HAVELLS INDIA LIMITED
Regd. Office : 1, Raj Narain Marg, Civil Lines, Delhi – 110 054
Corp Office: QRG Towers, 2D, Expressway, Sector 126, Noida (UP) 201 304
Tel.: 0120-4771000, Fax: 0120-4772000, email: investors@havells.com
CIN: L31900DL1983PLC016304

HAVELLS

NOTICE

NOTICE is hereby given that the Thirty First Annual General Meeting of Havells India Limited will be held on 9th July, 2014, Wednesday at 10.00 am at Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi 110 003 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2014, the Profit and Loss Account of the Company for the year ended on that date, and the Reports of the Auditors and Directors thereon.
2. To declare final dividend for the financial year ended on 31st March, 2014.
3. To appoint a Director in place of Shri Surjit Gupta (DIN 00002810), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and fix their remuneration by passing the following Resolution with or without modification(s), as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 141 of the Companies Act, 2013, M/s V. R. Bansal & Associates, Chartered Accountants (Registration No. 016534N) and M/s S.R. Batliboi & Co. LLP (Registration No. 301003E), be and are hereby re-appointed as the auditors of the Company till the conclusion of the next Annual General Meeting and the Board of Directors/ Audit Committee of the Company be and is hereby authorised to fix their remuneration."

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Avinash Parkash Gandhi (DIN 00161107), Director of the Company who retires by rotation at the Annual General Meeting, be and is hereby re-appointed as an Independent Director of the Company to hold office for a term of three years up to 31st March, 2017."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Vijay Kumar Chopra (DIN 02103940), Director of the Company who retires by rotation at the Annual General Meeting, be and is hereby re-appointed as an Independent Director of the Company to hold office for a term of three years up to 31st March, 2017."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Sunil Behari Mathur (DIN 00013239), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of three years up to 31st March, 2017."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Surender Kumar Tuteja (DIN 00594076), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of three years up to 31st March, 2017."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule

IV to the Companies Act, 2013, Dr. Adarsh Kishore (DIN 02902810), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of three years up to 31st March, 2017."

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

    "RESOLVED THAT pursuant to the provisions of section 152 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the period of office of Shri Qimat Rai Gupta (DIN 00002748), the Chairman and Managing Director of the Company, who is a non-retiring Director in terms of the erstwhile provisions of the Company Act, 1956 shall henceforth be liable to determination by retirement of Directors by rotation."

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

    "RESOLVED THAT pursuant to the provisions of section 152 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the period of office of Shri Anil Rai Gupta (DIN 00011892), the Joint Managing Director of the Company, who is a non-retiring Director in terms of the erstwhile provisions of the Company Act, 1956 shall henceforth be liable to determination by retirement of Directors by rotation."

12. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

    "RESOLVED THAT pursuant to the provisions of section 152 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the period of office of Shri Rajesh Gupta (DIN 00002842), the Whole-time Director (Finance) of the Company, who is a non-retiring Director in terms of the erstwhile provisions of the Company Act, 1956 shall henceforth be liable to determination by retirement of Directors by rotation."

13. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

    "**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2015, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting.

    RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

By Order of the Board
For **Havells India Limited**

Sanjay Gupta
Company Secretary

Noida, May 28, 2014
Registered Office:
1, Raj Narain Marg
Civil Lines, Delhi – 110 054

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF/ HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE MEETING.**

2. The Company has received Notice(s) under section 141(3)(g) of the Companies Act, 2013 from both the Statutory Auditors of the Company, namely, M/s V.R. Bansal & Associates, Chartered Accountants (Registration No. 016534N) and M/s S.R. Batliboi & Co. LLP (Registration No. 301003E) confirming that their appointment if made, will be within the prescribed limits as per section 141(3)(g) of the Companies Act, 2013. The auditors also informed that they had subjected themselves to the Peer Review Process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the Peer Review Board of ICAI.

3. The Register of Members and Share Transfer Register will remain closed from 28th June, 2014, Saturday to 4th July, 2014, Friday (both days inclusive).

4. The Final Dividend, if any declared, shall be payable to those Shareholders whose name(s) stand registered:

    a) as Beneficial Owner as at the end of business hours on 27th June, 2014 as per the lists to be furnished by National Securities Depositories Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form, and

b) as Member in the Register of Members of the Company/ Registrars & Share Transfer Agent after giving effect to valid share transfers in physical form lodged with the Company as at the end of business hours on 27th June, 2014.

5. Shareholders seeking any information with regard to accounts are requested to write to the Company at least 10 days before the meeting so that the information is made available by the management at the day of the meeting.

6. i) Members holding shares in physical form are requested to immediately intimate any change in their residential address to MCS Limited, F-65, 1st Floor, Okhla Industrial Area, Phase – I, New Delhi - 110 020, Registrars and Transfer Agent of the Company, so that change could be effected in the Register of Members before closure.

   ii) Members who are holding shares in demat mode are requested to notify any change in their residential address, Bank A/c details and/ or email address immediately to their respective Depository Participants.

   iii) The Government took a 'Green Initiative in Corporate Governance' in 2011 by allowing the Companies to service the documents to its Members through electronic mode.

