel" to define the executive management.

The KMPs are the point of first contact between the company and its stakeholders. While the Board of Directors

are responsible for providing the oversight, it is the key managerial personnel and the senior management who are responsible for not just laying down the strategies as well as its implementation.

The Companies Act, 2013 has for the first time recognized the concept of Key Managerial Personnel. As per section 2(51) "key managerial personnel", in relation to a company, means:

- (i) the Chief Executive Officer or the Managing Director or the Manager;
- (ii) the Whole-time Director;
- (iii) the Chief Financial Officer;
- (iv) the Company Secretary; and
- (v) such other officer as may be prescribed.

Among the KMPs, the remuneration of the CEO or the Managing Director and the Whole-time Director(s), shall be governed by the Section on REMUNERATION OF THE DIRECTORS of this Policy dealing with "Remuneration of Managing Director and Whole-time Director".

Apart from the directors, the remuneration of

- All the Other KMPs such as the company secretary or any other officer that may be prescribed under the statute from time to time; and
- "Senior Management" of the Company defined in the clause 49 of the Listing Agreement with the Stock Exchanges i.e. personnel who are members of its core management team excluding the Board of Directors. Senior executives one level below the Board i.e. President cadre shall be determined by the Human Resources Department of the Company in consultation with the Managing Director and/ or the Whole-time Director (Finance).

The remuneration determined for all the above said senior personnel shall be in line with the Company's philosophy to provide fair compensation to key - executive officers based on their performance and contribution to the Company and to provide incentives that attract and retain key executives, instill a long-term commitment to the Company, and develop a pride and sense of Company ownership, all in a manner consistent with shareholder interests.

The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F., pension scheme, medical expenses, club fees etc. shall be decided by the Company's HR department.

Decisions on Annual Increments of the Senior Personnel shall be decided by the Human Resources Department in consultation with the Managing Director and/ or the Whole-time Director (Finance) of the Company.

**REMUNERATION OF OTHER EMPLOYEES**

Apart from the Directors, KMPs and Senior Management, the remuneration for rest of the employees is determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and local market conditions.

The Company considers it essential to incentivize the workforce to ensure adequate and reasonable compensation to the staff. The Human Resources Department shall ensure that the level of remuneration motivates and rewards high performers who perform according to set expectations for the individual in question.

The various remuneration components, basic salary, allowances, perquisites etc. may be combined to ensure an appropriate and balanced remuneration package.

The annual increments to the remuneration paid to the

employees shall be determined based on the annual appraisal carried out by the HoDs of various departments.

Decisions on Annual Increments shall be made on the basis of this annual appraisal.

**GENERAL**

This Policy shall apply to all future employment of Company's Senior Management including Key Managerial Personnel and Board of Directors.

Any or all the provisions of this Policy would be subject to the revision/ amendment in the Companies Act, 2013, related rules and regulations, guidelines and the Listing Agreement on the subject as may be notified from time to time. Any such amendment shall automatically have the effect of amending this Policy without the need of any approval by the Nomination and Remuneration Committee and/or the Board of Directors.

**ANNEXURE 2****Form No. MGT-9****EXTRACT OF ANNUAL RETURN**

**as on the financial year ended on 31<sup>st</sup> March, 2015**

*[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

**I. REGISTRATION AND OTHER DETAILS:**

i) CIN:	<b>L31900DL1983PLC016304</b>
ii) Registration Date:	<b>8<sup>th</sup> August, 1983</b>
iii) Name of the Company:	<b>HAVELLS INDIA LIMITED</b>
iv) Category/Sub-Category of the Company:	
Category	<b>Public Company</b>
Sub-Category	<b>Company Limited by Shares</b>
v) Address of the Registered office and contact details :	
Address of Registered Office	<b>1, Raj Narain Marg, Civil Lines, Delhi – 110 054</b>
Contact	<b>Telephone: 0120-3331000 Fax: 0120-3332000</b>
vi) Whether listed company Yes/No	<b>YES</b>
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:	
Name	<b>MCS Limited*</b>
Address	<b>F-65, 1<sup>st</sup> Floor, Okhla Industrial Area, Phase – I, New Delhi – 110 020</b>
Contact	Telephone No.: <b>011 – 41406149-52</b> Fax No. : <b>011- 41709881</b> Email id: <b>admin@mcsdel.com</b>

\* During the year, the Board of Directors consented to appoint Link In time India Private Limited, having its registered office at C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai – 400078, as the new RTA (Registrars & Share Transfer Agents) of the Company in place of MCS Limited, the Company's existing RTA. All operations and services shall be handled by the Link In time office in Delhi. The complete address for communication with the new RTA is given in the section on Corporate Governance Report. The process of shifting is currently in progress and till the completion of all required formalities in this regard the existing RTA of the Company i.e. MCS Limited shall continue to provide share registry services to shareholders of the Company.

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turn over of the company
1.	Switchgears	3120	24%
2.	Cable	3130	42%
3.	Lighting & Fixtures	3150	14%
4.	Electric Consumer Durables	2930	20%

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	NAME AND ADDRESS OF THE COMPANY		CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of Shares held	Applicable Section
	NAME OF THE COMPANY	ADDRESS OF THE COMPANY				
1	Havells Sylvania Argentina S.A.	Arias 3751, Piso 21, Of. NW - Ciudad de Buenos Aires - Argentina	30-69726961-0	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
2	Havells Sylvania Brasil Iluminacao Ltda.	Rua Jaceru, 151, 3º Andar, Vila Gertrudes - São Paulo - SP, CEP/ZIP Code 04705-000	61.578.118/0001-96	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
3	Havells Sylvania Colombia S.A.	Calle 57 B Sur No. 72A-23 Bogotá	450,386	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
4	Havells Sylvania Venezuela C.A.	Carretera Nacional Guarenas-Guatire, Sector las Flores, Centro Industrial Las Flores, Local D, Guatire Estado Miranda Venezuela	RIF: J-31458182-1 NIT: 0489247275	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
5	Havells Sylvania N.V. (Ecuador)	De los Jazmines N53-147y Pasaje San Carlos Quito Ecuador	62,533	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
6	Havells Sylvania El Salvador S.A. de C.V.	Residencial Montefresco Avenida Andalucia y C/San Antonio Abad No. 3540, San Salvador, El Salvador	614210273001-5	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
7	Havells Sylvania Guatemala S.A.	20 Calle Final KM. 6.8 Carretera a Muxbal, Complejo Ofibodega Pradera Bodega 18	107744-9	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
8	Havells Mexico S.A. de C.V.	Montes Urales 455 piso 3 col. Lomas de Chapultepec c.p.11000	HME9509059D7	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
9	Panama Americas Trading Hub SA	Ave. Ricardo J. Alfaro C/ Max E. Jimenez Local # 1, Plaza Max E. Jimenez Betania, Apartado 0818-00987 Rep. Panama	RUC 1783791-1-702531 D.V.38	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
10	Havells Sylvania Panama S.A.	Via Ricardo J. Alfaro, Plaza Max Jimenz, Local 1, Panama, Rep. de Panama	8,170,219,017,787	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
11	Havells Sylvania Peru S.A.C.	Calle los Castanos 335, San Isidro, Lima	2,051,815,129	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
12	Havells Sylvania Europe Ltd.	Avis Way, Newhaven East Sussex BN9 0ED	2,721,634	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
13	Havells Sylvania Spain S.A.	Havells-Sylvania Spain c/ Caleruega 102 - Edificio Ofipinar - Bajo- 28033 Madrid Spain	A 28075083	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
14	Havells Sylvania Portugal Lda.	Edifício Euro Rua Pedro Álvares Cabral, 24 – 6.º E/F, Infantado 2670-391 Loures	"07990/ 971205/ 500420807"	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
15	Havells Sylvania Italy S.p.A.	20099 Sesto San Giovanni (MI), Piazza Don enrico Mapelli 75	8,190,840,150	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
16	Havells Sylvania Greece A.E.E.E.	153, Menelaou str. Agios Dimitrios 172 43 Athens	2635/0ZNT/B/86/110(99)	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
17	Havells Sylvania Sweden A.B.	Uppkopparvagen 7 120 44 Arsta	556129-8695	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
18	Havells Sylvania Norway A.S.	Ole Deviles vei 44 0668 Oslo	921490879 MVA	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
19	Havells Sylvania Finland OY	Sirrikuja 3 A 00940 Helsinki	637,683	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
20	Havells Sylvania Tunisia S.A.R.L.	Route de Tunis km 3, BP 203/ A Kairouan 3100, 3140 Kairouan Okba Tunisie	B 14435200	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
21	Havells Sylvania UK Ltd.	Avis Way, Newhaven East Sussex BN9 0ED	487,252	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
22	Havells Sylvania Fixtures UK Ltd.	Avis Way, Newhaven East Sussex BN9 0ED	484,499	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
23	Havells Sylvania Lighting Belgium N.V.	Industriepark 13 3300 Tienen	421,873,289	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
24	Havells Sylvania Poland S.p.z.o.o	ul. Hrubieszowska 2, 01-209 Warszawa	Regon 141853839	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
25	Havells Sylvania Belgium B.V.B.A.	Industriepark 13 3300 Tienen	871,022,584	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
26	Havells Sylvania Germany GmbH	Graf Zeppelin Straße 9 - 12 91056 Erlangen	B 3535; Fürth	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013

S. No.	NAME AND ADDRESS OF THE COMPANY		CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of Shares held	Applicable Section
	NAME OF THE COMPANY	ADDRESS OF THE COMPANY				
27	Havells Sylvania Fixtures Netherlands B.V.	Prins Bernhardplein 200 1097 JB Amsterdam	34,044,076	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
28	Havells Sylvania Lighting France S.A.S.	1 Av du General de Gaulle 92230 Gennevilliers	552,109,258	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
29	Havells Sylvania France S.A.S.	1 Av du General de Gaulle 92230 Gennevilliers	484,395,256	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
30	Havells Sylvania Switzerland A.G.	Schaffhauserstrasse 470 8052 Zürich	CH-660.0.311.960-3	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
31	SLI Europe B.V.	Prins Bernhardplein 200 1097 JB Amsterdam	24,280,734	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
32	Sylvania Lighting International B.V.	Prins Bernhardplein 200 1097 JB Amsterdam	34,084,101	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
33	Flowil International Lighting (Holding) B.V.	Prins Bernhardplein 200 1097 JB Amsterdam	34,085,035	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
34	Havells Sylvania (Thailand) Ltd.	2 Ploenchit Center Bldg, 19 <sup>th</sup> Floor Sukhumvit Soi 2 Road, Klongtoey Bangkok 10110, Thailand	105,536,038,787	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
35	Guangzhou Havells Sylvania Enterprise Ltd.	1102, Guangzhou Radio Group Science&Technology Building No. 163, Pingyun Road West Huangpu Ave. Guangzhou China 510656	440,101,400,003,959	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
36	Havells Sylvania Asia Pacific Ltd.	Flat/RM 1005 BLK B 10/F Hunghom Commercial Center, 37 Ma Tau Wai Road, Honghom, Hongkong	3,246,089	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
37	Havells Sylvania (Shanghai) Ltd	Room 1701, No 76 Pujian Lu, Pudong, Shanghai, China	310,115,400,240,221	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
38	Havells Sylvania (Malaysia) Sdn. Bhd	Suite 2-4, Level 2 Tower Block, Menera Milenium , Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur	832313 T	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
39	Havells Sylvania Dubai FZCO	C/O Dubai Airport Freezone West Wing 2WM03 PO Box 54350 Dubai	"DAFZA-FZCO-CF-0465 Trade Licence No: 1463"	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
40	Havells Malta Ltd	33, St. Barbara Bastion, Valletta, VLT 1961 Malta	C 40825	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
41	Havell's Netherlands Holdings B.V.	Prins Bernhardplein 200 1097 JB Amsterdam	34,267,675	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
42	Havell's Netherlands B.V.	Prins Bernhardplein 200 1097 JB Amsterdam	34,267,677	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
43	Havells Sylvania Costa Rica S.A.	San Jose City, Zona Industrial de Pavas, costado sur del Centro Comercial de Pavas	3-101-008587	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
44	Havells USA Inc.	125B Villanova DR., Atlanta, GA 30336.	2,135,148	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
45	Havells Sylvania Iluminacion (Chile) Ltda	Av. Apoquindo 3710, 13 <sup>th</sup> Floor, Las Condes, Santiago	76.031.321-1	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
46	Havells Sylvania TR Elektrik Ürünleri Ticaret Limited Şirketi	Tatlisu Mah. Senol Gunes Bulvari, Mira Tower No. 2, Da. 22 Umraniye - Istanbul	796,956	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
47	PT Havells Sylvania Indonesia	Gedung Cyber 2 Tower LT, 17, JL. H.R. Rasuna Said Blok X-5 No. 13, Kuningan Timur - Setiabudi. Jakarta Selatan - DKI Jakarta Raya 12950	03.156.622.7-063.000	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
48	Thai Lighting Assets Co. Ltd.	No. 2 Ploenchit Center, 19 <sup>th</sup> Floor, Sukhumvit Road, Kwaeng Klongtoey, Khet Klongtoey, Bangkok Metropolis	105,555,026,951	SUBSIDIARY	49%	Section 2(87) of Companies Act, 2013
49	Havells Sylvania South Africa Proprietary Limited	4 <sup>th</sup> Floor, Aloe Grove, Houghton Estate Office Park, 2 Osborn Road, Houghton, 2198. PO Box 225, Highlands North, 2037, South Africa	2012.120040.07	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
50	Havells Mexico Servicios Generales SA De CV	Montes Urales 455 piso 3 col. Lomas de Chapultepec c.p.1000	HSS040427AC9	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
51	Havells Sylvania Export N.V.	Pietermaai 15 Curacao, Netherlands Antilles	62,534	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
52	Havells Sylvania Holdings BVI-1 Limited	Craigmuir Chambers P.O. Box 71 Road Town Tortola British Virgin Islands	267,753	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
53	Havells Sylvania Holdings BVI-2 Limited	Craigmuir Chambers P.O. Box 71 Road Town Tortola British Virgin Islands	32,515	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
54	Havells Exim Limited	Unit 1005 10/F Tower B Hunghom Comm CTR 37 MA TAU WAI RD Hunghom KL	52472231- 000- 06-14-7	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013
55	Havells Holdings Limited	33, Athol Street, Douglas, Isle of Man	00475V	SUBSIDIARY	100%	Section 2(87) of Companies Act, 2013

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### i) Category-wise Shareholding

Category of shareholders	No. of Shares held at the beginning of the Year <sup>#</sup>				No. of Shares held at the end of the Year <sup>#</sup>				% change during the year <sup>s</sup>
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
(a) Individual / HUF	12,63,57,380	0	12,63,57,380	20.24	12,63,57,380	0	12,63,57,380	20.23	-0.01
(b) Central Government	0	0	0	0.00	0	0	0	0.00	0.00
(c) State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d) Bodies Corporate	25,86,00,540	0	25,86,00,540	41.44	25,86,00,540	0	25,86,00,540	41.41	-0.03
(e) Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(f) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (A)(1):</b>	<b>38,49,57,920</b>	<b>0</b>	<b>38,49,57,920</b>	<b>61.68</b>	<b>38,49,57,920</b>	<b>0</b>	<b>38,49,57,920</b>	<b>61.64</b>	<b>-0.04</b>
<b>(2) Foreign</b>									
(a) NRIs- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b) Other-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
(e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (A)(2):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Shareholding of Prom. &amp; Prom. Grp. (A)=(A)(1)+(A)(2)</b>	<b>38,49,57,920</b>	<b>0</b>	<b>38,49,57,920</b>	<b>61.68</b>	<b>38,49,57,920</b>	<b>0</b>	<b>38,49,57,920</b>	<b>61.64</b>	<b>-0.04</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
(a) Mutual Funds	22,52,100	0	22,52,100	0.36	1,50,28,203	0	1,50,28,203	2.41	2.05
(b) Financial Institutions / Banks	48,740	0	48,740	0.01	49,019	0	49,019	0.01	0.00
(c) Central Government	0	0	0	0.00	0	0	0	0.00	0.00
(d) State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f) Insurance Companies	1,25,000	0	1,25,000	0.02	9,45,000	0	9,45,000	0.15	0.13
(g) Foreign Institutional Investors	19,16,42,930	0	19,16,42,930	30.71	16,23,25,060	0	16,23,25,060	25.99	-4.72
(h) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(i) Others	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (B)(1):</b>	<b>19,40,68,770</b>	<b>0</b>	<b>19,40,68,770</b>	<b>31.10</b>	<b>17,83,47,282</b>	<b>0</b>	<b>17,83,47,282</b>	<b>28.56</b>	<b>-2.54</b>
<b>(2) Non-Institutions</b>									
(a) Bodies Corporate									
1) Indian	91,13,255	0	91,13,255	1.46	1,45,39,655	0	1,45,39,655	2.33	0.87
2) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
(b) Individual									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2,26,07,610	29,34,795	2,55,42,405	4.09	3,07,21,361	21,82,700	3,29,04,061	5.27	1.18
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	57,01,635	1,04,000	58,05,635	0.93	81,51,410	1,04,000	82,55,410	1.32	0.39
(c) Others									
(1) Trusts	5,765	0	5,765	0.00	4,315	0	4,315	0.00	0.00
(2) Non Resident Indians	23,34,815	9,76,000	33,10,815	0.53	31,58,374	912,000	40,70,374	0.65	0.12
(3) Clearing Members	4,78,215	0	4,78,215	0.08	5,14,986	0	5,14,986	0.08	0.01
(4) Hindu Undivided Families	8,20,975	0	8,20,975	0.13	8,94,032	0	8,94,032	0.14	0.01
<b>Sub-Total (B)(2):</b>	<b>4,10,62,270</b>	<b>40,14,795</b>	<b>4,50,77,065</b>	<b>7.22</b>	<b>5,79,84,133</b>	<b>31,98,700</b>	<b>6,11,82,833</b>	<b>9.80</b>	<b>2.57</b>
<b>Total Public Shareholding(B)=(B)(1)+(B)(2)</b>	<b>23,51,31,040</b>	<b>40,14,795</b>	<b>23,91,45,835</b>	<b>38.32</b>	<b>23,63,31,415</b>	<b>31,98,700</b>	<b>23,95,30,115</b>	<b>38.36</b>	<b>0.04</b>
<b>C. Shares held by Custodian for GDR &amp; ADR</b>	0	0	0	0.00	0	0	0	0.00	0.00
<b>GRAND TOTAL (A+B+C)</b>	<b>62,00,88,960</b>	<b>40,14,795</b>	<b>62,41,03,755</b>	<b>100.00</b>	<b>62,12,89,335</b>	<b>31,98,700</b>	<b>62,44,88,035</b>	<b>100.00</b>	<b>0.00</b>

# The Equity shares of the Company were of the face value of ₹ 5/- each at the beginning of the Year and during the year were sub-divided into 5 Equity shares of ₹ 1/- each, Record Date thereof being 27<sup>th</sup> August, 2014. Therefore, the No. of Shares as at the beginning of the Year have been depicted after taking the effect of sub-division for comparative reporting purpose.

Further, during the year on 16<sup>th</sup> September, 2014, 3,84,280 Equity Shares of ₹ 1/- each were issued and allotted to Eligible Employees under the Havells Employees Long Term Incentive Plan 2014 (LTIP Plan), thereby resulting in increased paid-up capital.

§ The % change during the year is therefore purely on account of the increased paid-up capital due to allotment made under the Long Term Incentive Plan of the Company.

**ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the Year			Shareholding at the end of the Year			% Change in shares holding during the Year
		No. of Shares*	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares of the Company	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares of the Company	
1	SURJIT GUPTA	3,26,50,800	5.23	N.A.	3,26,50,800	5.23	N.A.	0
2	VINOD GUPTA#	6,63,54,240	10.63	N.A.	6,63,54,240	10.62	N.A.	0
3	AMEET GUPTA	15,66,160	0.25	N.A.	15,66,160	0.25	N.A.	0
4	ANIL RAI GUPTA	1,73,39,740	2.78	N.A.	1,73,39,740	2.78	N.A.	0
5	SANTOSH GUPTA	23,16,720	0.37	N.A.	23,16,720	0.37	N.A.	0
6	SHALINI GUPTA	38,98,500	0.62	N.A.	38,98,500	0.62	N.A.	0
7	SANGEETA GUPTA	22,31,220	0.36	N.A.	22,31,220	0.36	N.A.	0
8	AJANTA MERCANTILE LIMITED	6,87,41,660	11.01	N.A.	6,87,41,660	11.01	N.A.	0
9	QRG ENTERPRISES LIMITED	18,98,58,880	30.42	N.A.	18,98,58,880	30.40	N.A.	0
	Total	38,49,57,920	61.68		38,49,57,920	61.64		0

# During the year, Shri Qimat Rai Gupta, ceased to be Promoter on 7<sup>th</sup> November, 2014 due to death. His shareholding is in the process of transmission to Smt. Vinod Gupta (spouse).

**iii) Change in promoters' shareholding**

There has been no change in the shareholding of promoter group of the Company during the year. The change in % is a reflection of and purely on account of the subdivision of the Equity shares from ₹ 5/- each to ₹ 1/- each and the increase in paid-up capital due to allotment made to Eligible Employees of the Company under the Havells Long Term Incentive Plan 2014.

**(iv) Shareholding Pattern of Top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs).**

SL. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares*	% of total shares of the Company	No. of shares	% of total shares of the Company
	<b>For Each of the Top 10 Shareholders</b>	No. of shares* (*The Equity shares of the Company were of the face value of ₹ 5/- each at the beginning of the Year and during the year were sub-divided into 5 Equity shares of ₹ 1/- each, Record Date thereof being 27 <sup>th</sup> August, 2014. Therefore, the No. of Shares as at the beginning of the Year have been depicted after taking the effect of sub-division for comparative reporting purpose.			
1	<b>NALANDA INDIA EQUITY FUND LIMITED</b>				
	At the beginning of the year			3,30,44,930	5.29
	Sale(-)/Purchase(+) during the Year	As on Benpos Date	No. of shares: (- denotes sale)		
		N.A.	0	3,30,44,930	5.29
	At the End of the Year (or on the date of Separation, if Separated during the Year)			3,30,44,930	5.29
2	<b>CITIGROUP GLOBAL MARKETS MAURITIUS PRIVATE LIMITED</b>				
	At the beginning of the year			2,02,38,300	3.24
	Sale(-)/Purchase(+) during the Year	As on Benpos Date	No. of shares: (- denotes sale)		
		04.04.2014	-7,500	2,02,30,800	3.24
		11.04.2014	10,000	2,02,40,800	3.24
		18.04.2014	62,500	2,03,03,300	3.25
		02.05.2014	2,500	2,03,05,800	3.25
		16.05.2014	-2,11,250	2,00,94,550	3.22
		23.05.2014	-33,750	2,00,60,800	3.21



SL. No.				Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders			No. of shares* (*The Equity shares of the Company were of the face value of ₹ 5/- each at the beginning of the Year and during the year were sub-divided into 5 Equity shares of ₹ 1/- each, Record Date thereof being 27 <sup>th</sup> August, 2014. Therefore, the No. of Shares as at the beginning of the Year have been depicted after taking the effect of sub-division for comparative reporting purpose.	% of total shares of the Company	No. of shares	% of total shares of the Company
		06.06.2014	-1,60,000			1,99,00,800	3.19
		13.06.2014	2,27,500			2,01,28,300	3.23
		11.07.2014	1,48,750			2,02,77,050	3.25
		25.07.2014	1,40,000			2,04,17,050	3.27
		08.08.2014	32,500			2,04,49,550	3.28
		14.08.2014	2,500			2,04,52,050	3.28
		29.08.2014	-3,23,750			2,01,28,300	3.23
		05.09.2014	3,92,500			2,05,20,800	3.29
		12.09.2014	76,250			2,05,97,050	3.30
		19.09.2014	2,20,000			2,08,17,050	3.34
		30.09.2014	2,500			2,08,19,550	3.33
		05.12.2014	26,250			2,08,45,800	3.34
		12.12.2014	1,88,750			2,10,34,550	3.37
		30.01.2015	-2,45,000			2,07,89,550	3.33
		20.02.2015	1,00,000			2,08,89,550	3.35
		27.02.2015	-2,29,000			2,06,60,550	3.31
		06.03.2015	-1,00,000			2,05,60,550	3.29
		13.03.2015	-1,31,000			2,04,29,550	3.27
		20.03.2015	-3,82,000			20,047,550	3.21
		27.03.2015	-2,51,000			1,97,96,550	3.17
		31.03.2015	-250			1,97,96,300	3.17
	At the End of the Year (or on the date of Separation, if Separated during the Year)				1,97,96,300	3.17	
3	<b>JANUS OVERSEAS FUND.</b>						
	At the beginning of the year				1,80,44,320	2.89	
	Sale(-)/Purchase(+) during the Year	As on Benpos Date	No. of shares: (- denotes sale)				
		04.04.2014	-4,04,540			1,76,39,780	2.83
		11.04.2014	-20,79,695			1,55,60,085	2.49
		18.04.2014	-4,82,625			1,50,77,460	2.42
		25.04.2014	-1,83,070			1,48,94,390	2.39
		02.05.2014	-8,98,755			1,39,95,635	2.24
		09.05.2014	-99,055			1,38,96,580	2.23
		16.05.2014	-4,50,045			1,34,46,535	2.15
		23.05.2014	-23,03,785			1,11,42,750	1.79
		06.06.2014	-24,13,850			87,28,900	1.40
		13.06.2014	-19,86,525			67,42,375	1.08
		20.06.2014	-12,29,575			55,12,800	0.88
		30.06.2014	-1,14,090			53,98,710	0.87
		04.07.2014	-43,65,865			10,32,845	0.17
		11.07.2014	-4,23,055			6,09,790	0.10
		18.07.2014	-6,09,790			0	0.00
	At the End of the Year (or on the date of Separation, if Separated during the Year)				0	0.00	
4	<b>GOVERNMENT PENSION FUND GLOBAL</b>						
	At the beginning of the year				1,46,54,110	2.35	
	Sale(-)/Purchase(+) during the Year	As on Benpos Date	No. of shares: (- denotes sale)				
		16.05.2014	27,50,000			1,74,04,110	2.79
		04.07.2014	40,00,000			2,14,04,110	3.43
		31.10.2014	-5,61,458			2,08,42,652	3.34
		06.03.2015	4,24,096			2,12,66,748	3.41
		13.03.2015	29,794			2,12,96,542	3.41
		31.03.2015	4,47,852			2,17,44,394	3.48
	At the End of the Year (or on the date of Separation, if Separated during the Year)				2,17,44,394	3.48	

SL. No.	For Each of the Top 10 Shareholders			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares* (*The Equity shares of the Company were of the face value of ₹ 5/- each at the beginning of the Year and during the year were sub-divided into 5 Equity shares of ₹ 1/- each, Record Date thereof being 27 <sup>th</sup> August, 2014. Therefore, the No. of Shares as at the beginning of the Year have been depicted after taking the effect of sub-division for comparative reporting purpose.	% of total shares of the Company	No. of shares	% of total shares of the Company
5	<b>IIFL INC A/C VONTOBEL INDIA FUND</b>						
	At the beginning of the year			1,19,69,330	1.92		
	Sale(-)/Purchase(+) during the Year	As on Benpos Date	No. of shares: (- denotes sale)				
		05.09.2014	-3,46,792			1,16,22,538	1.86
		12.09.2014	-5,05,121			1,11,17,417	1.78
		12.12.2014	-13,05,521			98,11,896	1.57
		19.12.2014	-45,81,178			52,30,718	0.84
		31.12.2014	-52,30,718			0	0.00
	At the End of the Year (or on the date of Separation, if Separated during the Year)			0	0.00		
6	<b>HSBC BANK (MAURITIUS) LIMITED A/C JWALAMUKHI</b>						
	At the beginning of the year			1,04,50,715	1.67		
	Sale(-)/Purchase(+) during the Year	As on Benpos Date	No. of shares: (- denotes sale)				
		16.05.2014	-28,39,565			76,11,150	1.22
		30.05.2014	-1,60,650			74,50,500	1.19
		06.06.2014	-1,25,000			73,25,500	1.17
		13.06.2014	-20,06,500			53,19,000	0.85
	At the End of the Year (or on the date of Separation, if Separated during the Year)			53,19,000	0.85		
7	<b>VONTOBEL FUND A/C VONTOBEL FUND EMERGING MARK</b>						
	At the beginning of the year			89,97,810	1.44		
	Sale(-)/Purchase(+) during the Year	As on Benpos Date	No. of shares: (- denotes sale)				
		04.04.2014	-2,12,000			87,85,810	1.41
		05.09.2014	-9,09,900			78,75,910	1.26
		19.09.2014	-17,31,355			61,44,555	0.98
		30.09.2014	-3,95,589			57,48,966	0.92
		12.12.2014	-6,75,103			50,73,863	0.81
		19.12.2014	-23,68,990			27,04,873	0.43
		31.12.2014	-27,04,873			0	0.00
	At the End of the Year (or on the date of Separation, if Separated during the Year)			0	0.00		
8	<b>VIRTUS EMERGING MARKETS OPPORTUNITIES FUND</b>						
	At the beginning of the year			69,80,970	1.12		
	Sale(-)/Purchase(+) during the Year	As on Benpos Date	No. of shares: (- denotes sale)				
		19.09.2014	-1,73,855			68,07,115	1.09
		30.09.2014	-39,724			67,67,391	1.08
		12.12.2014	-7,94,697			59,72,694	0.96
		19.12.2014	-27,88,652			31,84,042	0.51
		31.12.2014	-31,84,042			0	0.00
	At the End of the Year (or on the date of Separation, if Separated during the Year)			0	0.00		

SL. No.	For Each of the Top 10 Shareholders			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares* (*The Equity shares of the Company were of the face value of ₹ 5/- each at the beginning of the Year and during the year were sub-divided into 5 Equity shares of ₹ 1/- each, Record Date thereof being 27 <sup>th</sup> August, 2014. Therefore, the No. of Shares as at the beginning of the Year have been depicted after taking the effect of sub-division for comparative reporting purpose.	% of total shares of the Company	No. of shares	% of total shares of the Company
9	<b>JANUS ASPEN SERIES OVERSEAS PORTFOLIO</b>						
	At the beginning of the year			59,85,425	0.96		
	Sale(-)/Purchase(+) during the Year	As on Benpos Date	No. of shares: (- denotes sale)				
		04.04.2014	-1,52,525			58,32,900	0.93
		11.04.2014	-7,84,100			50,48,800	0.81
		18.04.2014	-1,81,960			48,66,840	0.78
		25.04.2014	-69,020			47,97,820	0.77
		02.05.2014	-3,38,850			44,58,970	0.71
		09.05.2014	-37,345			44,21,625	0.71
		16.05.2014	-53,035			43,68,590	0.70
		06.06.2014	43,60,310			87,28,900	1.40
		13.06.2014	-57,97,275			29,31,625	0.47
		20.06.2014	-4,01,260			25,30,365	0.41
		30.06.2014	-52,365			24,78,000	0.40
		04.07.2014	-20,03,930			4,74,070	0.08
		11.07.2014	-1,94,175			2,79,895	0.04
		18.07.2014	-2,79,895			0	0.00
	At the End of the Year (or on the date of Separation, if Separated during the Year)			0	0.00		
10	<b>VONTOBEL FUND A/C VONTOBEL FUND FAR EAST EQUI</b>						
	At the beginning of the year			34,14,810	0.55		
	Sale(-)/Purchase(+) during the Year	As on Benpos Date	No. of shares: (- denotes sale)				
		11.07.2014	-11,61,500			22,53,310	0.36
		19.09.2014	-18,303			22,35,007	0.36
		30.09.2014	-3,34,838			19,00,169	0.30
		16.01.2015	-19,00,169			0	0.00
	At the End of the Year (or on the date of Separation, if Separated during the Year)			0	0.00		

## (v) Shareholding of Directors and Key Managerial Personnel:

SL. No.	For Each of the Directors and KMP#			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares* (*The Equity shares of the Company were of the face value of ₹ 5/- each at the beginning of the Year and during the year were sub-divided into 5 Equity shares of ₹ 1/- each, Record Date thereof being 27 <sup>th</sup> August, 2014. Therefore, the No. of Shares as at the beginning of the Year have been depicted after taking the effect of sub-division for comparative reporting purpose.	% of total shares of the Company	No. of shares	% of total shares of the Company
1	<b>SHRI SURJIT GUPTA</b>						
	At the beginning of the year			3,26,50,800	5.23		
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):			-	-		
	At the End of the Year			3,26,50,800	5.23		

SL. No.	For Each of the Directors and KMP#	Shareholding at the beginning of the year			Cumulative Shareholding during the year	
		No. of shares* (*The Equity shares of the Company were of the face value of ₹ 5/- each at the beginning of the Year and during the year were sub-divided into 5 Equity shares of ₹ 1/- each, Record Date thereof being 27 <sup>th</sup> August, 2014. Therefore, the No. of Shares as at the beginning of the Year have been depicted after taking the effect of sub-division for comparative reporting purpose.	% of total shares of the Company	No. of shares	% of total shares of the Company	
2	<b>SHRI ANIL RAI GUPTA</b>					
	At the beginning of the year			1,73,39,740	2.78	
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			-	-	
	At the End of the Year			1,73,39,740	2.78	
3	<b>SHRI AMEET KUMAR GUPTA</b>					
	At the beginning of the year			15,66,160	0.25	
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			-	-	
	At the End of the Year			15,66,160	0.25	
4	<b>SHRI RAJESH GUPTA</b>					
	At the beginning of the year			11,98,400	0.19	
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):		No. of shares			
	Shares under Havells Long Term Incentive Plan 2014 for FY 2012-13	08.05.2014	5,740			12,04,140 0.19
	Shares under Havells Long Term Incentive Plan 2014 for FY 2013-14	16.09.2014	18,115			12,22,255 0.20
	At the End of the Year			12,22,255	0.20	
5	<b>SHRI S. B. MATHUR</b>					
	At the beginning of the year			0	0.00	
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			-	-	
	At the End of the Year			0	0.00	
6	<b>SHRI A. P. GANDHI</b>					
	At the beginning of the year			0	0.00	
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			-	-	
	At the End of the Year			0	0.00	
7	<b>SHRI V. K. CHOPRA</b>					
	At the beginning of the year			0	0.00	
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			-	-	
	At the End of the Year			0	0.00	

SL. No.	For Each of the Directors and KMP#		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares* (*The Equity shares of the Company were of the face value of ₹ 5/- each at the beginning of the Year and during the year were sub-divided into 5 Equity shares of ₹ 1/- each, Record Date thereof being 27 <sup>th</sup> August, 2014. Therefore, the No. of Shares as at the beginning of the Year have been depicted after taking the effect of sub-division for comparative reporting purpose.	% of total shares of the Company	No. of shares	% of total shares of the Company
8	<b>SHRI S. K. TUTEJA</b>					
	At the beginning of the year			0	0.00	
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			-	-	
	At the End of the Year			0	0.00	
9	<b>DR. ADARSH KISHORE</b>					
	At the beginning of the year			0	0.00	
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			-	-	
	At the End of the Year			0	0.00	
10	<b>MRS. PRATIMA RAM</b>					
	At the beginning of the year (As on 28-7-14, date of appointment as Director)			0	0.00	
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			-	-	
	At the End of the Year			0	0.00	
11	<b>SHRI T. V. MOHANDAS PAI</b>					
	At the beginning of the year (As on 22-12-14, date of appointment as Director)			0	0.00	
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			-	-	
	At the End of the Year			0	0.00	
12	<b>SHRI PUNEET BHATIA</b>					
	At the beginning of the year (As on 22-12-14, date of appointment as Director)			49,750	0.01	
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			-	-	
	At the End of the Year			49,750	0.01	
13	<b>SHRI SANJAY KUMAR GUPTA</b>					
	At the beginning of the year			540	0.00	
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):		No. of shares			
	Shares under Havells Long Term Incentive Plan 2014 for FY 2012-13	08.05.2014	680			1,220 0.00
	Shares under Havells Long Term Incentive Plan 2014 for FY 2013-14	16.09.2014	2,070			3,290 0.00
	At the End of the Year			3,290	0.00	

# During the year, Shri Qimat Rai Gupta, ceased to be the Chairman and Managing Director (KMP) on 7<sup>th</sup> November, 2014 due to death. His shareholding is in the process of transmission to Smt. Vinod Gupta (spouse).

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Crores)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	120.20	-	75.32	195.52
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.47	-	5.22	5.69
<b>Total (i+ii+iii)</b>	<b>120.67</b>	<b>-</b>	<b>80.54</b>	<b>201.21</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	-	-	-	-
• Reduction	40.07	-	75.32	115.39
<b>Net Change</b>	<b>40.07</b>	<b>-</b>	<b>75.32</b>	<b>115.39</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	83.46*	-	-	83.46
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.32	-	-	0.32
<b>Total (i+ii+iii)</b>	<b>83.78</b>	<b>-</b>	<b>-</b>	<b>83.78</b>

\*Indebtedness at the end includes exchange fluctuation of ₹ 3.33 Crores

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		Shri Qimat Rai Gupta* (Chairman and Managing Director)	Shri Anil Rai Gupta** (Chairman and Managing Director)	Shri Ameet Kumar Gupta <sup>§</sup> (Whole-time Director)	Shri Rajesh Gupta*** (Director (Finance) and Group CFO) <sup>#</sup>	
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5,95,99,050	2,12,43,941	30,00,000	1,63,41,312	10,01,84,303
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	99,496	39,600	13,200	39,600	1,91,896
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	9,03,372 <sup>#</sup>	9,03,372
3.	Sweat Equity	-	-	-	-	-
4.	Commission					
	- as% of profit	3,68,00,000*	5,88,00,000**	88,25,000 <sup>§</sup>	3,33,00,000***	13,77,25,000
	- others, specify...	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-
	Total(A)	9,64,98,546	8,00,83,541	1,18,38,200	5,05,84,284	23,90,04,571
	Ceiling as per the Act	10% of Net profit for all Executive Directors - Managing and Whole-time Directors; 5% of Net profit to any one Managing or Whole-time Director				

\* Ceased to be Chairman and Managing Director w.e.f. 7<sup>th</sup> November, 2014 on his demise. Details of remuneration are given upto the date of cessation. As per the approved terms, Shri Qimat Rai Gupta was entitled to receive Commission @ 1.00% of the profit before tax for the financial year ended 2014-15.

\*\* Shri Anil Rai Gupta (earlier Joint Managing Director) was designated as the Chairman and Managing Director w.e.f. 13<sup>th</sup> November, 2014. Subject to the approval of shareholders, the Board upon the recommendation of the Nomination and Remuneration Committee has approved the payment of Commission @ 1.25% of the profit before tax, to Shri Anil Rai Gupta w.e.f. 1<sup>st</sup> January, 2015. Prior to that, i.e. from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> December, 2014, Shri Anil Rai Gupta, was entitled to receive Commission @ 0.75% of the profit before tax.

<sup>§</sup> Appointed as Whole-time Director w.e.f. 1<sup>st</sup> January, 2015. Subject to the approval of shareholders, the Board upon the recommendation of the Nomination and Remuneration Committee has approved the payment of Commission @ 0.50% of the profit before tax, to Shri Ameet Kumar Gupta w.e.f. 1<sup>st</sup> January, 2015.

<sup>\*\*\*</sup> As per the approved terms, Shri Rajesh Gupta is entitled to receive Commission @ 0.50% of the profit before tax for the financial year ended 2014-15

<sup>#</sup> Under the Havells Long Term Incentive Plan of the Company, 5,740 Equity shares of ₹ 1/- each of the Company have been transferred from the Havells Employees Welfare Trust to the demat account of Shri Rajesh Gupta, on 8<sup>th</sup> May, 2015, upon exercise of his vested Options for FY 2012-13. Further, Shri Rajesh Gupta is also entitled to be allotted 11,549 Equity shares of ₹ 1/- each of the Company upon exercise of 11,549 Shares Granted to him under the Plan for the FY 2014-15.

## B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors									Total Amount
		Shri V.K. Chopra (ID)	Shri A.P. Gandhi (ID)	Dr. Adarsh Kishore (ID)	Shri S.B. Mathur (ID)	Shri S.K. Tuteja (ID)	Smt. Pratima Ram <sup>§</sup> (ID)	Shri Surjit Gupta (NED, Non-Independent)	Shri Puneet Bhatia <sup>®</sup> (NED, Non-Independent)	Shri T. V. Mohandas Pai <sup>®</sup> (NED, Non-Independent)	
1.	Independent Directors(ID)										
	• Fee for attending board committee meetings	4,60,000	4,60,000	3,00,000	3,20,000	4,00,000	1,60,000	N. A.	N. A.	N. A.	21,00,000
	• Commission	5,00,000 <sup>^</sup>	5,00,000 <sup>^</sup>	5,00,000 <sup>^</sup>	5,00,000 <sup>^</sup>	5,00,000 <sup>^</sup>	5,00,000 <sup>^</sup>				30,00,000
	• Others, please specify	-	-	-	-	-	-				-
	Total(1)	9,60,000	9,60,000	8,00,000	8,20,000	9,00,000	6,60,000	-	-	-	51,00,000
2.	Other Non-Executive Directors (NED)	N. A.	N. A.	N. A.	N. A.	N. A.	N. A.				
	• Fee for attending board committee meetings							-	20,000	40,000	60,000
	• Commission							-	-	-	-
	• Others, please specify							-	-	-	-
	Total(2)	-	-	-	-	-	-	-	20,000	40,000	60,000
	Total(B) = (1+2)	9,60,000	9,60,000	8,00,000	8,20,000	9,00,000	6,60,000	-	20,000	40,000	51,60,000
	Total Managerial Remuneration*										24,41,64,571
	Overall Ceiling as per the Act	1% of Net Profits of the Company for all Non-Executive Directors									

<sup>§</sup> Appointed as an Additional Director w.e.f. 28<sup>th</sup> July, 2014

<sup>®</sup> Appointed as Additional Directors w.e.f. 22<sup>nd</sup> December, 2014.

<sup>^</sup> In terms of Shareholders approval dated 9<sup>th</sup> June, 2014, all the Non-Executive Independent Directors of the Company are entitled for a commission of ₹ 5 lakhs per annum.

\* Total Remuneration to MD/WTD and other Director (being the total A and B)

## C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO <sup>*</sup>	Company Secretary	CFO <sup>*</sup>	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		38,49,269		38,49,269
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961		32,400		32,400
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961		-		-
2.	Stock Option		1,00,605		1,00,605
3.	Sweat Equity		-		-
4.	Commission				
	- as% of profit				
	- others, specify...				
5.	Others, please specify				
	Total		39,82,274		39,82,274

\* Particulars of Remuneration of CEO (Shri Anil Rai Gupta, Chairman and Managing Director) and CFO (Shri Rajesh Gupta, Whole-time Director (Finance) and Group CFO) are given under point VI(A) above.

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of penalty / punishment / compounding fees imposed	Authority [RD / NCLT / Court]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty	NIL				
Punishment	NIL				
Compounding	NIL				
<b>B. DIRECTORS</b>					
Penalty	NIL				
Punishment	NIL				
Compounding	NIL				
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	NIL				
Punishment	NIL				
Compounding	NIL				

**ANNEXURE 3**

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2015**

*[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
Havells India Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Havells India Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit. We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

- We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;



- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vi) The Employees State Insurance Act, 1948
- (vii) Employees Provident Fund and Miscellaneous Provisions Act, 1952
- (viii) Employers Liability Act, 1938
- (ix) Environment Protection Act, 1986 and other environmental laws
- (x) Air (Prevention and Control of Pollution) Act, 1981
- (xi) Factories Act, 1948
- (xii) Industrial Dispute Act, 1947
- (xiii) Payment of Wages Act, 1936 and other applicable labour laws
- (xiv) Other laws as applicable to the Company other than taxation laws

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India, to the extent applicable.
- ii. The Listing Agreements entered into by the Company with the BSE Limited and the National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The

changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members views are captured and recorded as part of the minutes.
- There are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period the Company has issue and allotted Shares under Employees Stock Option Scheme which were successfully listed and currently traded at both the Stock Exchanges. Further, we report that there were no instances of:-

- i. Public/Right/Preferential issue of shares / debentures/ sweat equity, etc.
- ii. Redemption / buy-back of securities.
- iii. Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013.
- iv. Merger / amalgamation / reconstruction, etc.
- v. Foreign technical collaborations.

For MZ & Associates  
Company Secretaries

CS Mohd Zafar  
Partner

Place: New Delhi  
Date: 28<sup>th</sup> April, 2015

Membership No: ACS 28165  
CP: 13875

## ANNEXURE 4

### Details of Investments as on 31<sup>st</sup> March, 2015

Name of Company	Amount (INR)
Havells Holdings Limited*	980,89,01,645
Jiangsu Havells Sylvania Lighting Limited	30,86,72,388
Havells Exim Limited*	5,800
<b>Total</b>	<b>10,11,75,79,833</b>

\* Being wholly-owned subsidiaries of the Company, the investment made by the Company are exempt under section 186 of the Companies Act, 2013

### Details of Guarantees as on 31<sup>st</sup> March, 2015

The Company has given a corporate guarantee of ₹ 31.30 crores (USD 5 millions) to Standard Chartered Bank (Hong

Kong) Limited in respect of the credit facilities sanctioned to its subsidiary company 'Havells Exim Limited'.

There is no outstanding amount of the said credit facility as at 31<sup>st</sup> March, 2015.

The Company had given an irrevocable and unconditional corporate guarantee to Standard Chartered Bank Limited, London for ₹ 175.53 crores (Euro 26 millions) in respect of facility sanctioned to its subsidiary company 'Havells Holdings Limited' as per Deed of Guarantee executed between the Company and Standard Chartered Bank Limited, London on 29<sup>th</sup> March, 2013.

There is no outstanding liability of the said facility as on the date of balance sheet. The guarantee was released on 20<sup>th</sup> March, 2015.

## Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto**

1. Details of contracts or arrangements or transactions not at arm's length basis –

**NONE; DURING THE REPORTING PERIOD, ALL TRANSACTIONS WERE AT ARM'S LENGTH BASIS.**

- (a) Name(s) of the related party and nature of relationship **NA**
- (b) Nature of contracts/arrangements/transactions **NA**
- (c) Duration of the contracts / arrangements/ transactions **NA**
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any **NA**
- (e) Justification for entering into such contracts or arrangements or transactions **NA**
- (f) Date(s) of approval by the Board **NA**
- (g) Amount paid as advances, if any: **NA**
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188 **NA**

(\*As defined under clause 49 of the Listing Agreement and adopted by the Board of Directors in the Related Party Transactions Policy of the Company, "Material Related Party Transaction" means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the company as per the last audited financial statements of the company.)

- (a) Name(s) of the related party and nature of relationship **NA**
- (b) Nature of contracts / arrangements / transactions **NA**
- (c) Duration of the contracts / arrangements / transactions **NA**
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: **NA**
- (e) Date(s) of approval by the Board, if any: **NA**
- (f) Amount paid as advances, if any: **NA**

2. Details of material contracts or arrangement or transactions at arm's length basis –

**NONE; DURING THE REPORTING PERIOD, THERE WAS NO MATERIAL CONTRACT OR ARRANGEMENT.**

Noida, May 11, 2015

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

Anil Rai Gupta  
Chairman and Managing Director

**ANNUAL REPORT ON CSR PURSUANT TO RULES 8 & 9 OF COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014**

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or program.

In adherence to section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors upon the recommendation of CSR Committee, in its meeting held on 23<sup>rd</sup> April, 2014, has approved a CSR Policy of the Company.

In accordance with the primary CSR philosophy of the group and the specified activities under Schedule VII to the Companies Act, 2013, the CSR activities of the Company cover certain thrust areas such as mid-day meals, sanitation facilities to schools, supporting education and healthcare.

The Corporate Social Responsibility Policy of the Company is available on the website of the Company [www.havells.com](http://www.havells.com) in the 'Investor Section' under 'Disclosures'.

2. The composition of CSR committee

As at 31<sup>st</sup> March, 2015, the Corporate Social Responsibility Committee comprises of 4 (Four) members of the Board, 2 (Two) of which are Independent Directors and remaining 2 (Two) are Executive. The Chairman of the Committee is an Independent Director.

Sl. No.	NAME	CATEGORY	DESIGNATION
1.	Shri Surender Kumar Tuteja	Independent Director	Chairman
2.	Dr. Adarsh Kishore	Independent Director	Member
3.	Shri Anil Rai Gupta	Executive Director	Member
4.	Shri Rajesh Gupta	Executive Director	Member

3. Average net profit of the Company for last 3 FY

The Average Net Profit of three financial years preceding the reporting financial year (i.e. 2013-14, 2012-13, 2011-12) calculated in accordance with section 135 of the Companies Act, 2013 is ₹ 496.21 crores.

4. Prescribed CSR Expenditure (2% of the amount as in item 3 above)

The prescribed CSR Expenditure to be incurred during the financial year i.e. 2014-15 is ₹ 9.92 crores.

5. Details of CSR spent during the FY

(a) Total amount to be spent for the FY = ₹ **9.92 crores**

(b) Amount unspent, if any = ₹ **0.135 crores**

(c) Manner in which the amount spent during the FY is detailed below:

(₹ in crores)

S. No.	CSR project or activity defined	Sector in which the project is covered*	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or program Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1.	Mid-Day Meal (MDM) programme.	(i)	Alwar, Rajasthan	3.820	3.001	3.001	Through QRG Foundation
2.	Providing sanitation facilities - By building toilets in schools where mid-day meals are provided.	(i)	- do -	1.700	2.394 <sup>#</sup>	2.394	0.035- Direct 2.359 - Through QRG Foundation
3.	Supporting education of underprivileged children - Aid, support and facilitate all activities in connection with and related to the school being run by The Vivekananda Ashrama	(ii)	Faridabad, Haryana	0.200	0.250	0.250	Through The Vivekananda Ashrama
4.	Contributing to eligible institutions, universities etc. for promotion of education - Contributions to Ashoka University promoted by IFRE (a not-for-profit company formed under section 25 of erstwhile Companies Act, 1956, undertaking programs/ projects/ activities pertaining to promotion of education in India with an established track record of more than 3 years.)	(ii)	Sonepat, Haryana	4.000	4.000	4.000	Through Ashoka University
5.	Supporting healthcare - Through bearing the cost of medical treatments of needy people.	(iii)	Faridabad, Haryana	0.200	0.140	0.140	Through QRG Foundation
	<b>TOTAL</b>			<b>9.920</b>	<b>9.785</b>	<b>9.785</b>	-

\* Sector refers to the Entries specified in Schedule VII to the Companies Act, 2013.

<sup>#</sup> Includes ₹ 2.359 crores as donation given to QRG Foundation for building toilets in Alwar, completion of which is expected in financial year 2015-16. Please refer point no. 6 below for details.