   Accordingly, the Company sends all communication including the Notice along with Annual Report in electronic form to all Members whose email Ids are registered with the Company/ Depository Participant(s) unless a specific request for hard copy has been requested.

   iv) Members are requested to update their email Id's with the Company in the enclosed form for receiving the notices and other documents at their email address.

   v) Members who have not opted for ECS facility earlier are requested to fill up the enclosed mandate form and return it to the corporate office of the Company, to avail the ECS facility otherwise they are requested to intimate their Savings Account/ Current Account No. and the name of Bank with whom such account is held to enable the Company to print the said details on the Dividend Warrant to prevent fraudulent encashment of the same.

7. During the year, amount of Un-claimed Dividend for the financial year 2005-06 has been deposited in the Investors Education and Protection Fund. Further, amount of Unclaimed Final Dividend for financial year 2006-07 is due for deposit to the Investors Education and Protection Fund on 11th August, 2014.

8. In case the Dividend has remained unclaimed for any of the financial years 2006-2007 to 2012-2013 the Shareholders may approach the Company with their dividend warrants for revalidation/ with the letter of undertaking for issue of revalidated/ duplicate dividend warrants respectively. A letter to this effect has already been sent to the concerned Shareholders.

9. The annual accounts of the subsidiary companies along with the related detailed information are available for inspection at the Head Office of the Company and of the subsidiaries concerned and copies will be made available to Shareholders of Havells India Limited and its subsidiary companies upon request.

10. Pursuant to the requirements of the Listing Agreement of Stock Exchanges on Corporate Governance, the information about the Directors proposed to be appointed/ re-appointed at the Annual General Meeting is given in the Annexure to the Notice.

11. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of all the businesses specified above is annexed hereto.

12. Corporate Members intending to send their Authorised Representatives to attend the meeting are requested to send a certified copy of the Board Resolution/ Power of Attorney authorising their representatives to attend and vote on their behalf at the meeting.

13. Pursuant to Section 72 of the Companies Act, 2013 read with Rule 19(1) of the Rules made thereunder, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form SH. 13, which is available on the website of the Company.

14. **The Company is pleased to offer e-voting facility as an alternate, for all its members to enable them to cast their vote electronically** in terms of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force). Accordingly, a member may exercise his vote at the general meeting by electronic means and the Company may pass any resolution by electronic voting system in accordance with the provisions of this rule.

    Members may contact Shri Sanjay Gupta, Company Secretary, for any grievances connected with electronic means at the Corporate Office of the Company at 'QRG Towers', 2D, Sector 126, Expressway, Noida – 201 304 (U.P.), Tel. # 0120-4771000.

15. Members may also note that the Notice of the 31st Annual General Meeting and the Annual Report for 2014 will also be available on the Company's website **www.havells.com**. The Notice of AGM shall also be available on the website of NSDL viz. **www.evoting.nsdl.com**.

16. The Board vide its Resolution passed on 28th May, 2014 has appointed Ms Balika Sharma, Practising Company Secretary, (Membership No. F4816, COP No. 3222), as Scrutinizer for conducting the e-voting process in accordance with the law and in a fair and transparent manner.

The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

The Results declared along with the Scrutinizer's report shall be placed on the website of the Company and on the website of the agency within 2 (two) days of passing of the resolution at the relevant general meeting of members.

17. Please see the instructions below for details on e-Voting facility.

A. In case of shareholders receiving e-mail from NSDL:

a. Open e-mail and open PDF file viz; "HAVELLS e-Voting.pdf" with your Client ID or Folio No. as password containing your user ID and password for e-voting. Please note that the password is an initial password.

b. Launch internet browser by typing the following URL: **https://www.evoting.nsdl.com/**

c. Click on "Shareholder - "Login"

d. Put user ID and password as initial password noted in step (a) above. Click Login.

e. Password change menu appears. Change the password with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

f. Home page of "e-voting" opens. Click on "e-voting: --- Active Voting Cycles."

g. Select "EVEN" of Havells India Limited.

h. Now you are ready for "e-voting" as "Cast Vote" page opens.

i. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

j. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are also required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail at **csbalikasharma.h@gmail.com** with a copy marked to **evoting@nsdl.co.in**.

B. In case of shareholders' receiving physical copy of Notice of AGM:

a. Initial password is provided at the bottom of the Attendance Slip/ Proxy Form for the AGM. Please follow all steps from Sl. No. (b) to Sl. No. (j) above, to cast vote.

18. **The e-voting period commences on 3rd July, 2014 (8:30 am) and ends on 5th July, 2014 (5:00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date i.e. 23rd May, 2014 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.**

19. If you are already registered with NSDL for e-voting then you can use your existing User ID and password for casting your vote.

20. You can update your mobile number and email Id in the user profile details of the folio which may be used for sending communication(s) regarding NSDL e-voting system in future.

21. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for Shareholders available at the "downloads" section of **www.evoting.nsdl.com**.

22. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours on any working day till the date of AGM.

By Order of the Board
For **Havells India Limited**

Sanjay Gupta
Company Secretary

Noida, May 28, 2014
Registered Office:
1, Raj Narain Marg
Civil Lines, Delhi – 110 054

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 5

Shri Avinash Parkash Gandhi retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of section 255 and 256 of the Companies Act, 1956. Shri Avinash Parkash Gandhi is on the Board of Directors of the Company as a Non-Executive Independent Director since May 2005.

With the notification of Section 149 and other applicable provisions of the Companies Act, 2013 (the Act), Shri Avinash Parkash Gandhi, being eligible and offering himself for re-appointment, is proposed to be re-appointed as an Independent Director for a term of 3 (three) years upto 31st March, 2017.

In the opinion of the Board, Shri Avinash Parkash Gandhi fulfils the conditions specified in the Act and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

Copy of the draft letter for appointment of Shri Avinash Parkash Gandhi as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day till the date of AGM.

The Board of Directors of your Company recommends the resolution in relation to appointment of Shri Avinash Parkash Gandhi as an Independent Director, for the approval by the shareholders of the Company.

Except Shri Avinash Parkash Gandhi, no other Director and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

Disclosure under Clause 49 of the Listing agreement with the Stock Exchange is set out in the annexure to the Explanatory Statement.

ITEM NO. 6

Shri Vijay Kumar Chopra retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of section 255 and 256 of the Companies Act, 1956. Shri Vijay Kumar Chopra has been on the Board of Directors of the Company as a Non-Executive Independent Director since January 2009.

With the notification of Section 149 and other applicable provisions of the Companies Act, 2013 (the Act), Shri Vijay Kumar Chopra, being eligible and offering himself for re-appointment, is proposed to be re-appointed as an Independent Director for a term of 3 (three) years upto 31st March, 2017.

In the opinion of the Board, Shri Vijay Kumar Chopra fulfils the conditions specified in the Act and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

Copy of the draft letter for appointment of Shri Vijay Kumar Chopra as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day till the date of AGM.

The Board of Directors of your Company recommends the resolution in relation to appointment of Shri Vijay Kumar Chopra as an Independent Director, for the approval by the shareholders of the Company.

Except Shri Vijay Kumar Chopra, no other Director and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

Disclosure under Clause 49 of the Listing agreement with the Stock Exchange is set out in the annexure to the Explanatory Statement.

ITEM NO. 7

Shri Sunil Behari Mathur is on the Board of Directors of the Company as a Non-Executive Independent Director since January 2006 and his period of office is liable to determination by retirement of directors by rotation in terms of the erstwhile provisions of the Companies Act, 1956.

With the notification of Section 149 and other applicable provisions of the Companies Act, 2013 (the Act), Shri Sunil Behari Mathur, being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of 3 (three) years upto 31st March, 2017. A notice proposing his candidature under Section 160 of the Act, has been received from a member of the Company.

In the opinion of the Board, Shri Sunil Behari Mathur fulfils the conditions specified in the Act and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

Copy of the draft letter for appointment of Shri Sunil Behari Mathur as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day till the date of AGM.

The Board of Directors of your Company recommends the resolution in relation to appointment of Shri Sunil Behari Mathur as an Independent Director, for the approval by the shareholders of the Company.

Except Shri Sunil Behari Mathur, no other Director and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7.

Disclosure under Clause 49 of the Listing agreement with the Stock Exchange is set out in the annexure to the Explanatory Statement.

ITEM NO. 8

Shri Surender Kumar Tuteja has been on the Board of Directors of the Company as a Non-Executive Independent Director since May 2010 and his period of office is liable to determination by retirement of directors by rotation in terms of the erstwhile provisions of the Companies Act, 1956.

With the notification of Section 149 and other applicable provisions of the Companies Act, 2013 (the Act), Shri Surender Kumar Tuteja, being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of 3 (three) years upto 31st March, 2017. A notice proposing his candidature under Section 160 of the Act, has been received from a member of the Company.

In the opinion of the Board, Shri Surender Kumar Tuteja fulfils the conditions specified in the Act and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

Copy of the draft letter for appointment of Shri Surender Kumar Tuteja as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day till the date of AGM.

The Board of Directors of your Company recommends the resolution in relation to appointment of Shri Surender Kumar Tuteja as an Independent Director, for the approval by the shareholders of the Company.

Except Shri Surender Kumar Tuteja, no other Director and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 8.

Disclosure under Clause 49 of the Listing agreement with the Stock Exchange is set out in the annexure to the Explanatory Statement.

ITEM NO. 9

Dr. Adarsh Kishore has been on the Board of Directors of the Company as a Non-Executive Independent Director since July 2010 and his period of office is liable to determination by retirement of directors by rotation in terms of the erstwhile provisions of the Companies Act, 1956.

With the notification of Section 149 and other applicable provisions of the Companies Act, 2013 (the Act), Dr. Adarsh Kishore, being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of 3 (three) years upto 31st March, 2017. A notice proposing his candidature under Section 160 of the Act, has been received from a member of the Company.