6. In case the company has failed to spend the 2% of the average net profit of the last 3 FYs or any part thereof, the company shall provide the reason for not spending the amount in its board report.

In respect of the balance amount that needs to be spent under the prescribed CSR Expenditure for financial year 2014-15, the Company has decided to build toilets in schools in Alwar district where it is providing mid-day meals.

In order to identify a sustainable solution, an eco-friendly bio-toilet was made, which does not require any major maintenance apart from regular cleaning. Also it does not pollute the earth or contaminate the ground water.

First such model toilet was inaugurated in Alwar on 22<sup>nd</sup> April, 2015. It is planned to give the contract to Banka Bio (a Hyderabad based company) for building toilets in 100 schools in the financial year 2015-16. Cost of toilet in each school (including 8 single toilets) would be approximately 2.50 lakhs (for all 8). This number would vary from school to school depending on number of students in each school.

## 7. Responsibility Statement

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

**Anil Rai Gupta**  
Chairman and Managing Director

**S K Tuteja**  
Chairman CSR Committee

### ANNEXURE – 7

#### (A) DETAILS PURSUANT TO THE PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Relevant clause u/r 5(1)	Prescribed Requirement	Particulars															
(i)	Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	<ul style="list-style-type: none"> <li>– Ratio of the remuneration of Shri Anil Rai Gupta, Chairman and Managing Director to the median remuneration of the employees – 172:1</li> <li>– Ratio of the remuneration of Shri Ameet Kumar Gupta, Whole-time Director to the median remuneration of the employees – 102:1</li> <li>– Ratio of the remuneration of Shri Rajesh Gupta, Whole-time Director (Finance) and Group CFO – 109:1</li> </ul>															
(ii)	Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	<ul style="list-style-type: none"> <li>– Shri Anil Rai Gupta, CMD – 70.93%</li> <li>– Shri Ameet Kumar Gupta, WTD<sup>#</sup> – N.A.</li> <li>– Shri Rajesh Gupta, WTD-FINANCE (CFO) – 14.67%</li> <li>– Shri Sanjay Gupta, CS – 12.34%</li> </ul>															
(iii)	Percentage increase in the median remuneration of employees in the financial year	15.38%															
(iv)	Number of permanent employees on the rolls of company	4,013 Employees															
(v)	Explanation on the relationship between average increase in remuneration and company performance	Average increase in remuneration – 15.38 % Average increase in Profit Before Tax – 8.59 %															
(vi)	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	<div style="text-align: right;">₹ in crores</div> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">KMP</th> <th style="text-align: center;">Remuneration</th> <th style="text-align: center;">Company Performance (PBT)</th> </tr> </thead> <tbody> <tr> <td>Shri Anil Rai Gupta, Chairman and Managing Director</td> <td style="text-align: center;">8.26</td> <td style="text-align: center;">646.25</td> </tr> <tr> <td>Shri Ameet Kumar Gupta, Whole-time Director<sup>#</sup></td> <td style="text-align: center;">1.22</td> <td style="text-align: center;">646.25</td> </tr> <tr> <td>Shri Rajesh Gupta, Whole-time Director (Finance) and Group CFO</td> <td style="text-align: center;">5.24</td> <td style="text-align: center;">646.25</td> </tr> <tr> <td>Shri Sanjay Gupta, Company Secretary</td> <td style="text-align: center;">0.42</td> <td style="text-align: center;">646.25</td> </tr> </tbody> </table>	KMP	Remuneration	Company Performance (PBT)	Shri Anil Rai Gupta, Chairman and Managing Director	8.26	646.25	Shri Ameet Kumar Gupta, Whole-time Director <sup>#</sup>	1.22	646.25	Shri Rajesh Gupta, Whole-time Director (Finance) and Group CFO	5.24	646.25	Shri Sanjay Gupta, Company Secretary	0.42	646.25
KMP	Remuneration	Company Performance (PBT)															
Shri Anil Rai Gupta, Chairman and Managing Director	8.26	646.25															
Shri Ameet Kumar Gupta, Whole-time Director <sup>#</sup>	1.22	646.25															
Shri Rajesh Gupta, Whole-time Director (Finance) and Group CFO	5.24	646.25															
Shri Sanjay Gupta, Company Secretary	0.42	646.25															
(vii)	Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year	Variations in the market capitalisation <ul style="list-style-type: none"> <li>– Market capitalisation as at 31<sup>st</sup> March, 2014: 11,653 crores</li> <li>– Market capitalisation as at 31<sup>st</sup> March, 2015: 19,059 crores</li> </ul> Variations in the PE Ratio <ul style="list-style-type: none"> <li>– PE Ratio as at 31<sup>st</sup> March, 2014: 26.11</li> <li>– PE Ratio as at 31<sup>st</sup> March, 2015: 49.47</li> </ul> 960 times increase in the market quotation of the Shares in comparison to the rate at which the company came out with IPO, adjusted for bonus issue / split.															

Relevant clause u/r 5(1)	Prescribed Requirement	Particulars
(viii)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	<ul style="list-style-type: none"> <li>- Average increase in remuneration of Managerial Personnel – 28.7%</li> <li>- Average increase in remuneration of employees other than the Managerial Personnel – 15.6%</li> </ul> <p>The top level compensation is linked to Profit Before Tax.</p>
(ix)	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company	Covered in sub-clause (vi) above.
(x)	Key parameters for any variable component of remuneration availed by the directors	<ul style="list-style-type: none"> <li>• Financial and operating performance of the Company</li> <li>• Industry/ sector trends for the remuneration paid to executive directorate</li> </ul>
(xi)	Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	Not Applicable. There is no such employee who received remuneration in excess of the highest paid director during the year.
(xii)	Affirmation that the remuneration is as per the remuneration policy of the company	The remuneration is as per the Nomination and Remuneration Policy for the Directors, Key Managerial Personnel and Other Employees of the Company, formulated pursuant to the provisions of section 178 of the Companies Act, 2013.

\* Appointed as Additional Director w.e.f. 22<sup>nd</sup> December, 2014 and as Whole-time Director w.e.f. 1<sup>st</sup> January, 2015

**(B) STATEMENT SHOWING PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

Persons employed for the full year ended March 31<sup>st</sup>, 2015 who were in receipt of the remuneration which in the aggregate was not less than ₹ 60,00,000/- p.a.

S. No.	Employee Name	Designation	Gross Remuneration (₹)	Qualification	Total Exp. in Yrs.	Date of Commencement of Employment	Age in Yrs.	Last Employer & Designation Held
1.	Shri Anil Rai Gupta	Chairman and Managing Director	8,25,63,941	MBA	22	30-09-1992	45	-
2.	Shri Rajesh Gupta	Director (Finance) and Group CFO	5,24,19,684	CA	33	21-03-1992	57	-
3.	Shri Rajiv Goel	President- Global (Havells Sylvania)	3,34,96,298	CA, CS	22	01-04-2009	43	Rosewood Advisors (Director)
4.	Shri Vivek Khanna	Sr. Vice President - Finance & IT	1,11,60,292	C.A., ISA	27	01-09-1989	51	M/s S.S. Kothari & Co. (Audit Manager)
5.	Shri Sunil Sikka	President	67,23,742	BE, PGDMM	37	03-05-2000	59	Bajaj Electricals Limited (Sr. General Manager)
6.	Shri Narendra Kumar Choudhary	Sr. Vice President	69,36,251	M Sc., MBA	32	15-07-2003	57	Polar International Ltd. (General Manager)
7.	Shri Anil Bhasin	Sr. Vice President	68,76,342	B Sc., PGDBM	34	01-01-2004	55	Singer India Ltd. (General Manager)
8.	Shri Bhagirath Singh Galgat	Sr. Vice President	62,47,149	M Tech., Diploma in Management	22	20-05-2002	51	Amtek Auto Ltd. (Dy General Manager)

Persons employed for part of the year ended March 31<sup>st</sup>, 2015 who were in receipt of the remuneration which in the aggregate was not less than ₹ 5,00,000/- p.m.

S. No.	Employee Name	Designation	Gross Remuneration (₹)	Qualification	Total Exp. in Yrs.	Tenure of Employment		Age in Yrs.	Last Employer & Designation Held
						Date of Commencement	Date of Cessation		
1.	Shri Qimat Rai Gupta	Chairman and Managing Director	9,63,99,050	BA (Humanities)	54	08-08-1983	07-11-2014	77	-
2.	Shri Ameet Kumar Gupta	Whole-time Director	1,21,85,000	BE, MBA	20	01-01-2015	-	43	Whole-time Director, QRG Enterprises Ltd.
3.	Shri Ashok Kumar Singh	Vice President	32,08,319	B Tech, M Tech	26	02-07-2013	30-09-2014	51	GE India Industrial Solutions (Director)

**Notes:**

1. Shri Qimat Rai Gupta ceased to be the Chairman and Managing Director on 07-11-2014 due to death.
2. Gross Remuneration includes basic salary, allowances, commission and perquisites. The term remuneration has the meaning assigned to it in the Explanation to Section 198 of the Companies Act, 2013.
3. The nature of employment is contractual in all the above cases.
4. All the employees have adequate experience to discharge the responsibility assigned to them.
5. Except Shri Anil Rai Gupta, none of the above employees holds more than 2% of the paid-up capital of the Company.

**ANNEXURE 8**

Disclosures as at 31<sup>st</sup> March, 2015 under the Havells Employees Long Term Incentive Plan 2014.

**(I) "Havells Employees Stock Option Plan 2013"**

a)	Options granted	Nil
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 <sup>st</sup> , 2013 effective from 1 <sup>st</sup> July, 2012 to utilize the same towards contribution for exercise price for the relevant vested options.
c)	Options vested	98,040
d)	Options exercised	98,040
e)	The total number of shares arising as a result of exercise of option	98,040
f)	Options lapsed	8,135
g)	Variation of terms of options	None
h)	Money realised by exercise of options	₹ 66,37,308/-

i)	Total number of options in force	90,550
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'	₹ 7.45
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.	Decrease in Profit – ₹ 0.75 crores and On EPS – ₹ 0.01 per Share
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	Weighted average exercise price ₹ 67.70 and weighted average fair values of option ₹ 237.48
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	7.89 %
	(ii) expected life of options as on grant date	2 Years
	(iii) expected volatility	37.14 %
	(iv) expected dividends, and	2.17 %
	(v) the price of the underlying share in market at the time of option grant.	Average ₹ 121.33 per share

## (II) "Havells Employees Stock Purchase Plan 2014"

a)	Details of the number of shares issued in ESPS	3,84,280
b)	Price at which such shares are issued	₹ 223.17
c)	Employee-wise details of the shares issued to:	
	(i) senior managerial personnel	Name of employees are not disclosed in view of the sensitivity involved.
	(ii) any other employee who is issued shares in any one year amounting to 5% or more shares issued during that year;	None under ESPS during the financial year 2014-15.
	(iii) identified employees who were issued shares during any one year equal to or exceeding 1% of the issued capital of the company at the time of issuance;	None
d)	Diluted Earning Per Share (EPS) pursuant to issuance of shares under ESPS	₹ 7.45
e)	Consideration received against the issuance of shares	₹ 7,08,45,317/-

**Disclosure pursuant to Section 134(3)(m) of the Companies Act, 2013 read  
with Rule 8(3) of the Companies (Accounts) Rules, 2014**

**(A) CONSERVATION OF ENERGY**

**(i) Steps taken or impact on conservation of energy and the steps taken by the company for utilising alternate sources of energy:**

*Energy conservation measures taken*

All business units are continuously putting in their efforts to improve energy usage efficiencies and increase contributions from renewable sources of energy. Energy saving initiatives throughout the plants helped the Company in reducing energy cost. Innovative ways and new technologies were constantly explored to bring about alignment with the Government of India's National Action Plan on Climate Change. Some of the activities carried out during the year towards environment, energy and water conservation are mentioned as under:

- Energy Efficiency:
  - a. Optimisation of power plant operation and Continuous monitoring of Power factor of plant on daily basis in range 0.96 ~ 0.99 against min standard of 0.95.
  - b. Fuel saving by Critical & Non critical Load categorisation.
  - c. Latest energy efficient technology like solar powered systems, high efficiency VFD based motors, inverter base air conditioner and drives are being used.
  - d. Fossil fuels are being replaced by biogenic fuels, wherever available, through investment in biomass fired boilers, hot air generators and thermic fluid heaters. This has reduced furnace oil, diesel and coal usage in units.
  - e. Conversion of thermosetting plastic to recyclable thermoplastic material.
  - f. Conventional cooling towers are being replaced with fan-less cooling towers to eliminate the high power-load due to operation of the fans in cooling towers. Old cooling towers in the plants were replaced with new and better energy-efficient units.
- Energy Conservation:
  - a. Light Optimisation through lux mapping & changing over to higher efficiency lighting solutions such as LED.
  - b. Street Light Load optimisation by replacing MH lamps with CFLs / solar lights & introduction of sensor base Street light panel.
  - c. Use of direct Solar Light through SOLA TUBES (solar product) in day time to save 100% electrical energy for lighting for Faridabad plant.
  - d. Use of natural light by placing transparent roof and side glass windows in day time for panel manufacturing unit to reach green building concepts.
- Optimisation / improvement of process:
  - a. Introduction of Thyristor based welding set to improve efficiency.
  - b. Re-sizing of motors and pumps rating as per process requirement.
  - c. Installation of Variable Frequency Drives based Motors as strategy for energy conservation.
  - d. Conversion of pneumatic screw driver to energy efficient Electrical screw driver.
  - e. Installation of precision temperature controlling equipment in drying ovens to avoid unnecessary overheating.
  - f. Introduction of paper shredder machine to recycle paper waste.
  - g. Waste generation minimisation through the application of reduce, reuse and recycle principles across units.
- Conservation of water:
  - a. Eco Urinal Blocks for Urinals.
  - b. Using waste water of R.O. plant-by recycling and for hydrant system.
  - c. Rain Water Harvesting is initiated at manufacturing sites and the Company is now installing Rain Water Reuse facilities in several sites to further reduce water usage.
  - d. Water saving by using STP treated water for gardening.

We are committed towards managing climate change both within and beyond our sphere of influence. A culture of conservation has been embedded in our employees and business partners. We continually implement initiatives on several green parameters like clean technology, energy efficiency and renewable energy.





Additional investments and proposals, if any, being implemented for reduction in consumption of energy:

A considerable amount of time and effort are devoted to for conserving power across all our units. The following processes are under implementation for reducing energy consumption:

- a. Installation of Solar Energy system on main grid supply.
- b. Rain Water harvesting system at all manufacturing sites.
- c. Usage of energy efficient motors & VFD based Compressor in operations.
- d. Replacement of old and inefficient utilities such as DG sets pumps and motors and production equipment's.
- e. Reduction in lighting and air conditioning loads by installation of automated controls & sensors.
- f. Installation of precision temperature controlling equipment in drying ovens to avoid unnecessary overheating

Impact of measures for reduction of energy consumption:

The above measures have resulted in optimizing energy consumption and savings cost of production, reduction on carbon emissions and processing time.

#### (ii) Capital investment on energy conservation equipments –

Efforts have been put by Company to reduce or optimize the energy requirements at all the plants. Company encourages capital investment in energy-saving equipments, plants or machinery and this year company has spent approximate ₹ 2.1 crores. Some of the initiatives are enumerated as under:

1. Lighting
2. Replacement of old equipment with new/energy efficient equipment
3. Reduction in Specific Fuel Consumption for electricity generation
4. Control Instrumentation / Process Optimisation
5. Optimisation of Electrical Equipment

### (B) TECHNOLOGY ABSORPTION

The year gone by has been another year of progressive and exciting changes in the technology world. Everywhere, we see more evidence that change is happening on an exponential scale.

The Company, in its constant endeavor to improve processes design and planning in the manufacturing

domain, and has implemented integration of digital product data into digital manufacturing planning system.

Substantial progress has been achieved on various advanced engineering projects. The Company has added facilities enabling compliance of regulations and reducing product development time to meet market requirements.

The Company has undertaken various programs for development of energy efficient products. The Company has filed for 50+ Intellectual property rights including patents and design registrations.

#### (i) The efforts made towards technology absorption:

Efforts, in brief, made towards technology absorption, adaptation and innovation.

- Hot Runner mould technology introduced in CFL parts manufacturing, resulting in zero wastage on runners and gating system.
- Switch and Socket Assembly Automation:
  - a. Productivity improvement.
  - b. Human error elimination leads to customer satisfaction.
- Implementing the automation in testing.
- CNC EDM and VMC machines being imported from Switzerland and Germany for Tool Room.
- Usage of the Metalizing process on Plastic Components.
- Servo Based Molding machine
  - Energy Saving of 20% as compared to conventional machines and reduced breakdown.
- Incorporation of Mold Flow in analysis for Tool Design:
  - a. Reduce component defects with virtual analysis of molds.
  - b. Fault free designing of molds.
- Overhead cranes with VFD:
  - a. Mold changeover time reduction
  - b. Movement time reduced.
- Material Analyzer (XRF), which detect the material composition & RoHS Compliance material. With material Analyzer we can check RoHS Compliance, material & material composition of the component.
- 3D Scanner for product scanning.
  - a. Product layout inspection & Reverse Engineering (For development of new products).
  - b. 3D scanner provides Scan data for product designing.
- Development of 11KV High Voltage for Submarine Application.

- Development of Fire Survival Cables for Electric primary Distribution network.
- Development of 66KV cable of Highest cross-section as per IEC standard.
- In-House Development of Special purpose Machine.
- Auto calibration benches for EURO-2 MCB.

**(ii) The benefits derived like product improvement, cost reduction, product development or import substitution:**

The Company shall continue to use the latest technologies for improving the productivity and quality of its services and products.

- High localisation content in various products resulting in lower costs.
- Continuous reduction in product cost through VAVE (value analysis/ value engineering).
- Significant cost reduction of parts of new SKU's compared to existing, ensuring that the new SKU's are profitable.
- Productivity and quality enhancement.
- Energy saving by removal of AC for cooling.

**(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-**

The Company shall continue its endeavour to adopt technologies for its product range to meet the requirements of a globally competitive market.

- (a) Technology imported with year of Import.
- On line welding machine for bunched copper conductor make – August Stracker GMBH, Germany ( Year 2013-14).
  - Microdia Head to get uniformity in PVC Sheathing, Switzerland ( 2011-12).
  - Servo based Molding Machine of Wittmann Battenfeld imported from Austria (2010).
  - High speed Press tool with auto riveting unit imported from Taiwan (2013).
  - Multi cavity Mold imported from china to enhance the productivity (2013).
  - Automatic 4-station Compression Molding (2011-12).
  - 3D Scanner Germany (2014).
  - XRF Analyzer (2014).
  - Mold flow software (2014).
  - Servo based Molding Machine of Toshiba (2014).
  - Multi cavity Mold imported from china to enhance the productivity (2014).

- (b) Year of import.  
As mentioned above.
- (c) Has technology been fully absorbed?  
Yes
- (d) If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action.  
N.A.

**(iv) The expenditure incurred on Research and Development.**

(₹ in crores)

	2014-15	2013-14
a) Capital	2.43	2.86
b) Recurring	26.20	21.88
c) Total	28.63	24.74
d) Total R & D expenditure as a percentage of total turnover	0.52%	0.50%

**Research and development (R & D)**

1. *Specific areas in which R & D carried out by the company.*

• **Product**

- Upgrade of existing product and processes for value creation.
- Developing of new energy efficient and environment friendly products.
- Development of products to meet protection and distribution need in solar applications.
- Development of new products and processes related to energy efficiency.
- Technology support to all units to enable business growth.

• **Material**

- Value engineering through identification of new and alternate raw materials.
- Research on new functional polymers and use of nano-technology.
- Import substitution and identification of new raw material for development.

• **Testing**

- More and more usage of CAE resulting in better co-relation with various physical tests.
- Development of laboratory simulation techniques for faster resolution of product complaints.
- Collaborative development with vendors & academic institutions.
- Development of new analytical test methods, characterisation techniques, Collaborative development with vendors, academia and institutes.



- **Automation**

- Utilisation of emerging technologies and carrying out studies on various concepts.
- Optimisation of products and processes to minimize waste generation and address environmental and safety concerns.
- Process Automation through designing of Test benches, Jigs, Fixtures.

2. *Benefits derived as a result of the above R&D*

Havells growth has resulted from the development of technological capabilities adhering to the philosophy of its founder and top management. In 2005, the company established a corporate R&D center to develop technological capabilities for value creation in diverse business areas and provide the next growth engines. This R&D center has pursued adaptation of latest technologies for product development and overcoming manufacturing challenges in the business divisions. Company continues to derive sustainable benefit from the strong foundation and long tradition of Research & Development (R&D).

New products, processes and benefits flow from development work done in various R&D centers. The R&D labs are aligned to Havells future R&D needs.

These initiatives supported the Company's endeavour in bringing about improvements in existing products and developing new products. The Company was able to emphasize on value analysis / value engineering and innovative cost reduction ideas to cut down the cost.

- Receipt of new export orders from Europe, MEA, Mexico, South East Asia.
- Shorter time to market.
- Automatic testing machines for MCCB & Capacitors.
- New Product Introduction of

Switchgear

- New Euro II range of MCB, RCCB, Changeover
- RCBO
- Metallica Distribution Box series for SPN, TPN & 8-segment with cable end box
- Crabtree range of switches with capacitive touch like of mobile / i-pad.
- Reo Range extension with introduction of new accessories strengthened its penetration in semi-urban and rural markets with its non-modular EWA range.
- Range expansion of antimicrobial products in switches and home appliances. The components with user interface are manufactured with *silver ion-based* technology during the molding process, providing built-in antimicrobial protection against a wide range of microorganisms for the expected lifetime of the product.

- Development of Automatic Transfer Switches with high end sensing features, Switch disconnecter, Switch disconnecter fuse, Fuse base, MCCB with increased short circuit capacity & adjustability, Hybrid termination in ACB, Dual insulated MCCB distribution panels, Automatic Power Factor Correction Panels, Street light panel have opened new segments in industrial markets of India & export. Company has also developed industrial products specific to UK and European market.
- Range expansion of agro-starters have further enhanced its presence in rural and industrial markets of India & export.
- APFC Panels – Modular Construction.

Cables

- 11KV High Voltage for Submarine Application.
- Fire Survival Cables for Electric primary Distribution network.
- 66KV cable of Highest cross-section as per IEC standard

Home Appliances

- In the small home appliances, company expanded range of Mixers, Juicer Mixer Grinder, & Induction Cookers. Introduction of the Haandi Jar does finer grinding / liquidizing and saves time & energy up to 15%.

Fan

- Wide range of LED under light fans, special finish and decorative fans.
- Innovative Printing Technology for Kids Fans
- Energy Efficient fans
- Besides this, company also have a wide range of table, wall, pedestal, exhaust and industrial fans.

Water Heaters

- Usage of Robots in Press Shop.
- PLC controlled arms in weld shop.
- Automatic Exchange conveyers in Enamel Coating Shop.
- In water heaters category, company has developed new range of energy efficient glass lined water heater with designs appealing to the consumer taste which blend with the modern interior designs of homes. New range of water heaters offer long life due to patented FEROGlas technology, green design and latest manufacturing techniques. All introductions confirms to BEE 2015-17 guidelines with 5 Star ratings.

Lighting

- Up gradation of existing products to comply Erp-5 legislation in MLFS export range.
- Launch of New product T2 Spl/T2 TU/9W DU/18W DU.
- Retrofit version of SPG Lamps i.e. 20W TU E27/18 W DU E14.
- Radioactive free solutions for all CMI range to get rid of Trace of Radioactive Kr85 Isotope.
- Development of design validation facilities like Photo Goniometer Laboratory, Safety Lab, Endurance Lab, Thermal Lab for R&D work and its validation.
- Customer preferences especially in many of the developed markets seem to be moving in favour of more energy efficient and environmental friendly solutions. Company developed Radioactive (Kr) free solutions for all CMI range to comply with latest statutory requirements. New developments in CMI Trucolor (Ge-3) are best in class efficiency, Life and Light Technical Parameters (Superb color consistency, Excellent Lumen maintenance, Universal Burning).
- In Lighting main focus has been to develop *highly energy efficient products*. The development includes the products with controls such as occupancy, day-light harvesting sensor, Centralized Control & Monitoring System CCMS based luminaires, 1-10V dimming, and Digital addressable lighting Interface etc. *Introduction of compact high lumen range of LED Street light for domestic, Latin America and Europe market has helped to given an edge over competitors.*
- Up gradation
  - Breaking capacity enhancement of existing range of MCCB.
  - Redesigning of terminal arrangement for better termination & ACB Life enhancement.
  - 100A Euro-load Changeover Switch with enhanced safety.

3. Future plan of action

- Develop industrial LED Products, water Proof Street lights, Improve energy efficiency of existing products.
- Development of New product Range of
  - BLDC Fan
  - Blue tooth enabled devices like Switch, Fan, Home Appliances
  - Home Automation solutions

- Smart Street light
- Smart ACCL and Motor Starter
- Automatic Transfer Switches range
- New range of MCB with Under voltage and Over Voltage protection
- RCD Protected Socket
- EHV cables of grade 132/220KV
- In House Manufacturing of
  - XLPE Compound
  - Enameled copper wire
- Lab expansion for product validation

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

**Foreign exchange earned in terms of actual inflows during the year & the Foreign Exchange outgo in terms of actual outflows**

During the Financial Year 2014-15 the company made export sales of ₹ 333.52 crores as against ₹ 323.65 crores. All round efforts were made to increase / sustain the business in spite of weak global sentiments on account of currency devaluation and decline in commodity prices.

The main highlights of Export Business in this financial year were:

- Middle East, Africa & SAARC continue to be the core markets.
- Special Focus on Cable Business by developing market specific products - White Flexible / Panel Wires and Submersible Cables
- Launch of Crabtree brand in Myanmar.
- Leveraging in house manufacturing of Lighting Fixtures from Neemrana for export markets.
- Participation in MEEE 2015 to strengthen brand and to connect with existing and new customers in MEA Region.

**Total Foreign Exchange used and earned**

	(₹ in Crores)	
	2014-15	2013-14
Foreign exchange earned	296.32	316.50
Foreign exchange used	526.59	524.58

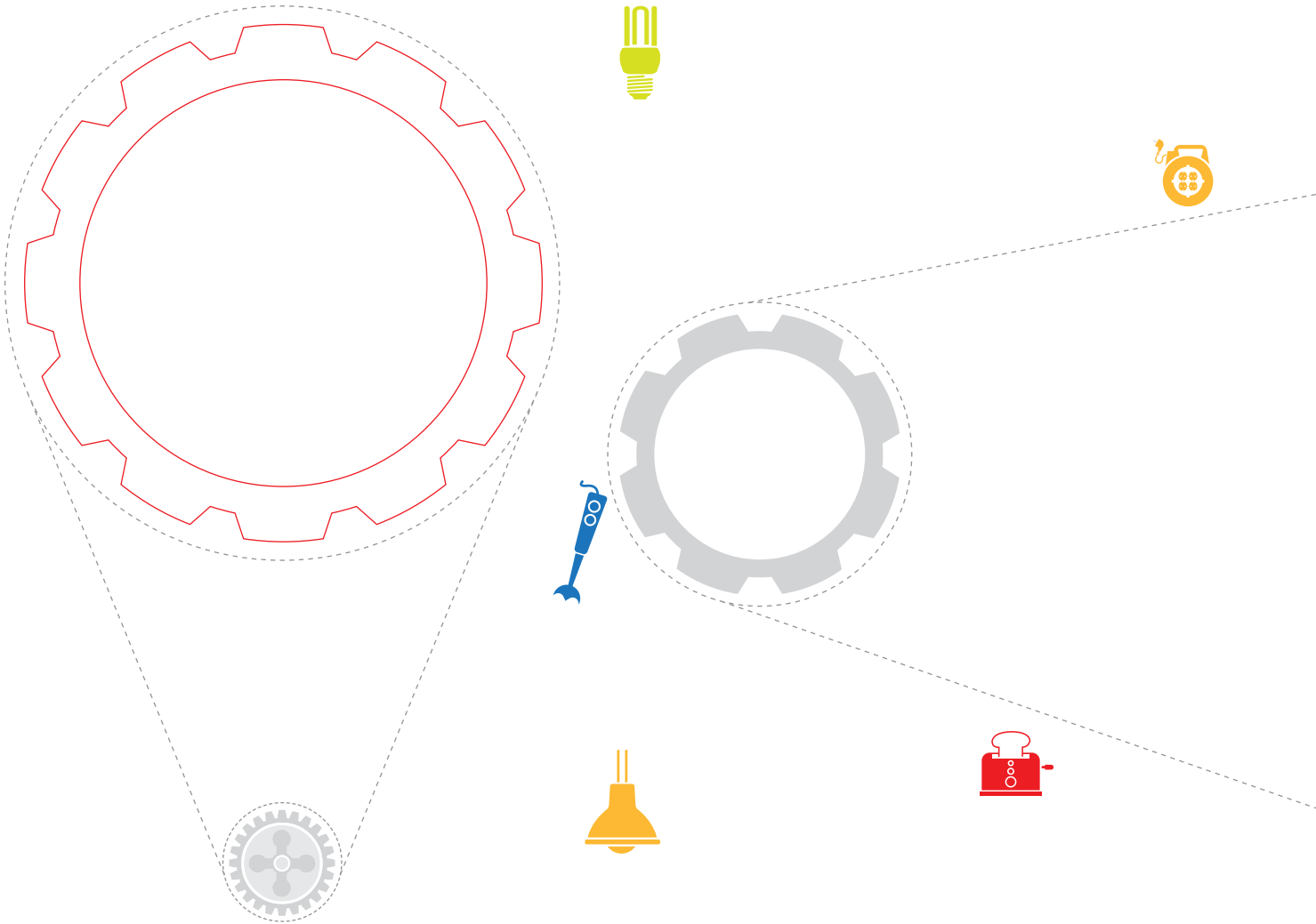
For and on behalf of  
**Board of Directors of Havells India Limited**

Noida, May 11, 2015

Anil Rai Gupta  
Chairman and Managing Director



# Management Discussion & Analysis



## MANAGEMENT SUMMARY

### Havells - The Consumers' Choice

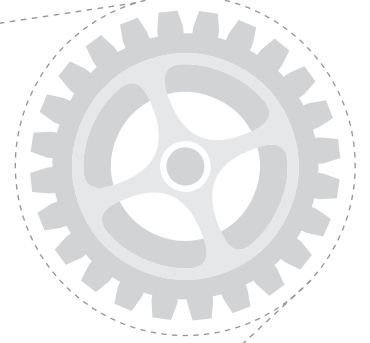
Excellence underlines every facet of the Havells' manufacturing value chain, enabling the Company to build a powerful emotional connect with the ever-evolving consumer preferences and aspirations. With its indigenously designed, developed and manufactured portfolio of high-end, premium products, Havells stands out as a manufacturing destination for a wide range of electrical goods. Havells' innovation-led manufacturing excellence has enabled the creation of a strong brand entity and the Company is today amongst the top four brands in various product categories in India.

The Company forayed into manufacturing back in 1976, when India was yet to wake up to the importance of indigenous production of electrical goods and 'Make in India' was still a distant dream. Having developed excellence in manufacturing capabilities, the Company now manufactures high-end electrical products, indigenously conceptualised and designed through extensive Research and Development. With systems

and processes built to global standards, the Company has a manufacturing edge that delivers long-term sustainable growth through greater efficiencies.

Havells' range of offerings is aligned to the constantly evolving consumer expectations, and has an excellent consumer-facing appeal, while delivering value for money. The Company's evolution has moved in tandem with the lifestyle changes of the Indian consumer, whose aspirations and demands have steadily changed from basic electrical products to the more evolved lifestyle products. Keeping pace with the shift in consumer preference to branded products, Havells is continuously leveraging its strong distribution network and innovative marketing approach to bring lifestyle electrical products and appliances to an ever expanding consumer base.

Driven by a strong focus on consumer-centricity, Havells has emerged as a powerful brand in the 'Fast Moving Electrical Goods' (FMEG) space. As pioneers of the FMEG concept, the Company has transformed the face of the Indian electrical goods industry with its best-in-class products. The recent foray into consumer durables has strengthened Havells' portfolio of offerings to address more areas of consumer demand.



The Company's indigenously developed innovative and consumer-friendly electrical products are powering the world to lead the evolution of the electrical goods industry. We have consistently chosen to give consumers a new experience, leading the change in every business segment with experiential products that break the industry mould.

## INDIAN INDUSTRY OVERVIEW

Despite a stagnant industry and constrained demand environment, optimism about the mid and long-term growth prospects remain. Global sentiment towards the Indian market has seen substantial improvement following the reforms initiated by the Indian government.

Recent government measures aimed at structural reforms in the Indian economy are in the right direction. Further, with inflation and other financial indicators such as fiscal deficit and current account deficit also under control, there are positive signs of higher growth numbers in the year ahead. Positive policies and lower global prices of various commodities have contributed to the marked decline in inflation and the comfortable external position in the country.

Given the increased government focus and policy initiatives to boost the infrastructure and construction segments, the growth rate is expected to pick up, moving forward. The thrust on 'Housing for All' also augurs well for industry growth. Overall, the Indian economy is expected to further strengthen through higher infrastructure spending, increased fiscal devolution to states and continued reforms in financial and monetary policy. The industrial segment, in particular, is likely to see a demand uptick, to trigger an all-round impact which could lead to greater revival in the sluggish consumer sentiment. The LED lighting segment is also expected to push demand following the government initiatives for such lighting.

## GLOBAL INDUSTRY OVERVIEW

The global economy remained sluggish in a challenging environment during the year under review. Greater volatility and uncertainty marred growth prospects, with the sudden and rapid decline in oil prices impacting economic conditions worldwide. Another key economic factor at play during the year was the quick adjustments in exchange rates (with appreciation of the US dollar and weakening of most

other currencies, notably the Euro). The global scenario also witnessed significant geopolitical uncertainty as a consequence of the Russia-Ukraine and the Middle East conflicts. There was also increased concern about the economic and political future of the Euro Area and European Union, affecting growth prospects in the region.

However, the lowering of crude prices in the international market has raised optimism about the overall growth scenario, indicating a turn for the positive in the global economic sentiment. More significantly, the global outlook towards the Indian sub-continent, led by India, is highly positive.

## INNOVATING TO POWER THE WORLD

Innovation is at the heart of our consumer-aligned business focus and we are continuously working on pioneering initiatives to offer premium, international quality products to customers around the world. Our innovation efforts match the evolving consumer tastes and preferences, while setting new benchmarks in industry excellence.

In line with our innovation thrust, we took a series of initiatives during FY 2014-15 that were aligned to the needs of the new-age consumer. Our newly launched ES-40 fan is one of the country's most energy efficient fan, while standing out as a piece of art in electrical design. We have already applied for a patent for its unique design.

We have also recently come out with the brightest LED lamp range 'LUMENO', developed at the state-of-the-art lighting fixtures plant at Neemrana, Rajasthan. The new, environment-friendly lamp offers an impressive 110 lumens per watt - the highest in the industry.

In another key innovation, we have added the first 'Made in India' Miniature Circuit Breakers (MCBs) to our portfolio with the launch of a new, premium range of MCBs and RCCBs under "EURO-II" series. Designed for the Indian market as per global specifications, it is one of the most user-friendly MCBs in the country, with strong protection against overload, short circuit and electric shock (earth leakage). With production of this range planned to be ramped by over 1.5 times in the next few years, we see this innovative product marking a new chapter in our manufacturing story.

The recent relaunch of our reputed Standard brand is another important innovative aligned to the changing consumer preferences. The new-look Standard is well positioned to tap new markets in India with superior and innovative products. During the year under review, the Company entered a premium range of domestic fans, including Ceiling, Pedestal, Table, Wall and Exhaust fan categories, and launched a new range of modular switches named 'Ivy' under the Standard brand.

Our Center for Research and Innovation (CRI), present across all the verticals, is continuously focussed on developing ingenious solutions for technological upgradation, leading to more advanced products with unconventional features. Equipped with the latest hardware and software capabilities, our CRI centres are approved by the Indian government. To protect our innovation, we regularly file patent and design registration applications; 50+ Intellectual Property Rights applications were filed during FY 2014-15.

As a consumer-driven organisation, we always put the needs of customers first and develop products based on intensive market research that gives us deep insights into their requirements. Customer preferences, especially in many of the developed markets, seem to be moving in favour of the more energy efficient and environment-friendly solutions. In keeping with this trend, our CRI centres are focussed on incorporating even greater enhancements and efficiencies into our products. Having pioneered change in every business segment of our foray, we continue to invest in strengthening our differentiated approach to ensure greater share of the market and more profitability, going forward.

## MAKING IN INDIA AT STATE-OF-THE-ART FACILITIES

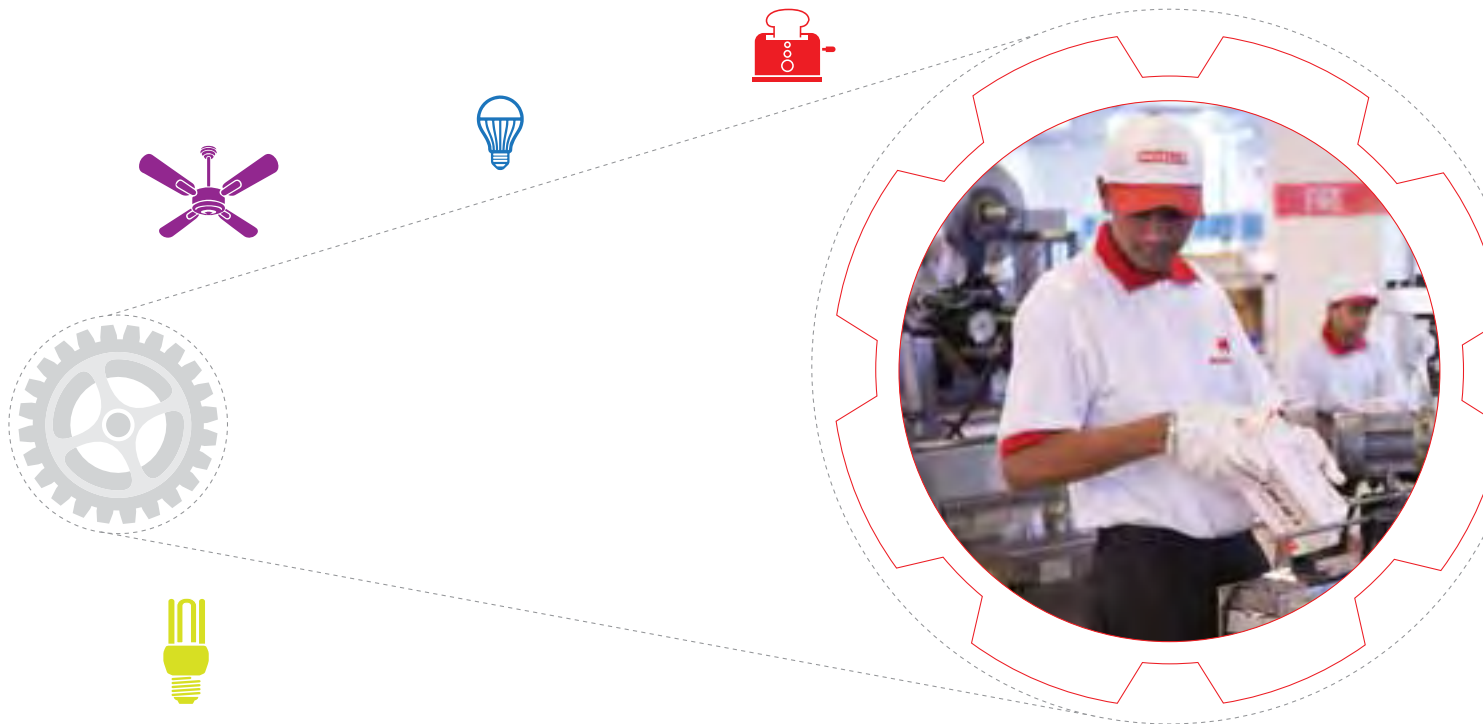
With innovation translating into a strong, premium product positioning, stringent quality control on products became imperative. To ensure the highest levels of quality, we opted for indigenous manufacturing of our products as we embarked on a strategically planned journey to meet the evolving consumer aspirations.

Today, manufacturing is integral to our growth plans, ensuring sustained brand consistency and consumer acceptance. Our large and avant-garde manufacturing capabilities have helped us develop a diverse product portfolio, encompassing the entire electrical product chain – from switchgears to switches to lighting.

We are also focussed on rapidly augmenting our manufacturing capabilities to keep pace with the progress in R&D initiatives. And it is not just about growing in volume terms, but also qualitative improvements. As an organisation, we are driven by leadership, intelligence and motivated people. We continuously develop and support our teams, increasing their engagement and capabilities.

Defying industry trends, we have made huge investments in large-scale, well-equipped, state-of-the-art plants, ensuring better quality, designing and reassurance to our dealers and consumers. Our largest single location product facilities across each product segment lend strong capabilities to our manufacturing capacities. This enables us to deliver





excellence in quality, matched to global standards. Ever responsive to demand upticks, we are continuously scaling our manufacturing capabilities, while concurrently upgrading our quality thrust.

With our strong focus on building and growing our manufacturing strength, we took various initiatives during the year to enhance capacities and capabilities at our manufacturing facilities. Our Water Heater plant at our Neemrana facility became operational during the year.

The Baddi plant also saw major expansion during the year, with the installation of a new facility to cater to the manufacturing of switches. The new two-storeyed building houses a switch assembly unit on the first floor, with the ground floor dedicated to moulding set-up, toolroom and press shop.

We have also undertaken various initiatives to boost processes and cost efficiencies, with our sustainability efforts at plants yielding significant savings during the year. There has been a noticeable decrease also in the number of rejected products coming in as a result of greater efficiencies being built into the system. The efficiency quotient has translated into increased quality focus and enhanced brand consistency, resulting in greater consumer acceptance.

Our manufacturing facilities are designed for quality products, while keeping pace with the unfolding opportunities and escalating demand matrices in the market, as we continue to focus on greater efficiencies of cost and operations.

## POWERING EXPANSION OF THE PRODUCT PORTFOLIO THROUGH INNOVATION

As a globally benchmarked electrical goods company operating in line with evolving consumer needs, we have adopted a business strategy that is geared towards nurturing core businesses, while leveraging new business opportunities for growth.

Our exciting range of well-entrenched and reputed brands, on the one hand, enables better coverage with niche presence, and, on the other, ensures greater penetration and reach on account of being positioned on 'distribution maximisation' rather than pricing.

Encouraged by the improving domestic economic sentiment and the positive policy interventions by the government, we are focussed on continuously enriching our domestic business portfolio, where we see significant growth coming, moving forward.

Our LED manufacturing capacity is well equipped to take on the growth opportunities that are expected to arise in this business and, seeing the potential, we are concentrating on further boosting our LED segment. We continue to strengthen our LED offerings with innovative features, such as changing colours and remote control. We have also introduced compact high lumen range of LED street light for domestic, Latin American and European markets, giving us a strong competitive advantage. LED fixtures is another area where we see significant growth coming in the years ahead.

The Company's vision is to maintain and improve its competitive position by developing technologically advanced products. In FY 2014-15, efforts have been made to expand the product portfolio by introducing innovative and technologically superior concepts that are, at the same time, visually appealing.

Luxurious designs that capture the imagination of the consumers can be seen across our new range of switches and switchgears, while our new scratch-resistant distribution boards have responded well to consumers' changing aspirations with their exciting shades and finishes.

We also launched a new Crabtree product range with additional features such as capacitive touch, like that of the mobile or I-pad.

New accessories, particularly the non-modular Electrical Wiring Accessories (EWA) range of our Reo portfolio, are resonating well with the consumers, increasing our potential market reach in the semi-urban and rural areas of India.

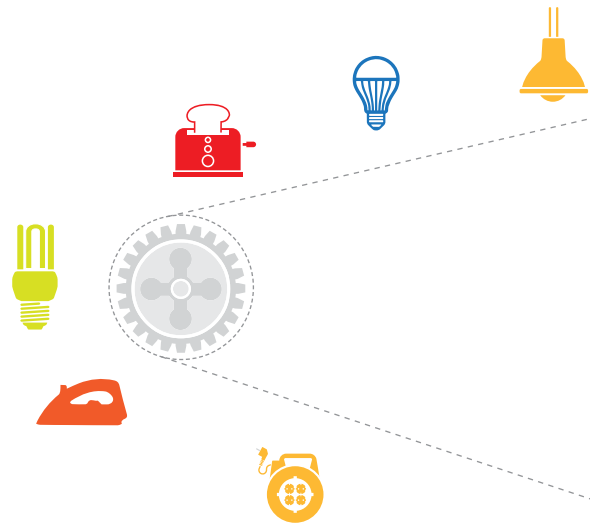
Expansion of our range of antimicrobial products in switches and home appliances added to the allure of our product portfolio, while our expanded range of home appliances (mixers, juicer mixer grinder, induction cookers etc.) found an echo in the aspirations of our women customers. With women customers a key target audience of our growth plans, we see these expansions translating into increased sales, going forward.

The Havells fans are a pioneering showcase of excellence in visual and technological appeal, having captured the customer's fancy with innovative designs and excellent finishes. During FY 2014-2015, new ranges of decorative, special finish fans, like fans with LED lights underneath with energy saving capabilities, were launched. Our exciting range of table, wall, pedestal, exhaust and industrial fans also continues to be the preferred choice of consumers.

Within the current product portfolio, our aim is to constantly improve the existing products, as also to create or foray into adjacent categories. Our expanding product portfolio has helped us build a greater connect with the evolving consumers. We are strongly committed to continue delivering excellence in quality to our consumers.

## LEVERAGING THE DISTRIBUTION CHANNEL TO POWER INDIA

The best of products manufactured at the most advanced plants need a strong market-driven distribution and retail network to reach out to the consumers.



Our distribution reach, backed by a robust retail presence pan India, enables us to connect better with the consumers and we are, thus, constantly striving to strengthen our distribution network. We currently have direct presence in a hundred towns with population more than 5,00,000. We are now focussed on towns with population between 50,000 and 5,00,000.

We are continuously working towards expediting time to market, as well as ease of delivery. In terms of geographical reach, we undertook new initiatives to increase the rural footprint/distribution network in an effort to bring in additional revenue streams.

For several decades now, an effective distribution channel that criss-crosses India has been a source of great strategic advantage at Havells. Our focussed approach and seamless channel design have played a vital role in helping the Company acquire this competitive edge. Recent years have seen further strengthening of the distribution network, with Information Technology (IT) powering its growth to new scales of excellence. The IT edge has given our channel partners greater visibility in terms of order status, delivery time etc.

While continuing to upgrade our IT connect with our dealers through an exclusive portal, we launched a new mobile app this year to tap the growing digital mobile marketing space in line with the increasing importance of mobile telecommunication.

Cognizant of the critical role they play in our business plans, we are continuously working on aligning our dealers to our goals and growth objectives. We are strongly focussed on building synergies with our dealer network and have partnered with them on several important initiatives.

In an effort to penetrate deeper into the distribution network, we have further strengthened our focus on building robust relationships with retailers. We introduced several exciting



schemes this year to connect better with our retailers and to strengthen our retail supply chain.

To better leverage the modern retail format, we have partnered with retail vendors to set up one-stop shop stores, i.e. Havells Galaxy. These stores are well aligned to our evolving distribution network and allow consumers to experience our entire product range under one roof, helping them make informed choices. These Brand Centres, operating on a franchise model, also help enhance brand visibility and enable easy brand recall, thus emerging as a strong modern retail channel. We used our existing network and repositioned the same to address the changing demands of the consumers for good quality branded products and, more importantly, to give them a unique and memorable shopping experience. These Galaxies have emerged as a source of building greater connect with our dealers and distributors as we continue to partner them in creating more such stores every year.

Our growth prospects for the future are also rooted in these partnerships, and we are regularly introducing new initiatives to strengthen our dealer connects. During the year, we went a step further towards strengthening our relations with the families of the dealers.

Given their ability to influence individual purchase decisions, we are also concurrently enhancing our ties with electricians. Besides augmenting our connect with electricians, we have successfully created a new database for use in the future.

## POWERING GROWTH THROUGH MARKETING & ADVERTISING

Marketing is another strong pillar of our growth strategy. Our marketing campaigns spell innovation, as much as our

products do, and have set benchmarks in the advertising industry in India.

Leveraging our insights into the consumer mindset, we are consistently working towards reaching out to them through our innovative and exciting market education campaigns. As a result of our focussed engagement with our dealers and electricians, they have also emerged as a strong driver of consumer education.

Despite the prevailing market stagnancy and a sluggish growth scenario, we remained aggressive in our marketing approach/brand building during the year.

We enhanced our focus on women as an important Target Group (TG) of our marketing and advertising campaigns, which were centred around women empowerment. Our women-centric campaigns generated a highly positive market response.

With greater strategic focus on new-age marketing tools, we are also diversifying our media strategy, marked by a shift towards online and e-commerce channels. We are looking at greater online exposure through the launch of our exclusive sales portal.

## PEOPLE WHO HELP US POWER THE WORLD

Our strongly motivated people force is a key driver of our growth and the Company makes continuous efforts to empower its employees. The employees are encouraged to innovate and then spearhead such innovations on trial basis, thus building an exemplary entrepreneurial culture with flexibility and freedom to work.

With transparency the basic tenet of the organisation, the business ethos is centred on preferring mistakes to inactivity, and encouraging people to learn from such mistakes. Our HR strategy thus revolves around the mantras of ownership, motivation and zeal, all of which continue to drive our people's growth and career progression, endorsed by many a success story.

The Company follows a transparent, open-door policy where hierarchy is never a barrier. A highly decentralised system, with people engagement integral to our work culture, is an important facet of our HR policies.

We have created cross-functional teams to serve as a think-tank to guide the growth strategy across various functions and business divisions. Team building is a vital aspect of our strategic focus in HR and our Ideas Platform offers a forum for employees to share innovative ideas for the Company's progress.



We also have in place well structured programmes for induction of new joinees, as well as product and behavioural training for existing employees.

## EMPOWERING THE SOCIETY

As a socially and environmentally responsible corporate, our philosophy is centred on community development initiatives across a gamut of activities – child nutrition, education, health and sanitation. At Havells, we believe in taking full ownership of the initiatives to ensure quality and effectiveness to communities.

Cognizant of the importance of child nutrition, especially among the economically weaker sections of the society, we provide Mid-Day Meals in government schools in Alwar district of Rajasthan, covering 55,000 students in 656 schools per day. Our state-of-the-art kitchens with modern and automated cooking facilities, and a fleet of 21 meal vans with dedicated staff and drivers, ensure regular supply of freshly cooked food to children. The entire operation is managed by a team of 122 employees, all of whom are on the Company rolls.

During FY 2014-15, Havells was honoured with the 'Child Rights Champion Award' by C.R.Y. (Child Rights and You) for its Mid-Day Meal programme.

Education is another key intervention area of our Corporate Social Responsibility programme and we facilitate education through various interventions. We are targeting educational institutions in different parts of Haryana through scholarships, sponsorships and meal costs for needy students.

Given the national campaign on sanitation and cleanliness, we have further augmented our efforts in this direction. During

the year under review, we initiated a sanitation drive in all the 656 schools in Alwar district where we are engaged in the Mid-Day Meal programme. We are building eco-friendly and hygienic bio-toilets in these schools. These toilets have been designed to inculcate hygienic habits in children. A key factor behind the initiative was to address the challenge especially faced by girl children, who would skip school because of the lack of proper toilets.

Regular blood donation camps at Havells locations, contributions to victims of national calamities and environmental stewardship were also high on our CSR agenda during the year.

## HAVELLS INDIA LIMITED (STANDALONE) SEGMENT DISCUSSION

### Switchgears

Our extensive switchgear portfolio, manufactured at our state-of-the-art plants, spans the complete range of products, which encompasses domestic switchgears, switches, industrial switchgears, capacitors and motors.

Rising urbanisation, coupled with infrastructural developments and growing electricity consumption, has driven market growth in this segment, which has seen a marked shift from the unorganised to the organised. We see the Switchgear market charting favourable growth trends in the coming years, pushed by government focus on increasing the installed power generation capacity. The government's 'Housing for All' and 'Smart Cities' concept are further expected to boost growth, with the planned smart cities contributing to pick-up in infrastructural and construction activity in the country.

In line with its consumer-centric focus, Havells continued to aesthetically upgrade its products in this segment. Our distribution boards now have a place of pride at the entrance of the home. Our Metallica board is a designer's delight, while our switches are a perfect blend of research and innovation, marking a clear differential in terms of design, operational efficiency and aesthetic appearance. With the market trend shifting towards advanced modular switches, we shall continue to innovate in this product category.

The Switchgears division registered net revenue of ₹ 1,279.0 crores during FY 2014-15 as compared to ₹ 1,219.2 crores during FY 2013-14, showing a growth of 5% with contribution margins in this segment at 34.3%.

### Cable

The Cable segment, comprising industrial and domestic cables, contributes 42% of the Company's revenue.



Despite declining copper prices, the segment was able to focus on improving contribution margins as a result of our growing brand strength, a strong check on inventory levels and the ability to pass on any raw material fluctuation to the market in the domestic cables business.

With government initiatives in infrastructure development further buoying the industry, we expect the growth trends to continue evolving amid increasing demand for reliable and energy efficient cables. The cable industry, which has evolved from an unorganised into an organised sector, is volume-driven and likely to get a huge thrust as infrastructure and housing sectors drive growth with the government investing more capex in these areas.

The Cable division registered a growth of 14% in net revenue at ₹ 2,190.4 crores during FY 2014-15, with contribution margins at 12.1% as compared to ₹ 1,926.4 crores during FY 2013-14.

## Lighting and Fixtures

With the consumer product preference in lighting and fixtures shifting towards LED, we have aligned our product portfolio to the changing consumer preference.

Government initiatives, aggressive marketing to create awareness and major advertisement campaigns regarding benefits of using LED lighting, have contributed to demand creation in this segment.

In the lighting segment, the tremendous growth in LED is being offset by decline in the traditional sources. Cost optimisation and technical advancement in LED technology are pushing down LED costs in the Indian market. Keeping pace with the market trend, we have broadened our LED lighting product portfolio to leverage greater growth in this segment. Havells is fully geared to meet the surge in demand in the LED segment, with its dedicated and world-class manufacturing facilities in Noida and Neemrana.

The technological shift to LED has not been challenging for us since we already had a manufacturing facility for fixtures. We have quickly adapted to the new technology and we believe our early-mover advantage will come in handy in increasing the scale of our LED business.

Going forward, we are looking at a product mix shift geared even more towards LED, mainly on account of the government's efforts to promote manufacturing of LED products in India. With increased construction activity and refurbishments, LED fixtures are also expected to emerge as a key growth area for the Company. LEDs are poised to replace the traditional sources of lighting and, hence, will be at the core of our growth strategy for the lighting and fixtures segment.

The division registered net revenue of ₹ 741.0 crores during FY 2014-15 as compared to ₹ 720.7 crores during FY 2013-14, a growth of 3% with contribution margin of 26.6% in the financial year 2014-15.

## Electrical Consumer Durables

Havells is continuously expanding and growing its presence in the electrical consumer durables space, with our products gaining immense popularity in the Indian households.

With manufacturing a core strength for Havells even in this space, we set up our own manufacturing facility at Neemrana for Water Heaters during the year. The facility is now operational, promising greater traction for us in this business, going forward.

Though a late entrant in the fan category, we have been able to establish our position in the premium category fans and launched a new range of fans during the year. We launched several premium products in appliances, as well as air coolers in the consumer durables category. Our Electrical Consumer Durables are well accepted by consumers and have helped us broaden our customer base.

The business registered net revenue of ₹ 1,028.3 crores during FY 2014-15 as compared to ₹ 853.4 crores during FY 2013-14, a healthy growth of 20%.

## FINANCIAL OVERVIEW

Though the changes are yet to manifest themselves on the ground, the positivity visible in the macro indicators shows that the market sentiment is optimistic, which could translate into economic recovery, going forward. We are also continuously investing in the business to leverage the opportunities that will surface once the on-ground growth momentum revives.

Growth remained muted in the second half of the financial year as consumer demand slowed down. Despite the challenging environment, however, we have been able to deliver double digit growth, with improvement in margins witnessed across all the business segments.

Backed by prudent financial thinking, we have been able to build a strong balance sheet with the least debt equity ratio and significant cash generation. We have increased our return to our shareholders, with our dividend payout increasingly significantly to 49% of standalone profit in FY 2014-15.

Havells on a standalone basis registered net revenue of ₹ 5,239 crores in financial year ended 2014-15 as compared to ₹ 4,720 crores in financial year ended 2013-14, a growth

of 11%. EBIDTA (Earnings Before Interest Depreciation Tax and Amortisation) was ₹ 699 crores in FY ended 2014-15 as compared to ₹ 642 crores in FY ended 2013-14.

## SYLVANIA

Our manufacturing excellence mantra continues to strengthen our Sylvania business too. With the acquisition of Sylvania, we retained its European manufacturing set-up, which has been delivering high-end products to the evolved consumers in the region year-on-year.

Four consecutive years of awards for Concord at the Lighting Design Awards (LDAs) stand testimony to Sylvania's immensely popular Concord architectural lighting brand. With a strong manufacturing base in the UK, Concord is renowned for its strong design ethos, high technical performance and aesthetic form. Concord focusses on bringing lighting solutions to meet the needs of architects and lighting designers.

The operating performance of the Sylvania business has been steady, delivering stable results even in difficult market conditions. We have been focussed on profitability, cash generation and debt reduction in this business, despite the prevailing forex volatility. Continuous deleveraging of the business is in continuation to the refinancing of the debt initiative started two years back, and we have also introduced receivable financing in Sylvania, leading to significant improvement in the financial profile.

We see this business continuing to remain stable, with a positive bias, as we further strengthen the balance sheet quality by more deleveraging of the business.

The technological shift from CFL to LED has been quite smooth as we already had the fixtures portfolio in Europe, which ensures that we are well placed to address the market shift towards LED. Also, the lighting component is replaceable, giving us an added advantage.

On a strategic level, Sylvania is working towards alignment of its portfolio to the growing consumer demand for LED, sales of which increased in Europe.

The Sylvania-European operations have remained stable during the year. We continue to see immense opportunities in a resurgent Europe for this business. With the product shift in the European market also aligned in favour of LED, the European business of Sylvania is now increasingly focussed on LEDs and we see a huge growth potential in this product category.

The Sylvania-Latin America business, which contributes around 36% to Sylvania's total revenue, continues to focus on profitability and growth. Though the year under review

witnessed currency volatility, we see economic sentiment picking up in the coming year.

As part of our commitment to the United Nations' global initiative aimed at promoting sustainable development in the lighting business, we became a Gold Sponsor for the International Year of Light in 2015. The initiative seeks to provide solutions to worldwide challenges in energy, education, agriculture, communications and health. The sponsorship, which resulted in several events during the year, appears to be bringing in the anticipated value in our association with the United Nations cause. As part of this initiative, Havells Sylvania helped explore and celebrate the importance of light and optical technologies by sponsoring a unique exhibition-experience at Eléphant Paname Art and Dance Centre in Paris, France (6 March – 31 May 2015). *Lumières - Play of Brilliants* is an exhibition by a collection of artists working with light.

Sylvania on standalone registered net revenue of Euro 443.1 million in financial year ended 2014-15 as compared to Euro 440.1 million in financial year ended 2013-14. EBIDTA (Earnings Before Interest Depreciation Tax and Amortisation) was Euro 6.3 million in financial year ended 2014-15 as compared to Euro 16.5 million in financial year ended 2013-14. However, the EBIDTA without considering change in pension liability would have been Euro 20.7 million in financial year ended 2014-15 as compared to Euro 22.6 million in FY ended 2013-14.

## OPPORTUNITIES

### I. Greater Thrust on Infrastructure Development

**Havells edge** – Havells has a strong legacy and brand franchise. Most of the segments in this business are highly fragmented with a large number of suppliers and unorganised players losing out to the organised ones. This specially holds true for switches, domestic wires and lighting luminaries businesses.

The Company has a strong, established distribution network, supported by innovative incentive schemes. The Company has a wide basket of products in electrical categories, with new product variants with similar distribution channels being added regularly. The Company is deepening penetration into smaller, emerging towns, leveraging the Reo switches range. The Company is continuing focus on expansion into the rural areas.

### II. LED Segment Focus

**Havells edge** – Havells has a growing presence in LED segment with early-mover advantage. The Company has dedicated facilities for LED fixtures lighting in Noida and Neemrana. The Company has higher

margins on account of in-house manufacturing of LED luminaries, whose share in domestic lighting revenues currently stands at 27%.

## THREATS

### I. Macroeconomic Scenario

Despite the macroeconomic challenges, the Company has been able to perform year after year. Had the macroeconomic environment been better, we could have performed better.

### II. Foreign Exchange Fluctuation

The business has foreign currency risk as the outsourcing is done in Sylvania. Significant fluctuation in the currencies could impact Company's financial performance.

### III. Competition

We, at Havells, see competition as a challenge, taking into consideration the potential of the industry.

## RISK MANAGEMENT AND GOVERNANCE

Havells has established itself as both – a pioneer and an industry benchmark for its Corporate Governance practices. Highest levels of business ethics and governance standards impart Havells the unique and respectable stakeholder trust it enjoys in the industry.

A strong risk management and internal control system forms the backbone for our robust risk management practices. In line with our commitment to provide sustainable returns to all our stakeholders, Havells has formalised clearly defined systems and policies for timely addressing key business challenges and opportunities.

### Enterprise Risk Management at Havells

Risk Management at Havells is a key strategic focus and encompasses practices relating to identification, evaluation, monitoring and mitigation of various key risks to business objectives. The twin purpose of Enterprise Risk Management is to minimise adverse impacts and to leverage market opportunities effectively. The objective is to sustain and enhance short-term and long-term competitive advantage to the Company.

A structured risk management system permits the management to take calibrated risks. This system provides a holistic view of the business, wherein risks are identified in a structured manner at two levels. The bottom-up approach is conducted through workshops with respective

teams 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.

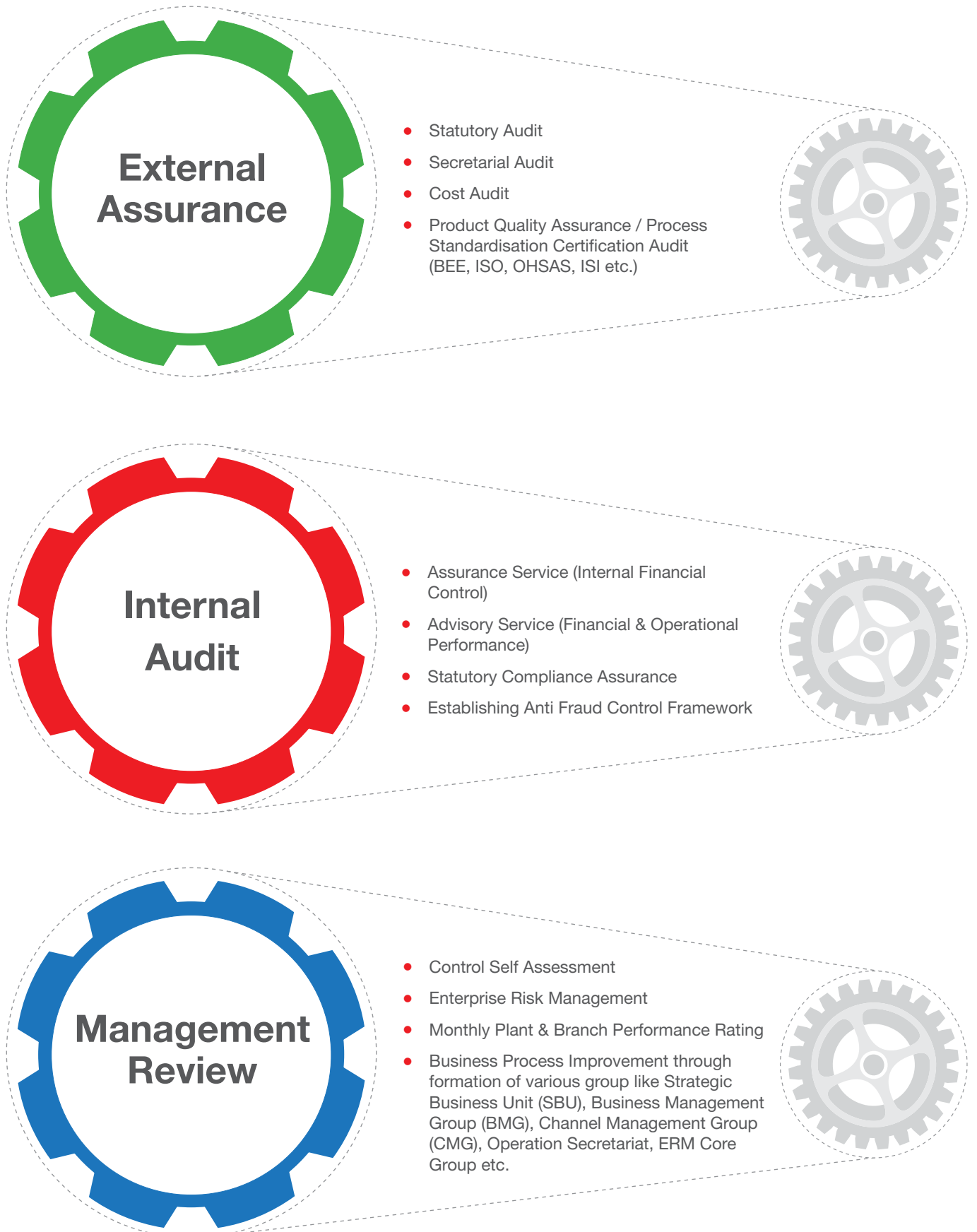
### The PSPD model of Risk and Opportunity management

We have a PSPD (Predictable, Sustainable, Profitable and De-risked) approach to risk management and benchmarking COSO (Committee of Sponsoring Organisations of the Treadway Commission, USA) Internal Financial Control Framework, which is in accordance with Companies Act 2013 and revised clause 49 of the listing agreement of SEBI. These incorporate an interactive management-oriented approach for optimisation of key business challenges and opportunities. Our core values and ethics provide the platform for the Company's enterprise risk management policies and practices.

### Internal Financial Control Structure



## Assurance Framework





## Risk Management Practice and Approach

- Risk management activities are carried out at periodic intervals by designated team. Risk survey is conducted across functions to get input on key challenges towards achievement of the business objectives, their prioritisation on risk mitigation plan.
- Risks identified during Enterprise Risk Management (ERM) is being addressed adequately and updated to ERM Committee of the Board on at periodic interval.
- Periodic assessment of risks, potential impact relating to business growth, profitability, talent engagement, market position are conducted.
- The formation of various groups like Business Management Group (BMG), Channel Management Group (CMG), Strategic Business Unit (SBU) ensures smooth operational and financial management. These teams engage in self-benchmarking and enable optimum utilisation of available resources.
- Response on key operational risks, based on inputs received from the internal & external assessment, internal audit, performance review etc. are done on a regular basis.

- During the financial year, the sub-audit committee met fourteen times to discuss the internal audit reports. Minutes of the same, along with the action taken report, have been discussed in the Audit committee. The sub audit committee, coordinated by Risk Management and Governance team, is chaired by the Chairman & Managing Director & Director-Finance and Group CFO which is attended by the Plant/Branch, Head Office team along with their Functional Heads and Internal Auditors.

## 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.*



# Corporate Governance Report

## CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2015

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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 56 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 that are implemented in a manner so as

to achieve the objectives of the principles stated in the clause with respect to Rights of Shareholders, Role of Stakeholders in Corporate Governance, Disclosure and Transparency, Responsibilities of the Board and Other responsibilities prescribed under these regulations.

### 2. BOARD OF DIRECTORS

#### COMPOSITION AND CATEGORY OF DIRECTORS

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

The Chairman of the Board is an executive director with half of the Board comprising of independent directors.

As on 31<sup>st</sup> March, 2015, your Company's Board has a strength of 12 (Twelve) Directors comprising 3 (Three) Executive and 9 (Nine) Non-Executive Directors, latter including 6 (Six) Independent Directors.

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.

All the Independent Directors have declared that they meet the criteria of 'Independence' mentioned under Clause 49 of the Listing Agreement and Section 149 of the Companies Act, 2013.

Directors' attendance at the Board Meetings during the financial year and the last Annual General Meeting (AGM) as also their other Directorships and Committee Memberships are given below:

S. No.	Director	Category	Directorship(s) <sup>1</sup> / Committee <sup>2</sup> Membership(s)/ Chairmanship(s) in Other Companies			Attendance in Board Meetings  (No. of Board Meeting(s) held during FY 2014-15: 10)	Attendance in last AGM  (AGM for FY 2014 was held on 9 <sup>th</sup> July, 2014)
			Directorship(s)	Committee Membership(s)	Committee Chairmanship(s)		
<b>EXECUTIVE DIRECTORS</b>							
1.	Shri Qimat Rai Gupta* (Chairman and Managing Director)	Non-Independent*	4*	Nil	Nil	4*	Yes*
2.	Shri Anil Rai Gupta** (Chairman and Managing Director)	Non-Independent	6	1	1	10	Yes
3.	Shri Ameet Kumar Gupta <sup>§</sup> (Whole-time Director)	Non-Independent	6	2	Nil	3	-
4.	Shri Rajesh Gupta (Director(Finance) and Group CFO)	Non-Independent	Nil	Nil	Nil	10	Yes

S. No.	Director	Category	Directorship(s) <sup>1</sup> / Committee <sup>2</sup> Membership(s)/ Chairmanship(s) in Other Companies			Attendance in Board Meetings  (No. of Board Meeting(s) held during FY 2014-15: 10)	Attendance in last AGM  (AGM for FY 2014 was held on 9 <sup>th</sup> July, 2014)
			Directorship(s)	Committee Membership(s)	Committee Chairmanship(s)		
<b>NON-EXECUTIVE DIRECTORS</b>							
5.	Shri Surjit Gupta	Non-Independent	6	1	1	10	Yes
6.	Shri Sunil Behari Mathur	Independent	9	4	1	6	Yes
7.	Shri Avinash Parkash Gandhi	Independent	7	3	3	9	No
8.	Shri Vijay Kumar Chopra	Independent	9	5	3	10	Yes
9.	Shri Surender Kumar Tuteja	Independent	9	5	5	10	Yes
10.	Dr. Adarsh Kishore	Independent	1	Nil	1	9	No
11.	Smt. Pratima Ram #	Independent	4	2	Nil	7	-
12.	Shri Puneet Bhatia ®	Non-Independent	3	2	Nil	2	-
13.	Shri T. V. Mohandas Pai ®	Non-Independent	Nil	Nil	Nil	3	-

\* Ceased to be Director effective 7<sup>th</sup> November, 2014 on his demise. His membership/chairmanship on the Board and Committees of public companies and shareholding is as on the date of cessation.

\*\* Designated as the Chairman and Managing Director of the Company w.e.f. 13<sup>th</sup> November, 2014

§ Appointed as an Additional Director w.e.f. 22<sup>nd</sup> December, 2014 and Whole-time Director of the Company w.e.f. 1<sup>st</sup> January, 2015

# Appointed as an Additional Director w.e.f. 28<sup>th</sup> July, 2014

® Appointed as Non-Executive Non-Independent Director of the Company w.e.f. 22<sup>nd</sup> December, 2014

#### Notes:

1. Excludes Directorships in Private Limited Companies, Foreign Companies, Companies under section 8 of the Companies Act, 2013 and Havells India Limited.
2. Committees considered for the purpose are those prescribed under explanation to clause 49(II)(D)(2)(ii) of the Listing Agreement viz. Audit Committee and Stakeholders' Relationship Committee of Indian public limited companies excluding Havells India Limited.

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 the first Board Meeting of the financial year which began on 1<sup>st</sup> April, 2015.

#### Maximum tenure of Independent Directors

The Independent Directors are appointed for a period of 3 (Three) years which is well within the maximum tenure of Independent Directors provided under the Companies Act, 2013 and clarifications/ circulars issued by the Ministry of Corporate Affairs, in this regard, from time to time.

#### Formal letter of appointment to Independent Directors

The Company has issued letter of appointment to all the independent directors in the manner as provided under the Companies Act, 2013 and the terms and conditions of their appointment have been disclosed on the website of the Company at [www.havells.com](http://www.havells.com).

#### Performance evaluation of Independent Directors

The Nomination and Remuneration Committee of the Board, in its Meeting held on 18<sup>th</sup> March, 2015, laid out the

evaluation criteria for performance evaluation of the Board, its Committees and all the individual directors, in adherence of clause 49 of the Listing Agreement.

The performance evaluation for the financial year was carried out in accordance with the criteria laid out by the Nomination and Remuneration Committee and approved by the Board. The evaluation of all directors (including independent directors) was done by the entire Board of Directors (excluding the director being evaluated).

#### Separate Meetings of the Independent Directors

During the reporting financial year, a separate Meeting of the Independent Directors of the Company, was held on 18<sup>th</sup> March, 2015, at the Corporate Office of the Company at QRG Towers, 2D, Sector – 126, Expressway, Noida (U.P.) – 201304, whereat the following items as enumerated under Schedule IV to the Companies Act, 2013 and clause 49 of the Listing Agreement were set out as the Agenda:

- a) Review of performance of Non-Independent Directors and the Board as a whole
- b) Review of performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors

- c) Assessment of the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

#### Familiarisation Programme for Independent Directors

All Independent Directors are familiarized with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc. from time to time. The Company makes consistent efforts to acquaint the Board with the overall business performance covering all Business verticals, by way of presenting specific performance of each Plant (based on predefined factory rating parameters), Product Category and Corporate Function from time to time. The entire Board including Independent Directors has access to Product Heads/ Factory Heads and other commercial/ technical staff, wherever required for informed decision making. Detailed agenda are sent well in advance to all the Directors in order for the Board to perform its function and fulfill its role effectively.

The details of such familiarisation programmes are disclosed on the company's website [www.havells.com](http://www.havells.com) in the investor section under 'Disclosures'.

#### NO. OF BOARD MEETINGS AND DATES ON WHICH HELD

The Board meets at least four times a year, with a maximum time gap of one hundred and twenty days between any two meetings. 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 significance including information as mentioned in Annexure X 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.

During the financial year 2014-15, the Board met 10 (Ten) times on 23<sup>rd</sup> April, 2014, 28<sup>th</sup> May, 2014, 30<sup>th</sup> June, 2014, 28<sup>th</sup> July, 2014, 23<sup>rd</sup> September, 2014, 22<sup>nd</sup> October, 2014, 13<sup>th</sup> November, 2014, 22<sup>nd</sup> December, 2014, 28<sup>th</sup> January, 2015 and 18<sup>th</sup> March, 2015. In terms of clause 49 of the Listing Agreement the gap between any two meetings did not exceed one hundred and twenty days.

#### Relationship between Directors inter-se

Shri Ameet Kumar Gupta, Whole-time Director on the Board of Directors is the son of Shri Surjit Gupta, Non-Executive Director.

#### 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 Directors, Senior Management and other Employees of the Company. The Code of Ethics was revised by the Board of Directors, in its Meeting held on 28<sup>th</sup> January, 2015, to suitably incorporate the duties of Independent Directors as laid down in the Companies Act, 2013.

The Code is available on the website of the Company [www.havells.com](http://www.havells.com).

#### Declaration as required under clause 49 of Listing Agreement

All Board members and senior management personnel have affirmed compliance with the code of ethics for the financial year ended 31<sup>st</sup> March, 2015.

Noida, May 11, 2015

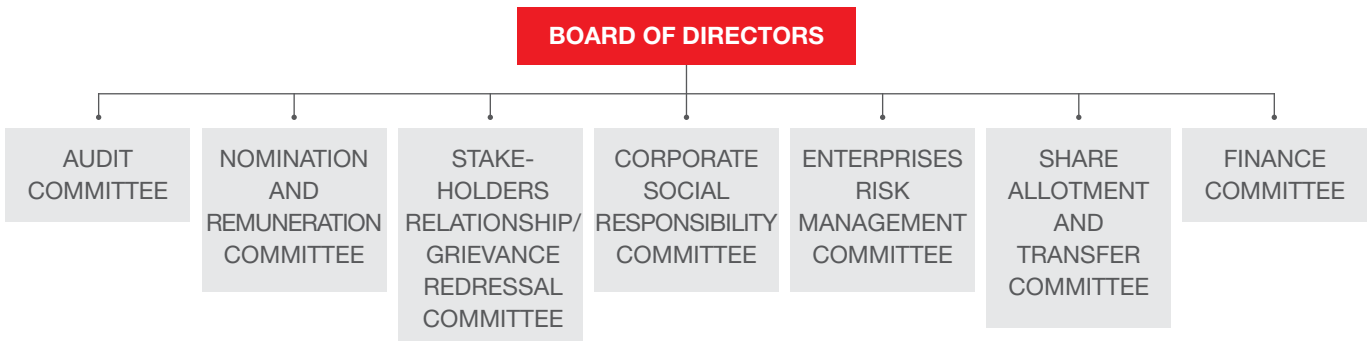
**Anil Rai Gupta**  
Chairman and Managing Director

#### 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 of the policy is available on the website of Company at Investor Section.

### 3. COMMITTEES OF THE BOARD OF DIRECTORS



As at the end of last financial year on 31<sup>st</sup> March, 2015, there are 7 (Seven) Committees of the Board of Directors of the Company.

#### A. AUDIT COMMITTEE

##### I. TERMS OF REFERENCE

The terms of reference of the Audit Committee are as defined under the relevant provisions of Section 177 of the Companies Act, 2013 as in force (with effect from the notification of the Companies Act, 2013, governing provisions are contained under section 177 in place of erstwhile section 292A of the Companies Act, 1956) and clause 49 of the Listing Agreement with stock exchanges.

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

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the company.
- Approval of payment to statutory auditors for services rendered by the statutory auditors.
- Reviewing with the management the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of section 134 of the Companies Act, 2013
  - Any changes in accounting policies and practices and reasons thereof
  - Major accounting entries involving estimates 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
- Disclosure of any related party transaction
- Qualifications in the draft audit report
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- 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 utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Reviewing, with the management, performance of 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.
- 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.

## II. COMPOSITION, MEMBERS, CHAIRPERSON

The Audit Committee comprises 4 (Four) 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 31<sup>st</sup> March, 2015, is given below:

S. No.	Name	Category	Designation
1.	Shri Vijay Kumar Chopra	Independent	Chairman
2.	Shri Sunil Behari Mathur	Independent	Member
3.	Shri Avinash Parkash Gandhi	Independent	Member
4.	Shri Surjit Gupta	Non-Independent	Member

## III. MEETINGS AND ATTENDANCE DURING THE YEAR

During the financial year 2014-15, Audit Committee met 5 (Five) times on 28<sup>th</sup> May, 2014, 28<sup>th</sup> July, 2014, 22<sup>nd</sup> October, 2014, 28<sup>th</sup> January, 2015 and 18<sup>th</sup> March, 2015 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 2014-15 is given below:

Name	Designation	Meetings Attended (No. of Meeting(s) held: 5)
Shri Vijay Kumar Chopra	Chairman	5
Shri Avinash Parkash Gandhi	Member	5
Shri Sunil Behari Mathur	Member	4
Shri Surjit Gupta	Member	5

## B. NOMINATION AND REMUNERATION COMMITTEE

### I. ROLE OF NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee determines on behalf of the 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.

The role of the Nomination and Remuneration Committee also covers such functions and scope as prescribed under section 178 of the Companies Act, 2013 read with allied Rules framed thereunder and clause 49 of the Listing Agreement with stock exchanges.

Further, in terms of the SEBI (Share Based Employee Benefits) Regulations, 2014, the Nomination and Remuneration Committee also supervises the Havells Employees Long Term Incentive Plan which covers Part A – Havells Employees Stock Option Plan 2013 and Part B - Havells Employees Stock Purchase Plan 2014.

### II. COMPOSITION, MEMBERS, CHAIRPERSON

The Nomination and Remuneration Committee comprises 4 (Four) Non-Executive Directors, the Chairman being Non-Executive and Independent. The Company Secretary of the Company acts as Secretary to the Nomination and Remuneration Committee. The Composition of Nomination and Remuneration Committee as on 31<sup>st</sup> March, 2015, is given below:

S. No.	Name	Category	Designation
1.	Shri Surender Kumar Tuteja	Independent	Chairman
2.	Shri Avinash Parkash Gandhi	Independent	Member
3.	Shri Vijay Kumar Chopra	Independent	Member
4.	Shri Surjit Gupta	Non-Independent	Member

### III. MEETINGS AND ATTENDANCE DURING THE YEAR

During the financial year 2014-15, the Nomination and Remuneration Committee met 6 (Six) times on 23<sup>rd</sup> April, 2014, 28<sup>th</sup> July, 2014, 13<sup>th</sup> November, 2014, 22<sup>nd</sup> December, 2014, 28<sup>th</sup> January, 2015 and 18<sup>th</sup> March, 2015. Attendance record of Nomination and Remuneration Committee members for meetings held during FY 2014-15 is given below:

Name	Designation	Meetings Attended (No. of Meeting(s) held : 6)
Shri Surender Kumar Tuteja	Chairman	6
Shri Avinash Parkash Gandhi	Member	6
Shri Vijay Kumar Chopra	Member	6
Shri Surjit Gupta	Member	6

### IV. REMUNERATION POLICY

Your Company has adopted a Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other Employees; regulated by the Nomination and Remuneration Committee of the Board. The Policy is also available on the website of the Company [www.havells.com](http://www.havells.com) in the investor section under 'Disclosures'.

### V. REMUNERATION OF DIRECTORS

The remuneration to the Managing Director(s) and Whole-time Director(s) is paid on the scale determined by the Nomination and Remuneration Committee within the limits approved by the Shareholders at the General Meeting. The Non-Executive Directors, except for promoter director, are entitled to sitting fees for attending meetings of the Board, its Committees and the Shareholders. The Non-Executive Independent Directors are also paid an annual commission of ₹ 5 lakhs per annum in addition to the fee payable to such Directors for attending the Board and other meetings or reimbursement of expenses, if any.

#### Havells Employees Long Term Incentive Plan 2014 (LTIP)

The purpose of LTIP is to extend the policy of employee ownership philosophy by granting and issuing stock options/ shares to the Eligible Employees and Executive Directors (Non-Promoters) of the Company with a view to retain the existing key employees and attracting fresh talent. LTIP is 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 FY 2014-15 is given below:

(₹ in Lakhs)							
S. No.	Name of Directors	Service Term	No. of shares held	Sitting Fee (A)	Salary & Perks (B)	Commission (C)	Total (A+B+C)
1.	Shri Qimat Rai Gupta* (Chairman and Managing Director)	01-04-2014 to 31-03-2019	1,35,84,000*	-	595.99	368.00*	963.99
2.	Shri Anil Rai Gupta** (Chairman and Managing Director)	01-04-2014 to 31-03-2019	1,73,39,740	-	237.64	588.00**	825.64
3.	Shri Ameet Kumar Gupta <sup>§</sup> (Whole-time Director)	01-01-2015 to 31-12-2019	15,66,160	-	33.60	88.25 <sup>§</sup>	121.85
4.	Shri Rajesh Gupta*** (Director (Finance) and Group CFO) <sup>#</sup>	01-04-2010 to 31-03-2015	12,22,255	-	191.19	333.00***	524.19
5.	Shri Surjit Gupta	-	3,26,50,800	-	-	-	-
6.	Shri Sunil Behari Mathur	-	-	3.20	-	5.00 <sup>^</sup>	-
7.	Shri Avinash Parkash Gandhi	-	-	4.60	-	5.00 <sup>^</sup>	-
8.	Shri Vijay Kumar Chopra	-	-	4.60	-	5.00 <sup>^</sup>	-
9.	Shri Surender Kumar Tuteja	-	-	4.00	-	5.00 <sup>^</sup>	-
10.	Dr. Adarsh Kishore	-	-	3.00	-	5.00 <sup>^</sup>	-
11.	Smt. Pratima Ram <sup>%</sup>	-	-	1.60	-	5.00 <sup>^</sup>	-
12.	Shri T. V. Mohandas Pai <sup>@</sup>	-	-	0.40	-	-	-
13.	Shri Puneet Bhatia <sup>@</sup>	-	49,750	0.20	-	-	-

\* Ceased to be Chairman and Managing Director w.e.f. 7<sup>th</sup> November, 2014. Details of remuneration are given upto the date of cessation. As per the approved terms, Shri Qimat Rai Gupta was entitled to receive Commission @ 1.00% of the profit before tax for the financial year ended 2014-15. His shareholding is in the process of transmission to Smt. Vinod Gupta (spouse).

\*\* Shri Anil Rai Gupta (Joint Managing Director) was designated as the Chairman and Managing Director w.e.f. 13<sup>th</sup> November, 2014. Subject to the approval of shareholders, the Board upon the recommendation of the Nomination and Remuneration Committee has approved the payment of Commission @ 1.25% of the profit before tax, to Shri Anil Rai Gupta w.e.f. 1<sup>st</sup> January, 2015. Prior to that, i.e. from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> December, 2014, Shri Anil Rai Gupta, is entitled to receive Commission @ 0.75% of the profit before tax.

<sup>§</sup> Appointed as Whole-time Director w.e.f. 1<sup>st</sup> January, 2015. Subject to the approval of shareholders, the Board upon the recommendation of the Nomination and Remuneration Committee has approved the payment of Commission @ 0.50% of the profit before tax, to Shri Ameet Kumar Gupta w.e.f. 1<sup>st</sup> January, 2015.



\*\*\* As per the approved terms, Shri Rajesh Gupta is entitled to receive Commission @ 0.50% of the profit before tax for the financial year ended 2014-15.

# Under the Havells Long Term Incentive Plan of the Company, 5,740 Equity shares of ₹ 1/- each of the Company have been transferred from the Havells Employees Welfare Trust to the demat account of Shri Rajesh Gupta, on 8<sup>th</sup> May, 2015, upon exercise of his vested Options for FY 2012-13. Further, Shri Rajesh Gupta is also entitled to be allotted 11,549 Equity shares of ₹ 1/- each of the Company upon exercise of 11,549 Shares Granted to him under the Plan for the FY 2014-15.

^ In terms of Shareholders approval dated 9<sup>th</sup> June, 2014, all the Non-Executive Independent Directors of the Company are entitled for a commission of Rs. 5 lakhs per annum w.e.f. 1<sup>st</sup> April, 2013.

% Appointed as Additional Director w.e.f. 28<sup>th</sup> July, 2014.

⊙ Appointed as Additional Directors w.e.f. 22<sup>nd</sup> December, 2014.

## 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 during the last financial year, Shri Rajesh Gupta, Whole-time Director (Finance) and Group CFO, 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, as per which the option may also be given to the Whole-time Director (Finance) and Group CFO, giving him the benefit or right to purchase or subscribe at a future date, the securities offered by the company at a predetermined price.

## C. STAKEHOLDERS RELATIONSHIP / GRIEVANCE REDRESSAL COMMITTEE

### I. ROLE OF STAKEHOLDERS RELATIONSHIP / GRIEVANCE REDRESSAL COMMITTEE

The terms of reference and the ambit of powers of Stakeholders Relationship / Grievance Redressal Committee are as per clause 49 of the Listing Agreement and the section 178 of the Companies Act, 2013 (or any amendment thereof) and allied rules as may be notified from time to time. The status of member correspondences, queries, grievances etc. are endeavored to be addressed instantaneously by the secretarial department and status thereof is also placed before the Stakeholders Relationship/ Grievance Redressal Committee which meets at quarterly intervals.

### II. COMPOSITION, MEMBERS, CHAIRPERSON

The Stakeholders Relationship / Grievance Redressal Committee comprises 4 (Four) members of which, 3 (Three) are Non-Executive Directors, the Chairman being Non-Executive and Independent. The Company Secretary of the Company acts as Secretary to the Stakeholders Relationship / Grievance Redressal Committee. The Composition

of Stakeholders Relationship / Grievance Redressal Committee as on 31<sup>st</sup> March, 2015, is given below:

S. No.	Name	Category	Designation
1.	Shri Sunil Behari Mathur	Independent	Chairman
2.	Dr. Adarsh Kishore	Independent	Member
3.	Shri Surjit Gupta	Non-Executive	Member
4.	Shri Anil Rai Gupta	Executive	Member

### III. MEETINGS AND ATTENDANCE DURING THE YEAR

During the financial year 2014-15, the Stakeholders Relationship / Grievance Redressal Committee met 4 (Four) times on 28<sup>th</sup> May, 2014, 28<sup>th</sup> July, 2014, 22<sup>nd</sup> October, 2014 and 28<sup>th</sup> January, 2015. Attendance record of Stakeholders Relationship / Grievance Redressal Committee members for meetings held during FY 2014-15 is given below:

Name	Designation	Meetings Attended (No. of Meeting(s) held : 4)
Shri Sunil Behari Mathur	Chairman	3
Dr. Adarsh Kishore	Member	4
Shri Surjit Gupta	Member	4
Shri Anil Rai Gupta	Member	4

### COMPLIANCE OFFICER

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

## D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

### I. ROLE OF CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee has been formed pursuant to section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, to formulate and recommend to the Board, a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company as specified in Schedule VII to the Act, to recommend the amount of expenditure to be incurred on such activities and to monitor the Corporate Social Responsibility Policy of the company from time to time.

The Corporate Social Responsibility Policy of the Company is available on the website of the Company [www.havells.com](http://www.havells.com).

The details of the Corporate Social Responsibility Policy of the Company have also been disclosed in the Directors' Report section of the Annual Report.

## II. COMPOSITION, MEMBERS, CHAIRPERSON

The Corporate Social Responsibility Committee comprises 4 (Four) members of which 2 (Two) are Non-Executive and Independent, the Chairman being Non-Executive and Independent. The Company Secretary of the Company acts as Secretary to the Corporate Social Responsibility Committee. The Composition of Corporate Social Responsibility Committee as on 31<sup>st</sup> March, 2015, is given below:

S. No.	Name	Category	Designation
1.	Shri Surender Kumar Tuteja	Independent	Chairman
2.	Shri Avinash Parkash Gandhi*	Independent	Member
3.	Dr. Adarsh Kishore®	Independent	Member
4.	Shri Anil Rai Gupta	Executive	Member
5.	Shri Rajesh Gupta	Executive	Member

\* Ceased to be Member w.e.f. 13<sup>th</sup> May, 2014

® Appointed as Member w.e.f. 13<sup>th</sup> May, 2014

## III. MEETINGS AND ATTENDANCE DURING THE YEAR

During the financial year 2014-15, the Corporate Social Responsibility Committee met twice on 23<sup>rd</sup> April, 2014 and 23<sup>rd</sup> September, 2014. Attendance record of Corporate Social Responsibility Committee members for meetings held during FY 2014-15 is given below:

Name	Designation	Meetings Attended (No. of Meeting(s) held : 2)
Shri Surender Kumar Tuteja	Chairman	2
Shri Avinash Parkash Gandhi	Member	1
Dr. Adarsh Kishore	Member	1
Shri Anil Rai Gupta	Member	2
Shri Rajesh Gupta	Member	2

## E. ENTERPRISES RISK MANAGEMENT COMMITTEE

### I. ROLE OF ENTERPRISES RISK MANAGEMENT COMMITTEE

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

## II. COMPOSITION, MEMBERS, CHAIRPERSON

The Committee is chaired by an Independent Director with half its members being Non-Executive and Independent. The Company Secretary of the Company acts as Secretary to the Enterprises Risk Management Committee. The Composition of Enterprises Risk Management Committee as on 31<sup>st</sup> March, 2015, is given below:

S. No.	Name	Category	Designation
1.	Shri Sunil Behari Mathur	Independent	Chairman
2.	Shri Avinash Parkash Gandhi	Independent	Member
3.	Shri Anil Rai Gupta	Executive	Member
4.	Shri Rajesh Gupta	Executive	Member

## III. MEETINGS AND ATTENDANCE DURING THE YEAR

During the financial year 2014-15, the Enterprises Risk Management Committee met once on 28<sup>th</sup> January, 2015. Attendance record of Enterprises Risk Management Committee members for meeting held during FY 2014-15 is given below:

Name	Designation	Meeting Attended (No. of Meeting held : 1)
Shri Sunil Behari Mathur	Chairman	1
Shri Avinash Parkash Gandhi	Member	1
Shri Anil Rai Gupta	Member	1
Shri Rajesh Gupta	Member	1

## F. SHARE ALLOTMENT AND TRANSFER COMMITTEE

### I. ROLE OF SHARE ALLOTMENT AND TRANSFER COMMITTEE

The Share Allotment and Transfer 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 also placed before the Stakeholders Relationship / Grievance Redressal Committee for its information and review.

### II. COMPOSITION, MEMBERS, CHAIRPERSON

The Committee comprises of one Non-Executive Director and two Executive Directors. Shri Surjit Gupta being Non-Executive Director is the Chairman of the Committee. The Company Secretary of the Company acts as Secretary to the Share Allotment and Transfer Committee. The Composition of Share

Allotment and Transfer Committee as on 31<sup>st</sup> March, 2015, is given below:

S. No.	Name	Category	Designation
1.	Shri Surjit Gupta	Non-Executive	Chairman
2.	Shri Anil Rai Gupta	Executive	Member
3.	Shri Rajesh Gupta	Executive	Member

### III. MEETINGS DURING THE YEAR

During the financial year 2014-15, the Share Allotment and Transfer Committee met 15 (Fifteen) times. The number of shareholder grievances received and resolved during FY 2014-15 is given below:

Nature of Grievance	Received	Resolved	Max. period of Reply (in days)
Dividend	2	2	2
Annual Report	1	1	1
Transfer of Shares	1	1	2
Non receipt of shares of ₹ 1/- each consequent upon Sub-division of Shares	2	2	1
Communication required in Physical form instead of Electronic Form	2	2	1
<b>Total</b>	<b>8</b>	<b>8</b>	

## MANAGEMENT

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

### 4. GENERAL BODY MEETINGS

Type of Meeting	Date of Meeting	Time	Place	Detail of Special Resolution(s) passed, if any
<b>YEAR 2012-2013</b>				
Annual General Meeting	16 <sup>th</sup> July, 2012	03.00 pm	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi – 110003	-
<b>YEAR 2013-2014</b>				
Annual General Meeting	5 <sup>th</sup> July, 2013	10.00 am	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi – 110003	1. Reappointment of Shri Qimat Rai Gupta as Chairman and Managing Director (CMD) of the Company
<b>YEAR 2014-2015</b>				
Annual General Meeting	9 <sup>th</sup> July, 2014	10.00 am	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi – 110003	1. Change in Period of Office of Shri Qimat Rai Gupta, Chairman and Managing Director, to be liable to determination by retirement of Directors by rotation

#### Special Resolutions passed through Postal Ballot

During the year, 9 (Nine) Special Resolutions were passed through Postal Ballot procedures, 7 (Seven) of them being passed on 9<sup>th</sup> June, 2014 and other 2 (Two) being passed on 7<sup>th</sup> August, 2014, details of which are mentioned below –

## G. FINANCE COMMITTEE

### I. ROLE OF FINANCE COMMITTEE

The 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.

### II. COMPOSITION, MEMBERS, CHAIRPERSON

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 Company Secretary of the Company acts as Secretary to the Finance Committee. The Composition of Finance Committee as on 31<sup>st</sup> March, 2015, is given below:

S. No.	Name	Category	Designation
1.	Shri Surjit Gupta	Non-Executive	Chairman
2.	Shri Anil Rai Gupta	Executive	Member
3.	Shri Rajesh Gupta	Executive	Member

### III. MEETINGS DURING THE YEAR

During the financial year 2014-15, the Finance Committee met 19 (Nineteen) times.

#### (1) Special Resolutions passed by way of postal ballot on 9<sup>th</sup> June, 2014

The Board of Directors by way of resolution passed by circulation on 23<sup>rd</sup> April, 2014 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 110 of

the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014. 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 6<sup>th</sup> June, 2014 and submitted his Report thereon on 9<sup>th</sup> June, 2014 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 9<sup>th</sup> June, 2014, as follows:

#### (I) ACCEPTANCE OF DEPOSITS FROM MEMBERS AND/OR PUBLIC UNDER SECTION 73 AND 76 OF THE COMPANIES ACT, 2013

Total No. of shareholders to whom Postal Ballot Form(s) were sent: **27814**

Particulars	Physical	Electronic	Total
(a) Total postal ballot forms received	70	396	466
(b) Total number of votes casted	2,06,95,203	8,74,16,769	10,81,11,972
(c) Less: Invalid no. of votes casted	0	0	0
(d) Valid no. of votes casted (Net)	2,06,95,203	87,416,769	10,81,11,972
(e) Total no. of votes with assent for the Resolution	2,03,71,973	8,03,99,542	10,07,71,515
(f) Total no. of votes with dissent for the Resolution	3,23,230	70,17,227	73,40,457

*% of total votes casted in favour of the Resolution: 93.21%*

*% of total votes casted against the Resolution: 6.79%*

#### (II) LIMITS OF BORROWINGS UNDER SECTION 180(1)(c) OF THE COMPANIES ACT, 2013

Total No. of shareholders to whom Postal Ballot Form(s) were sent: **27814**

Particulars	Physical	Electronic	Total
(a) Total postal ballot forms received	70	397	467
(b) Total number of votes casted	2,06,95,203	8,78,82,935	10,85,78,138
(c) Less: Invalid no. of votes casted	0	0	0
(d) Valid no. of votes casted (Net)	2,06,95,203	8,78,82,935	10,85,78,138
(e) Total no. of votes with assent for the Resolution	2,06,95,203	8,78,81,413	10,85,76,616
(f) Total no. of votes with dissent for the Resolution	0	1,522	1,522

*% of total votes casted in favour of the Resolution: 99.99%*

*% of total votes casted against the Resolution: 0.01%*

#### (III) PROVIDING SECURITY UNDER SECTION 180(1)(a) OF THE COMPANIES ACT, 2013 IN CONNECTION WITH BORROWINGS OF THE COMPANY

Total No. of shareholders to whom Postal Ballot Form(s) were sent: **27814**

Particulars	Physical	Electronic	Total
(a) Total postal ballot forms received	70	394	464
(b) Total number of votes casted	2,06,95,203	8,78,82,742	10,85,77,945
(c) Less: Invalid no. of votes casted	0	0	0
(d) Valid no. of votes casted (Net)	2,06,95,203	8,78,82,742	10,85,77,945
(e) Total no. of votes with assent for the Resolution	2,06,95,203	8,78,81,469	10,85,76,672
(f) Total no. of votes with dissent for the Resolution	0	1,273	1,273

*% of total votes casted in favour of the Resolution: 99.99%*

*% of total votes casted against the Resolution: 0.01%*



#### (IV) TRANSACTIONS WITH RELATED PARTIES UNDER SECTION 188 OF THE COMPANIES ACT, 2013

Total No. of shareholders to whom Postal Ballot Form(s) were sent: **27814**

Particulars	Physical	Electronic	Total
(a) Total postal ballot forms received	70	376	446
(b) Total number of votes casted	2,06,95,203	1,08,88,304	3,15,83,507
(c) Less: Invalid no. of votes casted	0	0	0
(d) Valid no. of votes casted (Net)	2,06,95,203	1,08,88,304	3,15,83,507
(e) Total no. of votes with assent for the Resolution	2,03,71,973	39,08,427	2,42,80,400
(f) Total no. of votes with dissent for the Resolution	3,23,230	69,79,877	73,03,107

*% of total votes casted in favour of the Resolution: 76.88%*

*% of total votes casted against the Resolution: 23.12%*

#### (V) PAYMENT OF COMMISSION TO NON-EXECUTIVE INDEPENDENT DIRECTORS UNDER SECTION 197 OF THE COMPANIES ACT, 2013

Total No. of shareholders to whom Postal Ballot Form(s) were sent: **27814**

Particulars	Physical	Electronic	Total
(a) Total postal ballot forms received	70	391	461
(b) Total number of votes casted	2,06,95,203	8,78,81,136	10,85,76,339
(c) Less: Invalid no. of votes casted	0	0	0
(d) Valid no. of votes casted (Net)	2,06,95,203	8,78,81,136	10,85,76,339
(e) Total no. of votes with assent for the Resolution	2,06,95,203	8,78,78,676	10,85,73,879
(f) Total no. of votes with dissent for the Resolution	0	2,460	2,460

*% of total votes casted in favour of the Resolution: 99.99%*

*% of total votes casted against the Resolution: 0.01%*

#### (VI) VARIATION IN TERMS OF REMUNERATION OF SHRI QIMAT RAI GUPTA, CHAIRMAN AND MANAGING DIRECTOR OF THE COMPANY UNDER SECTIONS 196, 197, 198 AND 203 READ WITH SCHEDULE V OF THE COMPANIES ACT, 2013

Total No. of shareholders to whom Postal Ballot Form(s) were sent: **27814**

Particulars	Physical	Electronic	Total
(a) Total postal ballot forms received	70	387	457
(b) Total number of votes casted	2,06,95,203	7,06,96,107	9,13,91,310
(c) Less: Invalid no. of votes casted	0	0	0
(d) Valid no. of votes casted (Net)	2,06,95,203	7,06,96,107	9,13,91,310
(e) Total no. of votes with assent for the Resolution	2,06,95,203	7,06,95,340	9,13,90,543
(f) Total no. of votes with dissent for the Resolution	0	767	767

*% of total votes casted in favour of the Resolution: 99.99%*

*% of total votes casted against the Resolution: 0.01%*

#### (VII) AMENDMENT TO THE HAVELLS EMPLOYEES STOCK OPTION PLAN 2013 TO INCLUDE PART B - "HAVELLS EMPLOYEES STOCK PURCHASE PLAN 2014" AND TO RENAME IT AS "HAVELLS EMPLOYEES LONG TERM INCENTIVE PLAN 2014" AND RELATED MODIFICATIONS THERETO

Total No. of shareholders to whom Postal Ballot Form(s) were sent: **27814**

Particulars	Physical	Electronic	Total
(a) Total postal ballot forms received	70	395	465
(b) Total number of votes casted	2,06,95,203	8,78,81,199	10,85,76,402
(c) Less: Invalid no. of votes casted	0	0	0
(d) Valid no. of votes casted (Net)	2,06,95,203	8,78,81,199	10,85,76,402
(e) Total no. of votes with assent for the Resolution	2,01,39,053	7,97,63,035	9,99,02,088
(f) Total no. of votes with dissent for the Resolution	5,56,150	81,18,164	86,74,314

*% of total votes casted in favour of the Resolution: 92.01%*

*% of total votes casted against the Resolution: 7.99%*

**(2) Special Resolution passed by way of postal ballot on 7<sup>th</sup> August, 2014**

The Board of Directors in its meeting, by way of resolution passed by circulation, on 30<sup>th</sup> June, 2014 had appointed Ms. Balika Sharma, 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 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014. Ms. Balika Sharma, had carried out the scrutiny of all the postal ballot forms received upto the close of working hours (5 P.M.) on 4<sup>th</sup> August, 2014 and submitted her Report thereon on 7<sup>th</sup> August, 2014 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 7<sup>th</sup> August, 2014, as follows:

**(I) SUB DIVISION OF EACH EQUITY SHARE OF ₹ 5/- EACH INTO 5 EQUITY SHARES OF ₹ 1/- EACH:**

Total No. of shareholders to whom Postal Ballot Form(s) were sent: **28955**

Particulars	Physical	Electronic	Total
(a) Total postal ballot forms received	103	362	465
(b) Total number of votes casted	1,04,28,708	9,25,60,595	10,29,89,303
(c) Less: Invalid no. of votes casted	0	0	0
(d) Valid no. of votes casted (Net)	1,04,28,708	9,25,60,595	10,29,89,303
(e) Total no. of votes with assent for the Resolution	1,04,28,708	9,25,60,397	10,29,89,105
(f) Total no. of votes with dissent for the Resolution	0	198	198

% of total votes casted in favour of the Resolution: **99.999%**

% of total votes casted against the Resolution: **0.001%**

**(II) ALTERATION OF MEMORANDUM OF ASSOCIATION OF THE COMPANY:**

Total No. of shareholders to whom Postal Ballot Form(s) were sent: **28955**

Particulars	Physical	Electronic	Total
(a) Total postal ballot forms received	103	363	466
(b) Total number of votes casted	1,04,28,708	9,25,60,512	10,29,89,220
(c) Less: Invalid no. of votes casted	0	0	0
(d) Valid no. of votes casted (Net)	1,04,28,708	9,25,60,512	10,29,89,220
(e) Total no. of votes with assent for the Resolution	1,04,28,708	9,25,58,659	10,29,87,367
(f) Total no. of votes with dissent for the Resolution	0	1853	1853

% of total votes casted in favour of the Resolution: **99.998%**

% of total votes casted against the Resolution: **0.002%**

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.