In the opinion of the Board, Dr. Adarsh Kishore fulfils the conditions specified in the Act and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

Copy of the draft letter for appointment of Dr. Adarsh Kishore as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day till the date of AGM.

The Board of Directors of your Company recommends the resolution in relation to appointment of Dr. Adarsh Kishore as an Independent Director, for the approval by the shareholders of the Company.

Except Dr. Adarsh Kishore, no other Director and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 9.

Disclosure under Clause 49 of the Listing agreement with the Stock Exchange is set out in the annexure to the Explanatory Statement.

ITEM NO. 10

Shri Qimat Rai Gupta, Chairman and Managing Director (CMD) of the Company was re-appointed pursuant to provisions of Sections 198, 269, 316, 309 & 310 read with Schedule XIII to the Companies Act, 1956, by the shareholders in the Annual General Meeting held on 5th July, 2013 for a period of 5 years with effect from 1st April, 2014. Further, subject to the approval of shareholders of the Company sought by way of postal ballot, notice whereof has been despatched on 7th May, 2014, the Nomination and Remuneration Committee varied the terms governing payment of remuneration to Shri Qimat Rai Gupta.

The period of office of Shri Qimat Rai Gupta being the Chairman and Managing Director is not liable to determination by retirement of directors by rotation in terms of the erstwhile provisions of the Companies Act, 1956.

The Board of Directors of your Company at present consists of 9 members, with 5 of them being Independent Directors, 1 being Non-executive and the remaining 3 being Managing/ Wholetime Directors.

The provisions of Section 152 of the Companies Act, 2013 provide that not less than two-thirds of the total number of directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation, where the term “total number of directors” does not include Independent Directors whether appointed under the Companies Act, 2013 or any other law for the time being in force.

In the light of above-referred provisions of the Companies Act, 2013 it is desirable that the period of office of Executive Directors is made liable to determination by retirement of directors by rotation.

As the prevailing re-appointment of Shri Qimat Rai Gupta has been approved by the Shareholders as a Special Resolution keeping in view the applicable requirements of Companies Act, 1956 as per which a person who has attained the age of 70 years is eligible for appointment as a managerial person if his appointment is approved by a special resolution passed by the Company in its general meeting, hence the Board of Directors recommends the resolution as set out in Item No. 10 of the accompanying Notice concerning his period of office as a Special Resolution.

Except Shri Qimat Rai Gupta and Shri Anil Rai Gupta, no other Director and Key Managerial Personnel of the Company and their relatives, is concerned or interested in the Resolution.

ITEM NO. 11

Shri Anil Rai Gupta, Joint Managing Director (JMD) of the Company was re-appointed pursuant to provisions of Sections 198, 269, 309 & 310 read with Schedule XIII to the Companies Act, 1956, by the shareholders in the Annual General Meeting held on 5th July, 2013 for a period of 5 years with effect from 1st April, 2014. Further, subject to the approval of shareholders of the Company sought by way

of postal ballot, notice whereof has been despatched on 7th May, 2014, the Nomination and Remuneration Committee varied the terms governing payment of remuneration to Shri Anil Rai Gupta.

The period of office of Shri Anil Rai Gupta being the Joint Managing Director is not liable to determination by retirement of directors by rotation in terms of the erstwhile provisions of the Companies Act, 1956.

The Board of Directors of your Company at present consists of 9 members, with 5 of them being Independent Directors, 1 being Non-executive and the remaining 3 being Managing/ Wholetime Directors.

The provisions of Section 152 of the Companies Act, 2013 provide that not less than two-thirds of the total number of directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation, where the term "total number of directors" does not include Independent Directors whether appointed under the Companies Act, 2013 or any other law for the time being in force.

In the light of above-referred provisions of the Companies Act, 2013 it is desirable that the period of office of Executive Members is made liable to determination by retirement of directors by rotation.

The Board of Directors thus recommends the resolution as set out in Item No. 11 of the accompanying Notice concerning his period of office as an Ordinary Resolution.

Except Shri Anil Rai Gupta and Shri Qimat Rai Gupta, no other Director and Key Managerial Personnel of the Company and their relatives, is concerned or interested in the Resolution.

ITEM NO. 12

Shri Rajesh Gupta, Whole time Director (Finance) of the Company was re-appointed pursuant to provisions of Sections 198, 269, 309 & 310 read with Schedule XIII to the Companies Act, 1956, by the shareholders in the Annual General Meeting held on 29th September, 2010 for a term of 5 years with effect from 1st April, 2010, with further variations as to remuneration being approved in the Annual General Meeting held on 5th July, 2013.

The period of office of Shri Rajesh Gupta being the Wholetime Director (Finance) is not liable to determination by retirement of directors by rotation in terms of the erstwhile provisions of the Companies Act, 1956.

The Board of Directors of your Company at present consists of 9 members, with 5 of them being Independent Directors, 1 being Non-executive and the remaining 3 being Managing/ Wholetime Directors.