**SUBSIDIARY**

The Company has 55 Subsidiary Companies, all of which are incorporated outside India. In order to adhere to the specific requirement to formulate a policy, the Board, in its Meeting held on 28<sup>th</sup> January, 2015, has expressly adopted the definition of "Material Subsidiary" as given under clause 49 of the Listing Agreement, as a Policy Statement for determining 'Material' Subsidiaries of the Company viz. Havells India Limited. The Policy is disclosed on the company's website [www.havells.com](http://www.havells.com) in the investor section under 'Disclosures'.

The Audit Committee of the Company reviews the financial statements, in particular, the investments made by the unlisted subsidiary company.

The minutes of the Board meetings of the unlisted subsidiary companies are placed at the Board meeting of the Company.

The management periodically brings to the attention of the Board of Directors, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary companies.

**Related Party Transactions**

The Board of Directors, in its Meeting held on 22<sup>nd</sup> October, 2014, has formulated a policy on materiality of related party transactions and also on dealing with Related Party Transactions.

The Policy is disclosed on the company's website [www.havells.com](http://www.havells.com) in the investor section under 'Disclosures'.

Further, the shareholders of the Company vide Special Resolution passed on 9<sup>th</sup> June, 2014 have approved annual limits for certain Related Party Transactions of the Company.

Pursuant to the provisions of the Companies Act, 2013 and clause 49, a statement on all related party transactions is presented before the Audit Committee on a quarterly basis for its review.

## 5. DISCLOSURES

### (a) Materially significant related party transactions.

During the financial year 2014-15, 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(13) of Other Notes on Accounts of the Annual Report.

### (b) Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

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 has 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 organisation 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.

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

During the financial year 2014-15, your Company has not raised proceeds / funds from public issue, rights issue, preferential issue etc. However, in terms of the Havells Employees Stock Purchase Plan 2014 ('the Plan'), 3,84,280 Equity Shares of ₹ 1/- each of the Company, were issued and allotted to the Eligible Employees under the Plan.

## 6. MEANS OF COMMUNICATION

### a) 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](http://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> and <https://listing.bseindia.com>.

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

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

## 7. GENERAL SHAREHOLDER INFORMATION

### (i) Annual General Meeting (Financial Year 2015-16)

Day : Monday  
Date : 13<sup>th</sup> July, 2015  
Time : 10:00 am  
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 1<sup>st</sup> April of a year and ends on 31<sup>st</sup> March of the following year.

### (iii) Financial Calendar

Financial Reporting For	Tentative Time Period
Quarter ending 30 <sup>th</sup> June, 2015	End July 2015
Quarter ending 30 <sup>th</sup> September, 2015	End October 2015
Quarter ending 31 <sup>st</sup> December, 2015	End January 2016
Year ending 31 <sup>st</sup> March, 2016	End May 2016

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

### (iv) Date of Book Closure

The books will remain closed from the 1<sup>st</sup> day of July, 2015, Wednesday to the 7<sup>th</sup> day of July, 2015, Tuesday for the purpose of Dividend.

**(v) Dividend Payment Date**

The Board of Directors of your Company has recommended a dividend of ₹ 3/- per equity share of ₹ 1/- each i.e. @ 300% for the financial year 2014-15. Date of payment of dividend would be within 30 days from 13<sup>th</sup> July, 2015.

**(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).

**(ix) Stock Price Data**

Monthly high & low prices and volumes of the equity shares of your Company at The National Stock Exchange of India Limited (Nifty) and BSE Limited (Sensex) during financial year 2014-15 are as under:

Period	NSE			BSE		
	High	Low	Volume (No. of shares)	High	Low	Volume (No. of shares)
Apr 2014	962.70	880.50	45,11,005	965.00	881.00	3,42,800
May 2014	991.00	901.40	43,86,455	992.45	901.15	9,63,508
Jun 2014	1249.80	962.00	75,40,524	1242.05	967.80	18,68,374
Jul 2014	1295.25	1151.55	55,53,461	1295.00	1152.20	7,79,745
Aug 2014*	1285.00	245.40	1,59,06,768	1285.00	246.45	25,91,180
Sep 2014	296.00	242.05	4,21,99,747	296.00	243.25	50,45,831
Oct 2014	286.40	256.10	2,10,36,231	286.20	256.20	28,74,444
Nov 2014	321.90	278.85	2,25,78,225	324.00	279.30	27,33,817
Dec 2014	346.90	250.00	11,18,98,785	346.15	250.00	1,47,16,753
Jan 2015	284.90	256.10	3,94,49,361	285.00	256.85	44,70,705
Feb 2015	278.65	240.05	3,80,18,508	278.70	239.95	37,64,672
Mar 2015	315.85	270.05	3,49,36,387	315.65	270.10	61,59,990

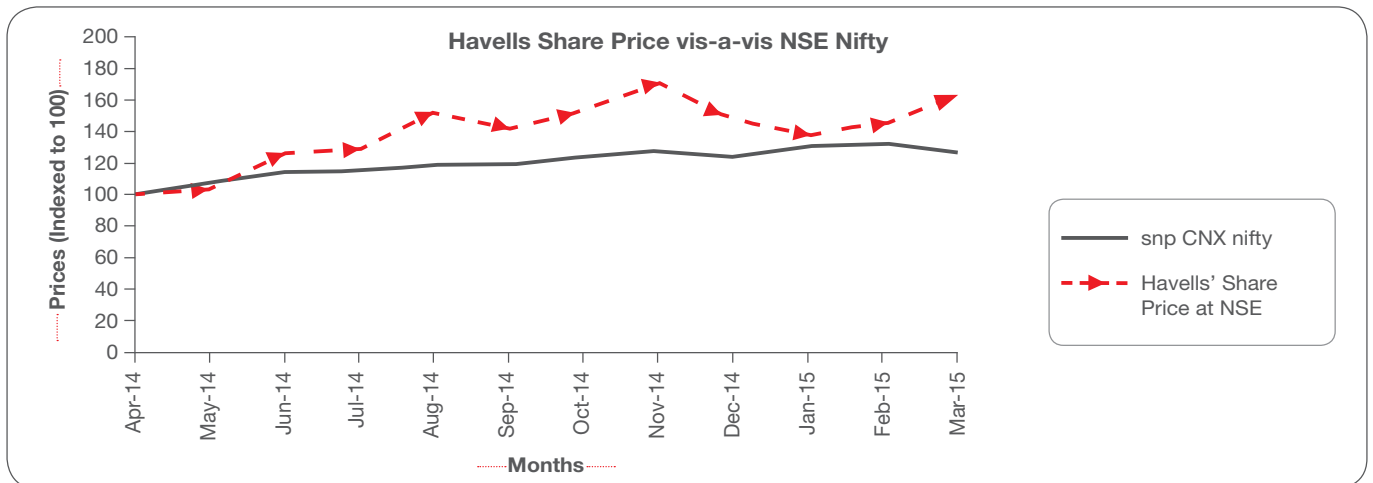
(Source: NSE and BSE website)

**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.

\* The face value of the Company's shares was sub-divided from ₹ 5/- per share to ₹ 1/- per share w.e.f. 27<sup>th</sup> August, 2014 being the Record Date. Prices are accordingly reflected in the above table.

**(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 1<sup>st</sup> April, 2014. The positions post Subdivision of Equity Shares from ₹ 5/- per share to ₹ 1/- per share w.e.f. 27<sup>th</sup> August, 2014 being the Record Date, have been adjusted appropriately for graphical representation.

**(vii) Scrip Code**

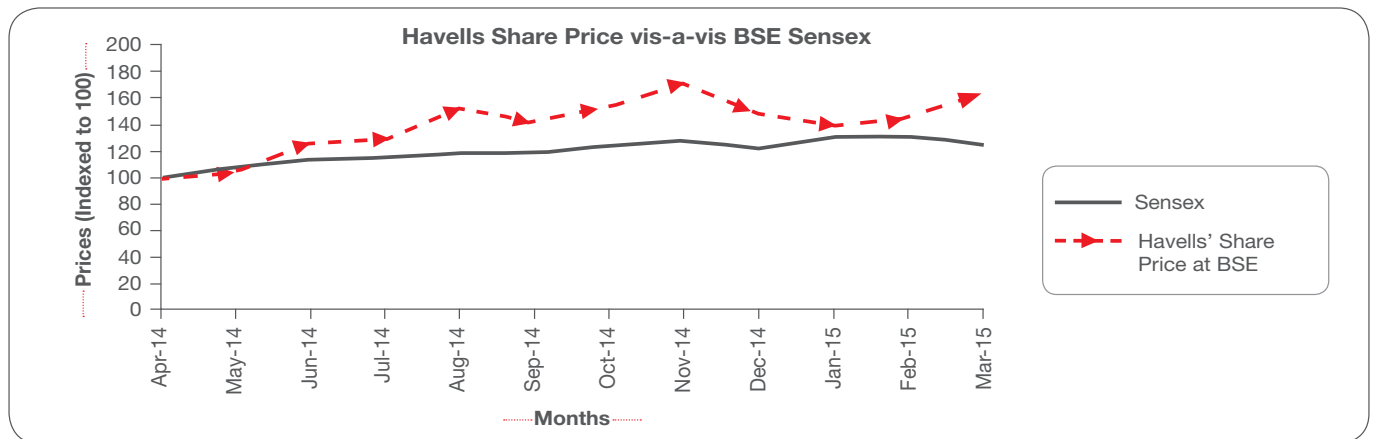
National Stock Exchange (NSE)	BSE Limited (BSE)	ISIN
HAVELLS	517354	INE176B01034 (Shares)

**(viii) Annual Listing Fees**

The listing fees for the FY 2015-16 have been paid by your Company within the stipulated time.



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 1<sup>st</sup> April, 2014. The positions post Subdivision of Equity Shares from ₹ 5/- per share to ₹ 1/- per share w.e.f. 27<sup>th</sup> August, 2014 being the Record Date, have been adjusted appropriately for graphical representation.

#### (xi) Registrar & Share Transfer Agents\*

M/s MCS Limited

F-65, 1<sup>st</sup> Floor, Okhla Industrial Area, Phase - I

New Delhi – 110 020

Telephone No.: 011 – 41406149-52

Fax No. : 011- 41709881

Email id: [admin@mcsdel.com](mailto:admin@mcsdel.com)

\*During the year, the Board of Directors consented to appoint Link Intime India Private Limited, having its registered office at C-13, Pannalalsilk Mills Compound, LBS Marg, Bhandup (West), Mumbai – 400078, as the new RTA (Registrars & Share Transfer Agents) of the Company in place of MCS Limited, the Company's existing RTA. All operations and services shall be handled by the Link Intime office in Delhi. The complete address for communication with the new RTA is given in the section on Corporate Governance Report. The process of shifting is currently in progress and till the completion of all required formalities in this regard the existing RTA of the Company i.e.

MCS Limited shall continue to provide share registry services to shareholders of the Company.

#### (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 15 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/her.

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

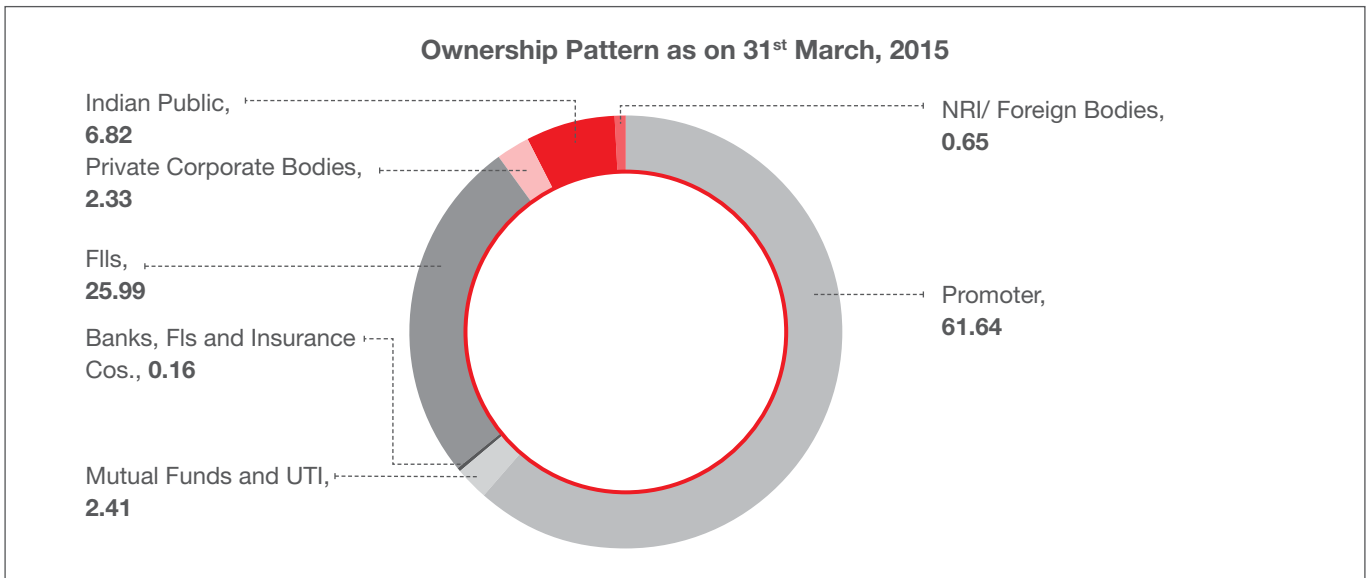
#### (xiii) Distribution of Shareholding as on 31<sup>st</sup> March, 2015

Shareholding of Nominal Value of ₹ 1/- Each	Shareholders (Numbers)	% of Total Shareholders	No. of Shares	Nominal Value (in ₹)	% of Nominal Value
Upto 5,000	69,857	97.35	1,94,27,001	1,94,27,001	3.11
5,001 - 10,000	1,057	1.47	80,11,071	80,11,071	1.28
10,001 - 20,000	376	0.53	56,27,192	56,27,192	0.90
20,001 - 30,000	117	0.16	28,85,121	28,85,121	0.46
30,001 - 40,000	59	0.08	21,26,838	21,26,838	0.34
40,001 - 50,000	36	0.05	16,42,229	16,42,229	0.27
50,001 - 1,00,000	71	0.10	51,64,151	51,64,151	0.83
1,00,001 & Above	183	0.26	57,96,04,432	57,96,04,432	92.81
<b>GRAND TOTAL</b>	<b>71,756</b>	<b>100.00</b>	<b>62,44,88,035</b>	<b>62,44,88,035</b>	<b>100.00</b>

#### Ownership Pattern as on 31<sup>st</sup> March, 2015

Category	No. of Shareholders	No. of Shares Held	% of Total Holding
<b>Promoters</b>			
Indian Promoters	10	38,49,57,920	61.64
<b>Institutional Investors</b>			
Mutual Fund and UTI	45	1,50,28,203	2.41

Category	No. of Shareholders	No. of Shares Held	% of Total Holding
Bank, Financial Institutions and Insurance Companies	4	9,94,019	0.16
FII	159	16,23,25,060	25.99
<b>Others</b>			
Private Corporate Bodies	1,150	1,45,39,655	2.33
Indian Public	68,886	4,25,72,804	6.82
NRI/Foreign Bodies	1,502	40,70,374	0.65
<b>GRAND TOTAL</b>	<b>71,756</b>	<b>62,44,88,035</b>	<b>100.00</b>



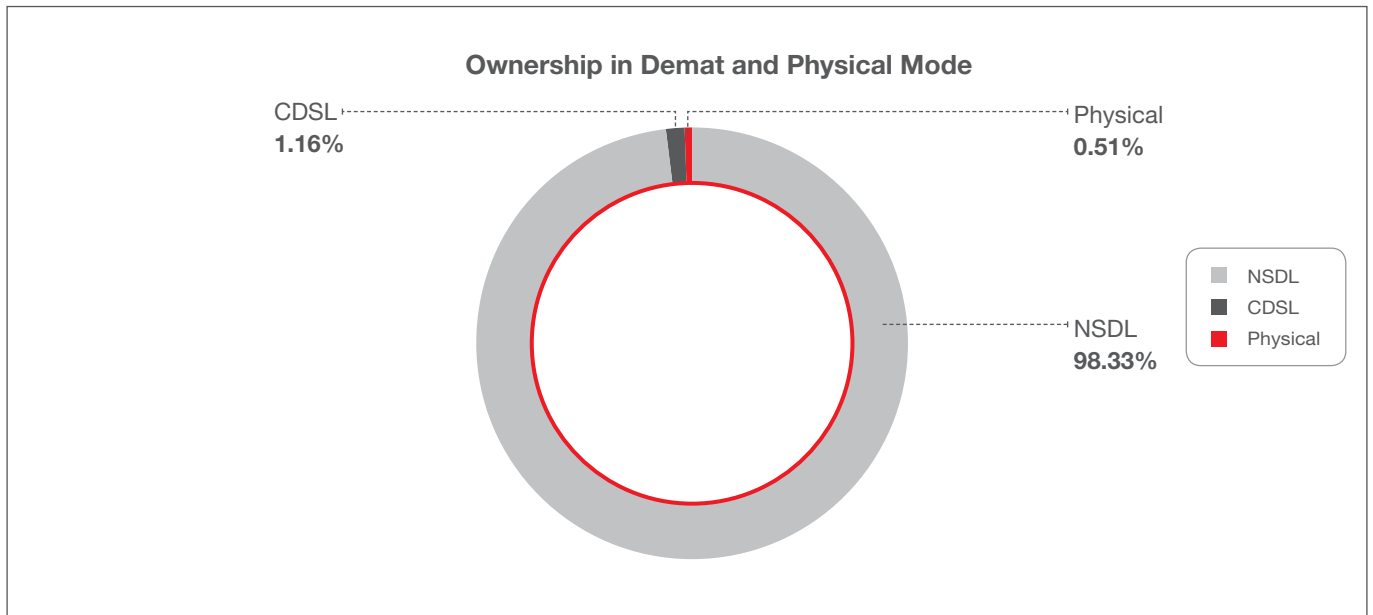
**List of Shareholders other than Promoters holding more than 1% as on 31<sup>st</sup> March, 2015**

Sr. No.	Name of Shareholder	Number of Share Held	% of Total Shareholding
1	NALANDA INDIA EQUITY FUND LIMITED	3,30,44,930	5.29
2	GOVERNMENT PENSION FUND GLOBAL	2,17,44,394	3.48
3	CITIGROUP GLOBAL MARKETS MAURITIUS LIMITED	1,97,96,300	3.17
4	SMALLCAP WORLD FUND, INC	1,60,48,000	2.57
5	FRANKLIN TEMPLETON INVESTMENT FUND	90,97,292	1.46
6	ICICI PRUDENTIAL MIP 25	71,60,029	1.15
	<b>TOTAL</b>	<b>10,68,90,945</b>	<b>17.12</b>

**(xiv) Dematerialisation 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 31<sup>st</sup> March, 2015, 62,12,89,335 Equity shares out of 62,44,88,035 Equity Shares of the Company, forming 99.49% 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 31 <sup>st</sup> March, 2015		As on 31 <sup>st</sup> March, 2014	
	Number of Shares	Percentage	Number of Shares	Percentage
<b>Shares in Demat Form</b>	62,12,89,335	99.49	62,00,88,960	99.36
NSDL	61,40,53,474	98.33	61,50,06,310	98.54
CDSL	72,35,861	1.16	50,82,650	0.81
<b>Shares in Physical Form</b>	31,98,700	0.51	40,14,795	0.64
<b>Total</b>	<b>62,44,88,035</b>	<b>100.00</b>	<b>62,41,03,755</b>	<b>100.00</b>



**(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 31<sup>st</sup> March, 2015.

**(xvi) Units / Plant Locations**

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

	Unit / Plant	Location Address
1.	Switchgear Division	
a.	Domestic Switchgears	- Distt. Solan, Baddi, Himachal Pradesh - Plot No. 2 and 2A, Sector - 12, SIDCUL Industrial Area, Haridwar, Uttarakhand
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 and Pumps	SP-181 – 189 & 191(A) Industrial Area, Phase II, Neemrana, Alwar, Rajasthan
5.	Cable Division	A/461-462, & SP – 215, 204 & 204(A) Matsya Industrial Area, Alwar, Rajasthan
6.	CFL / CMI / Lighting and Fixture / Water Heaters	SP-181 – 189 & 191(A), Industrial Area, Phase II, Neemrana, Alwar, Rajasthan
7.	Electrical Consumer Durable – Fan Division	Plot No. 2A, Sector - 10, SIDCUL Industrial Area, Haridwar, Uttarakhand
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 – 3331000  
 Fax No.: 0120 – 3332000

**LINK INTIME INDIA PRIVATE LIMITED**

44, 2<sup>nd</sup> Floor, Naraina Community Centre Phase I,  
 Near PVR Cinema, New Delhi – 110028  
 Telephone: 011-41410592, 011-41410593  
 Fax: 011-41410591  
 Email: [delhi@linkintime.co.in](mailto:delhi@linkintime.co.in)

**Address for Correspondence with the Registrar and Transfer Agents**

MCS Limited  
 F-65, 1<sup>st</sup> Floor, Okhla Industrial Area, Phase - I  
 New Delhi – 110 020  
 Telephone No.: 011 – 41406149-52  
 Fax No. : 011- 41709881  
 Email id: [admin@mcsdel.com](mailto: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 endeavour.

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 regularly sends reminder to the relevant investors.

Unclaimed Dividend in respect of the financial year 2007-08 will be due for transfer to Investor Education and Protection Fund on 17<sup>th</sup> August, 2015 in terms of Section 205A of the Companies Act, 1956. Members who have not encashed their Dividends for the financial year ended 31<sup>st</sup> March, 2008 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 31<sup>st</sup> March, 2008, it will not be possible to entertain claims which are received by the Company after 16<sup>th</sup> August, 2015. 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
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
2012-13	Final	7.50/-	05.07.2013	11.08.2020
2013-14	Interim	5.00/-	14.03.2014	20.04.2021
2013-14	Final	10.00/-	09.07.2014	15.08.2021

**Dematerialisation 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 dematerialisation 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.

A separate communication in this regard was also sent during the financial year to all those Shareholders of the Company who have not yet dematerialized their physical share certificates, outlining the procedure for dematerialisation and benefits thereof.

**Transfer / Transmission / Transposition of Shares**

The Securities and Exchange Board of India (SEBI), vide its Circular No. MRD/DoP/Cir-05/2009 dated



20<sup>th</sup> May, 2009 and Circular No. MRD/DoP/SE/RTA/Cir-03/2010 dated 7<sup>th</sup> 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.

#### **Nomination Facility**

Provision of Section 72 of the Companies Act, 2013 read with rule 19(1) of the rules made thereunder 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**

**(Anil Rai Gupta)**

Noida, May 11, 2015

Chairman and Managing Director

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

We, Anil Rai Gupta, Chairman and Managing Director and Rajesh Gupta, Director (Finance) and Group CFO 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 31<sup>st</sup> March, 2015 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.

Noida, May 11, 2015

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

For **Havells India Limited**  
**(Rajesh Gupta)**  
Director (Finance) and Group CFO

## 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 31<sup>st</sup> March, 2015, 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

per **(Manoj Gupta)**  
Partner  
Membership No. 83906

Noida, May 11, 2015

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

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

Noida, May 11, 2015



# 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 standalone financial statements of Havells India Limited ("the Company"), which comprise the Balance Sheet as at March 31<sup>st</sup>, 2015, 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**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the standalone 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 of the state of affairs of the Company as at March 31<sup>st</sup>, 2015, its profit, and its 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, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.



2. As required by section 143 (3) of the Act, we report that:

- (a) We have sought and 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 it 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 aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of written representations received from the directors as on March 31<sup>st</sup>, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31<sup>st</sup>, 2015, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 30(A)(a),(d),(e) and 30(D) to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

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

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

Place: Noida

Date: May 11, 2015

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

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

**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.
- (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 189 of the Companies Act, 2013. Accordingly, provisions of clauses 3(iii) (a) and (b) of the Order 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) The Company has not accepted any deposits from the public.
- (vi) 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 148(1) of the Companies Act, 2013, 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. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, 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, employees’ state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material 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 as on March 31<sup>st</sup>, 2015 of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax 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.	5.33	AY 2004-05 to AY 2008-09	Income Tax Appellate Tribunal, New Delhi
Income Tax Act, 1961	Disallowances and additions to taxable income.	27.64	AY 2004-05 to AY 2011-12	Commissioner of Income Tax (Appeals), New Delhi
Central Excise Act, 1944	Excise duty demand/ disallowance of Cenvat credit on various items.	10.85	FY 2004-05 to FY 2009-10	Commissioner of Excise (Appeals), New Delhi
Central Excise Act, 1944	Excise duty demand/ disallowance of Cenvat credit on various items.	17.32	FY 2004-05 to FY 2012-13	CESTAT (New Delhi, Ahmedabad)
Sales Tax/ VAT	Sales tax / VAT demand on various matters.	5.54	FY 2009-10 to FY 2013-14	Joint Commissioner (Appeals)

Name of the Statute	Nature of the Dues	Amount (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
Sales Tax/ VAT	Sales tax / VAT demand on various matters.	0.19	FY 2007-08	Commissioner (Appeals)
Sales Tax/ VAT	Sales tax / VAT demand on various matters.	10.12	FY 2011-12	Special Commissioner (Appeals)
Sales Tax/ VAT	Sales tax / VAT demand on various matters.	2.28	FY2007-08 to FY 2011-12	Tribunal (Commercial Tax)
Sales Tax/ VAT	Sales tax / VAT demand on various matters	0.37	FY2007-08 to FY 2010-11	Deputy Commissioner (Appeals)
Sales Tax/ VAT	Sales tax / VAT demand on various matters	0.39	FY2007-08 to FY 2010-11	Additional 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.	1.07	FY 2007-08 to FY 2014-15	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.	4.75	FY 2010-11 to FY 2014-15	High Court of Himachal Pradesh
Odisha Entry Tax Act, 1999	Demand of entry tax in the state of Orissa on purchase of few items	2.22	October, 2009 to March, 2015	High court of Odisha
West Bengal Entry Tax Act, 2012	Demand of entry tax in the state of West Bengal on purchase of few items.	2.98	FY 2013-14 to FY 2014-15	High court of Calcutta

- (d) According to the information and explanations given to us, the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.
- (viii) 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.
- (ix) 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 did not have any outstanding dues in respect of a financial institution or debenture holders during the year.
- (x) According to the information and explanations given to us, the Company has given guarantee for loans taken by its wholly owned 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.
- (xi) 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.
- (xii) 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 Kumar Gupta**

Partner

Membership Number: 83906

Place : Noida

Date : May 11, 2015

**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, 2015

(₹ in Crores)

	Notes	As at March 31, 2015	As at March 31, 2014
<b>I EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
Share capital	2	62.44	62.39
Reserves and surplus	3	2,313.35	2,067.46
		<b>2,375.79</b>	<b>2,129.85</b>
<b>2. Non-current liabilities</b>			
Long-term borrowings	4	41.73	143.08
Deferred tax liabilities (net)	5	43.37	51.74
Other long-term liabilities	6	1.36	40.30
Long-term provisions	7	4.78	2.26
		<b>91.24</b>	<b>237.38</b>
<b>3. Current liabilities</b>			
Short-term borrowings	8	-	12.37
Trade payables	9	394.52	449.52
Other current liabilities	10	463.71	337.19
Short-term provisions	11	323.59	231.79
		<b>1,181.82</b>	<b>1,030.87</b>
<b>Total</b>		<b>3,648.85</b>	<b>3,398.10</b>
<b>II ASSETS</b>			
<b>1. Non-current assets</b>			
Fixed assets	12		
Tangible assets		976.60	897.08
Intangible assets		8.59	9.20
Capital work-in-progress		22.13	27.78
Non-current investments	13	1,011.76	882.52
Long-term loans and advances	14	46.77	71.16
Other non-current assets	15	175.38	0.37
		<b>2,241.23</b>	<b>1,888.11</b>
<b>2. Current assets</b>			
Inventories	16	689.72	682.71
Trade receivables	17	132.51	136.49
Cash and bank balances	18	522.34	626.14
Short-term loans and advances	19	41.11	44.92
Other current assets	20	21.94	19.73
		<b>1,407.62</b>	<b>1,509.99</b>
<b>Total</b>		<b>3,648.85</b>	<b>3,398.10</b>
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 financial statements.

As per our report of even date

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

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

**For and on behalf of Board of Directors**

**Anil Rai Gupta**  
Chairman and  
Managing Director  
DIN: 00011892

**Rajesh Gupta**  
Director (Finance)  
and Group CFO  
DIN: 00002842

**Surjit Gupta**  
Director  
DIN: 00002810

**Per Manoj Kumar Gupta**  
Partner  
Membership No. 83906

**Per V.P. Bansal**  
Partner  
Membership No. 8843

**Sanjay Gupta**  
Company  
Secretary

**Sanjay Johri**  
Deputy Vice President  
(Finance)

Noida, May 11, 2015

# Statement of Profit and Loss

for the year ended March 31, 2015

(₹ in Crores)

	Notes	Year ended March 31, 2015	Year ended March 31, 2014
<b>I INCOME</b>			
Revenue from operations (gross)	21	5,557.79	5,031.11
Less: Excise duty		319.10	311.42
Revenue from operations (net)		<b>5,238.69</b>	<b>4,719.69</b>
Other income	22	52.21	44.06
<b>Total Revenue</b>		<b>5,290.90</b>	<b>4,763.75</b>
<b>II EXPENSES</b>			
Cost of materials consumed	23	2,784.51	2,546.21
Purchase of traded goods	24	399.20	359.69
Change in inventories of finished goods, work in progress and stock in trade	25	(5.29)	(4.19)
Employee benefits expense	26	312.72	247.48
Finance costs	27	17.57	26.93
Depreciation and amortisation expense	28	87.51	63.63
Other expenses	29	1,048.43	928.90
<b>Total Expense</b>		<b>4,644.65</b>	<b>4,168.65</b>
<b>III Profit before tax</b>		<b>646.25</b>	<b>595.10</b>
<b>IV Tax expenses</b>			
Current tax		188.29	136.99
MAT credit entitlement		-	(10.42)
Income tax for earlier years		(0.37)	0.00
Deferred tax		(6.61)	(10.16)
<b>Total tax expense</b>		<b>181.31</b>	<b>116.41</b>
<b>V Profit for the year</b>		<b>464.94</b>	<b>478.69</b>
<b>VI Earnings per equity share {refer note no. 31(15)} nominal value of share ₹ 1/-</b>			
<b>Basic (₹)</b>		<b>7.45</b>	<b>7.67</b>
<b>Diluted (₹)</b>		<b>7.45</b>	<b>7.67</b>
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 financial statements.

As per our report of even date

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

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

For and on behalf of Board of Directors

**Anil Rai Gupta**  
Chairman and  
Managing Director  
DIN: 00011892

**Rajesh Gupta**  
Director (Finance)  
and Group CFO  
DIN: 00002842

**Surjit Gupta**  
Director  
DIN: 00002810

**Per Manoj Kumar Gupta**  
Partner  
Membership No. 83906

**Per V.P. Bansal**  
Partner  
Membership No. 8843

**Sanjay Gupta**  
Company  
Secretary

**Sanjay Johri**  
Deputy Vice President  
(Finance)

Noida, May 11, 2015

# Cash Flow Statement

for the year ended March 31, 2015

(₹ in Crores)

	Year ended March 31, 2015	Year ended March 31, 2014
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	646.25	595.10
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	87.51	63.63
Loss/ (profit) on sale of fixed assets (net)	1.56	6.03
Unrealised foreign exchange (gain)/loss (net)	1.93	8.78
Provision for doubtful trade receivables	0.93	2.58
Interest income	(34.59)	(26.79)
Interest expense	11.72	13.54
Excess provisions no longer required written back	(2.98)	(5.12)
Provision for doubtful receivables written back	(1.30)	(0.97)
Operating Profit before working capital changes	<b>711.03</b>	<b>656.78</b>
Movement in working capital		
(Increase)/Decrease in trade receivables	4.88	(8.64)
(Increase)/Decrease in loans and advances	(17.35)	(4.60)
(Increase)/Decrease in other current assets	2.05	(1.64)
(Increase)/Decrease in inventories	(7.01)	(19.68)
Increase/(Decrease) in trade payables	(55.15)	43.29
Increase/(Decrease) in other liabilities and provisions	112.46	98.78
<b>Cash generated from/(used) in operations</b>	<b>750.91</b>	<b>764.29</b>
Direct taxes paid (net of refunds)	(150.47)	(111.76)
<b>Net Cash flow from/(used) in Operating Activities (A)</b>	<b>600.44</b>	<b>652.53</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets including capital work in progress	(168.88)	(91.94)
Capital advances (net of capital creditors)	4.72	0.75
Fixed Deposits made during the year ( having original maturity of more than three months)	(750.35)	(420.00)
Maturity of bank deposits (having original maturity of more than three months)	402.78	195.00
Investment in shares of subsidiary companies	(129.33)	(76.49)
Investment in shares of Joint Venture	0.09	(14.11)
Proceeds from sale of fixed assets	1.41	1.85
Interest income received	30.78	21.00
<b>Net Cash flow from/(used) in Investing Activities (B)</b>	<b>(608.78)</b>	<b>(383.94)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceed from share capital Issued under ESOP Scheme	0.05	0.02
Proceed from security premium received under ESOP Scheme	9.86	-
Proceed from long term borrowings	-	62.95
Repayment of long term borrowings	(103.01)	-
Proceed from short term borrowings	-	12.37
Repayment of short term borrowings	(12.37)	-
Interest paid	(17.09)	(8.28)
Dividends paid on equity shares (including Corporate Dividend Tax)	(146.03)	(182.55)
<b>Net Cash Flow from/(used) in Financing Activities (C)</b>	<b>(268.59)</b>	<b>(115.49)</b>
<b>Net increase / decrease in cash and cash equivalents (A+B+C)</b>	<b>(276.93)</b>	<b>153.10</b>
Cash and cash equivalents at the beginning of the year	399.70	245.91
Effect of exchange differences on cash and cash equivalents held in foreign currency	1.01	0.69
<b>Cash and Cash Equivalents at the end of the year</b>	<b>123.78</b>	<b>399.70</b>

**Notes :**

- The above Cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3, "Cash Flow Statements".
- Components of cash and cash equivalents:-

	Year ended March 31, 2015	Year ended March 31, 2014
(₹ in Crores)		
<b>(a) Cash and cash equivalents</b>		
Balances with banks:		
Current accounts	12.30	2.47
Cash credit accounts	55.79	94.46
Bank accounts held by ESOP Trust	-	2.74
Fixed Deposits having a maturity period of less than three months	55.65	300.00
Cash in hand	0.04	0.03
	<b>123.78</b>	<b>399.70</b>
<b>(b) Other bank balances</b>		
Unpaid dividend account	0.99	1.44
Fixed Deposits account having a maturity period of more than three months	397.57	225.00
	<b>398.56</b>	<b>226.44</b>
<b>Total</b>	<b>522.34</b>	<b>626.14</b>

As per our report of even date

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

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

For and on behalf of Board of Directors

**Anil Rai Gupta**  
Chairman and  
Managing Director  
DIN: 00011892

**Rajesh Gupta**  
Director (Finance)  
and Group CFO  
DIN: 00002842

**Surjit Gupta**  
Director  
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**Per Manoj Kumar Gupta**  
Partner  
Membership No. 83906  
Noida, May 11, 2015

**Per V.P. Bansal**  
Partner  
Membership No. 8843

**Sanjay Gupta**  
Company  
Secretary

**Sanjay Johri**  
Deputy 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 listed on BSE Limited and National Stock Exchange of India Limited. The Company is electrical and power distribution equipment manufacturer with products ranging from Industrial and Domestic Circuit Protection Switchgears, Cables, Motors, Pumps, Fans, Power Capacitors, CFL Lamps and Luminaries for Domestic, Commercial and Industrial applications, Modular Switches, Water Heaters and Domestic Appliances covering the entire range of household, commercial and industrial electrical needs. The Company alongwith 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 research and development facilities are located at Head office, Noida (Uttar Pradesh) and at some of the units which have been approved by Department of Scientific & Industrial Research, Ministry of Science & Technology, Government of India, New Delhi.

### 1 SIGNIFICANT ACCOUNTING POLICIES

#### 1.01 Basis of Preparation

The financial statements of the Company have been prepared and presented in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply with all material respects with the accounting standards specified under section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year except for the change in accounting policy explained below.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III of the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

#### 1.02 Change in Accounting Policies

##### (i) Depreciation on fixed assets

From the current year, Schedule XIV of the Companies Act, 1956 has been replaced by Schedule II of the Companies Act, 2013. Due to such change, depreciation is being provided as given below.

##### a) Useful Lives / Depreciation Rates

Schedule II of the Companies Act, 2013 prescribes useful lives of the assets and the depreciation is being provided on the straight line method as per their useful lives prescribed in Schedule II of the Companies Act, 2013. However, Schedule II allows companies to use higher / lower useful lives and residual values; if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013. Unless stated otherwise, the impact of such change in policy for the current year is likely to hold good for future years also.

##### b) Assets for a value not exceeding ₹ 5000/-

The depreciation on assets for a value not exceeding ₹ 5000/- which were written off in the year of purchase as per erstwhile Companies Act, 1956, are being charged on the basis of their useful lives prescribed in the Schedule II of the Companies Act, 2013.

##### (ii) Employee Stock Option Scheme

Till 27<sup>th</sup> October, 2014, the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, dealt with the grant of share-based payments to employees. Among other matters, these guidelines prescribed accounting for grant of share-based payments to employees. Hence, the Company being a listed entity was required to comply with these Guidelines as well as the Guidance Note on Accounting for Employee Share-based Payments with regard to accounting for employee share-based payments. Particularly, in case of conflict between the two requirements, the SEBI guidelines were prevailing over the ICAI Guidance Note. For example, in case of equity settled option expiring unexercised after vesting, the SEBI guidelines required expense to be reversed through the statement of profit and loss whereas the reversal of expense through the statement of profit and loss is prohibited under the ICAI Guidance Note. In these cases, the Company was previously complying with the requirements of SEBI guidelines.



From 28<sup>th</sup> October, 2014, the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 have been replaced by the SEBI (Share Based Employee Benefits) Regulations, 2014. The new regulations don't contain any specific accounting treatment; rather, they require ICAI Guidance Note to be followed. Consequent to the application of the new regulations, the Company has changed its accounting for equity settled option expiring unexercised after vesting in line with accounting prescribed in the Guidance Note, i.e., expense is not reversed through the statement of profit and loss. The management has decided to apply the revised accounting policy prospectively from the date of notification of new regulation, i.e., 28<sup>th</sup> October, 2014.

Since there are no equity settled options expiring unexercised after 28<sup>th</sup> October, 2014, the change in accounting policy did not have any material impact on financial statements of the Company for the current year.

### 1.03 Use of Estimates

The preparation of financial statements are in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses during the reported 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, liabilities, revenue and expenses 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.

### 1.04 Tangible Fixed Assets

- 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 fixed assets is capitalised only if such expenditure results in an increase in the future benefits from the existing assets beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts 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 preoperative 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 realisable value, and are shown separately. Any expected loss is recognised immediately in the statement of profit and loss.
- 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 assets and are recognised in the statement of profit and loss when the assets are disposed off.

### 1.05 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 following:

- 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.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortized on straight line basis over the estimated useful life.

- c) 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 of tangible Assets :

- i) Depreciation on fixed assets is provided on pro-rata basis on straight line method using the useful lives of assets and in the manner prescribed in Schedule II of the Companies Act, 2013.
- ii) Dies and tools and mobile phones are depreciated over the estimated useful lives of 6 years and 3 years, respectively, which are lower than those indicated in Schedule II. On the basis of technical assessment, management believes that the useful lives as given above best represent the period over which the assets are expected to be used.
- iii) Lease hold improvements are depreciated on straight line basis over their initial agreement period.
- iv) Leasehold land is amortised on a straight line basis over the unexpired period of their respective lease ranging from 90-99 years.

##### b) Amortisation of intangible Assets :

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

#### 1.07 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 long term investments and classified as non-current 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 long term investments, if any.

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.

#### 1.08 Inventories

##### a) Basis of valuation:

- i) Inventories other than scrap materials are carried at lower of cost and net realisable value after providing cost of obsolescence, if any. 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 comparison of cost and net realisable value is made on an item-by-item basis.
- ii) Inventory of scrap materials have been carried at net realisable value.

##### b) Method of Valuation:

- i) Cost of Inventories has been determined by using moving weighted average cost method and comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventories to their present location and condition.
- ii) Cost of finished goods and work-in-progress further includes direct labour and an appropriate share of fixed and variable production overheads and excise duty as applicable. Fixed production overheads are allocated on the basis of normal capacity of production facilities.



- iii) 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.

### 1.09 Foreign Currency Transactions

#### a) 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.

#### b) 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.

#### c) Exchange differences

Exchange differences arising on conversion/ settlement of foreign currency monetary items are recognised as income or expense in the year in which they arise.

#### d) 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 changes. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or expense for the period.

### 1.10 Government Grants and Subsidies

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

- (a) the Company will comply with the conditions attached to them; and
- (b) 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 Employee 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 Limited. 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 and Bajaj Allianz Life insurance Company Limited 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 contribution are due. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related services.

#### 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.

### 1.12 Employee Stock Option Schemes

Employees (including senior executives) of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

The Employee stock option scheme is administered through Havells Employee Welfare Trust.

### 1.13 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:

#### 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 no significant uncertainty exists regarding the amount of consideration that will be derived from the sale of goods. Sales 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 hence 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.

#### b) Export incentives

Export incentives under various schemes notified by the Government have been recognised on the basis of their entitlement rates in accordance with the Foreign Trade Policy 2009-14 (FTP 2009-14). Benefits in respect of advance licences are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and incentive will be received.

#### c) Interest

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

#### d) Claims

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

### 1.14 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 operates.

#### 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.

### 1.15 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. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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 Tax

- i) Current income tax is measured at the amount expected to be paid to taxation authorities in accordance with the Income Tax Act, 1961 enacted in India by using tax rates and the tax laws 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) 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.

#### b) Deferred Tax

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 or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised and carried forward 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 losses under tax laws, all deferred tax assets are recognised only to the extent that 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 off-set, 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 taxes on income levied by the same governing taxation laws.

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 reversible during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period as per taxation laws. Deferred tax, in respect of timing differences which are reversible 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 supported by convincing evidence, 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.

### 1.17 Impairment of Assets

The Company 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

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 recognised as expense in the period in which they occur.

### 1.20 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.

### 1.21 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, 2015

## 2 SHARE CAPITAL

(₹ in Crores)

	As at March 31, 2015	As at March 31, 2014
<b>a) Authorized*</b>		
100,05,00,000 equity shares of ₹ 1/- each (Previous Year 20,01,00,000 equity shares of ₹ 5/- each)	100.05	100.05
<b>Issued, subscribed and fully paid-up*</b>		
62,44,88,035 equity shares of ₹ 1/- each (Previous Year 12,48,20,751 equity shares of ₹ 5/- each)	62.45	62.41
Less: Investment held by ESOP Trust 1,30,225 equity shares of ₹ 1/- each (Previous Year 45,653 equity shares of ₹ 5/- each))	0.01	0.02
<b>62,43,57,810 equity shares of ₹ 1/- each (Previous Year 12,47,75,098 equity shares of ₹ 5/- each)</b>	<b>62.44</b>	<b>62.39</b>
<b>*Sub Division of Equity Shares</b>		

Pursuant to recommendation of the Board of Directors of the Company at its meeting held on 30<sup>th</sup> June, 2014 and followed by approval of the members through postal ballot on 7<sup>th</sup> August, 2014, each equity share of the face value of ₹ 5/- fully paid up was sub-divided into 5 equity shares of ₹ 1/- each fully paid up.

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

	As at March 31, 2015		As at March 31, 2014	
	No. of shares	(₹ in crores)	No. of shares	(₹ in crores)
At the beginning of the year			12,47,74,812	62.39
12,48,20,751 equity shares of ₹ 5/- each sub-divided into 5 equity shares of ₹ 1/- each	62,41,03,755	62.41	-	-
Add: Equity shares Issued under ESOP / ESPP	3,84,280	0.04	45,939	0.02
<b>Outstanding at the end of the year</b>	<b>62,44,88,035</b>	<b>62.45</b>	<b>12,48,20,751</b>	<b>62.41</b>
Less: Investment held by ESOP Trust	1,30,225	0.01	45,653	0.02
	<b>62,43,57,810</b>	<b>62.44</b>	<b>12,47,75,098</b>	<b>62.39</b>

### c) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 1/- per share (previous year ₹ 5/- per share). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. A final dividend of ₹ 3/- per share of ₹ 1/- each (previous year ₹ 10/- per share of ₹ 5/- each) has been recommended by the Board subject to approval of shareholders in the ensuing Annual General Meeting.

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 (representing legal and beneficial ownership):

	March 31, 2015		March 31, 2014	
	No. of shares Face Value of ₹ 1/-	% holding	No. of shares Face Value of ₹ 5/-	% holding
Smt. Vinod Gupta*	6,63,54,240	10.63	37,34,960	2.99
Shri Qimat Rai Gupta	-	-	95,35,888	7.64
Shri Surjit Gupta	3,26,50,800	5.23	65,30,160	5.23
QRG Enterprises Limited	18,98,58,880	30.40	3,79,71,776	30.43
Ajanta Mercantile Limited	6,87,41,660	11.01	1,37,48,332	11.01
Nalanda India Equity Fund Limited	3,30,44,930	5.29	66,08,986	5.29

\*Shareholding of Smt. Vinod Gupta includes 1,33,20,000 Equity shares of ₹ 1/- each ( Previous Year 26,64,000 equity shares of ₹ 5/- each held by Shri Qimat Rai Gupta) for and behalf of M/s Guptajee & Company, a firm in which she is a partner and 1,35,84,000 equity shares as a legal heir which are under process of transmission.

e) Shares reserved for issue under Stock Option

90,550 Equity shares of ₹ 1/- each ( Previous Year 39,345 equity shares of ₹ 5/- each) are reserved for the issue under Employees Stock Option Plan (ESOP) of the Company. {refer note no. 31(10)(a)}

f) 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, 2015 No. of shares Face Value of ₹ 1/-	March 31, 2014 No. of shares Face Value of ₹ 5/-
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash.	1,10,95,000	22,19,000
Equity shares allotted as fully paid up bonus shares by capitalisation of securities premium account and general reserve.	31,19,37,030	6,23,87,406
Equity shares issued under the Employee Stock Option Plan/ Employee Stock Purchase Plan as part consideration for services rendered by employees	2,33,130	286

### 3 RESERVES AND SURPLUS

(₹ in Crores)

	As at March 31, 2015	As at March 31, 2014
<b>a) Capital Reserve</b>	<b>7.61</b>	<b>7.61</b>
<b>b) Securities Premium Account</b>		
As per the last balance sheet	3.09	-
Add: Addition on equity shares issued under ESOP /ESPP	8.54	3.09
	11.63	3.09
Less: Investment held by ESOP Trust	(1.75)	(3.07)
	<b>9.88</b>	<b>0.02</b>
<b>c) Business Reconstruction Reserve</b>		
As per the last balance sheet	-	398.46
Less: Transfer to General Reserve	-	(398.46)
	-	-
<b>d) General Reserve</b>		
As per the last balance sheet	630.79	184.33
Add: Transfer from Business Reconstruction Reserve	-	398.46
Transfer from surplus as per the statement of profit and loss	46.50	48.00
	<b>677.29</b>	<b>630.79</b>
<b>e) Surplus as per the statement of profit and loss</b>		
As per the last balance sheet	1,429.04	1,217.43
Less: Adjustment related to transitional provision as per Schedule II of the Companies Act, 2013 {refer note no. 31(4)(b)}	(3.42)	-
Add: Profit for the year	464.94	478.69
	<b>1,890.56</b>	<b>1,696.12</b>



(₹ in Crores)

	As at March 31, 2015	As at March 31, 2014
<b>Appropriations</b>		
Interim Dividend (previous year ₹ 5/- per share of ₹ 5/-each)	-	(62.41)
Proposed final equity dividend (per share ₹ 3 of ₹ 1/- each) (previous year ₹ 10/- per share of ₹ 5/- each)	(187.35)	(124.82)
Dividend for previous year	-	(0.03)
Corporate dividend tax	(38.14)	(31.82)
Transfer to general reserve	(46.50)	(48.00)
<b>Net surplus in the statement of profit and loss</b>	<b>1,618.57</b>	<b>1,429.04</b>
<b>Total Reserves and Surplus</b>	<b>2,313.35</b>	<b>2,067.46</b>

**4 LONG TERM BORROWINGS**

(₹ in Crores)

	As at March 31, 2015	As at March 31, 2014
<b>Term loans from banks (secured)</b>		
External Commercial Borrowings {refer note no. 4(a)}	41.73	80.13
<b>Deposits (unsecured)</b>		
Deposits from public (refer point no. c)	-	62.95
	<b>41.73</b>	<b>143.08</b>

- a) External commercial borrowing is from HSBC Bank (Mauritius) Limited. The said loan is repayable in 12 equal quarterly instalments of ₹ 10.43 crores (USD 1,666,667) starting from 26<sup>th</sup> April, 2014 carrying an interest rate of LIBOR + 195 bps per annum, and is secured by way of :-
- first charge on movable fixed assets acquired out of the said loan and
  - equitable mortgage over land and building situated at Plot no. 2A, sector 10, BHEL Industrial Estate, Haridwar, Uttarakhand.
- b) Current maturities of long-term borrowings is ₹ 41.73 crores (Previous Year ₹ 40.07 crores)
- c) Deposit from public are in respect of dealers for the amount payable under QRG Growth incentive Scheme, out of which a sum of ₹ 52.67 crores has been invested in Mutual Fund on behalf of dealers, ₹ 1.06 crores has been paid to dealers and remaining amount of ₹ 9.22 crores has been transferred to current liabilities under sales incentive payable.

**5 DEFERRED TAX LIABILITIES (NET)**

(₹ in Crores)

	As at March 31, 2015	As at March 31, 2014
<b>Deferred tax liability</b>		
On account of difference in rates and method of depreciation of fixed assets	83.08	79.42
Others	2.48	0.58
Gross deferred tax liability	<b>85.56</b>	<b>80.00</b>
<b>Deferred tax Asset</b>		
on account of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis.	9.39	6.76
on account of provision for doubtful trade receivables and other provisions	26.29	16.53
Others	6.51	4.97
Gross deferred tax asset	<b>42.19</b>	<b>28.26</b>
<b>Deferred income tax liability (Net)</b>		
At the end of year	<b>43.37</b>	<b>51.74</b>
Adjustment related to transitional provision of Schedule II as per the Companies Act, 2013 {refer note no. 31(4)(b)}	(1.76)	-
For the year	<b>(6.61)</b>	<b>(10.16)</b>

**6 OTHER LONG TERM LIABILITIES**

(₹ in Crores)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Retention money from contractors	0.72	1.36
Sales incentives payable	-	34.78
Interest accrued but not due on borrowings	-	4.16
ESOP / ESPP Compensation payable	0.64	-
	<b>1.36</b>	<b>40.30</b>

**7 LONG TERM PROVISIONS**

(₹ in Crores)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Product warranties {refer note no. 11(a)}	4.78	2.26
	<b>4.78</b>	<b>2.26</b>

**8 SHORT TERM BORROWINGS**

(₹ in Crores)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Deposits from public (unsecured)	-	12.37
	-	<b>12.37</b>

**9 TRADE PAYABLES**

(₹ in Crores)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Trade payables	394.52	449.52
	<b>394.52</b>	<b>449.52</b>

- a) Trade payables include acceptances of ₹ 25.83 crores (previous year ₹ 22.65 crores).
- b) Trade payables include ₹ 18.51 crores due to subsidiary companies (previous year ₹ 13.27 crores) {refer note no. 31(13)(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 period ended 31<sup>st</sup> March, 2015 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.

(₹ in Crores)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
i) Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act:		
Principal	3.99	5.76
Interest	-	0.01
ii) The amount of interest paid by the buyer in terms of section 16, of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	0.27
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
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 are ₹ Nil (Previous year ₹ 0.77 crores ) as on balance sheet date.

## 10 OTHER CURRENT LIABILITIES

(₹ in Crores)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Current maturities of long-term borrowings {refer note no. 4(b)}	41.73	40.07
Interest accrued but not due on borrowings	0.32	1.53
Unpaid dividend {refer point (a)}	0.99	1.44
Creditors for capital goods	13.49	7.92
ESOP/ ESPP Compensation payable	1.90	0.98
<b>Other payables</b>		
Sales incentives payable	120.57	57.95
Trade deposits	25.25	22.02
Advances and progress payments from customers	9.53	6.58
Advances received by ESOP Trust	-	4.21
Excise duty payable {refer point (b)}	12.12	10.99
Other statutory dues payable	47.40	44.98
Claims payable {refer note no. 30(D)(i)}	69.69	42.00
Other liabilities {refer point (c)}	120.72	96.52
	<b>463.71</b>	<b>337.19</b>

- 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 ₹ 0.03 crores (previous year ₹ 0.03 crores) out of unclaimed dividend pertaining to the financial year 2006-07 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 ₹ 12.12 crores (previous year ₹ 10.99 crores) on stocks of finished goods and scrap material at the end of the year except units which are exempt from excise duty. Excise duty is considered as an element of cost at the time of manufacture of goods.
- c) Other liabilities include expenses payable, bonus payable, retention money, liabilities towards banks for receivable buyout facilities and other miscellaneous deposits.

## 11 SHORT TERM PROVISIONS

(₹ in Crores)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
i) Provision for employee benefits-Gratuity {refer note no. 31(9)}	10.78	4.76
	<b>10.78</b>	<b>4.76</b>
ii) <b>Other provisions</b>		
Product warranties {refer point (a)}	48.16	39.19
Litigations {refer point (b)}	13.69	7.39
Proposed equity dividend {refer point (c)}	187.35	124.82
Corporate dividend tax	38.14	21.21
Income Tax (net of advance tax and TDS)	25.41	34.36
Wealth Tax	0.06	0.06
	<b>312.81</b>	<b>227.03</b>
	<b>323.59</b>	<b>231.79</b>

### a) Provision for warranties

A provision is recognised for expected warranty claims and after sales services 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)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
At the beginning of the year	41.45	33.15
Arising during the year	80.81	39.82
Utilized during the year	(69.32)	(31.52)
<b>At the end of the year</b>	<b>52.94</b>	<b>41.45</b>
Current portion	48.16	39.19
Non-current portion (refer note no. 7)	4.78	2.26

**b) Provision for litigations {refer note no. 30(D)(ii)}**

- i) During the financial year 2010-11, the Central Excise Department, Jalandhar raised a penalty demand for ₹ 0.10 crores (previous year ₹ 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 crores (previous year ₹ 0.10 crores) has been made towards the liability on this account.
- ii) The Company has challenged the constitutional validity of Entry Tax in Rajasthan, Himachal Pradesh, Orissa and West Bengal before the Hon'ble High Courts in respective states. During the year 2014-15, a provision of ₹ 6.32 crores (previous year ₹ 5.13 crores) has been made on this account and the liability as on date is ₹13.51 crores (previous year ₹ 7.21 crores).
- iii) During the financial year 2011-12, a demand of ₹ 0.21 crores (previous year Rs 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 the liability of ₹ 0.06 crores (previous year Rs 0.06 crores) on account of input tax credit on diesel and provision has been made accordingly.
- iv) That a demand of ₹ 0.03 crores (previous year ₹ 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 the liability of ₹ 0.02 crores (previous year ₹ 0.02 crores) and the provision has been made accordingly.

The table below gives information about movement in litigation provisions:

(₹ in Crores)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
At the beginning of the year	7.39	3.28
Arising during the year	6.32	5.13
Utilized during the year	(0.02)	(0.74)
Unused amount reversed	-	(0.28)
<b>At the end of the year</b>	<b>13.69</b>	<b>7.39</b>
Current portion	13.69	7.39
Non-current portion	-	-

**c) Provision for dividend**

The Board of Directors has recommended a final dividend of ₹ 3/- per share of ₹ 1/- each (previous year of ₹ 10/- per share of ₹ 5/- each). The payment of final dividend is subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company.

## 12 FIXED ASSETS

(₹ in Crores)

SL. NO.	DESCRIPTION	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK				
		As at April 1, 2014	Addition/Adjustment during the year	Sales during the year	As at March 31, 2015	Upto last year	For the year	Set-off from Retained Earnings	Sales during the year	To date	As at March 31, 2015	As at March 31, 2014
<b>a) Tangible</b>												
1	Industrial Land											
	Freehold	27.53	0.02	0.13	27.42	-	-	-	-	-	27.42	27.53
	Leasehold	76.80	-	-	76.80	2.00	1.00	-	3.00	-	73.80	74.80
2	Buildings	383.55	54.06	0.14	437.47	53.99	12.19	-	0.03	66.15	371.32	329.56
3	Leasehold Improvements	1.19	1.00	-	2.19	0.02	0.17	-	-	0.19	2.00	1.17
4	Plant and Machinery	441.76	71.36	1.34	511.78	123.61	37.79	0.16	0.85	160.71	351.07	318.15
5	Dies and Tools	57.31	23.55	2.69	78.17	16.18	11.47	-	1.81	25.84	52.33	41.13
6	Furniture and Fixtures	38.10	4.15	0.70	41.55	11.18	4.24	0.02	0.26	15.18	26.37	26.92
7	Vehicles	12.21	0.71	0.76	12.16	3.01	1.54	-	0.50	4.05	8.11	9.20
8	R & D Equipments	15.47	2.40	0.01	17.86	4.64	1.22	0.24	0.01	6.09	11.77	10.83
9	Office Equipments	44.72	9.48	2.13	52.07	19.41	8.24	4.63	1.34	30.94	21.13	25.31
10	Electric Fans and Installations	43.26	5.36	0.18	48.44	10.85	6.60	0.13	0.03	17.55	30.89	32.41
	<b>Total Tangible Assets</b>	<b>1,141.90</b>	<b>172.09</b>	<b>8.08</b>	<b>1,305.91</b>	<b>244.89</b>	<b>84.46</b>	<b>5.18</b>	<b>4.83</b>	<b>329.70</b>	<b>976.21</b>	<b>897.01</b>
	<b>Previous Year</b>	<b>1,082.70</b>	<b>71.82</b>	<b>12.62</b>	<b>1,141.90</b>	<b>189.20</b>	<b>60.91</b>	<b>-</b>	<b>5.22</b>	<b>244.89</b>	<b>897.01</b>	<b>893.50</b>
<b>b) Intangible Assets</b>												
1	Computer Software	16.97	1.77	-	18.74	8.53	2.85	-	-	11.38	7.36	8.44
2	Technical Know-how	0.51	-	-	0.51	0.50	-	-	-	0.50	0.01	0.01
3	R & D Software	1.07	0.67	-	1.74	0.32	0.20	-	-	0.52	1.22	0.75
	<b>Total Intangible Assets</b>	<b>18.55</b>	<b>2.44</b>	<b>-</b>	<b>20.99</b>	<b>9.35</b>	<b>3.05</b>	<b>-</b>	<b>-</b>	<b>12.40</b>	<b>8.59</b>	<b>9.20</b>
	<b>Previous Year</b>	<b>16.39</b>	<b>2.16</b>	<b>-</b>	<b>18.55</b>	<b>6.63</b>	<b>2.72</b>	<b>-</b>	<b>-</b>	<b>9.35</b>	<b>9.20</b>	<b>9.76</b>
<b>c) Capital Work-in-Progress</b>												
	<b>Previous Year</b>	<b>27.78</b>	<b>22.01</b>	<b>27.66</b>	<b>22.13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22.13</b>	<b>27.78</b>
	<b>Previous Year</b>	<b>9.82</b>	<b>27.66</b>	<b>9.70</b>	<b>27.78</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27.78</b>	<b>9.82</b>
<b>d) Assets Held for Sale - Tangible</b>												
<b>e) Total Tangible Assets (a+d)</b>		<b>1,141.90</b>	<b>172.09</b>	<b>8.08</b>	<b>1,305.91</b>	<b>244.89</b>	<b>84.46</b>	<b>5.18</b>	<b>4.83</b>	<b>329.70</b>	<b>976.60</b>	<b>897.08</b>
<b>Previous Year</b>		<b>1,082.70</b>	<b>71.82</b>	<b>12.62</b>	<b>1,141.90</b>	<b>189.20</b>	<b>60.91</b>	<b>-</b>	<b>5.22</b>	<b>244.89</b>	<b>897.01</b>	<b>893.96</b>
<b>Total-Current Year</b>		<b>1,188.23</b>	<b>196.54</b>	<b>35.74</b>	<b>1,349.03</b>	<b>254.24</b>	<b>87.51</b>	<b>5.18</b>	<b>4.83</b>	<b>342.10</b>	<b>1,007.32</b>	<b>934.06</b>
<b>Total-Previous Year</b>		<b>1,108.91</b>	<b>101.64</b>	<b>22.32</b>	<b>1,188.23</b>	<b>195.83</b>	<b>63.63</b>	<b>-</b>	<b>5.22</b>	<b>254.24</b>	<b>934.06</b>	<b>913.54</b>

## Notes:

- Freehold land includes land located at Narela Industrial Area in respect of which possession has not been given by authority.
- The title deed in respect of freehold land at Badli is yet to be executed.
- Buildings include ₹ 0.05 crores being the cost of premises purchased at Leonard Road, Bangalore, title deed in respect of which has not been executed as yet.
- The machineries retired from active use and held for disposal are classified as assets held for sale.  
Details are as under:  
Current year : Gross Block ₹ 2.19 crores, Accumulated depreciation ₹ 1.31 crores, Loss ₹ 0.49 crores and Net Block ₹ 0.39 crores.  
Previous year : Gross Block ₹ 1.31 crores, Accumulated depreciation ₹ 0.68 crores, Loss ₹ 0.56 crores and Net Block ₹ 0.07 crores.
- During the year, the Company has capitalised pre-operating expenses of ₹ 1.95 crores (previous year ₹ 0.63 crores). (refer note no. 31(3))

**13 NON-CURRENT INVESTMENTS**

	(₹ in Crores)	
	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Trade investments, long term (valued at cost unless stated otherwise)</b>		
<b>Unquoted equity instruments in subsidiary companies</b>		
Havells Holdings Limited 12,48,11,912 (Previous year 11,16,24,892) Ordinary Shares of 1 GBP each fully paid up	980.89	851.56
Havells Exim Limited 1,000 (Previous year 1,000) Equity Shares of 1 Hong Kong Dollars each fully paid up	0.00	0.00
<b>Unquoted equity investment in joint venture</b>		
Jiangsu Havells Sylvania Lighting Co. Limited {refer note no. 31(2)} (50% contribution in paid in capital)	30.87	30.96
Aggregate amount of unquoted investments	<b>1,011.76</b>	<b>882.52</b>

**14 LONG TERM LOANS AND ADVANCES**

	(₹ in Crores)	
	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Unsecured- considered good</b>		
Capital advances	5.84	4.99
Security deposits	9.47	8.94
MAT Credit entitlement	10.09	56.49
Prepaid expenses	0.50	0.24
Other deposits with Statutory / Government authorities	20.87	0.50
	<b>46.77</b>	<b>71.16</b>

**15 OTHER NON-CURRENT ASSETS**

	(₹ in Crores)	
	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Unsecured- considered good</b>		
Earnest money	0.36	0.35
Fixed deposits with banks having maturity period of more than twelve months	175.00	-
Deposits held as margin money against bank guarantees	0.02	0.02
	<b>175.38</b>	<b>0.37</b>

**16 INVENTORIES**

	(₹ in Crores)	
	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Raw materials and components	182.50	183.02
Work-in-progress	44.39	57.56
Finished goods	319.50	319.15
Stock in trade (traded goods)	117.03	99.28
Stores and spares	8.97	8.45
Loose Tools	1.02	1.05
Packing materials	11.64	9.49
Fuel and gases	0.58	0.98
Scrap materials	4.09	3.73
	<b>689.72</b>	<b>682.71</b>
The above includes goods in transit as under:		
Raw Materials	12.06	19.58
Finished goods	14.35	20.56
Stock in trade (traded goods)	3.73	6.72

- a) Inventories other than scrap materials have been taken at lower of cost and net realisable value. (refer note no. 1.08)
- b) The stocks of scrap materials have been taken at net realisable value.

**17 TRADE RECEIVABLES**

	(₹ in Crores)	
	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Outstanding due for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	3.26	2.04
Unsecured, considered doubtful	6.19	6.47
	9.45	8.51
Less: Provision for doubtful receivables	6.19	6.47
	<b>3.26</b>	<b>2.04</b>
<b>Other receivables</b>		
Unsecured, considered good*	129.25	134.45
Unsecured, considered doubtful	-	0.09
	129.25	134.54
Less: Provision for doubtful receivables	-	0.09
	<b>129.25</b>	<b>134.45</b>
	<b>132.51</b>	<b>136.49</b>

\* Trade receivables include ₹ 17.71 crores (previous year ₹ 14.07 crores) due from subsidiaries/step down subsidiary companies. {refer note no. 31(13)(C)}

**18 CASH AND BANK BALANCES**

	(₹ in Crores)	
	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>a) Cash and cash equivalents</b>		
Balances with banks:		
Current accounts	12.30	2.47
Cash credit accounts {refer note no. 31(5)}	55.79	94.46
Bank accounts held by ESOP Trust	-	2.74
Fixed deposits account having a maturity period of less than three months	55.65	300.00
Cash in hand	0.04	0.03
	<b>123.78</b>	<b>399.70</b>
<b>b) Other bank balances</b>		
Unpaid dividend account*	0.99	1.44
Fixed deposits account having a maturity period of more than three months but less than twelve months	397.57	225.00
	<b>398.56</b>	<b>226.44</b>
	<b>522.34</b>	<b>626.14</b>

\*The Company can utilise the balance only towards settlement of unclaimed dividend.

**19 SHORT TERM LOANS AND ADVANCES**

	(₹ in Crores)	
	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Other loans and advances (unsecured - considered good)</b>		
Advances against materials and services	7.96	8.54
Prepaid expenses	8.99	9.52
Security deposits	2.55	2.19
Other advances	0.30	0.26
Balance with Statutory / Government authorities:		
Excise duty	0.86	1.01
Service tax	4.60	0.93
VAT	0.00	-
Other deposits with Statutory / Government authorities	15.85	22.47
	<b>41.11</b>	<b>44.92</b>

**20 OTHER CURRENT ASSETS**

	(₹ in Crores)	
	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Unsecured, considered good</b>		
Earnest money	1.09	1.33
Retention money	2.27	2.27
DEPB licences in hand	3.32	2.65
Claims and other receivables	5.29	7.32
Interest accrued on deposits	9.97	6.16
	<b>21.94</b>	<b>19.73</b>

**21 REVENUE FROM OPERATIONS**

	(₹ in Crores)	
	<b>Year ended March 31, 2015</b>	<b>Year ended March 31, 2014</b>
Sale of products		
Finished goods	5,148.38	4,577.68
Traded goods	679.82	675.87
	5,828.20	5,253.55
Less: Turnover discount, incentives and rebates	313.02	257.90
	5,515.18	4,995.65
Other operating revenue		
Scrap sales	36.24	27.70
Export incentives	6.37	7.76
<b>Revenue from operations (gross)</b>	<b>5,557.79</b>	<b>5,031.11</b>
Less: Excise duty	319.10	311.42
<b>Revenue from operations (net)</b>	<b>5,238.69</b>	<b>4,719.69</b>
<b>Details of products sold</b>		
<b>Finished goods</b>		
Switchgears	1,304.38	1,229.40
Cables	2,485.33	2,201.38
Lighting and fixtures	595.83	563.43
Electrical consumer durables	762.84	583.47
	<b>5,148.38</b>	<b>4,577.68</b>
<b>Stock in Trade (traded goods)</b>		
Switchgears	102.55	101.11
Lighting and fixtures	234.55	244.37
Electrical consumer durables	342.72	330.39
	<b>679.82</b>	<b>675.87</b>
	<b>5,828.20</b>	<b>5,253.55</b>

**22 OTHER INCOME**

	(₹ in Crores)	
	<b>Year ended March 31, 2015</b>	<b>Year ended March 31, 2014</b>
Interest income		
Bank Deposits	34.59	26.79
Delayed payments from customers	1.82	0.60
Others	0.53	0.28
Miscellaneous income	3.04	1.89
Exchange Fluctuations (net)	7.95	8.41
Excess provisions no longer required written back	2.98	5.12
Provision for doubtful receivables written back	1.30	0.97
	<b>52.21</b>	<b>44.06</b>

**23 COST OF MATERIALS CONSUMED**

	(₹ in Crores)	
	<b>Year ended March 31, 2015</b>	<b>Year ended March 31, 2014</b>
Copper	919.12	870.07
Aluminium	418.73	367.31
General plastic	175.64	173.70
Paints and chemicals	172.76	126.25
Steel	105.51	100.80
Engineering plastic	53.14	47.49
Packing materials	133.15	119.63
Others	806.46	740.96
	<b>2,784.51</b>	<b>2,546.21</b>

**24 PURCHASE OF TRADED GOODS**

	(₹ in Crores)	
	<b>Year ended March 31, 2015</b>	<b>Year ended March 31, 2014</b>
Switchgears	47.20	49.59
Lighting and fixtures	123.56	144.61
Electrical consumer durables	228.44	165.49
	<b>399.20</b>	<b>359.69</b>



**25 CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE**

	Year ended March 31, 2015	Year ended March 31, 2014	(Increase)/ Decrease
<b>Inventories at the end of the year</b>			
Finished goods	319.50	319.15	(0.35)
Stock in trade (traded goods)	117.03	99.28	(17.75)
Work-in-progress	44.39	57.56	13.17
Scrap	4.09	3.73	(0.36)
	<b>485.01</b>	<b>479.72</b>	<b>(5.29)</b>
<b>Inventories at the beginning of the year</b>			
Finished goods	319.15	300.55	(18.60)
Stock in trade (traded goods)	99.28	122.26	22.98
Work-in-progress	57.56	49.12	(8.44)
Scrap	3.73	3.60	(0.13)
	<b>479.72</b>	<b>475.53</b>	<b>(4.19)</b>

(₹ in Crores)

	Year ended March 31, 2015	Year ended March 31, 2014
<b>Details of inventory at the end of the year</b>		
<b>Finished Goods</b>		
Switchgears	84.69	86.66
Cables	113.57	152.55
Lighting and Fixtures	42.92	28.87
Electrical Consumer Durables	78.32	51.07
	<b>319.50</b>	<b>319.15</b>
<b>Stock in trade (traded goods)</b>		
Switchgears	9.21	8.60
Lighting and Fixtures	36.25	48.69
Electrical Consumer Durables	71.57	41.99
	<b>117.03</b>	<b>99.28</b>
<b>Work-in-progress</b>		
Switchgears	11.29	12.45
Cables	18.06	27.99
Lighting and Fixtures	6.02	9.89
Electrical Consumer Durables	9.02	7.23
	<b>44.39</b>	<b>57.56</b>
<b>Details of inventory at the beginning of the year</b>		
<b>Finished Goods</b>		
Switchgears	86.66	77.67
Cables	152.55	137.20
Lighting and Fixtures	28.87	28.03
Electrical Consumer Durables	51.07	57.65
	<b>319.15</b>	<b>300.55</b>
<b>Stock in trade (traded goods)</b>		
Switchgears	8.60	7.65
Lighting and Fixtures	48.69	48.30
Electrical Consumer Durables	41.99	66.31
	<b>99.28</b>	<b>122.26</b>
<b>Work-in-progress</b>		
Switchgears	12.45	11.33
Cables	27.99	26.28
Lighting and Fixtures	9.89	7.42
Electrical Consumer Durables	7.23	4.09
	<b>57.56</b>	<b>49.12</b>

**26 EMPLOYEE BENEFITS EXPENSE**

(₹ in Crores)

	Year ended March 31, 2015	Year ended March 31, 2014
Salaries, wages, bonus, commission and other benefits	273.45	220.60
Contribution towards PF, Family Pension and ESI	13.91	11.68
Employee stock option expense {refer note no. 31(10)(c)}	3.73	0.99
Gratuity expense {refer note no. 31(9)}	11.02	4.83
Staff welfare expenses	10.61	9.38
	<b>312.72</b>	<b>247.48</b>

**27 FINANCE COSTS**

	(₹ in Crores)	
	<b>Year ended March 31, 2015</b>	<b>Year ended March 31, 2014</b>
Interest expense	11.72	13.54
Bank charges	1.92	2.66
Miscellaneous financial expenses	0.10	-
Exchange difference to the extent considered as an adjustment to borrowing cost	3.83	10.73
	<b>17.57</b>	<b>26.93</b>

**28 DEPRECIATION AND AMORTISATION EXPENSE**

	(₹ in Crores)	
	<b>Year ended March 31, 2015</b>	<b>Year ended March 31, 2014</b>
Depreciation of tangible assets	84.46	60.91
Amortisation of intangible assets	3.05	2.72
	<b>87.51</b>	<b>63.63</b>

**29 OTHER EXPENSES**

	(₹ in Crores)	
	<b>Year ended March 31, 2015</b>	<b>Year ended March 31, 2014</b>
Consumption of stores and spares	33.35	32.39
Power and fuel	66.50	61.65
Job work charges	139.81	117.26
Increase / (Decrease) in excise duty in inventory of finished goods and scrap	4.76	(1.72)
Rent	39.19	36.44
Repairs and maintenance:		
Plant and machinery	12.42	10.49
Buildings	2.96	1.89
Others	10.34	9.95
Rates and taxes	1.17	0.90
Insurance	7.92	7.64
Trade mark fee and royalty	40.30	41.07
Travelling and conveyance	43.92	44.68
Communication expenses	8.00	6.33
Legal and professional charges	25.57	27.20
Payment to Auditors:		
As Auditors:		
Audit fee	1.20	1.20
Tax Audit fee	0.15	0.09
Reimbursement of expenses	0.06	0.05
In other capacity	0.06	-
Contribution towards Corporate Social Responsibility {refer note no. 31(11)}	9.79	-
Freight and forwarding expenses	183.65	166.59
Service tax and custom duty paid	14.59	11.63
Advertisement and sales promotion	154.99	112.40
Cash discount	52.69	47.10
Commission on sales	40.27	35.33
Product warranties and after sales services	80.81	65.23
Claims and damages	27.69	42.00
Trade receivables factoring charges	25.60	23.77
Loss on sale / discard of fixed assets (net)	1.56	6.03
Bad debts written off	0.61	0.51
Provision for doubtful trade receivables	0.93	2.58
Miscellaneous expenses	17.57	18.22
	<b>1,048.43</b>	<b>928.90</b>

**30 CONTINGENT LIABILITIES, COMMITMENTS AND LITIGATIONS**

		(₹ in Crores)	
		2014-15	2013-14
<b>A</b>	<b>Contingent liabilities (to the extent not provided for)</b>		
a	Claims / Suits filed against the Company not acknowledged as debts	5.21	14.09
b	Liability towards banks against receivable buyout facilities {refer point (i)}	106.30	86.80
c	Bonds to excise department against export of excisable goods / purchase of goods without payment of duty (to the extent utilised)	3.30	18.57
d	Disputed tax liabilities in respect of pending cases before appellate authorities {Amount deposited under protest ₹ 20.65 crores (previous year ₹ 8.35 crores)} {refer point (ii)}	100.80	70.54
e	Demand raised by Uttarakhand Power Corporation Limited contested before electricity Ombudsman, Dehradun {Amount deposited under protest ₹ 1.00 crore (previous year ₹ 1.00 crore)}	1.00	1.00
f	Corporate Guarantees given on behalf of subsidiary companies (to the extent of outstanding obligation) {refer point (iii)}	-	143.13
g	Custom duty payable against export obligation {refer point (iv)}	12.14	19.18

**Notes:**

- i) a) The Company has utilised a receivable buyout facility of ₹ 210.98 crores (previous year ₹ 227.69 crores) from IDBI Bank Limited against insurance backed trade receivables with a recourse of 10% of facility amount. Accordingly, the trade receivables stand reduced by the said amount. A sum of ₹ 14.18 crores (previous year ₹ 13.78 crores) on account of charges paid for this facility has been debited to trade receivables factoring charges account.
- b) The Company has utilised a receivable buyout facility of ₹ 70.38 crores (previous year ₹ 72.82 crores) from Axis Bank Limited against insurance backed trade receivables with a recourse of 10% of the facility amount. Accordingly, the trade receivables stand reduced by the said amount. A sum of ₹ 5.11 crores (previous year ₹ 5.31 crores) on account of charges paid for this facility has been debited to trade receivables factoring charges account.
- c) During the year, the Company has arranged a receivable buyout facility of ₹ 137.41 crores (previous year ₹ 40.47 crores) from The Hongkong and Shanghai Banking Corporation Limited against insurance backed trade receivables with a recourse of 10% of the facility amount. Accordingly, the trade receivables stand reduced by the said amount. A sum of ₹ 6.31 crores (previous year ₹ 4.68 crores) on account of charges paid for this facility has been debited to trade receivables factoring charges account.
- d) The Company has arranged channel finance facility for its customers of ₹ 371.94 crores (previous year ₹ 356.46 crores) from Yes Bank Limited and Axis Bank Limited against insurance backed trade receivables with a recourse of 10% of the facility amount.
- ii) The various disputed tax liabilities are as under :

		(₹ in Crores)		
Sl.	Description	Period to which relates	Disputed Amount	
			2014-15	2013-14
a)	<b>Excise / Customs / Service Tax</b> Show cause notices / demands raised by Excise and Custom department pending before various appellate authorities.	1994-96 to 2012-13	30.21	13.10
b)	<b>Income Tax</b> Disallowances / additions made by the income tax department pending before various appellate authorities.	2004-05 to 2010-11	42.33	31.28
c)	<b>Sales Tax / VAT</b> Show cause notices / demands raised by Sales tax / VAT department pending before various appellate authorities	2003-04 to 2013-14	28.11	26.01
d)	<b>Others</b> 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
			<b>100.80</b>	<b>70.54</b>

Based on favourable decisions in similar cases, legal opinions taken by the Company and discussions with the solicitors, 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 received by the Company have not been treated as contingent liabilities since the Company has adequately represented to the concerned departments and does not expect any liability on this account.

- iii) a) The Company has given a corporate guarantee of ₹ 31.30 crores (USD 5 millions) {previous year ₹ 109.98 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 ₹ Nil (previous year ₹ Nil).
- b) The Company had given an irrevocable and unconditional corporate guarantee to Standard Chartered Bank Limited, London for ₹ 175.53 crores (Euro 26 millions) {previous year ₹ 214.70 crores (Euro 26 millions)} in respect of facility sanctioned to its subsidiary Company 'Havells Holdings Limited' as per Deed of Guarantee executed between the Company and Standard Chartered Bank Limited, London on 29<sup>th</sup> March 2013. The outstanding amount of the said credit facility as on the date of the balance sheet is ₹ Nil {previous year ₹ 143.13 crores (Euro 17.33 millions)}. The bankers have released the corporate guarantee during the year.
- 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 ₹ 68.39 crores (previous year ₹ 95.47 crores) within the stipulated time as specified in the respective licenses. Out of the said amount, the Company has fulfilled the export obligation of ₹ 65.63 crores (previous year ₹ 82.65 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. Custom duty payable against the said obligation is ₹ 8.55 crores (previous year ₹ 13.89 crores)
- b) Further the Company is under obligation to export goods worth ₹ 55.48 crores (previous year ₹ 70.46 crores) in respect of duty free imports made by the Company against Advance Licenses. Out of the said amount, export obligation of ₹ 54.32 crores (previous year ₹ 60.65 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. Custom duty payable against the said obligation is ₹ 3.59 crores (previous year ₹ 5.29 crores)

	(₹ in Crores)	
	2014-15	2013-14
<b>B Bank guarantees and Letter of credits</b>		
Bank guarantees issued by banks	83.94	79.37
Letter of credits issued by banks	19.55	43.39

	(₹ in Crores)	
	2014-15	2013-14
<b>C Commitments</b>		
Estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	62.65	48.87

#### D Other Litigations

- i) One of the customer of the Company had raised claims against the Company relating to supply of switchgear products. The Company and the customer, considering their long-term relationship with each other and without admission of liability on part of either party, have settled their respective claims. The full and final settlement of the claim have been arrived at and the Company has agreed to pay an amount of ₹ 69.69 crores to the customer, which have appropriately accounted for in the financial statements.
- ii) Additionally, the Company has some entry tax and other tax related litigation of ₹ 13.69 crores (previous year ₹ 7.39 crores) against which liability has been assessed as probable and adequate provisions have been made with respect to the same. {refer note no. 11(b)}

### 31 OTHER NOTES ON ACCOUNTS

- 1 The Company has the following subsidiaries as on the date of Balance Sheet :

Name of Subsidiary	Country of Incorporation	Date of control	Nature	(₹ in Crores)	
				March 31, 2015	March 31, 2014
(i) Havells Holdings Limited*	Isle of Man	09.03.2007	Wholly Owned Subsidiary	100%	100%
(ii) Havells Exim Limited	Hong Kong	24.10.2010	Wholly Owned Subsidiary	100%	100%

\*Havells Holdings limited has 53 wholly owned subsidiaries / step-down subsidiaries as on balance sheet date.

- 2 The Company has entered into a Joint Venture agreement with 'Shanghai Yaming Lighting Co., Ltd., Shanghai, China' on 26<sup>th</sup> 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 13<sup>th</sup> February, 2012 issued by the People's Government of Jiangsu Province, China. The Company has an investment of ₹ 30.87 crores (RMB 33.00 millions) {previous year ₹ 30.96 crores (RMB 33.00 millions)} towards 50% of capital contribution in the said Joint Venture Company as on the date of balance sheet.

The Company's interest in Joint Venture is reported as a Non-Current Investment (refer note no. 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 31<sup>st</sup> December, 2014.

Pursuant to Accounting Standard-27 "Financial Reporting of Interests in Joint Ventures" specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2014, disclosures in respect of the said joint venture are given below:

(₹ in Crores)

(a) Name of Joint Venture	Description of Interest	Country of Incorporation	Proportion of Ownership interest	
			December 31, 2014	December 31, 2013
Jiangsu Havells Sylvania Lighting Co., Ltd.	Jointly Controlled Entity	Jiangsu Province, China	50%	50%

- b) The Company's share in 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 Statements as at 31<sup>st</sup> December, 2014 are as under:

(₹ in Crores)

	2014-15	2013-14
<b>(i) Liabilities</b>		
<b>Current Liabilities</b>		
Trade Payables	14.75	20.58
Other Current Liabilities	-	0.11
Short Term Provisions	0.02	-
	<b>14.77</b>	<b>20.69</b>
<b>(ii) Assets</b>		
<b>Non-Current Assets</b>		
Fixed Assets		
Tangible Assets	7.20	7.82
Capital Work-in-Progress	1.55	0.55
Long Term Loans and Advances	1.73	-
	<b>10.48</b>	<b>8.37</b>
<b>Current Assets</b>		
Inventories	2.50	2.60
Trade Receivables	21.93	18.82
Cash and Bank Balances	10.80	3.40
Short Term Loans and Advances	3.11	4.61
	<b>38.34</b>	<b>29.43</b>
	<b>48.82</b>	<b>37.80</b>
<b>(iii) Income</b>		
Revenue from Operations (net of Excise duty)	61.49	40.16
Other Income	0.11	0.04
	<b>61.60</b>	<b>40.20</b>
<b>(iv) Expenses</b>		
Cost of Materials Consumed	16.01	9.23
Purchase of Traded Goods	36.84	28.35
(Increase)/ Decrease in inventories	0.14	(1.84)
Employee Benefits Expense	1.40	1.91
Other Expenses	5.04	4.08
	<b>59.43</b>	<b>41.73</b>
<b>(v) Other Matters</b>		
Contingent Liabilities	NIL	NIL
Capital Commitments	NIL	NIL

- 3 During the year, the Company has capitalized the following expenses of revenue nature to the tangible fixed assets, being pre-operative expenses related to projects. Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

	(₹ in Crores)	
	<b>2014-15</b>	<b>2013-14</b>
Employee Benefits Expense	0.77	0.11
Other Expenses	1.18	0.52
	<b>1.95</b>	<b>0.63</b>

#### 4 Depreciation

- (a) Till 31<sup>st</sup> March, 2014, depreciation was being provided on straight line method as per the rates prescribed in Schedule XIV of the Companies Act, 1956. The Schedule XIV has been replaced by Schedule II of the Companies Act, 2013 and the depreciation has been charged on straight line method on the basis of useful lives of the assets in the manner as prescribed in Schedule II of the Companies Act, 2013.
- (b) Till 31<sup>st</sup> March, 2014, the assets for a value not exceeding ₹ 5000/- were written off in the year of purchase as per Schedule XIV of the Companies Act, 1956. Schedule II of the Companies Act, 2013 does not recognize such practice. The depreciation on assets for a value not exceeding ₹ 5000/- has been provided on the basis of their useful lives in the manner as prescribed in the Schedule II of the Companies Act, 2013.

The applicability of Schedule II has resulted in the following impact on financial statements :

	(₹ in Crores)
Decrease in profit during the year	17.78
Reduced retained earnings (net of deferred tax ₹ 1.76 crores) during the year*	3.42

\* Related to the carrying amount of assets with no remaining useful lives as on 1<sup>st</sup> April, 2014.

- 5 (a) The Company has availed working capital limits from banks under consortium of Canara Bank, IDBI Bank Limited, State Bank of India, Standard Chartered Bank, ICICI Bank Limited, Yes Bank Limited and Hongkong and Shanghai Banking Corporation Limited.
- (b) Working capital limits from consortium banks are secured by way of:
- pari-passu first charge by way of hypothecation on stocks of raw materials, semi-finished goods, finished goods, stores and spares, bill receivables, book debts and all movable and other current assets of the Company.
  - pari-passu first charge by way of equitable mortgage of land and building at 14/3, Mathura Road, Faridabad.
  - pari-passu second charge by way of hypothecation of plant and machinery, generators, furniture and fixtures, electric fans and installations.
- (c) The Company has a debit balance in cash credit accounts as on the date of Balance Sheet.

- 6 The Company has incurred following expenditure on Research and Development:

	(₹ in Crores)	
	<b>2014-15</b>	<b>2013-14</b>
<b>a) Revenue Expenditure</b>		
Cost of Materials Consumed	2.73	3.66
Employee Benefits Expense	18.00	14.48
Rent	2.16	2.16
Travelling and Conveyance	1.33	0.69
Legal and Professional	0.24	0.37
Other Expenses	1.74	0.52
	<b>26.20</b>	<b>21.88</b>
<b>b) Capital Expenditure</b>		
Tangible Assets	1.77	2.62
Intangible Assets	0.66	0.24
	<b>2.43</b>	<b>2.86</b>

- 7 The Company's manufacturing units at Village Gularwala, Baddi Distt.-Solan (Unit-II) (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.

- 8 Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise as at 31<sup>st</sup> March, 2015 are as under:

(₹ in Crores)

Currency	Nature of Transaction	As at March 31, 2015		As at March 31, 2014	
		Foreign Currency	Indian Rupees	Foreign Currency	Indian Rupees
GBP	Export Trade Receivables	£ -	-	£ 0.00	0.17
	Import Trade Payables	£ -	-	£ 0.00	0.15
USD	Export Trade Receivables	\$ 0.63	39.58	\$ 0.71	42.48
	Import Trade Payables	\$ 0.52	32.54	\$ 1.13	67.96
	Foreign currency loan from banks	\$ 1.33	83.46	\$ 2.00	120.20
EURO	Export Trade Receivables	€ -	-	€ 0.02	1.70
	Import Trade Payables	€ 0.01	0.60	€ 0.02	1.77
JPY	Import Trade Payables	¥ 0.27	0.14	¥ 0.69	0.41

9. Disclosures pursuant to Accounting Standard - 15 "Employee Benefits" (specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2014) are given below :

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

(₹ in Crores)

	2014-15	2013-14
Employer's Contribution towards Provident Fund (PF)	9.71	8.98
Employer's Contribution towards Family Pension Scheme (FPS)	3.75	2.23
Employer's Contribution towards Employee State Insurance (ESI)	0.45	0.47
	<b>13.91</b>	<b>11.68</b>

#### Defined Benefit Plan

The employees' Gratuity Fund Scheme, which is a defined benefit plan, is managed by the trust maintained with Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Limited. The present value of obligation is determined based on actuarial valuation using the 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.

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

(₹ in Crores)

	2014-15	2013-14
Defined Benefit obligation at beginning of the year	21.08	16.15
Interest Cost	1.58	1.41
Current Service Cost	4.00	2.78
Benefit paid	(1.85)	(1.23)
Actuarial (gain) / loss	7.12	1.97
Defined Benefit obligation at year end	<b>31.93</b>	<b>21.08</b>

#### b) Reconciliation of opening and closing balances of fair value of plan assets

(₹ in Crores)

	2014-15	2013-14
Fair value of plan assets at beginning of the year	16.32	12.86
Expected return on plan assets	1.57	1.29
Employer contribution	5.00	3.36
Actuarial gain / (loss)	0.11	0.04
Benefits paid	(1.85)	(1.23)
Fair value of plan assets at year end	<b>21.15</b>	<b>16.32</b>

**c) Reconciliation of fair value of assets and obligations**

(₹ in Crores)

	<b>2014-15</b>	<b>2013-14</b>
Fair value of plan assets	21.15	16.32
Present value of obligation	(31.93)	(21.08)
Amount recognised in Balance Sheet- Asset / (Liability)	<b>(10.78)</b>	<b>(4.76)</b>

**d) Expenses recognised during the year**

(₹ in Crores)

	<b>2014-15</b>	<b>2013-14</b>
Current Service Cost	4.00	2.78
Interest Cost	1.58	1.41
Expected return on plan assets	(1.57)	(1.29)
Actuarial (gain) / loss	7.01	1.93
Net Cost debited to statement of profit and loss	<b>11.02</b>	<b>4.83</b>

**e) Broad categories of plan assets as a percentage of total assets**

	<b>2014-15</b>	<b>2013-14</b>
Insurer managed funds	100%	100%

**f) Actuarial assumptions**

	<b>2006-08</b>	<b>1994-96</b>
Mortality Table (LIC)	(Ultimate)	(Ultimate)
Discount rate (per annum)	7.85%	9.10%
Expected rate of return on plan assets (per annum)	8.75%	9.30%
Attrition Rate	5.00%	5.00%

**g) Actual return on plan assets**

(₹ in Crores)

	<b>2006-08</b>	<b>1994-96</b>
	1.67	1.33

**h) Amounts for current and previous periods**

(₹ in Crores)

	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>
Present value of obligation	31.93	21.08	16.15	12.25	9.52
Fair value of plan assets	21.15	16.32	12.86	9.03	7.15
Surplus / (Deficit)	(10.78)	(4.76)	(3.29)	(3.22)	(2.37)
Experience Adjustments of Plan Assets [Gain / (loss)]	7.13	1.97	1.62	1.02	1.68
Experience Adjustments of Obligation [Gain / (loss)]	3.96	2.06	0.80	1.26	1.96

i) The plan assets are maintained with Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Limited.

j) The Company expects to contribute ₹ 11.00 crores (previous year ₹ 5.00 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.



## 10 Employee Stock Option Scheme

- (a) The Company, vide special resolution passed by way of postal ballot on 23<sup>rd</sup> January 2013, had 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 is 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 other applicable provisions for the time being in force. The first grant date of the options under the approved ESOP 2013 Plan was 8<sup>th</sup> 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.

During the financial year 2013-14, the Company had granted 45,939 options at ₹ 677/- per share and the exercise price was ₹ 338.50 per share.

	2014-15		2013-14	
	Total No. of Stock Options	Weighted average exercise price	Total No. of Stock Options	Weighted average exercise price
<b>Summary of Stock Options</b>				
Options outstanding as on April 1, 2014	39,345	338.50	Nil	-
Sub-Division of Equity Shares from ₹ 5/- to ₹1/- Per share (refer note no. 2)	196,725	67.70	-	-
Options granted during the year	-	67.70	45,939	338.50
Options forfeited/lapsed during the year	8,135	67.70	6,308	338.50
Options exercised during the year	98,040	67.70	286	338.50
Options outstanding as on March 31 <sup>st</sup> , 2015	90,550	67.70	39,345	338.50
Options vested but not exercised as on March 31 <sup>st</sup> , 2015	Nil	-	Nil	-

The weighted average remaining contractual life for the stock option outstanding as at 31<sup>st</sup> March, 2015 is 0.05 year (previous year 0.60 year). The exercise price for options outstanding at the end of year is ₹ 67.70 per share. The average market share price of ESOP exercised during the year is ₹ 254.80 per share.

The weighted average fair value of stock option granted during the year is ₹ 237.48 per share. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	2014-15	2013-14
Average risk free interest rate	7.89%	8.33%
Expected Life of options as on grant date	2 years	2 years
Expected and Historical Volatility	37.14%	33.22%
Expected Dividend rate	2.17%	0.58%

The Company measures the cost of ESOP using the intrinsic value method. Had the Company used the fair value model to determine the compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

Particulars	2014-15	2013-14
Profit after tax as reported	464.94	478.69
Add: ESOP cost using the intrinsic value method	0.30	0.99
Less: ESOP cost using the fair value method	1.05	0.89
Proforma profit after tax	<b>464.19</b>	<b>478.79</b>

Earnings Per Share	2014-15	2013-14
<b>Basic</b>		
- As reported	7.45	7.67
- Proforma	7.44	7.67
<b>Diluted</b>		
- As reported	7.45	7.67
- Proforma	7.44	7.67

- (b) The Company had, vide special resolution passed by way of postal ballot on 9<sup>th</sup> June, 2014 and by way of amendment to the “Havells Employees Stock Option Plan 2013” (ESOP 2013 or Plan) included Part B - “Havells Employees Stock Purchase Plan 2014 and renamed it as “Havells Employees Long Term Incentive Plan 2014” for granting Employees Stock Options in the form of Equity Shares to eligible employees. The purchase price of the options was approved on 26<sup>th</sup> June, 2014 under the supervision of the Nomination and Remuneration Committee of the Board of Directors of the Company. The options were vested as on 15<sup>th</sup> July, 2014 after the grant date and in accordance with the terms and conditions of the plan, the said options can be exercisable within a period of 30 days from the date of vesting and settled by way of equity shares. Accordingly during the year, Equity Shares of ₹ 1/- each were allotted to eligible employees at ₹ 223.17 per share. As per the scheme, 50% of shares are under lock-in-period of one year and remaining 50% are under lock-in-period of two years. Further, as per the scheme, the Company shall pay 50% of issue price for differential bonus shares to eligible employees as exgratia / bonus for the said amount.

In respect of stock options granted pursuant to the Company’s stock options scheme, the intrinsic value of the options (excess of market price of the share over the exercise price of the option) is treated as expense and accounted as employee compensation over the vesting period and will be paid in two equal instalments annually.

- (c) The Company has debited an expense of ₹ 3.73 crores (previous year ₹ 0.99 crores) to the statement of profit and loss under Employee Stock Option Scheme during the financial year.

## 11. Corporate Social Responsibility

As per provisions of section 135 of the Companies Act, 2013, the Company has to provide at least 2% of average net profits of the preceding three financial years towards Corporate Social Responsibility (“CSR”). Accordingly, a CSR committee has been formed for carrying out CSR activities as per the Schedule VII of the Companies Act, 2013. The Company has contributed a sum of ₹ 9.79 crores towards this cause and debited the same to the statement of profit and loss. The funds are primarily allocated to QRG foundation, a society registered under section 12A of the Income Tax Act, 1961 for undertaking Mid-Day meal scheme, Ashoka University, sponsored by International Foundation for Research and Education (IFRE) which is a “Not for Profit” Company incorporated under the provisions of section 25 of the erstwhile Companies Act, 1956 for the promotion of education and to the Vivekanand Ashram for providing free education to underprivileged students.

## 12. Segment Reporting

The segment reporting of the Company has been prepared in accordance with Accounting Standard-17, “Segment Reporting” ( specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2014 ).

### 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, pumps and capacitors.
- (ii) The cable segment comprises of flexible 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”.