The provisions of Section 152 of the Companies Act, 2013 provide that not less than two-thirds of the total number of directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation, where the term "total number of directors" does not include Independent Directors whether appointed under the Companies Act, 2013 or any other law for the time being in force.

In the light of above-referred provisions of the Companies Act, 2013 it is desirable that the period of office of Executive Members is made liable to determination by retirement of directors by rotation.

The Board of Directors thus recommends the resolution as set out in Item No. 12 of the accompanying Notice concerning his period of office as an Ordinary Resolution.

Except Rajesh Gupta, no other Director and Key Managerial Personnel of the Company and their relatives, is concerned or interested in the Resolution.

ITEM NO. 13

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. Sanjay Gupta & Associates, Cost Accountants, (Registration No. 00212), as the cost auditors of the Company to conduct the audit of the cost records of the Company for the financial year 2014-15, at a fee of ₹ 8.50 Lakhs subject to TDS, Service Tax etc., as applicable, apart from out of pocket expenses, as remuneration for cost audit services for the FY 2014-15.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 13 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2015.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 13 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 13 of the Notice for approval by the shareholders.

By Order of the Board
For **Havells India Limited**

Sanjay Gupta
Company Secretary

Noida, May 28, 2014
Registered Office:
1, Raj Narain Marg
Civil Lines, Delhi – 110 054

ANNEXURE

PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES, INFORMATION ABOUT THE DIRECTORS PROPOSED TO BE RE-APPOINTED IS FURNISHED BELOW:

Name of Director	Date of Birth (No. of Equity Shares held)	Qualification (Relationship with other Directors)	Nature of Expertise	Name of Companies in which he holds Directorship	Name of Committees of the Companies of which he holds Membership
Shri Surjit Gupta	13th January, 1942 (6530160)	F.Sc. from Punjab University Diploma in Mechanical Engineering from State Board of Technical Education, Punjab (Related with Shri Qimat Rai Gupta)	He works as technical head of Havells. Under his guidance Havells became 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.	- Havells India Limited - QRG Enterprises Limited - QRG Corporate Services Limited - QRG Central Hospital & Research Centre Limited - QRG Medicare Limited	Havells India Limited - *Audit Committee (Member)* - *Stakeholders Relationship/ Grievance Redressal Committee (Member)* - *Nomination and Remuneration Committee (Member)* - *Share Allotment and Transfer Committee (Chairman)* - *Finance Committee (Chairman)* QRG Medicare Limited - *Audit Committee (Chairman)* QRG Enterprises Limited - *Corporate Social Responsibility Committee (Chairman)*
Shri Avinash Parkash Gandhi	1st October, 1938 (Nil)	B.E. (Mechanical) (Not related with any director of the Company)	Shri AP Gandhi has vast and extensive knowledge in the field of automobile manufacturing, sales and finance. He has rich years of experience in engineering and has held top leadership positions in prestigious organizations for nearly two decades in over forty nine years of working in professional sector.	- Havells India Limited - Fag Bearings India Limited - Lumax Industries Limited - Uniproducts (India) Limited - Minda Corporation Limited - Indo Alusys Industries Limited - Minda Sai Limited - Avinar Consulting Private Limited - Minda Valeo Security Systems Private Limited - Minda Farukawa Electric Private Limited	Havells India Limited - *Audit Committee (Member)* - *Nomination and Remuneration Committee (Member)* - *Enterprises Risk Management Committee (Member)* FAG Bearings India Limited - *Audit Committee (Chairman)* Lumax Industries Limited - *Audit Committee (Chairman)* - *Remuneration Committee (Member)* Uniproducts (India) Limited - *Remuneration Committee (Chairman)* Minda Corporation Limited - *Audit Committee (Member)* Indo Alusys Industries Limited - *Audit Committee (Member)* Minda Sai Limited - *Audit Committee (Chairman)*
Shri Vijay Kumar Chopra	06th March, 1946 (Nil)	Chartered Accountant & Certified Associate of Indian Institute of Bankers (Not related with any Director of the Company)	Shri V. K. Chopra, professionally a Chartered Accountant has vast experience in finance and banking matters. In his professional career, he has held top leadership positions in various prestigious banking organizations viz. Central Bank of India, Punjab & Sindh Bank, Corporation Bank & SIDBI. He was also a wholetime member of SEBI. Presently, he holds directorships in various prestigious organizations.	- Havells India Limited - Rolta India Limited - Dewan Housing Finance Corporation Limited - Future Retail Limited - PNB Metlife India Insurance Company Limited - Reliance Capital Pension Fund Limited - Milestone Capital Advisors Limited - Jaiprakash Associates Limited - Responsive Industries Limited - Bhartiya International Limited - RGVN (North East) Micro Finance Limited - India Infoline Finance Limited - Pegasus Assets Reconstruction Private Limited - Religare Invesco Asset Management Company Private Limited - Bandhan Financial Services Private Limited	Havells India Limited - *Audit Committee (Chairman)* - *Nomination and Remuneration Committee (Member)* Rolta India Limited - *Audit Committee (Chairman)* Dewan Housing Finance Corporation Limited - *Audit Committee (Member)* - *Corporate Social Responsibility Committee (Member)* - *Remuneration and Compensation Committee (Member)* Future Retail Limited - *Audit Committee (Member)* PNB Metlife India Insurance Company Limited - *Audit Committee (Chairman)* - *Investment Committee (Member)* - *ALM & Risk Management Committee (Member)* Reliance Pension Fund Limited - *Audit Committee (Member)* - *Investment Committee (Member)* - *Risk Management Committee (Member)*

Name of Director	Date of Birth (No. of Equity Shares held)	Qualification (Relationship with other Directors)	Nature of Expertise	Name of Companies in which he holds Directorship	Name of Committees of the Companies of which he holds Membership
					Milestone Capital Advisors Limited - *Audit Committee (Chairman)* - *Nomination/ Remuneration Committee (Member)* Jaiprakash Associates Limited - *Audit Committee (Member)* Responsive Industries Limited - *Audit Committee (Member)* Pegasus Assets Reconstruction Private Limited - *Audit Committee (Member)* Religare Invesco Assets Management Company Private Limited - *Audit Committee (Chairman)* - *Remuneration Committee (Member)* Bandhan Financial Services Private Limited - *Audit Committee (Member)* India Infoline Finance Limited - *ALCO (Member)* - *Risk Management Committee (Member)* - *Group Credit Committee (Member)*
Shri Sunil Behari Mathur	11th October, 1944 (Nil)	Chartered Accountant (Not related with any Director of the Company)	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	- Havells India Limited - IDFC Trustee Company Limited - Cholamandalam MS General Insurance Company Limited - National Stock Exchange of India Limited - National Collateral Management Services Limited - Hindustan Oil Exploration Company Limited - DCM Shriram Industries Limited - Infrastructure Finance & Leasing Company Limited - Housing Development Infrastructure Limited - Ultratech Cement Limited - Axis Bank Limited - Minda Corporation Limited - ITC Ltd - Janalakshmi Financial Services Private Limited - Munich Re India Services Private Limited - India Mortgage Guarantee Corporation Pvt Ltd	Havells India Limited - *Audit Committee (Member)* - *Stakeholders Relationship/ Grievance Redressal Committee (Chairman)* - *Enterprises Risk Management Committee (Chairman)* DCM Shriram Industries Limited - *Audit Committee (Member)* Hindustan Oil Exploration Company Limited - *Audit Committee (Chairman)* ITC Ltd - *Audit Committee (Chairman)* Axis Bank Limited - *Audit Committee (Chairman)* - *Investor Grievance Committee (Member)* Cholamandalam MS General Insurance Company Limited - *Audit Committee (Chairman)* Minda Corporation Limited - *Audit Committee (Member)* National Stock Exchange of India Limited - *Shareholder Transfer & Investor Grievance Committee (Member)*
Shri Surender Kumar Tuteja	15th June, 1945 (Nil)	IAS, FCS M. Com (DU) (Not related with any Director of the Company)	Shri 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. 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".	- Havells India Limited - SML Isuzu Ltd - A2Z Maintenance & Engineering Services Limited - Adani Logistics Limited - Daawat Foods Limited - Trident Corporation Limited - Shree Renuka Sugars Limited - Axis Private Equity Limited - Intas Pharmaceuticals Limited - Shree Renuka Energy Limited	Havells India Limited - *Nomination and Remuneration Committee (Chairman)* - *Corporate Social Responsibility Committee (Chairman)* SML Isuzu Limited - *Share Transfer & Investor's Relationship Committee (Chairman)* A2Z Maintenance & Engineering Services Limited - *Audit Committee (Chairman)* Gujarat Foils Limited - *Audit Committee (Chairman)*