## (i) Primary- Business Segment

(₹ in Crores)

	2014-15	2013-14
<b>A. Revenue</b>		
<b>Segment Revenue</b>		
Switchgears	1,279.02	1,219.19
Cables	2,190.42	1,926.43
Lighting and fixtures	740.95	720.69
Electrical consumer durables	1,028.30	853.38
	<b>5,238.69</b>	<b>4,719.69</b>
<b>B. Results</b>		
<b>Segment Results</b>		
Switchgears	439.02	403.17
Cables	265.69	210.99
Lighting and fixtures	196.86	178.70
Electrical consumer durables	257.95	230.40
	<b>1,159.52</b>	<b>1,023.26</b>
Unallocated expenses net of income	495.70	401.23
<b>Operating Profit</b>	<b>663.82</b>	<b>622.03</b>
Finance Costs	17.57	26.93
<b>Profit before tax</b>	<b>646.25</b>	<b>595.10</b>
Income tax expense	181.31	116.41
<b>Profit after tax</b>	<b>464.94</b>	<b>478.69</b>
<b>C. Other Information</b>		
<b>Segment Assets</b>		
Switchgears	534.21	505.42
Cables	458.27	511.05
Lighting and fixtures	357.08	365.74
Electrical consumer durables	380.49	258.38
	1,730.05	1,640.59
Unallocated	1,918.80	1,757.51
	<b>3,648.85</b>	<b>3,398.10</b>
<b>Segment Liabilities</b>		
Switchgears	257.93	202.71
Cables	166.52	181.42
Lighting and fixtures	129.72	113.14
Electrical consumer durables	143.50	93.60
	697.67	590.87
Unallocated	575.39	677.38
	<b>1,273.06</b>	<b>1,268.25</b>
<b>Capital Expenditure</b>		
Switchgears	68.27	25.90
Cables	16.70	5.58
Lighting and fixtures	10.57	12.45
Electrical consumer durables	58.54	36.96
	154.08	80.89
Unallocated	14.80	11.05
	<b>168.88</b>	<b>91.94</b>
<b>Depreciation and Amortisation Expenses</b>		
Switchgears	32.06	22.41
Cables	27.04	21.70
Lighting and fixtures	16.32	13.50
Electrical consumer durables	12.09	6.02
	<b>87.51</b>	<b>63.63</b>
<b>Non-cash expenses other than depreciation</b>		
Switchgears	0.82	0.96
Cables	0.75	1.17
Lighting and fixtures	0.10	4.36
Electrical consumer durables	0.16	0.46
	1.83	6.95
Unallocated	0.66	1.66
	<b>2.49</b>	<b>8.61</b>

## (ii) Secondary- Geographical Segments

(₹ in Crores)

	2014-15	2013-14
<b>Segment Revenue</b>		
The following is the distribution of Company's revenue by geographical market, regardless of where the goods were produced.		
Revenue-Domestic Market	4,905.17	4,396.04
Revenue-Overseas Market:	333.52	323.65
	<b>5,238.69</b>	<b>4,719.69</b>
<b>Segment assets</b>		
Within India	2,597.51	2,471.24
Outside India	1,051.34	926.86
	<b>3,648.85</b>	<b>3,398.10</b>
<b>Capital Expenditure</b>		
Within India	168.88	91.94
Outside India	-	-
	<b>168.88</b>	<b>91.94</b>

## 13 Related party transactions

The related parties as per the terms of Accounting Standard-18, "Related Party Disclosures", ( specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2014 ) are disclosed below:-

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

## (i) Related party 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 Havell's Netherlands B.V.	WOS of Havell's Netherlands Holding B.V.
6 SLI Europe B.V.	WOS of Havell's Netherlands B.V.
7 Havells Sylvania Holdings (BVI-1) Ltd.	WOS of Havell's Netherlands B.V.
8 Flowil International Lighting (Holding) B.V.	WOS of SLI Europe BV
9 Sylvania Lighting International B.V.	WOS of SLI Europe BV
10 Havells Sylvania (Thailand) Limited	49% held by Flowil International Lighting (Holding) B.V. and 51% held by Thai Lighting Assets Co Ltd.
11 Guangzhou Havells Sylvania Enterprise Limited	WOS of Flowil International Lighting (Holding) B.V.
12 Havells Sylvania Asia Pacific Limited	WOS of Flowil International Lighting (Holding) B.V.
13 Havells Sylvania Sweden A.B.	WOS of Flowil International Lighting (Holding) B.V.
14 Havells Sylvania Finland OY	WOS of Flowil International Lighting (Holding) B.V.
15 Havells Sylvania Norway A.S.	WOS of Flowil International Lighting (Holding) B.V.
16 Havells Sylvania Fixtures Netherlands B.V.	WOS of Flowil International Lighting (Holding) B.V.
17 Havells Sylvania Lighting Belgium N.V.	WOS of Flowil International Lighting (Holding) B.V.
18 Havells Sylvania Belgium B.V.B.A.	WOS of Flowil International Lighting (Holding) B.V.
19 Havells Sylvania Lighting France S.A.S	WOS of Flowil International Lighting (Holding) B.V.
20 Havells Sylvania France S.A.S.	WOS of Havells Sylvania Lighting France SA
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 Brasil Iluminacao Ltda.	WOS of Sylvania Lighting International B.V.
28 Havells Sylvania Argentina S.A.	WOS of Sylvania Lighting International B.V.
29 Havells Sylvania N.V.	WOS of Sylvania Lighting International B.V.



Subsidiary Companies	Relationship
30 Havells Sylvania Colombia S.A.	71% held by Havells Sylvania Holdings BVI-1 Limited and 29% held by Havells Sylvania Holdings BVI-2 Limited
31 Havells Mexico S.A. de C.V.	WOS of Sylvania Lighting International B.V.
32 Havells Mexico Servicios Generales S.A.de CV	WOS of Havells Mexico SA de CV
33 Havells Sylvania El Salvador S.A. de C.V.	WOS of Havells Sylvania Export N.V.
34 Havells Sylvania Guatemala S.A.	WOS of Havells Sylvania Export N.V.
35 Havells Sylvania Costa Rica S.A.	WOS of Havells Sylvania Export N.V.
36 Havells Sylvania Panama S.A.	WOS of Havells Sylvania Export N.V.
37 Havells Sylvania Venezuela C.A.	WOS of Havells Sylvania Colombia S.A.
38 Havells Sylvania Europe Limited	WOS of Flowil International Lighting (Holding) B.V.
39 Havells Sylvania UK Limited	WOS of Havells Sylvania Europe Limited
40 Havells Sylvania Fixtures UK Limited	WOS of Havells Sylvania Europe Limited
41 Havells Sylvania Tunisia S.A.R.L.	WOS of Flowil International Lighting (Holding) B.V.
42 Havells Sylvania Export N.V	WOS of Sylvania Lighting International B.V.
43 Havells Sylvania Holdings (BVI-2) Ltd.	WOS of Havells Sylvania Holdings BVI-1 Limited
44 Havells Sylvania Dubai FZCO	83.33% held by Havells Sylvania Europe Limited and 16.67% held by Flowil International Lighting (Holding) B.V.
45 Havells Sylvania (Shanghai) Ltd.	WOS of Havells Sylvania Asia Pacific Limited
46 Havells Sylvania Peru S. A. C.	WOS of Havells Sylvania Colombia S.A.
47 Havells Sylvania Iluminacion (Chile) Ltda	WOS of Sylvania Lighting International B.V.
48 Havells Sylvania (Malaysia) Sdn. Bhd	WOS of Havells Sylvania Asia Pacific Limited
49 Havells USA Inc.	WOS of Havell's Netherlands B.V.
50 Panama Americas Trading Hub SA	WOS of Sylvania Lighting International B.V.
51 Havells Sylvania Poland S.P.Z.O.O	99% held by Flowil International Lighting (Holding) B.V. & 1% held by Havells Sylvania Europe Limited
52 Havells Sylvania TR Elektrik Ürünleri Ticaret Limited Şirketi	99.95% held by of Havells Sylvania Europe Ltd. and 0.05 % held Havells Sylvania UK Ltd.
53 Thai Lighting Asset Co. Ltd.*	49% held by Flowil International Lighting (Holding) B.V.
54 PT Havells Sylvania Indonesia	74% held by Flowil Lighting International (Holding) B.V. and 26% held by Havells Sylvania Thailand Ltd.
55 Havells Sylvania South Africa Proprietary Limited	WOS of Flowil International Lighting (Holding) B.V.
<b>Joint Venture</b>	
Jiangsu Havells Sylvania Lighting Co., Ltd.	50% ownership interest held by Company.

**a) WOS refers to 'Wholly Owned Subsidiary'**

\* '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 board of directors of the entities 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.

(iii) Enterprises in which directors exercise significant influence	(iii) Key Management Personnel
QRG Enterprises Limited	Shri Qimat Rai Gupta (upto 6 <sup>th</sup> November, 2014)
QRG Foundation	Shri Anil Rai Gupta, Chairman and Managing Director
QRG Medicare Limited	Shri Surjit Gupta, Director
QRG Central Hospital and Research Centre Limited	Shri Rajesh Gupta, Director (Finance) and Group CFO
QRG Corporate Services Limited	Shri Ameet Kumar Gupta, Director (w.e.f 1 <sup>st</sup> January, 2015)
QRG Wellness LLP	Shri Sanjay Kumar Gupta, Company Secretary (w.e.f 1 <sup>st</sup> April, 2014)
Guptajee & Company	
Ajanta Mercantile Limited	
The Vivekananda Ashrama	

## (B) Transactions during the year

(₹ in Crores)

	2014-15	2013-14
<b>(i) Purchase of traded goods and stores and spares</b>		
<b>Subsidiaries / Step down Subsidiaries</b>		
Havells Exim Limited	129.35	69.12
Others	0.65	1.72
<b>Joint Venture</b>		
Jiangsu Havells Sylvania Lightning Co. Ltd.	10.62	10.39
	<b>140.62</b>	<b>81.23</b>
<b>(ii) Sale of products</b>		
<b>Enterprises in which directors exercise significant influence</b>		
QRG Medicare Limited	-	0.43
<b>Subsidiaries / Step down Subsidiaries</b>		
Havells Exim Limited	94.46	104.13
Others	4.55	7.81
	<b>99.01</b>	<b>112.37</b>
<b>(iii) Commission on sales</b>		
<b>Enterprises in which directors exercise significant influence</b>		
Guptajee and Company	7.64	6.89
<b>(iv) Purchase of tangible fixed assets</b>		
<b>Enterprises in which directors exercise significant influence</b>		
QRG Enterprises Limited	-	0.02
<b>Subsidiaries / Step down Subsidiaries</b>		
Havells Sylvania Lighting Belgium N.V.	0.11	-
	<b>0.11</b>	<b>0.02</b>
<b>(v) Sale of fixed assets</b>		
<b>Enterprises in which directors exercise significant influence</b>		
QRG Medicare Limited	-	0.22
<b>(vi) Rent / Usage Charges Paid</b>		
<b>Enterprises in which directors exercise significant influence</b>		
QRG Enterprises Limited	19.34	19.34
<b>(vii) Miscellaneous Income (Service charges received)</b>		
<b>Subsidiaries / Step down Subsidiaries</b>		
Havells Exim Limited	0.34	0.32
<b>(viii) Trade mark fee and Royalty</b>		
<b>Enterprises in which directors exercise significant influence</b>		
QRG Enterprises Limited	40.00	40.56
<b>(ix) Donation paid</b>		
<b>Enterprises in which directors exercise significant influence</b>		
QRG Foundation	-	2.50
The Vivekananda Ashrama	-	0.11
	-	<b>2.61</b>
<b>(x) CSR Contribution</b>		
<b>Enterprises in which directors exercise significant influence</b>		
QRG Foundation	5.50	-
The Vivekananda Ashrama	0.25	-
	<b>5.75</b>	
<b>(xi) Warranty Expenses</b>		
<b>Subsidiaries / Step down Subsidiaries</b>		
Havells Exim Limited	0.85	-
<b>(xii) Reimbursement of Expenses received</b>		
<b>Enterprises in which directors exercise significant influence</b>		
Guptajee & Company	0.67	0.72
QRG Enterprises Limited	0.01	0.01
<b>Subsidiaries / Step down Subsidiaries</b>		
Havells Exim Limited	-	0.39
Havells Sylvania Europe Limited	-	0.88
Others	-	0.15
	<b>0.68</b>	<b>2.15</b>

(₹ in Crores)

	2014-15	2013-14
<b>(xiii) Reimbursement of Expenses paid</b>		
<b>Subsidiaries / Step down Subsidiaries</b>		
Havells Sylvania Europe Limited	-	0.10
Havells Sylvania Lighting France S.A.S	-	0.08
Havells Sylvania Dubai FZCO	-	0.10
	-	<b>0.28</b>
<b>(xiv) Rent received</b>		
<b>Enterprises in which directors exercise significant influence</b>		
QRG Enterprises Limited	0.03	0.03
<b>(xv) Dividend paid</b>		
<b>Enterprises in which directors exercise significant influence</b>		
QRG Enterprises Limited	37.97	47.46
Guptajee & Company	3.77	4.72
Ajanta Mercantile Limited	13.75	16.21
<b>Key Management Personnel</b>		
Shri Qimat Rai Gupta	6.87	8.59
Shri Surjit Gupta	6.53	8.16
Shri Anil Rai Gupta	2.36	2.95
Shri Rajesh Gupta	0.24	0.30
	<b>71.49</b>	<b>88.39</b>
<b>(xvi) Investments in equity shares</b>		
<b>Subsidiaries / Step down Subsidiaries</b>		
Havells Holdings Limited	129.33	76.49
<b>Joint Venture</b>		
Jiangsu Havells Sylvania Lighting Co. Ltd., China	-	14.11
	<b>129.33</b>	<b>90.60</b>
<b>(xiii) Managerial remuneration</b>		
<b>Key Management Personnel</b>		
Shri Qimat Rai Gupta	9.64	6.34
Shri Anil Rai Gupta	8.26	4.83
Shri Rajesh Gupta	5.24	4.57
Shri Ameet Kumar Gupta	1.22	-
Shri Sanjay Kumar Gupta	0.42	-
	<b>24.78</b>	<b>15.74</b>

**(C) Balances at the year end**

(₹ in Crores)

	2014-15	2013-14
<b>(i) Amount Receivables</b>		
<b>Subsidiaries / Step down Subsidiaries</b>		
Havells Sylvania Europe Limited	0.30	0.07
Havells Exim Limited	17.17	12.41
Others	0.24	1.59
	<b>17.71</b>	<b>14.07</b>
<b>(ii) Amount Payables</b>		
<b>Enterprises in which directors exercise significant influence</b>		
Guptajee & Company	-	1.58
<b>Subsidiaries / Step down Subsidiaries</b>		
Havells Exim Limited	18.39	12.67
Others	0.12	0.60
<b>Joint Venture</b>		
Jiangsu Havells Sylvania Lightning Co. Ltd.	0.95	2.72

(₹ in Crores)

	2014-15	2013-14
<b>Key Management Personnel</b>		
Shri Qimat Rai Gupta	-	0.07
Shri Anil Rai Gupta	-	0.05
Shri Rajesh Gupta	-	0.05
	<b>19.46</b>	<b>17.74</b>
<b>(iii) Corporate Guarantee</b>		
<b>Subsidiaries / Step down Subsidiaries</b>		
Havells Holdings Limited	-	<b>143.13</b>

- 14 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 are 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)

	2014-15	2013-14
(a) not later than one year	2.34	2.06
(b) later than one year and not later than five years	2.27	1.05
(c) later than five years	-	-
	<b>4.61</b>	<b>3.11</b>
Lease payments recognised in the statement of profit and loss as rent expense for the year	<b>39.19</b>	<b>36.44</b>

**15 Earnings per share**

(₹ in Crores)

	2014-15	2013-14
<b>(a) Basic Earnings per share</b>		
Numerator for earnings per share		
Profit after taxation	<b>464.94</b>	<b>478.69</b>
Denominator for earnings per share		
Weighted number of equity shares outstanding during the period (Nos.)	624,170,729	623,874,775
Earnings per share-Basic (one equity share of ₹ 1/- each) ₹	<b>7.45</b>	<b>7.67</b>
<b>(b) Diluted Earnings per share</b>		
Numerator for earnings per share		
Profit after taxation	<b>464.94</b>	<b>478.69</b>
Denominator for earnings per share		
Weighted number of equity shares outstanding during the period (Nos.)	624,235,842	623,971,485
Earnings per share- Diluted (one equity share of ₹ 1/- each) ₹	<b>7.45</b>	<b>7.67</b>
Weighted average number of equity shares outstanding in calculating basic EPS	624,170,729	623,874,775
<b>Effect of Dilution :</b>		
Stock Option granted under ESOP	65,113	96,710
<b>Weighted average number of equity shares in calculating diluted EPS</b>	<b>624,235,842</b>	<b>623,971,485</b>



**16. CIF value of Imports**

(₹ in Crores)

	<b>2014-15</b>	<b>2013-14</b>
Raw materials and components	342.89	385.13
Traded goods	136.09	115.52
Machinery and other fixed assets	38.68	8.34
Spare parts & Consumables	2.41	4.42
R & D Equipments	0.06	0.01
	<b>520.13</b>	<b>513.42</b>

**17. Expenditure in foreign currency**

(₹ in Crores)

	<b>2014-15</b>	<b>2013-14</b>
Travelling and conveyance	0.12	1.07
Product warranty and after sales services	0.45	0.42
Legal and Professional charges	2.41	3.87
Finance Costs	2.72	2.71
Others	0.76	3.09
	<b>6.46</b>	<b>11.16</b>

**18. Disclosure required under Section 186 (4) of the Companies Act, 2013.****(a) Particulars of Guarantee given:**

Sl. No.	Name of the Entity	Guarantee given	Guarantee discharged	Outstanding Balance	Purpose
(i)	Havells Holdings Limited	₹ 175.53 crores (Euro 26 millions)	₹ 175.53 crores (Euro 26 millions)	Nil	For availing loan by its subsidiary from Standard Chartered Bank.
(ii)	Havells Exim Limited	₹ 31.30 crores (USD 5 millions)	-	Nil	For availing credit facility by its subsidiary from Standard Chartered Bank.

**(b) Particulars of Investments made:**

Sl. No.	Name of the Investee	Investment made	Outstanding Balance
(i)	Havells Holdings Limited	129.33 crores	980.89 crores
(ii)	Jiangsu Havells Sylvania Lighting Limited	-	30.87 crores
(iii)	Havells Exim Limited	-	0.00 crores

**19. Dividend to Non Resident**

(₹ in Crores)

(Amount remitted in indian currency)	<b>Paid during 2014-15</b>	<b>Paid during 2013-14</b>
Year to which relates	2013-14	2012-13
Type of Dividend	Final	Final
a) Number of non-resident shareholders	918	904
b) Number of shares held	38,329,939	39,003,438
c) Amount of dividends (₹ in crores)	38.33	29.25
Year to which relates	2014-15	2013-14
Type of Dividend	Interim	Interim
a) Number of non-resident shareholders	-	860
b) Number of shares held	-	38,836,043
c) Amount of dividends (₹ in crores)	-	19.42

**20. Earnings in foreign currency**

(₹ in Crores)

	<b>2014-15</b>	<b>2013-14</b>
F.O.B. value of exports*	295.83	315.17
Merchanting Trade Sales	0.49	1.33

\*excluding export of ₹ 20.81 crores made through merchant exporters (previous year ₹ 13.53 crores)

**21. Value of Imported/Indigenous raw materials and components/stores and spares consumed and percentage thereof**

(₹ in Crores)

	<b>2014-15</b>		<b>2013-14</b>	
	(%)	Amount	(%)	Amount
<b>Raw materials consumed</b>				
Indigenous	87.94	2,448.75	82.98	2112.94
Imported	12.06	335.76	17.02	433.27
	<b>100.00</b>	<b>2,784.51</b>	<b>100.00</b>	<b>2,546.21</b>
<b>Stores and Spares consumed</b>				
Indigenous	92.59	30.88	82.96	26.87
Imported	7.41	2.47	17.04	5.52
	<b>100.00</b>	<b>33.35</b>	<b>100.00</b>	<b>32.39</b>

**22 Subsequent Event**

The Company has acquired 51% stake in Promptec Renewable Energy Solution Private Limited, having its registered office at Bengaluru, Karnataka for a consideration of ₹ 29.08 crores as per the share subscription cum purchase agreement dated April 21, 2015. The said Company is engaged in marketing and manufacturing of LED products including street lighting, office lighting and solar lighting.

- 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 ₹ 50,000/-.
- 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.

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

As per our report of even date

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

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

**For and on behalf of Board of Directors**

**Anil Rai Gupta**  
Chairman and  
Managing Director  
DIN: 00011892

**Rajesh Gupta**  
Director (Finance)  
and Group CFO  
DIN: 00002842

**Surjit Gupta**  
Director  
DIN: 00002810

**Per Manoj Kumar Gupta**  
Partner  
Membership No. 83906

**Per V.P. Bansal**  
Partner  
Membership No. 8843

**Sanjay Gupta**  
Company  
Secretary

**Sanjay Johri**  
Deputy Vice President  
(Finance)

Noida, May 11, 2015



# 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 Members of Havells India Limited

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Havells India Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its joint controlled entities, comprising of the consolidated Balance Sheet as at March 31<sup>st</sup>, 2015, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the consolidated 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 of the consolidated state of affairs of the Group, its jointly controlled entities as at March 31<sup>st</sup>, 2015, their consolidated profit, and their consolidated cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on the comments in the auditor's report of the Holding company, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable. (Other than Holding Company, none of its subsidiaries and jointly controlled entities are incorporated in India).

As required by section 143 (3) of the Act, we report, to the extent applicable, that:



1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on the comments in the auditor's report of the Holding company, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable. (Other than Holding Company, none of its subsidiaries and jointly controlled entities are incorporated in India).
2. As required by section 143 (3) of the Act, we report, to the extent applicable, that:
  - (a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
  - (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31<sup>st</sup>, 2015, and taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on March 31<sup>st</sup>, 2015, from being appointed as a director in terms of section 164 (2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and, its jointly controlled entities – Refer Note 29(A)(a),(d),(e) and 29(D) to the consolidated financial statements;
    - (ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 7 to the consolidated financial statements in respect of such items as it relates to the Group and its jointly controlled entities;
    - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

#### Other Matter

- (a) The accompanying consolidated financial statements include total assets of ₹ 2,212.47 crores as at March 31<sup>st</sup>, 2015, and total revenues and net cash outflows of ₹ 3,429.75 crores and ₹ 0.67 crores respectively, for the year ended on that date, in respect of subsidiaries and jointly controlled entities, which have been audited by respectively, other auditors in accordance with generally accepted auditing standards of their respective countries, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The Holding Company's management has converted these audited financial statements of Holding Company's subsidiaries and jointly controlled entities to accounting principles generally accepted in India, for the purpose of preparation of the Holding Company's consolidated financial statements in accordance with accounting principles generally accepted in India. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities, and our report in terms of sub-sections (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and jointly controlled entities, is based on the report(s) of such other auditors under the GAAPs/ GAASs in their respective countries and the aforesaid conversion undertaken by the management; and our review of the conversion process followed by the management.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

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

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

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

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

Place: Noida  
Date: May 11, 2015

**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 to whom the provisions of the Order apply (hereinafter referred to as “the Holding Company”)**

- (i) (a) The Holding 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 Holding Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (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 Holding Company and the nature of its business.
- (c) The Holding 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 Holding Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, provisions of clauses 3(iii) (a) and (b) of the Order are not applicable to the Holding 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 Holding Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. The Holding 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 Holding Company in respect of these areas.
- (v) The Holding Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Holding Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, 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. We have not, however, made a detailed examination of the same.
- (vii) (a) The Holding Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, 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, employees’ state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material 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 Holding Company, the dues outstanding as on March 31<sup>st</sup>, 2015 of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax 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.	5.33	AY 2004-05 to AY 2008-09	Income Tax Appellate Tribunal, New Delhi
Income Tax Act, 1961	Disallowances and additions to taxable income.	27.64	AY 2004-05 to AY 2011-12	Commissioner of Income Tax (Appeals) New Delhi
Central Excise Act, 1944	Excise duty demand/ disallowance of Cenvat credit on various items.	10.85	FY 2004-05 to FY 2009-10	Commissioner of Excise (Appeals), New Delhi
Central Excise Act, 1944	Excise duty demand/ disallowance of Cenvat credit on various items.	17.32	FY 2004-05 to FY 2012-13	CESTAT (New Delhi, Ahmedabad)

Name of the Statute	Nature of the Dues	Amount (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
Sales Tax/ VAT	Sales tax / VAT demand on various matters.	5.54	FY 2009-10 to FY 2013-14	Joint Commissioner (Appeals)
Sales Tax/ VAT	Sales tax / VAT demand on various matters.	0.19	FY 2007-08	Commissioner (Appeals)
Sales Tax/ VAT	Sales tax / VAT demand on various matters.	10.12	FY 2011-12	Special Commissioner (Appeals)
Sales Tax/ VAT	Sales tax / VAT demand on various matters.	2.28	FY 2007-08 to FY 2011-12	Tribunal (Commercial Tax)
Sales Tax/ VAT	Sales tax / VAT demand on various matters	0.37	FY 2007-08 to FY 2010-11	Deputy Commissioner (Appeals)
Sales Tax/ VAT	Sales tax / VAT demand on various matters	0.39	FY 2007-08 to FY 2010-11	Additional 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.	1.07	FY 2007-08 to FY 2014-15	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.	4.75	FY 2010-11 to FY 2014-15	High Court of Himachal Pradesh
Odisha Entry Tax Act, 1999	Demand of entry tax in the state of Orissa on purchase of few items	2.22	October, 2009 to March, 2015	High court of Odisha
West Bengal Entry Tax Act, 2012	Demand of entry tax in the state of West Bengal on purchase of few items.	2.98	FY 2013-14 to FY 2014-15	High court of Calcutta

- (d) According to the information and explanations given to us, the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.
- (viii) The Holding 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.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Holding Company has not defaulted in repayment of dues to banks. The Holding Company did not have any outstanding dues in respect of a financial institution or debenture holders during the year.
- (x) According to the information and explanations given to us, the Holding Company has given guarantee for loans taken by its wholly owned subsidiaries from banks and financial institutions, the terms and conditions whereof, in our opinion, are not prima facie prejudicial to the interest of the Holding Company.
- (xi) 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.
- (xii) 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 Holding Company has been noticed or reported during the year.

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

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

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

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

Place : Noida  
Date: May 11, 2015

# Consolidated Balance Sheet

as at March 31, 2015

(₹ in Crores)

	Notes	As at March 31, 2015	As at March 31, 2014
<b>I EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
Share capital	2	62.44	62.39
Reserves and surplus	3	1,755.74	1,603.62
		<b>1,818.18</b>	<b>1,666.01</b>
<b>2. Minority Interest</b>		<b>0.09</b>	<b>0.11</b>
<b>3. Non-current liabilities</b>			
Long-term borrowings	4	226.40	705.57
Deferred tax liabilities (net)	5	43.37	51.74
Other long-term liabilities	6	1.36	40.30
Long-term provisions	7	452.44	388.86
		<b>723.57</b>	<b>1,186.47</b>
<b>4. Current liabilities</b>			
Short-term borrowings	8	69.63	118.39
Trade payables	9	1,051.11	1,207.15
Other current liabilities	10	816.48	857.58
Short-term provisions	11	352.11	301.78
		<b>2,289.33</b>	<b>2,484.90</b>
<b>Total</b>		<b>4,831.17</b>	<b>5,337.49</b>
<b>II ASSETS</b>			
<b>1. Non-current assets</b>			
Fixed assets	12		
Tangible assets		1,158.49	1,127.68
Intangible assets		24.43	34.73
Capital work-in-progress		38.30	44.41
Goodwill on consolidation		358.06	437.97
Deferred tax assets (net)	5	57.20	5.10
Long-term loans and advances	13	58.14	80.23
Other non-current assets	14	175.38	0.59
		<b>1,870.00</b>	<b>1,730.71</b>
<b>2. Current assets</b>			
Inventories	15	1,366.29	1,493.44
Trade receivables	16	623.18	1,000.53
Cash and bank balances	17	777.47	881.70
Short-term loans and advances	18	172.29	211.38
Other current assets	19	21.94	19.73
		<b>2,961.17</b>	<b>3,606.78</b>
<b>Total</b>		<b>4,831.17</b>	<b>5,337.49</b>
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 financial statements.

As per our report of even date

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

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

For and on behalf of Board of Directors

**Anil Rai Gupta**  
Chairman and  
Managing Director  
DIN: 00011892

**Rajesh Gupta**  
Director (Finance)  
and Group CFO  
DIN: 00002842

**Surjit Gupta**  
Director  
DIN: 00002810

**Per Manoj Kumar Gupta**  
Partner  
Membership No. 83906

**Per V.P. Bansal**  
Partner  
Membership No. 8843

**Sanjay Gupta**  
Company  
Secretary

**Sanjay Johri**  
Deputy Vice President  
(Finance)

Noida, May 11, 2015



# Consolidated Statement of Profit and Loss

for the year ended March 31, 2015

(₹ in Crores)

	Notes	Year ended March 31, 2015	Year ended March 31, 2014
<b>I INCOME</b>			
Revenue from operations (gross)	20	8,888.53	8,497.22
Less: Excise duty		319.10	311.42
Revenue from operations (net)		<b>8,569.43</b>	<b>8,185.80</b>
Other income	21	50.46	41.25
<b>Total Revenue</b>		<b>8,619.89</b>	<b>8,227.05</b>
<b>II EXPENSES</b>			
Cost of materials consumed	22	3,239.18	3,149.42
Purchase of traded goods	23	1,486.23	1,613.14
Change in inventories of finished goods, work in progress and stock in trade	24	103.76	(122.81)
Employee benefits expense	25	1,187.50	1,086.87
Finance costs	26	63.96	74.11
Depreciation and amortisation expense	27	138.66	115.54
Other expenses	28	1,831.63	1,716.69
<b>Total Expense</b>		<b>8,050.92</b>	<b>7,632.96</b>
<b>III Profit before tax</b>		<b>568.97</b>	<b>594.09</b>
<b>IV Tax expenses</b>			
Current tax		242.63	159.57
MAT credit entitlement		-	(10.42)
Income tax for earlier years		(0.37)	0.00
Deferred tax		(58.71)	(1.39)
<b>Total tax expense</b>		<b>183.55</b>	<b>147.76</b>
<b>V Profit for the year (before adjustment of minority interest)</b>		<b>385.42</b>	<b>446.33</b>
Less: Share of profit transfer to minority {refer note no. 30(18)}		0.00	0.00
<b>VI Net Profit after taxes and minority interest</b>		<b>385.42</b>	<b>446.33</b>
<b>VII Earnings per equity share {refer note no. 30(16)} nominal value of share ₹ 1/-</b>			
<b>Basic (₹)</b>		6.17	7.15
<b>Diluted (₹)</b>		6.17	7.15
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 financial statements.

As per our report of even date

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

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

**For and on behalf of Board of Directors**

**Anil Rai Gupta**  
Chairman and  
Managing Director  
DIN: 00011892

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Partner  
Membership No. 8843

**Sanjay Gupta**  
Company  
Secretary

**Sanjay Johri**  
Deputy Vice President  
(Finance)

Noida, May 11, 2015

# Cash Flow Statement

for the year ended March 31, 2015

(₹ in Crores)

	Year ended March 31, 2015	Year ended March 31, 2014
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	568.97	594.09
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	138.66	115.54
Loss / (profit) on sale of fixed assets (net)	1.97	6.15
Impairment on tangible assets	12.17	0.40
Foreign Currency translation reserve	(14.68)	(3.63)
Unrealised foreign exchange (gain) / loss (net)	5.87	76.26
Provision for doubtful trade receivables	10.60	16.60
Interest income	(34.59)	(26.79)
Interest expense	54.22	57.23
Excess provisions no longer required written back	(2.98)	(5.12)
Provision for doubtful receivables written back	(1.30)	(0.97)
Operating Profit before working capital changes	<b>738.91</b>	<b>829.76</b>
Movement in working capital		
(Increase)/Decrease in trade receivables	368.57	(154.59)
(Increase)/Decrease in loans and advances	17.36	(14.47)
(Increase)/Decrease in other current assets	2.27	(1.64)
(Increase)/Decrease in inventories	127.15	(175.08)
Increase/(Decrease) in trade payables	(156.19)	267.01
Increase/(Decrease) in other liabilities and provisions	55.99	250.67
<b>Cash generated from/(used) in operations</b>	<b>1,154.06</b>	<b>1,001.66</b>
Direct taxes paid (net of refunds)	(191.50)	(133.55)
<b>Net Cash flow from/(used) in Operating Activities (A)</b>	<b>962.56</b>	<b>868.11</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets including capital work in progress	(173.91)	(176.35)
Capital advances (net of capital creditors)	2.99	0.75
Fixed Deposits made during the year (having original maturity of more than three months)	(750.59)	(419.65)
Maturity of bank deposits (having original maturity of more than three months)	402.78	195.00
Proceeds from sale of fixed assets	1.56	3.06
Interest income received	30.78	21.00
<b>Net Cash flow from/(used) in Investing Activities (B)</b>	<b>(486.39)</b>	<b>(376.19)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceed from share capital issued	0.05	0.02
Proceed from security premium received	9.86	-
Repayment of Long term borrowings	(523.77)	(147.61)
Proceed from Long term borrowings	-	62.95
Proceeds from Short term borrowings	-	12.37
Repayment of Short term borrowings	(33.22)	(2.55)

(₹ in Crores)

	<b>Year ended March 31, 2015</b>	<b>Year ended March 31, 2014</b>
Interest paid	(60.66)	(52.35)
Dividends paid on equity shares (including Corporate Dividend Tax)	(146.03)	(182.55)
<b>Net Cash Flow from/(used) in Financing Activities (C)</b>	<b>(753.77)</b>	<b>(309.72)</b>
<b>Net increase / decrease in cash and cash equivalents (A+B+C)</b>	<b>(277.60)</b>	<b>182.20</b>
Cash and cash equivalents at the beginning of the year	655.26	472.37
Effect of exchange differences on cash and cash equivalents held in foreign currency	1.01	0.69
<b>Cash and Cash Equivalents at the end of the year</b>	<b>378.67</b>	<b>655.26</b>

**Notes :**

- The above Cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3, "Cash Flow Statements".
- Components of cash and cash equivalents:-

(₹ in Crores)

	<b>Year ended March 31, 2015</b>	<b>Year ended March 31, 2014</b>
<b>a) Cash and cash equivalents</b>		
Balances with banks:		
Current accounts	253.80	252.50
Cash credit accounts	55.79	94.46
Bank accounts held by ESOP Trust	-	2.74
Fixed Deposits having a maturity period of less than three months	57.82	300.00
Cash in hand	0.46	2.16
Share of Joint Venture	10.80	3.40
	<b>378.67</b>	<b>655.26</b>
<b>b) Other bank balances</b>		
Unpaid dividend account	0.99	1.44
Fixed Deposits account having a maturity period of more than three months	397.81	225.00
	<b>398.80</b>	<b>226.44</b>
<b>Total</b>	<b>777.47</b>	<b>881.70</b>

As per our report of even date

For and on behalf of Board of Directors

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

**For V.R. Bansal & Associates**  
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Company  
Secretary

**Sanjay Johri**  
Deputy Vice President  
(Finance)

Noida, May 11, 2015

## 1 SIGNIFICANT ACCOUNTING POLICIES

### 1.01 Basis of Preparation

The financial statements of the Group have been prepared and presented in accordance with generally accepted accounting principles in India (Indian GAAP). The Group has prepared these financial statements to comply with all material respects with the accounting standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention except derivative financial instruments that have been measured at fair value. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year except for the change in accounting policy explained below.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in Schedule III of the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

### 1.02 Change in Accounting Policies

#### (i) Depreciation on fixed assets

From the current year, Schedule XIV of the Companies Act, 1956 has been replaced by Schedule II of the Companies Act, 2013. Due to such change, depreciation is being provided as given below.

#### a) Useful Lives / Depreciation Rates

Schedule II of the Companies Act, 2013 prescribes useful lives of the assets and the depreciation is being provided on the straight line method as per their useful lives prescribed in Schedule II of the Companies Act, 2013. However, Schedule II allows companies to use higher / lower useful lives and residual values; if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013. Unless stated otherwise, the impact of such change in policy for the current year is likely to hold good for future years also.

#### b) Assets for a value not exceeding ₹ 5000/-

The depreciation on assets for a value not exceeding ₹ 5000/- which were written off in the year of purchase as per erstwhile Companies Act, 1956, are being charged on the basis of their useful lives prescribed in the Schedule II of the Companies Act, 2013.

#### (ii) Employee Stock Option Scheme

Till 27<sup>th</sup> October, 2014, the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, dealt with the grant of share-based payments to employees. Among other matters, these guidelines prescribed accounting for grant of share-based payments to employees. Hence, the Company being a listed entity was required to comply with these Guidelines as well as the Guidance Note on Accounting for Employee Share-based Payments with regard to accounting for employee share-based payments. Particularly, in case of conflict between the two requirements, the SEBI guidelines were prevailing over the ICAI Guidance Note. For example, in case of equity settled option expiring unexercised after vesting, the SEBI guidelines required expense to be reversed through the statement of profit and loss whereas the reversal of expense through the statement of profit and loss is prohibited under the ICAI Guidance Note. In these cases, the Company was previously complying with the requirements of SEBI guidelines.

From 28<sup>th</sup> October, 2014, the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 have been replaced by the SEBI (Share Based Employee Benefits) Regulations, 2014. The new regulations don't contain any specific accounting treatment; rather, they require ICAI Guidance Note to be followed. Consequent to the application of the new regulations, the Company has changed its accounting for equity settled option expiring unexercised after vesting in line with accounting prescribed in the Guidance Note, i.e., expense is not reversed through the statement of profit and loss. The management has decided to apply the revised accounting policy prospectively from the date of notification of new regulation, i.e., 28<sup>th</sup> October, 2014.

Since there are no equity settled options expiring unexercised after 28<sup>th</sup> October, 2014, the change in accounting policy did not have any material impact on financial statements of the Company for the current year.

### 1.03 Use of Estimates

The preparation of financial statements are in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts assets, liabilities, revenues and expenses during the reported



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, liabilities, revenues and expenses 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.

#### 1.04 Principles of Consolidation

The consolidated financial statements relates to Havells India Limited ('the Company'), its subsidiary Companies ('the Group Companies') and Joint Venture 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, revenues 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" notified under section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 the financial statements of the joint venture are consolidated using proportionate consolidation method by adding book values of like items of assets, liabilities, revenues and expenses of jointly 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).
  - (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.

#### 1.05 Tangible Fixed Assets

- 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 and cost of replacing parts 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 preoperative 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 realisable value, and are shown separately. Any expected loss is recognised immediately in the statement of profit and loss.
- 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.

## 1.06 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 Group and cost of the assets can be measured reliably.

### a) 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.

### b) 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.

### c) 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 following:

- 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.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortized on straight line basis over the estimated useful lives.

- d) 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.

## 1.07 Depreciation and Amortisation

### a) Depreciation of tangible Assets:

- i) Depreciation on tangible fixed assets is provided on pro-rata basis on straight line method using the useful lives of assets and in the manner prescribed in the Schedule II of the Companies Act, 2013, and for Group Companies based on management estimate of useful economic lives as follows:



Assets	Useful life (in Years)
Building	20-39
Plant and machinery	5-15
Furniture and Fixtures	3-10
Vehicles	3-10
R &D Equipments	5-15
Office Equipments	3-5
Electric Fans and Installations	3-10

The residual values and useful life of assets are reviewed and adjusted, if appropriate, at each balance sheet date.

- ii) Dies and tools and mobile phones are depreciated over the estimated useful lives of 6 years and 3 years, respectively, which are lower than those indicated in Schedule II. On the basis of technical assessment, the management believes that the useful lives as given above best represent the period over which the assets are expected to be used.
- iii) Lease hold improvements are depreciated on straight line basis over their initial agreement period.
- iv) Leasehold land are amortised on a straight line basis over the unexpired period of their respective lease ranging from 90-99 years.

**b) Amortisation of Intangible Assets:**

Intangible assets are amortised on a straight line basis over their estimated useful life of 5-6 years.

**c) 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.

## 1.08 Inventories

**a) Basis of valuation:**

- i) Inventories other than scrap materials are carried at lower of cost and net realisable value after providing cost of obsolescence, if any. 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 comparison of cost and net realisable value is made on an item-by-item basis.
- ii) Inventory of scrap materials have been carried at net realisable value.

**b) Method of Valuation:**

- i) Cost of Inventories has been determined by using moving weighted average cost method while First In First Out method (FIFO) for raw material in case of Group Companies and comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventories to their present location and condition.
- ii) Cost of finished goods and work-in-progress further includes direct labour and an appropriate share of fixed and variable production overheads and excise duty as applicable. Fixed production overheads are allocated on the basis of normal capacity of production facilities.
- iii) 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.

## 1.09 Foreign Currency Transactions

**a) 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.

**b) 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.

**c) Exchange differences**

Exchange differences arising on conversion / settlement of foreign currency monetary items are recognised as income or expense in the year in which they arise.

**d) Translation of non-integral foreign operations**

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" specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2014, 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 quarterly 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.

**e) 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 as expense for the period.

**1.10 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 cumulative 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.



### 1.11 Government Grants and Subsidies

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

- (a) the Group will comply with the conditions attached to them; and
- (b) 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.

### 1.12 Employee 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 Limited. 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 and Bajaj Allianz Life Insurance Company Limited 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 contribution are due. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related services.

##### 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 straight line basis over the vesting period.

For defined contribution plans, the Group companies pay 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.

### 1.13 Employee Stock Option Schemes

Employees (including senior executives) of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

The Employee stock option scheme is administered through Havells Employee Welfare Trust.

### 1.14 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 no significant uncertainty exists regarding the amount of consideration that will be derived from the sale of goods. Sales 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 hence 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 include Waste Electrical and Electronic Equipment (WEEE) levy to customers.

**b) Export incentives**

Export incentives under various schemes notified by the Government have been recognised on the basis of their entitlement rates in accordance with the Foreign Trade Policy 2009-14 (FTP 2009-14). Benefits in respect of advance licences are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and incentive will be received.

**c) Interest**

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

**d) Claims**

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

**1.15 Segment Reporting****Identification of segments**

The Group'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 Group operates.

**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.

**1.16 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. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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.

**1.17 Taxes on Income**

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

**a) Current Tax**

- i) Current income tax is measured at the amount expected to be paid to taxation authorities in accordance with the Income Tax Act, 1961 enacted in India by using tax rates and the tax laws 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) Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Group 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 Group recognises MAT credit as an asset in accordance with the 'Guidance Note on Accounting for Credit Available in respect of Minimum Alternate 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 Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

**b) Deferred Tax**

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 or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised and carried forward 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 Group has unabsorbed depreciation or carry forward losses under tax laws, all deferred tax assets are recognised only to the extent that 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 taxes on income levied by the same governing taxation laws.

In the situations, where the Group 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 Group's gross total income is subject to the deduction during the tax holiday period as per taxation laws. 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 Group restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain supported by convincing evidence, 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 Group 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.

**1.18 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.

**1.19 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 statement of profit and loss 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.

**1.20 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 recognised as expense in the period in which they occur.

**1.21 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 Group 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 reorganisation 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.

**Waste Electrical and Electronic Equipment (WEEE)**

The Group is a provider of electrical equipment that falls under the EU Directive on Waste Electrical and Electronic Equipment. The directive distinguishes between waste management of equipment sold to private households prior to a date as determined by each Member State (historical waste) and waste management of equipment sold to private households after that date (new waste). A provision for the expected costs of management of historical waste is recognised when the Group participates in the market during the measurement period as determined by each member State, and the costs can be reliably measured. These costs are recognised as other operating costs in the income statement.

**1.22 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, 2015

## 2 SHARE CAPITAL

(₹ in Crores)

	As at March 31, 2015	As at March 31, 2014
<b>Authorized*</b>		
100,05,00,000 equity shares of ₹ 1/- each (Previous Year 20,01,00,000 equity shares of ₹ 5/- each)	100.05	100.05
<b>Issued, subscribed and fully paid-up*</b>		
62,44,88,035 equity shares of ₹ 1/- each (Previous Year 12,48,20,751 equity shares of ₹ 5/- each)	62.45	62.41
Less: Investment held by ESOP Trust 1,30,225 equity shares of ₹ 1/- each (Previous Year 45,653 equity shares of ₹ 5/- each))	0.01	0.02
<b>62,43,57,810 equity shares of ₹ 1/- each (Previous Year 12,47,75,098 equity shares of ₹ 5/- each)</b>	<b>62.44</b>	<b>62.39</b>

### \*Sub Division of Equity Shares

Pursuant to recommendation of the Board of Directors of the Company at its meeting held on 30<sup>th</sup> June, 2014 and followed by approval of the members through postal ballot on 7<sup>th</sup> August, 2014, each equity share of the face value of ₹ 5/- fully paid up was sub-divided into 5 equity shares of ₹ 1/- each fully paid up.

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

	As at March 31, 2015		As at March 31, 2014	
	No. of shares	(₹ in crores)	No. of shares	(₹ in crores)
At the beginning of the year			12,47,74,812	62.39
12,48,20,751 equity shares of ₹ 5/- each sub-divided into 5 equity shares of ₹ 1/- each	62,41,03,755	62.41	-	-
Add: Equity shares Issued under ESOP / ESPP	3,84,280	0.04	45,939	0.02
<b>Outstanding at the end of the year</b>	<b>62,44,88,035</b>	<b>62.45</b>	<b>12,48,20,751</b>	<b>62.41</b>
Less: Investment held by ESOP Trust	1,30,225	0.01	45,653	0.02
	<b>62,43,57,810</b>	<b>62.44</b>	<b>12,47,75,098</b>	<b>62.39</b>

### c) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 1/- per share (previous year ₹ 5/- per share). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. A final dividend of ₹ 3/- per share of ₹ 1/- each (previous year ₹ 10/- per share of ₹ 5/-each) has been recommended by the Board subject to approval of shareholders in the ensuing Annual General Meeting.

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 (representing legal and beneficial ownership):

	March 31, 2015		March 31, 2014	
	No. of shares Face Value of ₹ 1/-	% holding	No. of shares Face Value of ₹ 5/-	% holding
Smt. Vinod Gupta*	6,63,54,240	10.63	37,34,960	2.99
Shri Qimat Rai Gupta	-	-	95,35,888	7.64
Shri Surjit Gupta	3,26,50,800	5.23	65,30,160	5.23
QRG Enterprises Limited	18,98,58,880	30.40	3,79,71,776	30.43
Ajanta Mercantile Limited	6,87,41,660	11.01	1,37,48,332	11.01
Nalanda India Equity Fund Limited	3,30,44,930	5.29	66,08,986	5.29

\*Shareholding of Smt. Vinod Gupta includes 1,33,20,000 Equity shares of ₹ 1/- each ( Previous Year 26,64,000 equity shares of ₹ 5/- each held by Shri Qimat Rai Gupta) for and behalf of M/s Guptajee & Company, a firm in which she is a partner and 1,35,84,000 equity shares as a legal heir which are under process of transmission.

**e) Shares reserved for issue under Stock Option**

90,550 Equity shares of ₹ 1/- each ( Previous Year 39,345 equity shares of ₹ 5/- each) are reserved for the issue under Employees Stock Option Plan (ESOP) of the Company. {refer note no. 30(11)(a)}

**f) 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:**

	<b>March 31, 2015</b> <b>No. of shares</b> <b>Face Value of</b> <b>₹ 1/-</b>	<b>March 31, 2014</b> <b>No. of shares</b> <b>Face Value of</b> <b>₹ 5/-</b>
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash.	1,10,95,000	22,19,000
Equity shares allotted as fully paid up bonus shares by capitalisation of securities premium account and general reserve.	31,19,37,030	6,23,87,406
Equity shares issued under the Employee Stock Option Plan / Employee Stock Purchase Plan as part consideration for services rendered by employees	2,33,130	286

**3 RESERVES AND SURPLUS**

(₹ in Crores)

	<b>As at</b> <b>March 31, 2015</b>	<b>As at</b> <b>March 31, 2014</b>
<b>a) Capital Reserve</b>	<b>7.61</b>	<b>7.61</b>
<b>b) Securities Premium Account</b>		
As per the last balance sheet	3.09	-
Add: Addition on equity shares issued under ESOP /ESPP	8.54	3.09
	<b>11.63</b>	<b>3.09</b>
Less: Investment held by ESOP Trust	(1.75)	(3.07)
	<b>9.88</b>	<b>0.02</b>
<b>c) Business Reconstruction Reserve</b>		
As per the last balance sheet	-	104.93
Less: Transfer to General Reserve	-	(104.93)
	-	-
<b>d) Cash flow hedge reserve*</b>		
As per last balance sheet	(3.15)	(3.48)
Addition/ (deduction) during the year	0.43	0.33
	<b>(2.72)</b>	<b>(3.15)</b>
<b>e) General Reserve</b>		
As per the last balance sheet	630.79	185.95
Add: Transfer from Business Reconstruction Reserve	-	104.93
Transfer from surplus as per the statement of profit and loss	46.50	339.91
	<b>677.29</b>	<b>630.79</b>
<b>f) Foreign currency translation reserve</b>		
As per last balance sheet	5.46	11.06
Add: Exchange difference during the year on net investment in non-integral foreign operations	(15.45)	(5.60)
	<b>(9.99)</b>	<b>5.46</b>
Share of Joint Venture	2.97	2.20
	<b>(7.02)</b>	<b>7.66</b>
<b>g) Surplus as per the statement of profit and loss</b>		
As per the last balance sheet	960.69	1,073.35
Less : Adjustment related to transitional provision as per Schedule II of the Companies Act, 2013 {refer note no. 30(5)(b)}	(3.42)	-
Add : Profit for the year	385.42	446.33
Less : Share of Minority interest	0.00	0.00
	<b>1,342.69</b>	<b>1,519.68</b>

(₹ in Crores)

	As at March 31, 2015	As at March 31, 2014
<b>Appropriations</b>		
Interim Dividend (previous year ₹ 5 /- per share of ₹ 5 /-each)	-	(62.41)
Proposed final equity dividend (per share ₹ 3/- of ₹ 1/- each) (previous year ₹ 10/- per share of ₹ 5/- each)	(187.35)	(124.82)
Dividend for previous year	-	(0.03)
Corporate dividend tax	(38.14)	(31.82)
Transfer to general reserve	(46.50)	(339.91)
<b>Net surplus in the statement of profit and loss</b>	<b>1,070.70</b>	<b>960.69</b>
<b>Total Reserves and Surplus</b>	<b>1,755.74</b>	<b>1,603.62</b>

\*The group companies have entered into an interest rate swap to hedge their interest risk on long-term borrowings. The effective portion of the hedge is recognised directly under cash flow hedge reserve.