Name of Director	Date of Birth (No. of Equity Shares held)	Qualification (Relationship with other Directors)	Nature of Expertise	Name of Companies in which he holds Directorship	Name of Committees of the Companies of which he holds Membership
			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 4th Ministerial Conference of WTO held in Doha, Qatar and was a member of the Executive Committee of the International Sugar Organization, London and the International Grain Council, London.	- Adani Enterprises Limited - Gujarat Foils Limited - LT Foods Limited - PTC India Financial Services Limited - SIDBI Venture Capital Limited - Tiger Warehousing Cold Chain Private Limited - Pegasus Assets Reconstruction Private Limited - Topworth Energy Private Limited - Devenio Optimus Advisors Private Limited - Altaris Credit Rating Agency Private Limited - Norwest Estates Private Limited	Adani Enterprises Limited - *Audit Committee (Chairman)* - *Share Transfer & Investors' Relationship Committee (Member)* Shree Renuka Sugars Limited - *Share Transfer & Investors' Relationship Committee (Member)* Intas Pharmaceuticals Limited - *Audit Committee (Member)* Axis Private Equity Limited - *Audit Committee (Member)* Trident Corporation Limited - *Audit Committee (Member)*
Dr Adarsh Kishore	4th December, 1946 (Nil)	IAS, Phd in Political Economy (Not related with any Director of the Company)	Former Finance Secretary, GOI and Former Executive Director, International Monetary Fund representing Bangladesh, Bhutan, India and Sri Lanka. He is an Advisor, Chartered Finance Management Limited.	- Havells India Limited - AEGON Religare Life Insurance Company Limited - CFM International Limited, Dubai	AEGON Religare Life Insurance Company Limited - *Audit Committee (Chairman)* - *Nomination and Remuneration Committee (Member)* - *Ethics and Compliance Committee (Chairman)* - *Policyholders Protection Committee (Chairman)* - *With Profit Committee (Chairman)*
Shri Qimat Rai Gupta	24th January 1937 (95,35,888)	Bachelor of Arts (Related with Shri Anil Rai Gupta)	Shri Qimat Rai Gupta is an industrialist having rich business experience and founder of Havells. He is the Chairman and Managing Director of the Company.	- Havells India Limited - QRG Enterprises Limited - QRG Corporate Services Limited - QRG Central Hospital & Research Centre Limited - QRG Medicare Limited	-
Shri Anil Rai Gupta	20th April 1969 (34,67,948)	BA (Eco), MBA (Marketing and Finance) from Wake Forest University, North Carolina, USA (Related with Shri Qimat Rai Gupta)	New business development by forming new alliances with foreign collaborators and/ or taking over other businesses within India. Supervising marketing and sales functions of Havells India Limited.	- Havells India Limited - QRG Enterprises Limited - QRG Corporate Services Limited - QRG Central Hospital & Research Centre Limited - QRG Medicare Limited - Janalakshmi Financial Services Private Limited - Havells Holdings Limited, Isle of Man - Havells Malta Limited, Malta - Sylvania Lighting International B.V., Netherlands - Flowil International Lighting (Holding) B.V., Netherlands - SLI Europe B.V., Netherlands - Havells Netherlands B.V., Netherlands - Havells Netherlands Holding B.V., Netherlands	Havells India Limited - *Stakeholders Relationship/ Grievance Redressal Committee (Member)* - *Corporate Social Responsibility Committee (Member)* - *Enterprises Risk Management Committee (Member)* - *Share Allotment and Transfer Committee (Member)* - *Finance Committee (Member)* QRG Enterprises Limited - *Remuneration Committee (Member)* - *Corporate Social Responsibility Committee (Member)* QRG Medicare Limited - *Audit Committee (Member)* Janalakshmi Financial Services Private Limited - *Nomination Committee (Member)*
Shri Rajesh Gupta	17th June 1957 (2,40,828)	Chartered Accountant (Not related with any Director of the Company)	Shri Rajesh Gupta is a Chartered Accountant having rich experience in finance and allied fields. He is serving the Company for more than 34 years. He is the Director (Finance) and Group CFO.	- Havells India Limited	Havells India Limited - *Corporate Social Responsibility Committee (Member)* - *Enterprises Risk Management Committee (Member)* - *Share Allotment and Transfer Committee (Member)* - *Finance Committee (Member)*

HAVELLS INDIA LIMITED
Regd. Office : 1, Raj Narain Marg, Civil Lines, Delhi – 110 054
Corp Office: QRG Towers, 2D, Expressway, Sector 126, Noida (UP) 201 304
Tel.: 0120-4771000, Fax: 0120-4772000, email: investors@havells.com
CIN: L31900DL1983PLC016304

HAVELLS

Dear Member,

Sub: Electronic Clearing Service (ECS)/ Bank particulars for payment of dividend.

We wish to inform you that from last few years, we have extended ECS facility to our members by which they can receive their dividend directly in their bank account through electronic clearing.

The benefits of ECS are that, it provides protection against fraudulent interception and encashment of dividend warrants or damage of dividend warrants in transit or problem of revalidation/ issuance of duplicate dividend warrants and **there is no extra cost.**

We wish to further inform you that SEBI has also mandated the companies, the use of ECS facility for distributing the dividend and other cash benefits to the investors and only in the absence of availability of ECS facility, the Company may use warrants for disbursing dividend and other cash benefits. Further the bank particulars have to be printed on the warrants to obviate any fraudulent encashment and interception in postal transit.

You are, therefore, requested to follow the procedure given below:

i. Physical Shares

In order to avail the ECS facility, we request you to provide us the requisite details in the form given overleaf and submit the same to the Company at its Corporate Office at Havells India Limited, QRG Towers, 2D, Expressway, Sector – 126, NOIDA (UP) – 201 304, before the dividend for the current financial year is paid to you. The information should be accurate and complete in all respects and in order to prevent any incorrect particulars being entered, we request you to enclose photocopy of a Cheque for verifying the accuracy of MICR Code No. and other particulars.

ii. Demat Shares

Please note that as per the Stock Exchange directions, the Company will have to take note of the ECS or Bank Account details furnished only by the Depositories, whenever such information is available. **You are therefore requested to provide such information only to your Depository Participant (DP), in case the shares are held in demat form.**

We recommend and request you to avail of the ECS facility and in the alternative provide complete bank particulars for printing on the dividend warrant.