#### 4 LONG TERM BORROWINGS

(₹ in Crores)

	As at March 31, 2015	As at March 31, 2014
<b>Term loans from banks (secured)</b>		
External Commercial Borrowings {refer point (a)}	41.73	80.13
From banks {refer point (b), (c), (d) and (e)}	184.59	555.38
<b>Finance lease obligation {refer point (f)}</b>	0.08	7.11
<b>Deposits (unsecured)</b>		
Deposits from public {refer point no. (h)}	-	62.95
	<b>226.40</b>	<b>705.57</b>

- a) External commercial borrowing is from HSBC Bank (Mauritius) Limited. The said loan is repayable in 12 equal quarterly instalments of ₹ 10.43 crores (USD 1,666,667) starting from 26<sup>th</sup> April, 2014 carrying an interest rate of LIBOR + 195 bps per annum, and is secured by way of:
- first charge on movable fixed assets acquired out of the said loan; and
  - equitable mortgage over land and building situated at Plot no. 2A, sector 10, BHEL Industrial Estate, Haridwar, Uttarakhand.
- b) The Group companies signed secured facility agreement with HSBC Bank Plc, Standard Chartered Bank and ICICI Bank UK Plc for ₹ 523.21 crores (Euro 77.5 millions) {including revolving facility for ₹ 16.88 crores (Euro 2.50 millions)} at EURIBOR + 3.50% p.a (linked with group leverage ratio). The said loan is repayable by half yearly instalments ranging from ₹ 25.38 crores (Euro 3.76 millions) to ₹ 54.21 crores (Euro 8.03 millions) ending on May, 2016. Plant and property, trade receivables and inventories in France, Germany, Belgium, UK, Netherlands, Argentina, Ecuador, Dubai, Greece, Thailand, Mexico, USA, Brazil and Colombia are pledged as security against the aforesaid facility. The Group has made a pre-payment of ₹ 155.27 crores (Euro 23 millions) in March, 2015.
- c) The Group companies entered into loan agreement on 14<sup>th</sup> March 2013 with Standard Chartered Bank for ₹ 81.01 crores (Euro 12 millions) at the rate of EURIBOR + 3.7511% p.a. The loan is repayable in three instalments of ₹ 20.25 crores (Euro 3.00 millions), ₹ 30.38 crores (Euro 4.50 millions) and ₹ 30.38 crores (Euro 4.50 millions) commencing from March, 2016. Central warehouse building located in France is pledged under this agreement.
- d) The Group companies had entered into a term facility agreement with Standard Chartered Bank for a loan of ₹ 175.53 crores (Euro 26 million) at EURIBOR plus 1.5% p.a. on the corporate guarantee of Havells India Limited. During the current year, the same has been duly repaid.
- e) During the year, the Group has entered into a term loan facility of ₹ 25.65 crores {Euro 3.80 millions (BRL 13.20 millions)} with Itau Bank, Banco do Brasil & Banco Bradesco. The same is secured against the receivables of Brasil entity. The loans are repayable in 36 equal monthly instalments ending in December, 2017.



- f) 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(15)}
- g) Current maturities of long term borrowings (including finance lease obligations) is ₹ 127.83 crores (Previous Year ₹ 229.54 crores)
- h) Deposit from public are in respect of dealers for the amount payable under QRG Growth Incentive Scheme, out of which a sum of ₹ 52.67 crores has been invested in Mutual Fund on behalf of dealers, ₹ 1.06 crores has been paid to dealers and remaining amount of ₹ 9.22 crores has been transferred to current liabilities under sales incentive payable.

## 5 DEFERRED TAX LIABILITIES (NET)

(₹ in Crores)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Deferred tax liability</b>		
On account of difference in rates and method of depreciation of fixed assets	86.96	82.72
On account of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis.	2.59	6.59
Gross deferred tax liability	<b>89.55</b>	<b>89.31</b>
<b>Deferred tax Asset</b>		
On account of difference in rates and method of depreciation of fixed assets	4.22	1.45
On account of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis.	28.56	19.72
On account of provision for doubtful trade receivables and other provisions	26.29	16.53
On account of carried forward losses	37.80	-
Others	6.51	4.97
Gross deferred tax asset	<b>103.38</b>	<b>42.67</b>
<b>Deferred tax assets (net)</b>	<b>(13.83)</b>	<b>46.64</b>
<b>Deferred tax liabilities after set-off</b>	<b>43.37</b>	<b>51.74</b>
<b>Deferred tax assets after set-off</b>	<b>57.20</b>	<b>5.10</b>
<b>Adjustment related to transitional provision of Schedule II as per the Companies Act, 2013 {refer note no. 30(5)(b)}</b>	<b>(1.76)</b>	<b>-</b>
<b>Deferred tax charged / (reversed) during the year</b>	<b>58.71</b>	<b>(1.39)</b>

The Group companies have recognised deferred tax assets of ₹ 57.20 crores (previous year ₹ 5.10 crores) in respect of timing differences capable of reversal in future period relating to fixed assets, pension liabilities, leased assets and other accruals which also includes deferred tax assets amounting to ₹ 37.80 crores in respect of unabsorbed losses pertaining to certain subsidiaries for which the Group has virtual certainty supported by convincing evidences that the said assets will be recovered in future. Deferred tax assets are not recognised in respect of losses amounting to ₹ 1,683.16 crores (previous year ₹ 2,398.93 crores), due to absence of virtual certainty 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.

## 6 OTHER LONG TERM LIABILITIES

(₹ in Crores)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Retention money from contractors	0.72	1.36
Sales incentives payable	-	34.78
Interest accrued but not due on borrowings	-	4.16
ESOP / ESPP Compensation payable	0.64	-
	<b>1.36</b>	<b>40.30</b>

**7 LONG TERM PROVISIONS**

(₹ in Crores)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Retirement benefit obligations {refer note no. 30(10)(ii)}	395.98	370.35
Product warranties {refer note no. 11(a)}	16.38	2.26
Provision for Litigation {refer note no. 11(b)}	28.08	-
Environmental liabilities {refer point 11(c)}	9.40	12.52
Derivative financial instruments*	2.60	3.73
	<b>452.44</b>	<b>388.86</b>
<b>*Derivative financial instruments</b>		
At the beginning of the year	3.73	3.49
Movement during the year	(0.52)	(0.33)
Exchange loss/(gain) during the year	(0.61)	0.57
<b>At the end of the year</b>	<b>2.60</b>	<b>3.73</b>

**8 SHORT TERM BORROWINGS**

(₹ in Crores)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Loans repayable on demand (from banks)</b>		
Cash credit/working capital limits (Unsecured)	57.60	97.31
Working capital limit (secured) *	12.03	8.71
<b>Deposits (unsecured)</b>		
Deposits from public	-	12.37
	<b>69.63</b>	<b>118.39</b>

\*Working capital limit from Banco de Costa Rica is secured by way of mortgage against Land & Building in Costa Rica.

**9 TRADE PAYABLES**

(₹ in Crores)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Trade payables*	1,036.36	1205.11
	<b>1,036.36</b>	<b>1,205.11</b>
Share of Joint Venture	14.75	2.04
	<b>1,051.11</b>	<b>1,207.15</b>

\*Trade payables include acceptances of ₹ 217.34 crores (previous year ₹ 208.31 crores).

**10 OTHER CURRENT LIABILITIES**

(₹ in Crores)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Current maturities of long-term borrowings {refer note no. 4(g)}	123.10	226.67
Current maturities of finance lease obligation {refer note no. 4(g)}	4.73	2.87
Interest accrued but not due on borrowings	3.14	5.42
Unpaid dividend {refer point (a)}	0.99	1.44
Creditors for capital goods	13.49	7.92
ESOP/ ESPP Compensation payable	1.90	0.98
<b>Other payables</b>		
Sales incentives payable	209.93	158.69
Trade deposits	25.25	22.02
Advances and progress payments from customers	9.53	6.58
Advances received by ESOP Trust	-	4.21
Excise duty payable {refer point (b)}	12.12	10.99
Other statutory dues payable	146.92	126.54
Claims payable {refer note no. 29(D)(i)}	69.69	42.00
Other liabilities {refer point (c)}	195.69	241.14
	<b>816.48</b>	<b>857.47</b>
Share of Joint Venture	-	0.11
	<b>816.48</b>	<b>857.58</b>



- 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 ₹ 0.03 crore (previous year ₹ 0.03 crore) out of unclaimed dividend pertaining to the financial year 2006-07 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 ₹ 12.12 crores (previous year ₹ 10.99 crores) on stocks of finished goods and scrap material at the end of the year except units which are exempt from excise duty. Excise duty is considered as an element of cost at the time of manufacture of goods.
- c) Other liabilities include expenses payable, bonus payable, retention money, liabilities towards banks for receivable buyout facilities and other miscellaneous deposits.

## 11 SHORT TERM PROVISIONS

(₹ in Crores)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
i) Provision for employee benefits-Gratuity {refer note no. 30(10)(i)}	10.78	4.76
	<b>10.78</b>	<b>4.76</b>
ii) <b>Other provisions</b>		
Product warranties {refer point (a)}	57.35	51.78
Litigations {refer point (b)}	15.45	60.62
Environmental liabilities {refer point (c)}	1.06	0.62
Proposed equity dividend {refer point (d)}	187.35	124.82
Corporate dividend tax	38.14	21.21
Income Tax (net of advance tax and TDS)	40.84	36.48
Wealth Tax	0.06	0.06
Other Provisions {refer point (e)}	1.08	1.43
	<b>341.33</b>	<b>297.02</b>
	<b>352.11</b>	<b>301.78</b>

### a) Provision for warranties

A provision is recognised for expected warranty claims and after sales services 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)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
At the beginning of the year	54.04	40.68
Arising during the year	94.31	47.74
Utilized during the year	(71.24)	(35.33)
Exchange loss / (gain) during the year	(3.38)	0.95
<b>At the end of the year</b>	<b>73.73</b>	<b>54.04</b>
Current portion	57.35	51.78
Non-current portion (refer note no. 7)	16.38	2.26

### b) Provision for litigations {refer note no. 29(D)(ii)}

- i) During the financial year 2010-11, the Central Excise Department, Jalandhar raised a penalty demand for ₹ 0.10 crores (previous year ₹ 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 crores (previous year ₹ 0.10 crores) has been made towards the liability on this account.
- ii) The Company has challenged the constitutional validity of Entry Tax in Rajasthan, Himachal Pradesh, Orissa and West Bengal before the Hon'ble High Courts in respective states. During the year 2014-15, a provision of ₹ 6.32 crores (previous year ₹ 5.13 crores) has been made on this account and the liability as on date is ₹ 13.51 crores (previous year ₹ 7.21 crores).

- iii) During the financial year 2011-12, a demand of ₹ 0.21 crores (previous year ₹ 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 the liability of ₹ 0.06 crores (previous year ₹ 0.06 crores) on account of input tax credit on diesel and provision has been made accordingly.
- iv) That a demand of ₹ 0.03 crores (previous year ₹ 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 the liability of ₹ 0.02 crores (previous year ₹ 0.02 crores) and the provision has been made accordingly.
- v) In case of Group companies, litigations provisions, are related to Labour claim in Brazil and Belgium and Sales Tax dispute in Brazil. The liability as on date is ₹ 29.84 crores (previous year ₹ 56.90 crores).

The table below gives information about movement in litigation provisions:

(₹ in Crores)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
At the beginning of the year	60.62	60.18
Arising during the year	6.32	7.39
Utilized during the year	(17.21)	(11.42)
Unused amount reversed during the year	-	(0.28)
Exchange loss/(gain) during the year	(6.20)	4.75
<b>At the end of the year</b>	<b>43.53</b>	<b>60.62</b>
Current portion	15.45	60.62
Non-current portion (refer note no. 7)	28.08	-

#### c) Environmental Liabilities

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)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
At the beginning of the year	13.14	12.14
Arising during the year	-	0.13
Utilized during the year	(1.25)	(1.30)
Exchange loss/(gain) during the year	(1.43)	2.17
<b>At the end of the year</b>	<b>10.46</b>	<b>13.14</b>
Current portion	1.06	0.62
Non-current portion (refer note no. 7)	9.40	12.52

#### d) Provision for dividend

The Board of Directors has recommended a final dividend of ₹ 3/- per share of ₹ 1/- each (previous year of ₹ 10/- per share of ₹ 5/- each). The payment of final dividend is subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company.

#### e) Other provisions

Other provisions include restructuring provision pertaining to the remodelling of the business to ensure that the Group companies remain competitive in the current economic scenario in Europe and onerous lease provision for the office in Manchester that is no required by the Group companies. The table below gives information about movement in other provisions :

(₹ in Crores)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
At the beginning of the year	1.43	1.59
Arising during the year	2.12	0.93
Utilized during the year	(2.21)	(1.37)
Exchange loss/(gain) during the year	(0.26)	0.28
<b>At the end of the year</b>	<b>1.08</b>	<b>1.43</b>
Current portion	1.08	1.43

## 12 FIXED ASSETS

Sl. NO.	DESCRIPTION	GROSS BLOCK					DEPRECIATION/AMORTISATION					NET BLOCK				
		As at April 01, 2014	Addition/Adjustments during the year	Sales during the year	Currency Translation	Impairment no. 30 (8)	As at March 31, 2015	Upto last year	For the year	Set Off from Retained Earnings	Adjustment during the year	Currency Translation	Impairment (refer note no. 30 (8))	To date	As at March 31, 2015	As at March 31, 2014
a)	Tangible Assets															
1	Industrial Land															
	Freehold	64.67	0.02	0.13	(6.71)	57.85	0.01	-	-	-	-	-	0.01	57.84	64.66	
	Leasehold	76.80	-	-	-	76.80	2.00	1.00	-	-	-	-	3.00	73.80	74.80	
2	Buildings															
	Freehold	772.09	55.69	0.14	(69.55)	758.09	368.46	22.12	-	0.03	(57.90)	-	332.65	425.44	403.63	
	Leasehold	13.50	0.66	-	(2.07)	12.09	7.16	1.56	-	-	(1.43)	-	7.29	4.80	6.34	
3	Leasehold Improvements	1.19	1.00	-	-	2.19	0.02	0.17	-	-	-	-	0.19	2.00	1.17	
4	Plant and Machinery	1,643.58	90.00	22.60	(220.31)	1,490.67	1,287.31	51.12	0.16	22.02	(212.57)	12.00	1,096.00	394.67	376.27	
5	Dies and Tools	143.82	27.99	4.78	(11.71)	155.32	86.61	18.82	-	3.72	(10.15)	0.17	91.73	63.59	57.21	
6	Furniture and Fixtures	94.49	10.05	2.34	(7.20)	95.00	60.12	7.63	0.02	1.82	(6.30)	-	59.65	35.35	34.37	
7	Vehicles	18.57	1.80	1.37	(0.81)	18.19	8.41	1.94	-	0.98	(0.72)	-	8.65	9.54	10.16	
8	R & D Equipments	15.47	2.40	0.01	-	17.86	4.64	1.22	0.24	0.01	-	-	6.09	11.77	10.83	
9	Office Equipments	94.11	12.76	2.40	(6.31)	98.16	58.64	12.32	4.63	1.52	(5.51)	-	68.56	29.60	35.47	
10	Electric Fans and Installations	121.49	8.25	0.21	(13.64)	115.89	76.60	8.79	0.13	0.06	(12.07)	-	73.39	42.50	44.89	
	Share of Joint Venture	3,059.78	210.62	33.98	(338.31)	2,898.11	1,939.98	126.69	5.18	30.16	(306.65)	12.17	1,747.21	1,150.90	1,119.80	
		8.12	0.28	-	0.21	8.61	0.31	1.06	-	-	0.04	-	1.41	7.20	7.81	
	Total Tangible Assets	3,067.90	210.90	33.98	(338.10)	2,906.72	1,940.29	127.75	5.18	30.16	(306.61)	12.17	1,748.62	1,158.10	1,127.61	
	Previous Year	2,862.13	144.00	211.59	274.59	3,067.90	1,770.09	104.35	-	177.46	244.14	(0.83)	1,940.29	1,127.61	1,092.04	
b)	Intangible Assets															
1	Computer Software	80.45	3.73	-	(10.77)	73.41	68.91	10.71	-	-	(11.08)	-	68.54	4.87	11.54	
2	Patent and Trademark	57.53	-	-	(10.50)	47.03	35.10	-	-	-	(6.40)	-	28.70	18.33	22.43	
3	Technical Know-how	0.51	-	-	-	0.51	0.50	-	-	-	-	-	0.50	0.01	0.01	
4	R & D Software	1.07	0.67	-	-	1.74	0.32	0.20	-	-	-	-	0.52	1.22	0.75	
	Total Intangible Assets	139.56	4.40	-	(21.27)	122.69	104.83	10.91	-	-	(17.48)	-	98.26	24.43	34.73	
	Previous Year	118.34	2.70	-	18.52	139.56	80.20	11.19	-	-	13.44	-	104.83	34.73	38.14	
c)	Capital Work-in-Progress	43.86	28.14	32.68	(2.57)	36.75	-	-	-	-	-	-	-	36.75	43.86	
	Share of Joint Venture	0.55	0.95	-	0.05	1.55	-	-	-	-	-	-	-	1.55	0.55	
	Total Capital Work-in-Progress	44.41	29.09	32.68	(2.52)	38.30	-	-	-	-	-	-	-	38.30	44.41	
	Previous Year	24.89	41.18	23.00	1.34	44.41	-	-	-	-	-	-	-	44.41	24.89	
d)	Assets Held for Sale - Tangible															
	Previous Year															
	Total Tangible Assets (a+d)	3,067.90	210.90	33.98	(338.10)	2,906.72	1,940.29	127.75	5.18	30.16	(306.61)	12.17	1,748.62	1,158.49	1,127.68	
	Previous Year	2,862.13	144.00	211.59	274.59	3,067.90	1,770.09	104.35	-	177.46	244.14	(0.83)	1,940.29	1,127.68	1,092.04	
	Total-Current Year	3,251.87	244.39	66.66	(361.89)	3,067.71	2,045.12	138.66	5.18	30.16	(324.09)	12.17	1,846.88	1,221.22	1,206.82	
	Total-Previous Year	3,005.36	187.88	234.59	294.45	3,251.87	1,850.29	115.54	-	177.46	257.58	(0.83)	2,045.12	1,206.82	1,155.53	

## Notes:

- Freehold land includes land located at Narela Industrial Area in respect of which possession has not been given by authority.
- The title deed in respect of freehold land at Badli is yet to be executed.
- Buildings include ₹ 0.05 crores being the cost of premises purchased at Leonard Road, Bangalore, title deed in respect of which has not been executed as yet.
- The machinery retired from active use and held for disposal are classified as assets held for sale. Details are as under:  
Current year : Gross Block ₹ 2.19 crores, Accumulated depreciation ₹ 1.31 crores, Loss ₹ 0.49 crores and Net Block ₹ 0.39 crores  
Previous year : Gross Block ₹ 1.31 crores, Accumulated depreciation ₹ 0.68 crores, Loss ₹ 0.56 crores and Net Block ₹ 0.07 crores
- During the year, the Company has capitalised pre-operating expenses of ₹ 1.95 crores (previous year ₹ 0.63 crores). (refer note no. 30(2))

**13 LONG TERM LOANS AND ADVANCES**

(₹ in Crores)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Unsecured- considered good</b>		
Capital advances	7.57	4.99
Security deposits	19.11	18.01
MAT Credit entitlement	10.09	56.49
Prepaid expenses	0.50	0.24
Other deposits with Statutory / Government authorities	20.87	0.50
	<b>58.14</b>	<b>80.23</b>

**14 OTHER NON-CURRENT ASSETS**

(₹ in Crores)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Unsecured- considered good</b>		
Earnest money	0.36	0.35
Fixed deposits with banks having maturity period of more than twelve months	175.00	-
Deposits held as margin money against bank guarantees	0.02	0.24
	<b>175.38</b>	<b>0.59</b>

**15 INVENTORIES**

(₹ in Crores)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Raw materials and components	285.45	310.79
Work-in-progress	54.80	71.82
Finished goods	451.27	462.80
Stock in trade (traded goods)	546.22	621.44
Stores and spares	8.97	8.45
Loose Tools	1.04	1.40
Packing materials	11.64	9.49
Fuel and gases	0.58	0.98
Scrap materials	4.09	3.73
	<b>1,364.06</b>	<b>1,490.90</b>
Share of Joint Venture (Including finished goods of ₹ 0.77 crores and traded goods of ₹ 0.11 crores) (previous year including finished goods of ₹ 0.24 crores and traded goods of ₹ 1.54 crores)	2.23	2.54
	<b>1,366.29</b>	<b>1,493.44</b>
The above includes goods in transit as under:		
Raw Materials	19.81	29.09
Finished goods	14.35	20.56
Stock in trade (traded goods)	142.20	190.47

- Inventories other than scrap materials have been taken at lower of cost and net realisable value. (refer note no. 1.08)
- The stocks of scrap materials have been taken at net realisable value.
- Raw material inventory of group companies amounting to ₹ 102.97 crores (previous year ₹ 128.12 crores) has been valued on First in First out basis.

**16 TRADE RECEIVABLES**

(₹ in Crores)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Outstanding due for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	6.47	14.89
Unsecured, considered doubtful	47.82	63.33
	<b>54.29</b>	<b>78.22</b>
Less: Provision for doubtful receivables	47.82	63.33
	<b>6.47</b>	<b>14.89</b>

(₹ in Crores)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Other receivables</b>		
Unsecured, considered good*	616.64	985.36
Unsecured, considered doubtful	10.34	7.20
	<b>626.98</b>	<b>992.56</b>
Less: Provision for doubtful receivables	10.34	7.20
	<b>616.64</b>	<b>985.36</b>
Share of Joint Venture	0.07	0.28
	<b>623.18</b>	<b>1,000.53</b>

**17 CASH AND BANK BALANCES**

(₹ in Crores)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>a) Cash and cash equivalents</b>		
Balances with banks:		
Current accounts	253.80	252.50
Cash credit accounts {refer note no. 30(7)}	55.79	94.46
Bank accounts held by ESOP Trust	-	2.74
Fixed deposits account having a maturity period of less than three months	57.82	300.00
Cash in hand	0.46	2.16
	<b>367.87</b>	<b>651.86</b>
<b>b) Other bank balances</b>		
Unpaid dividend account*	0.99	1.44
Fixed deposits account having a maturity period of more than three months but less than twelve months	397.81	225.00
	<b>398.80</b>	<b>226.44</b>
	<b>766.67</b>	<b>878.30</b>
Share of Joint Venture	10.80	3.40
	<b>777.47</b>	<b>881.70</b>

\*The Company can utilise the balance only towards settlement of unclaimed dividend.

**18 SHORT TERM LOANS AND ADVANCES**

(₹ in Crores)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Other loans and advances (unsecured - considered good)</b>		
Advances against materials and services	53.19	56.14
Prepaid expenses	36.15	33.88
Security deposits	6.26	6.28
Other advances	0.30	0.26
Balance with Statutory / Government authorities:		
Excise duty	0.86	1.01
Service tax	4.60	0.93
VAT	46.54	51.91
Other deposits with Statutory / Government authorities	21.28	56.36
	<b>169.18</b>	<b>206.77</b>
Share of Joint Venture	3.11	4.61
	<b>172.29</b>	<b>211.38</b>

**19 OTHER CURRENT ASSETS**

(₹ in Crores)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Unsecured, considered good</b>		
Earnest money	1.09	1.33
Retention money	2.27	2.27
DEPB licences in hand	3.32	2.65
Claims and other receivables	5.29	7.32
Interest accrued on deposits	9.97	6.16
	<b>21.94</b>	<b>19.73</b>

**20 REVENUE FROM OPERATIONS**

	(₹ in Crores)	
	<b>Year ended March 31, 2015</b>	<b>Year ended March 31, 2014</b>
Sale of products		
Finished goods	6,616.43	6,223.85
Traded goods	2,767.19	2,734.25
	<b>9,383.62</b>	<b>8,958.10</b>
Share of Joint Venture	0.55	4.66
	<b>9,384.17</b>	<b>8,962.76</b>
Less: Turnover discount, incentives and rebates	538.65	501.00
	<b>8,845.52</b>	<b>8,461.76</b>
Other operating revenue		
Scrap sales	36.24	27.70
Export incentives	6.77	7.76
{Including share of Joint Venture of ₹ 0.40 crores (previous year ₹ Nil)}		
<b>Revenue from operations (gross)</b>	<b>8,888.53</b>	<b>8,497.22</b>
Less: Excise duty	319.10	311.42
<b>Revenue from operations (net)</b>	<b>8,569.43</b>	<b>8,185.80</b>
<b>Details of products sold</b>		
Finished goods		
Switchgears	1,304.38	1,229.40
Cables	2,485.33	2,201.38
Lighting and fixtures	2,064.07	2,211.07
{including share of Joint Venture of ₹ 0.19 crores (previous year ₹ 1.47 crores)}		
Electrical consumer durables	762.84	583.47
	<b>6,616.62</b>	<b>6,225.32</b>
<b>Stock in Trade (traded goods)</b>		
Switchgears	102.55	101.11
Lighting and fixtures	2,322.28	2,305.94
{including share of Joint Venture of ₹ 0.36 crores (previous year ₹ 3.19 crores)}		
Electrical consumer durables	342.72	330.39
	<b>2,767.55</b>	<b>2,737.44</b>
	<b>9,384.17</b>	<b>8,962.76</b>

**21 OTHER INCOME**

	(₹ in Crores)	
	<b>Year ended March 31, 2015</b>	<b>Year ended March 31, 2014</b>
Interest income		
Bank Deposits	34.59	26.79
Delayed payments from customers	1.82	0.60
Others	1.22	0.88
Miscellaneous income	8.44	6.85
Excess provisions no longer required written back	2.98	5.12
Provision for doubtful receivables written back	1.30	0.97
	<b>50.35</b>	<b>41.21</b>
Share of Joint Venture	0.11	0.04
	<b>50.46</b>	<b>41.25</b>

**22 COST OF MATERIALS CONSUMED**

	(₹ in Crores)	
	<b>Year ended March 31, 2015</b>	<b>Year ended March 31, 2014</b>
Copper	920.46	871.52
Aluminium	473.64	422.60
General plastic	189.54	188.67
Paints and chemicals	179.34	135.92
Steel	132.72	127.24
Engineering plastic	67.79	61.00
Phosphor powder	36.67	53.44
Glass and glass tube	15.95	21.30
Ballast	48.80	63.15
Packing materials	158.06	150.41
Others	1,000.20	1,044.94
	<b>3,223.17</b>	<b>3,140.19</b>
Share of Joint Venture	16.01	9.23
	<b>3,239.18</b>	<b>3,149.42</b>



**23 PURCHASE OF TRADED GOODS**

(₹ in Crores)

	<b>Year ended March 31, 2015</b>	<b>Year ended March 31, 2014</b>
Switchgears	68.49	67.79
Lighting and fixtures	1,099.20	1,368.60
Electrical consumer durables	281.70	176.75
	<b>1,449.39</b>	<b>1,613.14</b>
Share of Joint Venture	36.84	-
	<b>1,486.23</b>	<b>1,613.14</b>

**24 CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE**

	<b>Year ended March 31, 2015</b>	<b>Year ended March 31, 2014</b>	<b>(Increase)/ Decrease</b>
<b>Inventories at the end of the year</b>			
Finished goods (including Share of Joint Venture of ₹ 0.77 crores)	452.04	463.04	11.00
Stock in trade (traded goods) (including Share of Joint Venture of ₹ 0.11 crores)	546.33	622.98	76.65
Work in progress (including Share of Joint Venture of ₹ 0.55 crores)	55.35	71.82	16.47
Scrap	4.09	3.73	(0.36)
	<b>1,057.81</b>	<b>1,161.57</b>	<b>103.76</b>
<b>Inventories at the beginning of the year</b>			
Finished goods (including Share of Joint Venture of ₹ 0.24 crores)	463.04	443.00	(20.04)
Stock in trade (traded goods) (including Share of Joint Venture of ₹ 1.54 crores)	622.98	531.57	(91.41)
Work-in-progress (including Share of Joint Venture of ₹ Nil)	71.82	60.59	(11.23)
Scrap	3.73	3.60	(0.13)
	<b>1,161.57</b>	<b>1,038.76</b>	<b>(122.81)</b>

(₹ in Crores)

	<b>Year ended March 31, 2015</b>	<b>Year ended March 31, 2014</b>
<b>Details of inventory at the end of the year</b>		
<b>Finished Goods</b>		
Switchgears	84.69	86.66
Cables	113.57	152.55
Lighting and Fixtures (including Share of Joint Venture of ₹ 0.77 crores)	175.46	172.76
Electrical Consumer Durables	78.32	51.07
	<b>452.04</b>	<b>463.04</b>
<b>Stock in trade (traded goods)</b>		
Switchgears	9.21	8.60
Lighting and Fixtures (including Share of Joint Venture of ₹ 0.11 crores)	465.55	572.39
Electrical Consumer Durables	71.57	41.99
	<b>546.33</b>	<b>622.98</b>
<b>Work-in-progress</b>		
Switchgears	11.29	12.45
Cables	18.06	27.99
Lighting and Fixtures (including Share of Joint Venture of ₹ 0.55 crores)	16.98	24.15
Electrical Consumer Durables	9.02	7.23
	<b>55.35</b>	<b>71.82</b>
<b>Details of inventory at the beginning of the year</b>		
<b>Finished Goods</b>		
Switchgears	86.66	77.67
Cables	152.55	137.20
Lighting and Fixtures (including Share of Joint Venture of ₹ 0.24 crores)	172.76	170.48
Electrical Consumer Durables	51.07	57.65
	<b>463.04</b>	<b>443.00</b>

(₹ in Crores)

	Year ended March 31, 2015	Year ended March 31, 2014
<b>Stock in trade (traded goods)</b>		
Switchgears	8.60	7.65
Lighting and Fixtures (including Share of Joint Venture of ₹ 1.54 crores)	572.39	457.61
Electrical Consumer Durables	41.99	66.31
	<b>622.98</b>	<b>531.57</b>
<b>Work-in-progress</b>		
Switchgears	12.45	11.33
Cables	27.99	26.28
Lighting and Fixtures (including Share of Joint Venture of ₹ Nil)	24.15	18.89
Electrical Consumer Durables	7.23	4.09
	<b>71.82</b>	<b>60.59</b>

**25 EMPLOYEE BENEFITS EXPENSE**

(₹ in Crores)

	Year ended March 31, 2015	Year ended March 31, 2014
Salaries, wages, bonus, commission and other benefits	835.64	818.12
Contribution towards PF, Family Pension, Social Security and ESI	182.50	169.78
Employee stock option expense {refer note no. 30(11)(c)}	3.73	0.99
Gratuity and pension expenses {refer note no. 30(10)}	136.74	70.14
Staff welfare expenses	27.49	25.93
	<b>1,186.10</b>	<b>1,084.96</b>
Share of Joint Venture	1.40	1.91
	<b>1,187.50</b>	<b>1,086.87</b>

**26 FINANCE COSTS**

(₹ in Crores)

	Year ended March 31, 2015	Year ended March 31, 2014
Interest expense	54.22	57.23
Bank charges	5.79	6.14
Miscellaneous financial expenses	0.10	-
Exchange difference to the extent considered as an adjustment to borrowing cost	3.83	10.73
	<b>63.94</b>	<b>74.10</b>
Share of Joint Venture	0.02	0.01
	<b>63.96</b>	<b>74.11</b>

**27 DEPRECIATION AND AMORTISATION EXPENSE**

(₹ in Crores)

	Year ended March 31, 2015	Year ended March 31, 2014
Depreciation of tangible assets	126.69	104.04
Amortisation of intangible assets	10.91	11.19
	<b>137.60</b>	<b>115.23</b>
Share of Joint Venture	1.06	0.31
	<b>138.66</b>	<b>115.54</b>

**28 OTHER EXPENSES**

(₹ in Crores)

	Year ended March 31, 2015	Year ended March 31, 2014
Consumption of stores and spares	37.43	37.64
Power and fuel	84.21	80.77
Job work charges	151.89	128.05

(₹ in Crores)

	Year ended March 31, 2015	Year ended March 31, 2014
Increase / (Decrease) in excise duty in inventory of finished goods and scrap	4.76	(1.72)
Rent	93.50	91.89
Repairs and maintenance:		
Plant and machinery	29.46	28.03
Buildings	19.26	18.61
Others	20.58	20.53
Rates and taxes	51.62	64.07
Insurance	25.20	24.10
Trade mark fee and royalty	40.30	41.07
Travelling and conveyance	103.53	112.02
Communication expenses	25.63	26.34
Legal and professional charges	78.55	82.87
Payment to Auditors:		
As Auditors:		
Audit fee	9.82	10.40
Tax Audit fee	0.15	0.09
Reimbursement of expenses	0.06	0.05
In other capacity	3.93	3.18
Exchange Fluctuation (net)	44.16	36.55
Contribution towards Corporate Social Responsibility (CSR) {refer note no. 30(12)}	9.79	-
Freight and forwarding expenses	278.09	276.82
Service tax and custom duty paid	14.59	11.63
Advertisement and sales promotion	259.26	222.94
Cash discount	87.32	123.17
Commission on sales	60.98	56.80
Product warranties and after sales services	147.01	79.43
Claims and damages	27.69	42.00
Trade receivables factoring charges	31.88	28.34
Loss on sale / discard of fixed assets (net)	1.97	6.15
Impairment on tangible assets	12.17	0.40
Bad debts written off	0.61	0.88
Provision for doubtful trade receivables	10.60	16.60
Miscellaneous expenses	61.67	43.21
	<b>1,827.67</b>	<b>1,712.91</b>
Share of Joint Venture	3.96	3.78
	<b>1,831.63</b>	<b>1,716.69</b>

**29 CONTINGENT LIABILITIES, COMMITMENTS AND LITIGATIONS**

(₹ in Crores)

	2014-15	2013-14
<b>A Contingent liabilities (to the extent not provided for)</b>		
a Claims / Suits filed against the Company not acknowledged as debts	5.21	14.09
b Liability towards banks against receivable buyout facilities {refer note (i)}	106.30	86.80
c Bonds to excise department against export of excisable goods/purchase of goods without payment of duty (to the extent utilised)	3.30	18.57
d Disputed tax liabilities in respect of pending cases before Appellate Authorities {amount deposited under protest ₹ 20.65 crores (previous year ₹ 8.35 crores)} {refer point (ii)}	100.80	70.54
e Demand raised by Uttarakhand Power Corporation Limited contested before electricity Ombudsman, Dehradun {Amount deposited under protest ₹ 1.00 crore (previous year ₹ 1.00 crore)}	1.00	1.00
f Custom duty payable against export obligation {refer point (iii)}	12.14	19.18

**Notes:**

- i) a) The Company has utilised a receivable buyout facility of ₹ 210.98 crores (previous year ₹ 227.69 crores) from IDBI Bank Limited against insurance backed trade receivables with a recourse of 10% of facility amount. Accordingly, the trade receivables stand reduced by the said amount. A sum of ₹ 14.18 crores (previous year ₹ 13.78 crores) on account of charges paid for this facility has been debited to trade receivables factoring charges account.
- b) The Company has utilised a receivable buyout facility of ₹ 70.38 crores (previous year ₹ 72.82 crores) from Axis Bank Limited against insurance backed trade receivables with a recourse of 10% of the facility amount. Accordingly, the trade receivables stand reduced by the said amount. A sum of ₹ 5.11 crores (previous year ₹ 5.31 crores) on account of charges paid for this facility has been debited to trade receivables factoring charges account.
- c) During the year, the Company has arranged a receivable buyout facility of ₹ 137.41 crores (previous year ₹ 40.47 crores) from The Hongkong and Shanghai Banking Corporation Limited against insurance backed trade receivables with a recourse of 10% of the facility amount. Accordingly, the trade receivables stand reduced by the said amount. A sum of ₹ 6.31 crores (previous year ₹ 4.68 crores) on account of charges paid for this facility has been debited to trade receivables factoring charges account.
- d) The Company has arranged channel finance facility for its customers of ₹ 371.94 crores (previous year ₹ 356.46 crores) from Yes Bank Limited and Axis Bank Limited against insurance backed trade receivables with a recourse of 10% of the facility amount.
- ii) The various disputed tax liabilities are as under :

Sl.	Description	Period to which relates	Disputed Amount	
			2014-15	2013-14
a)	<b>Excise / Customs / Service Tax</b> Show cause notices / demands raised by Excise and Custom department pending before various appellate authorities.	1994-96 to 2012-13	30.21	13.10
b)	<b>Income Tax</b> Disallowances / additions made by the income tax department pending before various appellate authorities.	2004-05 to 2010-11	42.33	31.28
c)	<b>Sales Tax / VAT</b> Show cause notices / demands raised by Sales tax / VAT department pending before various appellate authorities	2003-04 to 2013-14	28.11	26.01
d)	<b>Others</b> 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
			<b>100.80</b>	<b>70.54</b>

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 and does not expect any liability on this account.

- iii) 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 ₹ 68.39 crores (previous year ₹ 95.47 crores) within the stipulated time as specified in the respective licenses. Out of the said amount, the Company has fulfilled the export obligation of ₹ 65.63 crores (previous year ₹ 82.65 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. Custom duty payable against the said obligation is ₹ 8.55 crores (previous year ₹ 13.89 crores)
- b) Further the Company is under obligation to export goods worth ₹ 55.48 crores (previous year ₹ 70.46 crores) in respect of duty free imports made by the Company against Advance Licenses. Out of the said amount, export obligation of

₹ 54.32 crores (previous year ₹ 60.65 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. Custom duty payable against the said obligation is ₹ 3.59 crores (previous year ₹ 5.29 crores)

	(₹ in Crores)	
	2014-15	2013-14
<b>B Bank guarantees and Letter of Credits</b>		
Bank guarantees issued by banks	88.63	105.66
Letter of credits issued by banks	19.55	43.39

	(₹ in Crores)	
	2014-15	2013-14
<b>C Commitments</b>		
Estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	63.87	49.56
For Lease Commitment {(refer note no. 30 (15))}		

#### D Other Litigations

- i) One of the customer of the Company had raised claims against the Company relating to supply of switchgear products. The Company and the customer, considering their long-term relationship with each other and without admission of liability on part of either party, have settled their respective claims. The full and final settlement of the claim have been arrived at and the Company has agreed to pay an amount of ₹ 69.69 crores to the customer, which have appropriately accounted for in the financial statements.
- ii) Additionally, the Group has some entry tax and other tax related litigations of ₹ 43.53 crores (previous year ₹ 60.62 crores) against which liability has been assessed as probable and adequate provisions have been made with respect to the same. {refer note no. 11(b)}
- iii) Various litigation claims are ongoing against the Group as on March 31, 2015 out of which claim amounting to ₹ 45.34 crores are considered remote by the group. Accordingly the same are not considered in the above contingent liability disclosure.

### 30 OTHER NOTES ON ACCOUNTS

- 1 a) The Subsidiary companies considered in the consolidated financial statements are:

Name of the entity	Country of incorporation	Date of control	Nature	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
				As % of consolidated net assets	Amount (₹)	As % of consolidated profit or loss	Amount (₹)
				7	8	9	10
<b>(i) Foreign Subsidiaries having no minority interests (to the extent of control 100% (previous year 100%))</b>							
1 Havells Holdings Limited	Isle of Man	09.03.2007	WOS	0.01%	0.16	-0.52%	-2.01
				(-8.6%)	(-143.27)	(-0.84%)	(-3.73)
2 Havells Exim Limited	Hong Kong	24.10.2010	WOS	1.28%	23.25	1.90%	7.33
				(0.91%)	(15.1)	(1.56%)	(6.95)
3 Havells Malta Limited	Malta	13.03.2007	WOS of Havells Holdings Limited	0.02%	0.35	-0.02%	-0.09
				(0.04%)	(0.61)	(-0.09%)	(-0.39)
4 Havell's Netherlands Holding B.V.	Netherlands	13.03.2007	WOS of Havells Malta Limited	-4.35%	-79.13	0.98%	3.76
				(-5.76%)	(-95.89)	(0.3%)	(1.34)
5 Havell's Netherlands B.V.	Netherlands	13.03.2007	WOS of Havell's Netherlands Holding B.V.	-0.09%	-1.72	-2.79%	-10.77
				(-0.18%)	(-3.06)	(-3.21%)	(-14.31)
6 SLI Europe B.V.	Netherlands	20.04.2007	WOS of Havell's Netherlands B.V.	0.00%	0.08	-0.37%	-1.44
				(-0.05%)	(-0.76)	(-0.36%)	(-1.61)
7 Havells Sylvania Holdings (BVI-1) Ltd.	British Virgin Islands	20.04.2007	WOS of Havell's Netherlands B.V.	0.00%	0.00	0.00%	0.00
				(0%)	(0)	(0%)	(0)
8 Flowil International Lighting (Holding) B.V.	Netherlands	20.04.2007	WOS of SLI Europe BV	4.33%	78.68	13.27%	51.14
				(1.92%)	(32.07)	(2%)	(8.92)
9 Sylvania Lighting International B.V.	Netherlands	20.04.2007	WOS of SLI Europe BV	0.06%	1.04	-1.32%	-5.10

(₹ in Crores)

Name of the entity	Country of incorporation	Date of control	Nature	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
				As % of consolidated net assets	Amount (₹)	As % of consolidated profit or loss	Amount (₹)
1	2	3	4	7	8	9	10
				(0.08%)	(1.4)	(-1.89%)	(-8.43)
10 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.	1.58%	28.78	-8.79%	-33.88
				(4.45%)	(74.07)	(-2.75%)	(-12.3)
11 Guangzhou Havells Sylvania Enterprise Limited	China	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	0.60%	10.83	0.81%	3.13
				(0.91%)	(15.17)	(-0.35%)	(-1.55)
12 Havells Sylvania Asia Pacific Limited	Hong Kong	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	0.48%	8.70	1.27%	4.89
				(0.93%)	(15.57)	(0.14%)	(0.61)
13 Havells Sylvania Sweden A.B.	Sweden	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	0.02%	0.40	-0.36%	-1.37
				(-0.11%)	(-1.78)	(-1.69%)	(-7.52)
14 Havells Sylvania Finland OY	Finland	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	-0.04%	-0.76	-0.08%	-0.30
				(-0.06%)	(-0.96)	(0.13%)	(0.57)
15 Havells Sylvania Norway A.S.	Norway	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	0.00%	-0.04	-0.04%	-0.16
				(0%)	(-0.03)	(0%)	(0.02)
16 Havells Sylvania Fixtures Netherlands B.V.	Netherlands	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	-0.07%	-1.32	-0.62%	-2.39
				(-0.13%)	(-2.18)	(0.36%)	(1.59)
17 Havells Sylvania Lighting Belgium N.V.	Belgium	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	-1.18%	-21.39	-1.90%	-7.34
				(-2.99%)	(-49.83)	(1.49%)	(6.63)
18 Havells Sylvania Belgium B.V.B.A.	Belgium	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	-0.30%	-5.42	-0.03%	-0.10
				(-0.49%)	(-8.17)	(0.08%)	(0.36)
19 Havells Sylvania Lighting France S.A.S	France	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	-0.28%	-5.07	1.29%	4.98
				(-1.41%)	(-23.45)	(0.35%)	(1.57)
20 Havells Sylvania France S.A.S.	France	20.04.2007	WOS of Havells Sylvania Lighting France SA	2.24%	40.64	0.46%	1.76
				(3.16%)	(52.73)	(1.14%)	(5.11)
21 Havells Sylvania Italy S.P.A.	Italy	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	-1.34%	-24.39	-3.72%	-14.32
				(-0.91%)	(-15.23)	(-0.12%)	(-0.53)
22 Havells Sylvania Portugal Lda	Portugal	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	0.01%	0.17	0.03%	0.12
				(-0.04%)	(-0.62)	(0.07%)	(0.3)
23 Havells Sylvania Greece A.E.E.E.	Greece	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	0.43%	7.86	0.44%	1.68
				(0.57%)	(9.42)	(-0.06%)	(-0.25)
24 Havells Sylvania Spain S.A.	Spain	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	-0.11%	-1.98	0.25%	0.97
				(-0.43%)	(-7.19)	(0.29%)	(1.28)
25 Havells Sylvania Germany Gmbh	Germany	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	-15.70%	-285.43	-17.55%	-67.65
				(-15.88%)	(-264.53)	(0.98%)	(4.39)
26 Havells Sylvania Switzerland A.G	Switzerland	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	-0.25%	-4.62	0.87%	3.36
				(-0.42%)	(-7.07)	(0.31%)	(1.38)
27 Havells Sylvania Brasil Iluminacao Ltda.	Brazil	20.04.2007	WOS of Sylvania Lighting International B.V.	0.26%	4.80	-19.39%	-74.73
				(2.22%)	(37.02)	(-5%)	(-22.32)
28 Havells Sylvania Argentina S.A.	Argentina	20.04.2007	WOS of Sylvania Lighting International B.V.	5.67%	103.02	3.78%	14.56
				(3.27%)	(54.53)	(-5.99%)	(-26.74)
29 Havells Sylvania N.V.	Dutch Antilles	20.04.2007	WOS of Sylvania Lighting International B.V.	5.28%	95.98	6.64%	25.58
				(5.26%)	(87.59)	(4.02%)	(17.94)
30 Havells Sylvania Colombia S.A.	Colombia	20.04.2007	71% held by Havells Sylvania Holdings BVI-1 Limited and 29% held by Havells Sylvania Holdings BVI-2 Limited	8.37%	152.22	0.01%	0.04

(₹ in Crores)

Name of the entity	Country of incorporation	Date of control	Nature	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
				As % of consolidated net assets	Amount (₹)	As % of consolidated profit or loss	Amount (₹)
1	2	3	4	7	8	9	10
				(9.61%)	(160.15)	(1.27%)	(5.66)
31 Havells Mexico S.A. de C.V.	Mexico	20.04.2007	WOS of Sylvania Lighting International B.V.	6.30%	114.55	-2.00%	-7.69
				(10.19%)	(169.76)	(-0.13%)	(-0.59)
32 Havells Mexico Servicios Generales S.A.de CV	Mexico	20.04.2007	WOS of Havells Mexico SA de CV	0.56%	10.17	0.00%	0.00
				(0.59%)	(9.76)	(0.14%)	(0.64)
33 Havells Sylvania El Salvador S.A. de C.V.	El Salvador	20.04.2007	WOS of Havells Sylvania Export N.V.	1.54%	28.01	0.23%	0.87
				(1.45%)	(24.23)	(0.36%)	(1.61)
34 Havells Sylvania Guatemala S.A.	Guatemala	20.04.2007	WOS of Havells Sylvania Export N.V.	1.11%	20.27	0.74%	2.87
				(1.41%)	(23.54)	(-0.49%)	(-2.17)
35 Havells Sylvania Costa Rica S.A.	Costa Rica	20.04.2007	WOS of Havells Sylvania Export N.V.	7.70%	140.01	2.33%	8.99
				(8.99%)	(149.72)	(2.26%)	(10.11)
36 Havells Sylvania Panama S.A.	Panama	20.04.2007	WOS of Havells Sylvania Export N.V.	1.76%	32.01	0.09%	0.35
				(2.2%)	(36.72)	(1.07%)	(4.75)
37 Havells Sylvania Venezuela C.A.	Venezuela	20.04.2007	WOS of Havells Sylvania Colombia S.A.	0.27%	4.82	-0.60%	-2.32
				(1.97%)	(32.8)	(-2.53%)	(-11.29)
38 Havells Sylvania Europe Limited	United Kingdom	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	1.44%	26.21	8.18%	31.53
				(-1.49%)	(-24.75)	(6.03%)	(26.92)
39 Havells Sylvania UK Limited	United Kingdom	20.04.2007	WOS of Havells Sylvania Europe Limited	-1.78%	-32.29	-4.04%	-15.57
				(1.18%)	(19.59)	(-4.57%)	(-20.41)
40 Havells Sylvania Fixtures UK Limited	United Kingdom	20.04.2007	WOS of Havells Sylvania Europe Limited	1.16%	21.06	1.12%	4.30
				(0.22%)	(3.7)	(2.88%)	(12.84)
41 Havells Sylvania Tunisia S.A.R.L.	Tunisia	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	0.31%	5.60	-1.13%	-4.36
				(0.47%)	(7.88)	(-1%)	(-4.47)
42 Havells Sylvania Export N.V	Dutch Antilles	20.04.2007	WOS of Sylvania Lighting International B.V.	0.00%	0.00	-0.04%	-0.15
				(0%)	(0)	(-0.03%)	(-0.12)
43 Havells Sylvania Holdings (BVI-2) Ltd.	British Virgin Islands	20.04.2007	WOS of Havells Sylvania Holdings BVI-1 Limited	0.00%	0.00	0.00%	0.00
				(0%)	(0)	(0%)	(0)
44 Havells Sylvania Dubai FZCO	Dubai	07.01.2008	83.33% held by Havells Sylvania Europe Limited and 16.67% held by Flowil International Lighting (Holding) B.V.	0.65%	11.76	0.54%	2.10
				(0.92%)	(15.38)	(0.18%)	(0.81)
45 Havells Sylvania (Shanghai) Ltd.	China	14.01.2008	WOS of Havells Sylvania Asia Pacific Limited	-0.09%	-1.57	0.03%	0.11
				(-0.17%)	(-2.85)	(-0.01%)	(-0.05)
46 Havells Sylvania Peru S. A. C.	Peru	18.01.2008	WOS of Havells Sylvania Colombia S.A.	0.05%	0.97	-0.17%	-0.64
				(0.68%)	(11.39)	(-0.13%)	(-0.57)
47 Havells Sylvania Iluminacion (Chile) Ltda	Chile	10.09.2008	WOS of Sylvania Lighting International B.V.	1.48%	26.93	-0.78%	-3.02
				(1.47%)	(24.46)	(-0.61%)	(-2.72)
48 Havells Sylvania (Malaysia) Sdn. Bhd	Malaysia	10.09.2008	WOS of Havells Sylvania Asia Pacific Limited	0.02%	0.34	-0.38%	-1.45
				(0.02%)	(0.26)	(-0.41%)	(-1.81)
49 Havells USA Inc.	USA	31.12.2010	WOS of Havell's Netherlands B.V.	2.66%	48.37	-3.32%	-12.79
				(4.28%)	(71.34)	(-2.97%)	(-13.27)
50 Panama Americas Trading Hub SA	Panama	28.05.2010	WOS of Sylvania Lighting International B.V.	-8.92%	-162.14	4.48%	17.27
				(-7.75%)	(-129.09)	(3.71%)	(16.54)
51 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	0.01%	0.10	-0.01%	-0.02
				(0.01%)	(0.14)	(-0.2%)	(-0.91)

(₹ in Crores)

Name of the entity	Country of incorporation	Date of control	Nature	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
				As % of consolidated net assets	Amount (₹)	As % of consolidated profit or loss	Amount (₹)
1	2	3	4	7	8	9	10
52 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.	0.06%	1.14	0.03%	0.12
53 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.	(0.14%) -0.01%	(2.28) -0.16	(-0.83%) -0.76%	(-3.72) -2.94
54 Havells Sylvania South Africa Proprietary Limited	South Africa	10.07.2012	WOS of Flowil International Lighting (Holding) B.V.	(0.25%) 0.18%	(4.15) 3.31	(-1.39%) -0.74%	(-6.19) -2.84
<b>(ii) Foreign Subsidiaries having minority interests (to the extent of control 49% (previous year 49%))</b>				(0.68%)	(11.36)	(-0.05%)	(-0.23)
1 Thai Lighting Asset Co. Ltd.*	Thailand	20.02.2012	49% held by Flowil International Lighting (Holding) B.V.	0.00%	-0.01	0.00%	-0.01
				(0%)	(0.08)	(0%)	(-0.01)
<b>(iii) Foreign Joint Venture (to the extent of control 50% (previous year 50%)) (as per proportionate consolidation / investment as per the equity method)</b>							
1 Jiangsu Havells Sylvania Lighting Co., Ltd.	Jiangsu Province, China	13.02.2012	Jointly Controlled Entity of Shanghai Yaming Lighting Co., Ltd. and Havells India Ltd.	0.66%	11.92	0.50%	1.94
				(0.76%)	(12.62)	(-0.36%)	(-1.59)

i) WOS refers to 'Wholly Owned Subsidiary'

ii) Previous year figures have been shown in Bracket "( )"

\* 'Flowil International Lighting (Holding) B.V. (WOS of SLI Europe B.V.)' holds 49% equity interest in 'Thai Lighting Assets Co. Ltd.' However the said Company has majority representation on the board of directors of the entities 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.

b) The Group has entered into a Joint Venture agreement with 'Shanghai Yaming Lighting Co., Ltd., Shanghai', China on 26<sup>th</sup> 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 13<sup>th</sup> February, 2012 issued by the People's Government of Jiangsu Province, China. The Company has invested a sum of ₹ 30.87 crores (RMB 33.00 millions) (previous year ₹ 30.96 crores (RMB 33 millions)) towards 50% of capital contribution in said joint venture Company as on the date of balance sheet.

Name of Joint Venture	Description of Interest	Country of Incorporation	Proportion of Ownership interest	
			December 31, 2014	December 31, 2013
Jiangsu Havells Sylvania Lighting Co., Ltd.	Jointly Controlled Entity	Jiangsu Province, China	50%	50%

The Company 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 Limited (including step down subsidiaries)' and 'Havells Exim Limited' have been incorporated based on the audited financial statements as at March 31<sup>st</sup>, 2015 and of Joint Venture 'Jiangsu Havells Sylvania Lighting Co., Ltd.' on the basis of the audited financial statements ended on 31<sup>st</sup> December, 2014.

2 During the year, the Company has capitalized the following expenses of revenue nature to the tangible fixed assets, being preoperative expenses related to projects. Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

(₹ in Crores)

	2014-15	2013-14
Employee Benefits Expense	0.77	0.11
Other Expenses	1.18	0.52
	<b>1.95</b>	<b>0.63</b>

3 The Company's manufacturing units at Village Gularwala, Baddi Distt.-Solan (Unit-II) (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.

4 The Company has incurred following expenditure on Research and Development:

	(₹ in Crores)	
	2014-15	2013-14
<b>a) Revenue Expenditure</b>		
Cost of materials consumed	5.09	7.02
Employee benefits expense	53.22	51.08
Rent	2.80	2.32
Travelling and conveyance	2.98	2.40
Legal and professional	2.01	3.74
Other expenses	7.71	5.01
	<b>73.81</b>	<b>71.57</b>
<b>b) Capital Expenditure</b>		
Tangible assets	1.77	2.62
Intangible assets	0.66	0.24
	<b>2.43</b>	<b>2.86</b>

5. Depreciation

- (a) Till 31<sup>st</sup> March, 2014, depreciation was being provided on straight line method as per the rates prescribed in Schedule XIV of the Companies Act, 1956. The Schedule XIV has been replaced by the Schedule II of the Companies Act, 2013 and the depreciation has been charged on straight line method on the basis of useful lives of the assets in the manner as prescribed in the Schedule II of the Companies Act, 2013.
- (b) Till 31<sup>st</sup> March, 2014, the assets for a value not exceeding ₹ 5,000/- were written off in the year of purchase as per Schedule XIV of the Companies Act, 1956. Schedule II of the Companies Act, 2013 does not recognize such practice. The depreciation on assets for a value not exceeding ₹ 5,000/- has been provided on the basis of their useful lives in the manner as prescribed in the Schedule II of the Companies Act, 2013.

The applicability of Schedule II has resulted in the following impact on financial statements :

	(₹ in Crores)
Decrease in profit during the year	17.78
Reduced retained earnings (net of deferred tax Rs 1.76 crores) during the year.*	3.42

\* Related to the carrying amount of assets with no remaining useful lives as on 1<sup>st</sup> April, 2014.

6 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 terminal growth rate of 1% (previous year 1%) and discount rate of 7.43% (previous year 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)	
	2014-15	2013-14
Balance at the beginning of the year	437.97	369.44
Realignment effect of Foreign exchange fluctuation	(79.91)	68.53
<b>Balance at the end of the year</b>	<b>358.06</b>	<b>437.97</b>

- 7 (a) The Company has availed working capital limits from banks under consortium of Canara Bank, IDBI Bank Limited, State Bank of India, Standard Chartered Bank, ICICI Bank Limited, Yes Bank Limited and Hongkong and Shanghai Banking Corporation Limited.
- (b) Working capital limits from consortium banks are secured by way of:
- pari-passu first charge by way of hypothecation on stocks of raw materials, semi-finished goods, finished goods, stores and spares, bill receivables, book debts and all movable and other current assets of the Company.
  - pari-passu first charge by way of equitable mortgage of land and building at 14/3, Mathura Road, Faridabad.
  - pari-passu second charge by way of hypothecation of plant and machinery, generators, furniture and fixtures, electric fans and installations.
- (c) The Company has a debit balance in cash credit accounts as on the date of Balance Sheet.
- 8 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 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.

In Group companies, impairment of land and building, plant and machinery and other assets were recognised in the lighting segment due to change economic conditions and phasing out of the products because of change in legal environment in which entity operates, resulting in recoverable value being less than the carrying value. The total impairment recognised during the year is ₹ 12.17 crores in Colombia and Belgium (previous year ₹ 0.40 crores relates to impairment in Malaysia and UK). The aforesaid impairment loss have been recognised in the statement of profit & loss under the head "other expenses". The recoverable amount was based on net realisable value determined by active market references.

## 9 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<sup>st</sup>, 2015 are as under:

(₹ in Crores)						
Currency	Nature of Transaction	As at March 31, 2015		As at March 31, 2014		
		Foreign Currency	Indian Rupees	Foreign Currency	Indian Rupees	
GBP	Export Trade Receivables	£ 0.33	30.85	£ 1.02	102.13	
	Import Trade Payables and Other Current Liability	£ 0.82	75.96	£ 0.15	14.68	
USD	Export Trade Receivables	\$ 1.00	62.52	\$ 2.08	125.23	
	Import Trade Payables and Other Current Liability	\$ 4.52	282.58	\$ 0.88	52.70	
	Foreign Currency Loan from Banks	\$ 2.16	135.66	\$ 3.41	204.94	
EURO	Export Trade Receivables	€ 0.11	7.55	€ 0.12	9.62	
	Import Trade Payables and Other Current Liability	€ 0.11	7.07	€ 0.14	11.96	
JPY	Import Trade Payables and Other Current Liability	¥ 0.27	0.14	¥ 0.69	0.41	
CHF	Export Trade Receivables	CHF 0.04	2.31	CHF 0.04	2.75	
	Import Trade Payables and Other Current Liability	CHF 0.02	1.25	CHF 0.00	0.19	
Others	Export Trade Receivables	0.44	3.82	0.61	6.24	
	Import Trade Payables and Other Current Liability	0.62	3.56	0.02	0.21	

b) Derivative instruments outstanding as at March 31<sup>st</sup>, 2015 are as under:

(₹ in Crores)

Sl. No.	Details of Derivatives	Currency/Pair of currency	Purpose	As at March 31, 2015		As at March 31, 2014	
				Amount in Foreign Currency	INR (in crores)	Amount in Foreign Currency	INR (in crores)
i)	<b>Forward contracts</b>						
	Buy*	Euro-USD	To hedge the import creditors.	USD 2,12,47,442	122.17	USD 60,00,000 (Euro 43,62,685)	36.03
	Buy*	GBP-USD	To hedge the import creditors.	-	-	USD 5,00,000 (Euro 3,63,557)	3.00
ii)	<b>Interest Swap</b>		To hedge the interest expense on term loan.	Euro 4,65,88,733	314.52	Euro 6,05,18,733	499.74

\*Buy USD and sell Euro/GBP to pay supplier.

## 10 Employee Benefits

i) For the Company, the disclosures pursuant to Accounting Standard-15, "Employee Benefits" specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2014 are given below :

### Defined Contribution Plan

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

(₹ in Crores)

	2014-15	2013-14
Employer's Contribution towards Provident Fund (PF)	9.71	8.98
Employer's Contribution towards Family Pension Scheme (FPS)	3.75	2.23
Employer's Contribution towards Employee State Insurance (ESI)	0.45	0.47
	<b>13.91</b>	<b>11.68</b>

### Defined Benefit Plan

The employee's Gratuity Fund Scheme, which is a defined benefit plan, is managed by the trust maintained with Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Limited. 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.

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

(₹ in Crores)

	2014-15	2013-14
Defined Benefit obligation at beginning of the year	21.08	16.15
Interest Cost	1.58	1.41
Current Service Cost	4.00	2.78
Benefit paid	(1.85)	(1.23)
Actuarial (gain) / loss	7.12	1.97
Defined Benefit obligation at year end	<b>31.93</b>	<b>21.08</b>

#### b) Reconciliation of opening and closing balances of fair value of plan assets

(₹ in Crores)

	2014-15	2013-14
Fair value of plan assets at beginning of the year	16.32	12.86
Expected return on plan assets	1.57	1.29
Employer contribution	5.00	3.36
Actuarial gain / (loss)	0.11	0.04
Benefits paid	(1.85)	(1.23)
Fair value of plan assets at year end	<b>21.15</b>	<b>16.32</b>

**c) Reconciliation of fair value of assets and obligations**

(₹ in Crores)

	2014-15	2013-14
Fair value of plan assets	21.15	16.32
Present value of obligation	(31.93)	(21.08)
Amount recognised in Balance Sheet- Asset / (Liability)	<b>(10.78)</b>	<b>(4.76)</b>

**d) Expenses recognised during the year**

(₹ in Crores)

	2014-15	2013-14
Current Service Cost	4.00	2.78
Interest Cost	1.58	1.41
Expected return on plan assets	(1.57)	(1.29)
Actuarial (gain) / loss	7.01	1.93
Net Cost debited to statement of profit and loss	<b>11.02</b>	<b>4.83</b>

**e) Broad categories of plan assets as a percentage of total assets**

	2014-15	2013-14
Insurer managed funds	100%	100%

**f) Actuarial assumptions**

	2006-08	1994-96
Mortality Table (LIC)	(Ultimate)	(Ultimate)
Discount rate (per annum)	7.85%	9.10%
Expected rate of return on plan assets (per annum)	8.75%	9.30%
Attrition Rate	5.00%	5.00%

**g) Actual return on plan assets**

(₹ in Crores)

	2014-15	2013-14
Actual return on plan assets	<b>1.67</b>	<b>1.33</b>

**h) Amounts for current and previous periods:**

(₹ in Crores)

	2014-15	2013-14	2012-13	2011-12	2010-11
Present value of obligation	31.93	21.08	16.15	12.25	9.52
Fair value of plan assets	21.15	16.32	12.86	9.03	7.15
Surplus/(Deficit)	(10.78)	(4.76)	(3.29)	(3.22)	(2.37)
Experience Adjustments of Plan Assets [Gain/(loss)]	7.13	1.97	1.62	1.02	1.68
Experience Adjustments of Obligations [Gain/(loss)]	3.96	2.06	0.80	1.26	1.96

i) The plan assets are maintained with Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Limited

j) The Company expects to contribute ₹ 11.00 crores (previous year ₹ 5 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 of Employee benefits as defined in the Accounting Standard-15, "Employee Benefits" specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2014 are given below:

The Group has various defined benefit pension plans covering eligible employees in Germany, Thailand, France, Italy and 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 plan, defined contribution plan and post retirement medical benefit plan is 31<sup>st</sup> March of each year.

**(a) The amounts recognised in the financial statements are:**

	(₹ in Crores)	
	<b>2014-15</b>	<b>2013-14</b>
Pension benefits and early retirement plan	390.59	364.05
Post retirement medical plan	5.39	6.30
	<b>395.98</b>	<b>370.35</b>

**(b) The amounts recognised in the income statement are :**

	(₹ in Crores)	
	<b>2014-15</b>	<b>2013-14</b>
Pension benefits and early retirement plan	127.37	65.31
	<b>127.37</b>	<b>65.31</b>

**(c) The amounts recognised in the balance sheet are determined:**

	(₹ in Crores)	
	<b>2014-15</b>	<b>2013-14</b>
Present value of defined benefits plans		
- Funded obligations	888.64	806.19
- Unfunded obligations	31.91	28.68
Total defined benefit obligation	<b>920.55</b>	<b>834.87</b>
Fair value of plan assets	(550.28)	(502.59)
	<b>370.27</b>	<b>332.28</b>
Present value of other unfunded obligations	25.71	38.07
	<b>395.98</b>	<b>370.35</b>

**(d) The amounts recognised in the income statement are :**

	(₹ in Crores)		
	Defined benefit plans	Post retirement medical plan	Total
	<b>Year ended March 31, 2015</b>		
Current service cost	6.89	-	6.89
Interest cost	10.81	-	10.81
Net actuarial (gain)/loss	108.02	-	108.02
<b>Total included in staff costs</b>	<b>125.72</b>	<b>-</b>	<b>125.72</b>
	<b>Year ended March 31, 2014</b>		
Current service cost	4.20	-	4.20
Interest cost	11.54	-	11.54
Net Acturial (gain)/loss	49.57	-	49.57
<b>Total included in staff costs</b>	<b>65.31</b>	<b>-</b>	<b>65.31</b>

The actual return on plan assets is a profit of Rs 24.69 crores (previous year Rs 64.15 crores)

## e) Reconciliation of opening and closing balance of obligations are as follows:

(₹ in Crores)

	Defined benefit plans and early retirement plans	Post retirement medical plan	Total
	2014-15	2014-15	2014-15
As at beginning of the year	866.61	6.31	872.92
Curtailment and settlements	-	-	-
Exchange differences	(119.68)	(0.30)	(119.98)
Current service cost	6.92	-	6.92
Interest cost	32.17	-	32.17
Actuarial losses	189.25	-	189.25
Benefits paid	(34.43)	(0.60)	(35.03)
As at end of the year	<b>940.84</b>	<b>5.41</b>	<b>946.25</b>
	<b>2013-14</b>	<b>2013-14</b>	<b>2013-14</b>
As at beginning of the year	669.73	5.02	674.75
Curtailment and settlements	-	-	-
Exchange differences	141.86	2.03	143.89
Current service cost	5.50	-	5.50
Interest cost	31.87	-	31.87
Actuarial losses	52.20	-	52.20
As at end of the year	(34.55)	(0.74)	(35.29)
	<b>866.61</b>	<b>6.31</b>	<b>872.92</b>

## f) Reconciliation of opening and closing balance of fair value of plan assets over the year is as follows:

(₹ in Crores)

	2014-15	2013-14
As at beginning of the year	502.58	397.34
Exchange differences	(46.18)	85.70
Expected return on plan assets	22.05	21.58
Actuarial gains / (losses)	77.47	2.64
Employer contributions	11.84	11.54
Benefits paid	(17.48)	(16.22)
As at end of the year	<b>550.28</b>	<b>502.58</b>

## g) Asset holdings in the plan are as follows:

(₹ in Crores)

	UK	Germany	Total	Total (%)
	2014-15	2014-15	2014-15	2014-15
Equities	223.25	-	223.25	40.57%
Diversified growth assets	22.16	-	22.16	4.03%
Corporate bonds	41.96	-	41.96	7.63%
Property	26.88	-	26.88	4.88%
Gilts	220.44	-	220.44	40.06%
Insurance contracts	-	13.99	13.99	2.54%
Other	1.60	-	1.60	0.29%
<b>Total market value of assets</b>	<b>536.29</b>	<b>13.99</b>	<b>550.28</b>	<b>100.00%</b>

	UK	Germany	Total	Total (%)
	2013-14	2013-14	2013-14	2013-14
Equities	182.43	-	182.43	36.30%
Diversified growth assets	24.09	-	24.09	4.79%
Corporate bonds	129.30	-	129.30	25.73%
Property	25.18	-	25.18	5.01%
Gilts	122.58	-	122.58	24.39%
Insurance contracts	-	17.75	17.75	3.53%
Other	1.26	-	1.26	0.25%
<b>Total market value of assets</b>	<b>484.84</b>	<b>17.75</b>	<b>502.59</b>	<b>100.00%</b>

**h) Where relevant and available the principal actuarial assumptions used on the defined benefit plans for current year are as follows:**

	2014-15	2013-14
Discount rate	1.50% - 3.80%	3.25% - 4.50%
Future salary increases	2.50% - 5.00%	2.50% - 5.00%
Inflation rate	1.75% - 1.90%	1.75% - 2.20%
Future pension increases	1.75% - 1.90%	1.75% - 2.20%
Expected return on plan assets	3.75% - 4.50%	3.75% - 4.70%

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.

	2014-15	2013-14
Life expectancy rates as at balance sheet date		
Male	18.50 - 21.20	18.50 - 21.20
Female	22.60 - 23.40	22.60 - 23.40
Life expectancy rates 20 years after the balance sheet date		
Male	21.20 - 22.60	21.20 - 22.50
Female	24.90 - 25.10	24.90 - 25.10
Overall withdrawal rates (%)	2.60 - 8.31	2.60 - 8.31

**i) Amount for the current and previous four periods are as follows:**

	Pension benefits and early retirement plan				
	2014-15	2013-14	2012-13	2011-12	2010-11
Defined benefit obligation	940.82	866.61	669.73	592.17	535.21
Plan assets	550.28	502.59	397.34	321.21	315.16
(Deficit)/ Surplus	390.54	364.02	272.39	270.96	220.05
Experience adjustments on plan liabilities	189.25	52.20	52.31	14.02	(22.34)
Experience adjustments on plan assets	77.47	2.64	47.01	(14.63)	10.40
	Post retirement medical plan				
Defined benefit obligation	5.42	6.30	5.02	24.43	22.04
Experience adjustments on plan liabilities	-	-	-	1.22	0.12

**j) The Company expects to contribute ₹ 11.07 crores (previous year ₹ 11.84 crores) to the plan during the next financial year.**

**11 Employee Stock Option Scheme**

- (a) The Company had, vide special resolution passed by way of postal ballot on 23<sup>rd</sup> January, 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 is 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 was 8<sup>th</sup> 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.

During the financial year 2013-14, the Company had granted 45,939 options at ₹ 677/- per share and the exercise price was ₹ 338.50 per share.

	2014-15		2013-14	
	Total No. of Stock Options	Weighted average exercise price	Total No. of Stock Options	Weighted average exercise price
<b>Summary of Stock Options</b>				
Options outstanding as on April 1, 2014	39,345	338.50	Nil	-
Sub-division of Equity Shares from ₹ 5/- to ₹ 1/- Per share (refer note no. 2)	196,725	67.70	-	-

	2014-15		2013-14	
	Total No. of Stock Options	Weighted average exercise price	Total No. of Stock Options	Weighted average exercise price
Options granted during the year	-	67.70	45,939	338.50
Options forfeited/lapsed during the year	8,135	67.70	6,308	338.50
Options exercised during the year	98,040	67.70	286	338.50
Options outstanding as on March 31 <sup>st</sup> , 2015	90,550	67.70	39,345	338.50
Options vested but not exercised as on March 31 <sup>st</sup> , 2015	Nil	-	Nil	-

The weighted average remaining contractual life for the stock option outstanding as at 31<sup>st</sup> March, 2015 is 0.05 years (previous year 0.60 years). The exercise price for options outstanding at the end of year is ₹ 67.70 per share. The average market share price of ESOP exercised during the year is ₹ 254.80 per share.

The weighted average fair value of stock option granted during the year is ₹ 237.48 per share. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	2014-15	2013-14
Average risk free interest rate	7.89%	8.33%
Expected Life of options as on grant date	2 years	2 years
Expected and Historical Volatility	37.14%	33.22%
Expected Dividend rate	2.17%	0.58%

The Company measures the cost of ESOP using the intrinsic value method. Had the Company used the fair value model to determine the compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

Particulars	2014-15	2013-14
Profit after tax as reported	385.42	446.33
Add: ESOP cost using the intrinsic value method	0.30	0.99
Less: ESOP cost using the fair value method	1.05	0.89
Proforma profit after tax	<b>384.67</b>	<b>446.43</b>

Earnings Per Share	2014-15	2013-14
<b>Basic</b>		
- As reported	6.17	7.15
- Proforma	6.16	7.16
<b>Diluted</b>		
- As reported	6.17	7.15
- Proforma	6.16	7.15

- (b) The Company had, vide special resolution passed by way of postal ballot on 9<sup>th</sup> June, 2014 and by way of amendment to the "Havells Employees Stock Option Plan 2013" (ESOP 2013 or Plan) included Part B - "Havells Employees Stock Purchase Plan 2014 and renamed the plan as "Havells Employees Long Term Incentive Plan 2014" for granting Employees Stock Options in the form of Equity Shares to eligible employees. The purchase price of the options was approved on 26<sup>th</sup> June, 2014 under the supervision of the Nomination and Remuneration Committee of the Board of Directors of the Company. The options were vested as on 15<sup>th</sup> July, 2014 after the grant date and in accordance with the terms and conditions of the plan, the said options were exercisable within a period of 30 days from the date of vesting and settled by way of issue of equity shares. Accordingly during the year, Equity Shares of ₹ 1/- each were allotted to eligible employees at ₹ 223.17 per share. As per the scheme, 50% of shares are under lock-in-period of one year and remaining 50% are under a lock-in-period of two years.

As per the scheme, the Company will pay 50% of issue price for differential bonus shares to eligible employees as exgratia / bonus for the said amount.

In respect of stock options granted pursuant to the Company's stock options scheme, the intrinsic value of the options (excess of market price of the share over the exercise price of the option) is treated as expense and accounted as employee compensation over the vesting period and will be paid in two equal instalments annually.



- (c) The Company has debited an expense of ₹ 3.73 crores (previous year ₹ 0.99 crores) to the statement of profit and loss under Employee Stock Option Scheme during the financial year.

## 12 Corporate Social Responsibility

As per provisions of section 135 of the Companies Act, 2013, the Company has to provide at least 2% of average net profits of the preceding three financial years towards Corporate Social Responsibility ("CSR"). Accordingly, a CSR committee has been formed for carrying out CSR activities as per the Schedule VII of the Companies Act, 2013. The Company has contributed a sum of ₹ 9.79 crores towards this cause and debited the same to the statement of profit and loss. The funds are primarily allocated to QRG foundation, a society registered under section 12A of the Income Tax Act, 1961 for undertaking Mid-Day meal scheme, Ashoka University, sponsored by International Foundation for Research and Education (IFRE) which is a "Not for Profit" Company incorporated under the provisions of section 25 of the erstwhile Companies Act, 1956 for the promotion of education and to the Vivekanand Ashram for providing free education to underprivileged students.

## 13 Segment Reporting

The segment reporting of the Company has been prepared in accordance with Accounting Standard-17, "Segment Reporting", specified under section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014.

### 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, pumps 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".

#### (i) Primary- Business Segment

	(₹ in Crores)	
	2014-15	2013-14
<b>A. Revenue</b>		
<b>Segment Revenue</b>		
Switchgears	1,279.02	1,219.19
Cables	2,190.42	1,926.43
Lighting and fixtures	4,071.69	4,186.80
Electrical consumer durables	1,028.30	853.38
	<b>8,569.43</b>	<b>8,185.80</b>
<b>B. Results</b>		
<b>Segment Results</b>		
Switchgears	439.23	403.46
Cables	265.69	210.99
Lighting and fixtures	167.82	231.53
Electrical consumer durables	258.47	230.58
	<b>1,131.21</b>	<b>1,076.56</b>

(₹ in Crores)

	<b>2014-15</b>	<b>2013-14</b>
Unallocated expenses net of income	498.28	408.36
<b>Operating Profit</b>	<b>632.93</b>	<b>668.20</b>
Finance Costs	63.96	74.11
<b>Profit before exceptional item</b>	<b>568.97</b>	<b>594.09</b>
Exceptional Expenses	-	-
<b>Profit before tax</b>	<b>568.97</b>	<b>594.09</b>
Income tax expense	183.55	147.76
<b>Profit after tax</b>	<b>385.42</b>	<b>446.33</b>
<b>C. Other Information</b>		
<b>Segment Assets</b>		
Switchgears	534.21	505.42
Cables	458.27	511.05
Lighting and fixtures	1,880.72	2,488.80
Electrical consumer durables	380.49	258.38
	<b>3,253.69</b>	<b>3,763.65</b>
Unallocated	1,577.48	1,573.84
	<b>4,831.17</b>	<b>5,337.49</b>
<b>Segment Liabilities</b>		
Switchgears	257.93	202.71
Cables	166.52	181.42
Lighting and fixtures	1,533.84	1,661.15
Electrical consumer durables	143.50	93.60
	<b>2,101.79</b>	<b>2,138.88</b>
<b>Unallocated</b>	911.11	1532.49
	<b>3,012.90</b>	<b>3,671.37</b>
<b>Capital Expenditure</b>		
Switchgears	68.27	25.90
Cables	16.70	5.58
Lighting and fixtures	53.40	59.99
Electrical consumer durables	58.54	36.96
	<b>196.91</b>	<b>128.43</b>
Unallocated	14.80	11.05
	<b>211.71</b>	<b>139.48</b>
<b>Depreciation and Amortisation Expenses</b>		
Switchgears	32.06	22.41
Cables	27.04	21.70
Lighting and fixtures	67.47	65.41
Electrical consumer durables	12.09	6.02
	<b>138.66</b>	<b>115.54</b>
<b>Non-cash expenses other than depreciation</b>		
Switchgears	0.82	0.96
Cables	0.75	1.17
Lighting and fixtures	22.35	18.90
Electrical consumer durables	0.16	0.46
	<b>24.08</b>	<b>21.49</b>
Unallocated	0.66	1.66
	<b>24.74</b>	<b>23.15</b>

**(ii) Secondary- Geographical Segments**

(₹ in Crores)

	<b>2014-15</b>	<b>2013-14</b>
<b>Segment Revenue</b>		
The following is the distribution of Company's consolidated revenue by geographical market, regardless of where the goods were produced.		
Revenue-Domestic Market	4,905.17	4,396.04
Revenue-Overseas Market	3,664.26	3,789.76
	<b>8,569.43</b>	<b>8,185.80</b>
<b>Segment Assets</b>		
Within India	2,597.51	2,471.24
Outside India	2,233.66	2,866.25
	<b>4,831.17</b>	<b>5,337.49</b>
<b>Capital Expenditure</b>		
Within India	168.88	91.94
Outside India	42.83	47.54
	<b>211.71</b>	<b>139.48</b>

**14 Related party transactions**

As per Accounting Standard-18, "Related Party Disclosures" specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2014, related parties in terms of the said standard are disclosed below:-

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

1	Enterprises in which directors exercise significant influence	2	Key Management Personnel
	QRG Enterprises Limited		Shri Qimat Rai Gupta (upto 6 <sup>th</sup> November, 2014)
	QRG Foundation		Shri Anil Rai Gupta, Chairman and Managing Director
	QRG Medicare Limited		Shri Surjit Gupta, Director
	QRG Wellness LLP		Shri Rajesh Gupta, Director (Finance) and Group CFO
	QRG Central Hospital & Research Centre Limited		Shri Ameet Kumar Gupta, Director (w.e.f 1 <sup>st</sup> January, 2015)
	QRG Corporate Services Limited		Shri Sanjay Kumar Gupta, Company Secretary (w.e.f 1 <sup>st</sup> April, 2014)
	Guptajee & Company		
	Ajanta Mercantile Limited		
	The Vivekananda Ashrama		

**(B) Transactions during the year**

(₹ in Crores)

	<b>2014-15</b>	<b>2013-14</b>
<b>(i) Purchase of traded goods and stores and spares</b>		
<b>Enterprises in which directors exercise significant influence</b>		
QRG Enterprises Limited	-	-
<b>(ii) Sale of products</b>		
<b>Enterprises in which directors exercise significant influence</b>		
QRG Medicare Limited	-	0.43
<b>(iii) Commission on sales</b>		
<b>Enterprises in which directors exercise significant influence</b>		
Guptajee & Company	7.64	6.89
<b>(iv) Purchase of tangible fixed assets</b>		
<b>Enterprises in which directors exercise significant influence</b>		
QRG Enterprises Limited	-	0.02
<b>(v) Sale of fixed assets</b>		
<b>Enterprises in which directors exercise significant influence</b>		
QRG Medicare Limited	-	0.22
QRG Central Hospital & Research Centre Limited	-	-

(₹ in Crores)

	2014-15	2013-14
<b>(vi) Rent/Usage Charges Paid</b>		
<b>Enterprises in which directors exercise significant influence</b>		
QRG Enterprises Limited	19.34	19.34
<b>(vii) Miscellaneous Income (Service charges received)</b>		
<b>Enterprises in which directors exercise significant influence</b>		
QRG Enterprises Limited	-	-
<b>(viii) Trade mark fees and Royalty</b>		
<b>Enterprises in which directors exercise significant influence</b>		
QRG Enterprises Limited	40.00	40.56
<b>(ix) Donation paid</b>		
<b>Enterprises in which directors exercise significant influence</b>		
QRG Foundation	-	2.50
The Vivekananda Asharma	-	0.11
	-	2.61
<b>(x) CSR Contribution</b>		
<b>Enterprises in which directors exercise significant influence</b>		
QRG Foundation	5.50	-
The Vivekananda Asharma	0.25	-
	5.75	-
<b>(xi) Reimbursement of Expenses received</b>		
<b>Enterprises in which directors exercise significant influence</b>		
Guptajee & Company	0.67	0.72
QRG Enterprises Limited	0.01	0.01
	0.68	0.73
<b>(xii) Rent received</b>		
<b>Enterprises in which directors exercise significant influence</b>		
QRG Enterprises Limited	0.03	0.03
<b>(xiii) Dividend paid</b>		
<b>Enterprises in which directors exercise significant influence</b>		
QRG Enterprises Limited	37.97	47.46
Guptajee & Company	3.77	4.72
Ajanta Mercantile Limited	13.75	16.21
<b>Key Management Personnel</b>		
Shri Qimat Rai Gupta	6.87	8.59
Shri Surjit Gupta	6.53	8.16
Shri Anil Rai Gupta	2.36	2.95
Shri Rajesh Gupta	0.24	0.30
	71.49	88.39
<b>(xiv) Managerial remuneration</b>		
<b>Key Management Personnel</b>		
Shri Qimat Rai Gupta	9.64	6.34
Shri Anil Rai Gupta	8.26	4.83
Shri Rajesh Gupta	5.24	4.57
Shri Ameet Kumar Gupta	1.22	-
Shri Sanjay Kumar Gupta	0.42	-
	24.78	15.74

**(C) Balances at the year end**

(₹ in Crores)

	2014-15	2013-14
<b>Amount Payables</b>		
<b>Enterprises in which directors exercise significant influence</b>		
Guptajee & Company	-	1.58
<b>Key Management Personnel</b>		
Shri Qimat Rai Gupta	-	0.07
Shri Anil Rai Gupta	-	0.05
Shri Rajesh Gupta	-	0.05
	-	1.75

Further, during the current year and earlier years, the Company has granted stock options to the key managerial personnel in respect of which ₹ 0.11 crores (previous year ₹ Nil) have been recognised as employee stock option expense under the head employee benefits expense.

- 15 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<sup>st</sup>, 2015 is as follows:

(₹ in Crores)

	2014-15	2013-14
(i) not later than one year	30.18	30.19
(ii) later than one year and not later than five years	50.05	53.68
(iii) later than five years	49.57	57.39
	129.8	141.26
Lease payments recognised in the statement of profit and loss as rent expense for the year (including share of joint venture of ₹ 0.58 crores)	93.57	92.54

The Group also has building on lease in Germany.

- c) The Group company has taken land and building on finance lease in Germany. The Lease have terms of renewal and bargain purchase option. The future Minimum Lease Payments (MLP) under finance lease together with the present value of the net MLP are as follows:

(₹ in Crores)

	2014-15		2013-14	
	MLP	Present Value of MLP	MLP	Present Value of MLP
Not later than one year	5.14	4.72	2.87	2.16
Later than one year but not more than five years	0.09	0.08	7.11	6.58
Later than five years	-	-	-	-
<b>Total Minimum Lease Payments</b>	<b>5.23</b>	<b>4.80</b>	<b>9.98</b>	<b>8.74</b>
Less: amounts representing finance charges	0.43	-	1.24	-
<b>Present value of Minimum Lease Payments</b>	<b>4.80</b>	<b>4.80</b>	<b>8.74</b>	<b>8.74</b>

- d) During the current year, the sublease of Germany empty warehouse is extended. The sublease will expire on 28<sup>th</sup> February, 2016. Annual amount receivable under sublease are as follows:

(₹ in Crores)

	2014-15	2013-14
Not later than one year	2.01	2.71
Later than one year but not more than five years	-	2.49
Later than five years	-	-
	2.01	5.20

Amount recognised in income statement for the year ended March 31<sup>st</sup>, 2015 is Rs 2.51crores (previous year Rs. 2.67 crores).

## 16 Earnings per share

	(₹ in Crores)	
	<b>2014-15</b>	<b>2013-14</b>
<b>a) Basic earnings per share</b>		
<b>Numerator for earnings per share</b>		
<b>Profit after taxation (before adjustment of minority interest)</b>	385.42	446.33
Adjustment to net earnings:		
Less: Share of profit transferred to minority	0.00	0.00
<b>Profit after taxation</b>	<b>385.42</b>	<b>446.33</b>
<b>Denominator for earnings per share</b>		
Weighted number of equity shares outstanding during the period	624,170,729	623,874,775
Earnings per share-Basic (one equity share of ₹ 1/- each)	<b>6.17</b>	<b>7.15</b>
<b>b) Diluted earnings per share</b>		
<b>Numerator for earnings per share</b>		
<b>Profit after taxation (before adjustment of minority interest)</b>	<b>385.42</b>	<b>446.33</b>
Adjustment to net earnings:		
Less: Share of profit transferred to minority	0.00	0.00
Profit after taxation	<b>385.42</b>	<b>446.33</b>
<b>Denominator for earnings per share</b>		
Weighted number of equity shares outstanding during the period	624,235,842	623,971,485
Earnings per share-Diluted (one equity share of ₹ 1/- each)	<b>6.17</b>	<b>7.15</b>
Weighted average number of equity shares outstanding in calculating basic EPS	624,170,729	623,874,775
<b>Effect of Dilution :</b>		
Stock Option granted under ESOP	65,113	96,710
<b>Weighted average number of equity shares in calculating diluted EPS</b>	<b>624,235,842</b>	<b>623,971,485</b>

## 17 Subsequent Event

The Company has acquired 51% stake in Promptec Renewable Energy Solution Private Limited, having its registered office at Bengaluru, Karnataka for a consideration of ₹ 29.08 crores as per the share subscription cum purchase agreement dated April 21, 2015. The said Company is engaged in marketing and manufacturing of LED products including street lighting, office lighting and solar lighting.

- 18 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 ₹ 50,000/-.
- 19 Previous year figures has been regrouped / reclassified wherever necessary to make them comparable with the current year figures.
- 20 Note No.1 to 30 form integral part of the balance sheet and statement of profit and loss.

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

As per our report of even date

**For and on behalf of Board of Directors**

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

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

**Anil Rai Gupta**  
Chairman and  
Managing Director  
DIN: 00011892

**Rajesh Gupta**  
Director (Finance)  
and Group CFO  
DIN: 00002842

**Surjit Gupta**  
Director  
DIN: 00002810

**Per Manoj Kumar Gupta**  
Partner  
Membership No. 83906

**Per V.P. Bansal**  
Partner  
Membership No. 8843

**Sanjay Gupta**  
Company  
Secretary

**Sanjay Johri**  
Deputy Vice President  
(Finance)

Noida, May 11, 2015

**Form AOC - 1**  
Salient features of Financial Statements of Subsidiaries / Joint Ventures pursuant to section 129 (3) read with Rule 5 of companies (Accounts) Rules, 2014  
**Part "A" : Subsidiaries**

Sl. No.	Name of Subsidiary Company	Country	Reporting period for the subsidiary concerned	Reporting Currency and Exchange rate as on last date of financial year in case of foreign subsidiaries	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investment other than Subsidiaries	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of Shareholding
				Currency Exchange Rate											
1	Havells Sylvania Argentina S.A.	Argentina	31/12/2014	ARS	38.70	64.32	102.15	(0.87)	-	105.31	14.56	-	14.56	-	100%
2	Havells Sylvania Brasil Iluminacao Ltda.	Brazil	31/12/2014	BRL	287.36	(282.56)	115.09	110.28	-	167.24	(74.73)	-	(74.73)	-	100%
3	Havells Sylvania Colombia S.A.	Colombia	31/12/2014	COP	48.20	104.02	182.58	30.36	-	220.79	3.03	2.99	0.04	-	100%
4	Havells Sylvania Venezuela C.A.	Venezuela	31/12/2014	VEB	0.23	4.58	5.54	0.72	-	11.87	(1.32)	1.00	(2.32)	-	100%
5	Havells Sylvania N.V. (Ecuador)	Ecuador	31/12/2014	USD	2.30	93.68	114.50	18.52	-	189.43	32.67	7.09	25.58	-	100%
6	Havells Sylvania El Salvador S.A. de C.V.	El Salvador	31/12/2014	USD	2.44	25.56	29.90	1.89	-	29.94	1.66	0.79	0.87	-	100%
7	Havells Sylvania Guatemala S.A.	Guatemala	31/12/2014	GTQ	0.01	20.26	20.38	0.11	-	29.56	2.87	-	2.87	-	100%
8	Havells Mexico S.A. de C.V.	Mexico	31/12/2014	MXN	47.63	77.09	105.83	(18.89)	-	161.09	(7.99)	(0.30)	(7.69)	-	100%
9	Panama Americas Trading Hub SA	Panama	31/12/2014	USD	0.05	(162.19)	27.46	189.60	-	-	17.27	-	17.27	-	100%
10	Havells Sylvania Panama S.A.	Panama	31/12/2014	USD	0.04	31.96	37.14	5.13	-	41.61	2.88	2.53	0.35	-	100%
11	Havells Sylvania Peru S.A.C.	Peru	31/12/2014	PEN	3.39	(2.41)	0.52	(0.45)	-	3.31	(0.64)	-	(0.64)	-	100%
12	Havells Sylvania Europe Ltd.	UK	31/12/2014	EUR	465.94	(439.33)	597.77	571.16	-	1,993.08	28.47	(3.05)	31.53	-	100%
13	Havells Sylvania Spain S.A.	Spain	31/12/2014	EUR	6.75	(6.59)	0.84	2.82	-	-	1.60	0.63	0.97	-	100%
14	Havells Sylvania Portugal Lda.	Portugal	31/12/2014	EUR	3.70	(3.53)	0.61	0.44	-	-	0.30	0.18	0.12	-	100%
15	Havells Sylvania Italy S.p.A.	Italy	31/12/2014	EUR	23.01	(47.40)	(1.14)	23.25	-	-	1.19	15.51	(14.32)	-	100%
16	Havells Sylvania Greece A.E.E.E.	Greece	31/12/2014	EUR	2.77	5.09	10.82	2.96	-	21.49	2.21	0.52	1.68	-	100%
17	Havells Sylvania Sweden A.B.	Sweden	31/12/2014	SEK	37.85	(37.45)	2.05	1.65	-	-	(1.37)	-	(1.37)	-	100%
18	Havells Sylvania Norway A.S.	Norway	31/12/2014	NOK	54.36	(54.40)	0.01	0.05	-	-	(0.16)	-	(0.16)	-	100%
19	Havells Sylvania Finland OY	Finland	31/12/2014	EUR	0.02	(0.77)	0.66	1.42	-	0.04	(0.34)	(0.04)	(0.30)	-	100%
20	Havells Sylvania Tunisia S.A.R.L.	Tunisia	31/12/2014	EUR	0.57	5.03	6.91	1.31	-	-	(4.34)	0.02	(4.36)	-	100%
21	Havells Sylvania UK Ltd.	UK	31/12/2014	GBP	206.30	(238.60)	4.30	36.59	-	-	(12.63)	2.94	(15.57)	-	100%
22	Havells Sylvania Fixtures UK Ltd.	UK	31/12/2014	GBP	151.54	(130.48)	63.88	42.82	-	-	7.90	3.60	4.30	-	100%
23	Havells Sylvania Lighting Belgium N.V.	Belgium	31/12/2014	EUR	334.30	(355.69)	52.94	74.33	-	-	(8.30)	(0.96)	(7.34)	-	100%
24	Havells Sylvania Poland S.p.z.o.o	Poland	31/12/2014	PLN	0.01	0.09	0.10	0.00	-	-	(0.02)	-	(0.02)	-	100%
25	Havells Sylvania Belgium B.V.B.A.	Belgium	31/12/2014	EUR	0.24	(5.66)	1.59	7.01	-	-	0.07	0.16	(0.10)	-	100%
26	Havells Sylvania Germany GmbH	Germany	31/12/2014	EUR	242.80	(528.23)	121.26	406.69	-	-	(68.11)	(0.46)	(67.65)	-	100%
27	Havells Sylvania Fixtures Netherlands B.V.	Netherlands	31/12/2014	EUR	21.94	(23.26)	0.65	1.96	-	-	(2.39)	-	(2.39)	-	100%
28	Havells Sylvania Lighting France S.A.S.	France	31/12/2014	EUR	118.02	(123.08)	55.20	60.27	-	-	4.01	(0.97)	4.98	-	100%
29	Havells Sylvania France S.A.S.	France	31/12/2014	EUR	52.66	(12.02)	49.79	9.15	-	-	2.72	0.97	1.76	-	100%
30	Havells Sylvania Switzerland A.G.	Switzerland	31/12/2014	CHF	0.43	(5.05)	2.48	7.10	-	-	1.83	(1.54)	3.36	-	100%

Sl. No.	Name of Subsidiary Company	Country	Reporting period for the subsidiary concerned	Reporting Currency and Exchange rate as on last date of financial year in case of foreign subsidiaries	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investment other than Subsidiaries	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of Shareholding
				Currency Exchange Rate											
31	SLI Europe B.V.	Netherlands	31/12/2014	EUR	67.85	(1,349.47)	37.59	0.01	-	-	(1.44)	-	(1.44)	-	100%
32	Sylvania Lighting International B.V.	Netherlands	31/12/2014	EUR	67.85	(163.63)	1.10	0.06	-	-	(3.20)	1.90	(5.10)	-	100%
33	Flowil International Lighting (Holding) B.V.	Netherlands	31/12/2014	EUR	67.85	(600.25)	42.26	1.28	-	-	16.11	(35.03)	51.14	-	100%
34	Havells Sylvania (Thailand) Ltd.	Thailand	31/12/2014	THB	1.92	28.41	91.46	62.77	-	88.04	(33.79)	0.09	(33.88)	-	100%
35	Guangzhou Havells Sylvania Enterprise Ltd.	China	31/12/2014	CNY	10.09	1.26	14.94	4.11	-	14.82	3.13	-	3.13	-	100%
36	Havells Sylvania Asia Pacific Ltd.	Hongkong	31/12/2014	HKD	8.08	(0.01)	12.98	4.27	-	31.26	4.89	-	4.89	-	100%
37	Havells Sylvania (Shanghai) Ltd	Shanghai	31/12/2014	CNY	10.09	(8.48)	0.38	1.95	-	-	0.11	-	0.11	-	100%
38	Havells Sylvania (Malaysia) Sdn. Bhd	Malaysia	31/12/2014	MYR	16.88	(0.04)	0.38	0.04	-	0.24	(1.45)	-	(1.45)	-	100%
39	Havells Sylvania Dubai FZCO	Dubai	31/12/2014	AED	17.06	11.06	18.33	6.57	-	55.16	2.10	-	2.10	-	100%
40	Havells Malta Limited	Malta	31/12/2014	EUR	67.85	(953.29)	0.39	0.04	-	-	(0.09)	-	(0.09)	-	100%
41	Havell's Netherlands Holdings B.V	Netherlands	31/12/2014	EUR	67.85	952.17	2.01	81.14	-	-	3.76	-	3.76	-	100%
42	Havell's Netherlands B.V.	Netherlands	31/12/2014	EUR	67.85	(913.24)	0.69	2.40	-	-	(10.77)	-	(10.77)	-	100%
43	Havells Sylvania Costa Rica S.A.	Costa Rica	31/12/2014	CRC	0.12	129.04	169.17	29.16	-	153.45	10.95	1.96	8.99	-	100%
44	Havells USA Inc.	United States	31/12/2014	USD	62.66	21.22	52.55	19.69	-	86.70	(11.10)	1.69	(12.79)	-	100%
45	Havells Sylvania Iluminacion (Chile) Ltda	Chile	31/12/2014	CLP	0.10	23.19	25.45	(1.49)	-	22.16	(3.02)	-	(3.02)	-	100%
46	Havells Sylvania TR Elektrik Ürünleri Ticaret Limited Şirketi	Turkey	31/12/2014	TRY	24.08	(12.18)	1.28	0.14	-	-	0.12	-	0.12	-	100%
47	PT Havells Sylvania Indonesia	Indonesia	31/12/2014	IDR	0.00	(0.63)	0.30	0.46	-	0.05	(2.94)	-	(2.94)	-	100%
48	Thai Lighting Assets Co. Ltd.	Thailand	31/12/2014	THB	1.92	(0.18)	0.02	0.03	-	-	(0.01)	-	(0.01)	-	49%
49	Havells Sylvania South Africa Proprietary Limited	South Africa	31/12/2014	ZAR	5.16	3.28	3.65	0.35	-	4.48	(2.84)	-	(2.84)	-	100%
50	Havells Mexico Servicios Generales SA De CV	Mexico	31/12/2014	MXN	4.11	(0.31)	26.52	26.52	-	-	-	-	-	-	100%
51	Havells Sylvania Export N.V.	Dutch Antilles	31/12/2014	USD	62.66	2.93	15.51	-	-	-	(0.15)	-	(0.15)	-	100%
52	Havells Sylvania Holdings BVI-1 Limited	British Virgin Islands	31/12/2014	USD	62.66	-	161.19	-	-	-	-	-	-	-	100%
53	Havells Sylvania Holdings BVI-2 Limited	British Virgin Islands	31/12/2014	USD	62.66	-	46.42	-	-	-	-	-	-	-	100%
54	Havells Exim Limited	Hongkong	31/03/2015	USD	62.66	23.25	282.29	259.04	-	1,022.22	7.33	-	7.33	-	100%
55	Havells Holdings Limited	Isle of Man	31/03/2015	EUR	67.85	(39.26)	0.21	0.05	-	-	(2.01)	-	(2.01)	-	100%



**Part "B" : Joint Ventures****Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Joint Ventures**

<b>1.</b>	<b>Name of Joint Ventures</b>	Jiangsu Havells Sylvania Lighting Co., Ltd.
<b>2.</b>	<b>Latest audited Balance Sheet Date</b>	31 <sup>st</sup> Dec-2014
<b>3.</b>	<b>Shares of Joint Ventures held by the company on the year end</b>	50% in paid in capital
	<b>Amount of Investment in Joint Venture</b>	₹ 30.87 crores
	<b>Extend of Holding %</b>	50%
<b>4.</b>	<b>Description of how there is significant influence</b>	Havells India Ltd. holds 50% of total capital contribution in Jiangsu Havells Sylvania Lighting Co., Ltd.
<b>5.</b>	<b>Reason why the associate/joint venture is not consolidated</b>	NA
<b>6.</b>	<b>Net worth attributable to shareholding as per latest audited Balance Sheet</b>	₹ 34.05 crores
<b>7.</b>	<b>Profit / Loss for the year</b>	
	i. Considered in Consolidation	₹ 2.15 crores
	ii. Not Considered in Consolidation	₹ 2.15 crores

**For and on behalf of Board of Directors**

**Anil Rai Gupta**  
Chairman and  
Managing Director  
DIN: 00011892

**Surjit Gupta**  
Director  
DIN: 00002810

**Rajesh Gupta**  
Director (Finance)  
and Group CFO  
DIN: 00002842

**Sanjay Gupta**  
Company  
Secretary

**Sanjay Johri**  
Deputy Vice President  
(Finance)

# Progress at a Glance of Last 10 Years - Havells India Limited (Standalone)

Performance for the Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Turnover (Gross)	1,115.14	1,681.06	2,231.89	2,333.82	2,476.18*	3,045.60*	3,830.56*	4,506.37*	5,031.11*	5,557.79*
Less: Excise Duty	111.61	133.84	176.32	135.46	104.77	163.95	214.95	281.38	311.42	319.10
Turnover (Net)	1,003.53	1,547.22	2,055.57	2,198.36	2,371.41	2,881.65	3,615.61	4,224.99	4,719.69	5,238.69
<b>Profitability</b>										
Earnings Before Interest, Depreciation, Taxes and Amortisation	99.48	141.00	185.42	196.82	305.48	337.30	459.07	534.86	641.60	699.10
Profit Before Tax	78.51	120.54	166.25	167.27	290.31	309.87	373.81	457.18	595.10	646.25
Profit After Tax	63.21	102.15	143.54	145.23	228.16	242.05	305.43	371.39	478.69	464.94
<b>Financial Position</b>										
Share Capital	13.44	26.88	28.96	30.08	31.19	62.39	62.39	62.39	62.39	62.44
Reserves and Surplus	162.57	235.55	620.07	901.83	1,104.00	1,278.42	1,545.93	1,807.83	2,067.46	2,313.35
Loan Funds	109.84	56.06	35.80	70.28	115.81	133.62	128.58	108.78	195.52	83.46
Current Liabilities	232.61	281.69	474.05	385.47	416.17	642.13	854.44	817.38	1,020.99	1,146.23
Gross Block	175.65	273.61	427.88	523.41	673.64	829.91	975.32	1,108.91	1,188.23	1,349.03
Net Block	153.20	242.25	385.25	465.48	601.23	730.30	833.95	913.54	934.06	1,007.32
Total investments	3.17	3.47	164.79	387.87	531.71	715.47	775.07	791.92	882.52	1,011.76
Cash and Bank Balance	8.33	33.17	64.91	157.37	68.23	49.18	136.21	246.54	626.16	522.34
Current Assets	363.26	332.99	575.39	394.00	509.79	675.23	901.72	906.28	955.36	1,107.43
<b>Earning per share</b>										
EPS-as reported	24.26	19.00	26.00	24.93	36.57	19.40	24.48	29.76	38.36	7.45#
EPS-adjusted for bonus issue/split	1.21	1.90	2.60	2.49	3.66	3.88	4.90	5.95	7.67	7.45

\* Turnover gross is after deducting turnover discount, incentive and rebates.

# In Financial Year 2014-15, the Company has subdivided its equity share of the face value of ₹ 5/- fully paid up into 5 equity shares of ₹ 1/- each fully paid up. Accordingly, EPS has also been adjusted.













## Havells India Limited

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