Assuring you of our best services.

Thanking you.

Yours faithfully,
For **Havells India Limited**

Company Secretary

To,
The Share Department
HAVELLS INDIA LIMITED
QRG Towers, 2D
Expressway, Sector – 126
NOIDA (UP) – 201 304

Date: .....

Dear Sir,

Sub: Payment of dividend (Electronic Clearing Service / Bank Particulars)

I wish to participate in the Electronic Clearing Services and give below the details of my bank account, to which you may electronically credit the payment due to me against the reference folio number mentioned below:

1.	Name of the First holder (in Block Letters)	:	_____
2.	E mail Id	:	_____
3.	Telephone/ Mobile No.	:	_____
4.	Regd. Folio No.	:	_____
5.	Name of the Bank	:	_____
6.	Branch Name & Address	:	_____
7.	Account Number (as appearing on your Cheque Book)	:	_____
8.	Account Type: (Saving Bank A/c, Current A/c or Cash Credit A/c)	:	_____
9.	9 digit code number of the Bank & Branch appearing on the MICR Cheque issued by the Bank. (Please attach photocopy of the accuracy of the MICR Code Number)	:	_____

* I do not wish to opt for ECS facility and therefore request the following Bank Details to be incorporated on the dividend warrant.

Bank Name	:	_____
Branch Name & Address	:	_____
A/c Type (SB/Current/Cash Credit)	:	_____
A/c Number (as mentioned in Cheque Book)	:	_____

(* Strike out which is not applicable)

I hereby declare that the particulars given above are correct and complete. I undertake to inform of any subsequent changes in the above particulars. If the ECS payment transaction is delayed or not effected for any reasons I would not hold the Company responsible.

_____
Signature of the first named shareholder

Name _____
Address _____
Tel No. _____

NOTE: In case of shares held in demat form, the above particulars for ECS facility /bank particulars have to be provided to your Depository Participant (DP), quoting your Client ID No. to them.

HAVELLS INDIA LIMITED

Regd. Office : 1, Raj Narain Marg, Civil Lines, Delhi – 110 054
Corp Office: QRG Towers, 2D, Expressway, Sector 126, Noida (UP) 201 304
Tel.: 0120-4771000, Fax: 0120-4772000, email: investors@havells.com
CIN: L31900DL1983PLC016304

HAVELLS

Form No. MGT-11
Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN	:	L31900DL1983PLC016304
Name of the Company	:	Havells India Limited
Registered office	:	1, Raj Narain Marg, Civil Lines, Delhi 110 054

Name of the member (s)	:
Registered address	:
E-mail Id	:
Folio No/ Client Id	:
DP ID	:

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name : .....
   Address : .....
   E-mail Id : .....
   Signature : ....., or failing him

2. Name : .....
   Address : .....
   E-mail Id : .....
   Signature : ....., or failing him

3. Name : .....
   Address : .....
   E-mail Id : .....
   Signature : .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 31st Annual General Meeting of the Company, to be held on the 9th day of July 2014 at 10:00 a.m. at Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi – 110 003 and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business

1. Adoption of Annual Accounts of the Company as on March 31, 2014 (Ordinary Resolution)
2. Declaration of Final Dividend payable to Members (Ordinary Resolution)
3. Re-appointment of Shri Surjit Gupta, retiring by rotation and being eligible, offering himself for re-appointment (Ordinary Resolution)
4. Re-appointment of Statutory Auditors of the Company till the conclusion of the next Annual General Meeting (Ordinary Resolution)

Special Business

5. Re-appointment of Shri Avinash Parkash Gandhi, as an Independent Director in terms of the Companies Act, 2013. (Ordinary Resolution)
6. Re-appointment of Shri Vijay Kumar Chopra as an Independent Director in terms of the Companies Act, 2013. (Ordinary Resolution)
7. Appointment of Shri Sunil Behari Mathur, as an Independent Director in terms of the Companies Act, 2013. (Ordinary Resolution)
8. Appointment of Shri Surender Kumar Tuteja, as an Independent Director in terms of the Companies Act, 2013. (Ordinary Resolution)
9. Appointment of Dr. Adarsh Kishore, as an Independent Director in terms of the Companies Act, 2013. (Ordinary Resolution)
10. 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 Resolution)
11. Change in period of office of Shri Anil Rai Gupta, Joint Managing Director, to be liable to determination by retirement of Directors by rotation. (Ordinary Resolution)
12. Change in period of office of Shri Rajesh Gupta, Whole-time Director (Finance), to be liable to determination by retirement of Directors by rotation. (Ordinary Resolution)
13. Ratification of the Remuneration to be paid to the Cost Auditors of the Company for the financial year 2014-15. (Ordinary Resolution)

Signed this ..... day of 2014

Affix Re.1/-
Revenue
Stamp

Signature of shareholder : …….

Signature of Proxy holder(s) : …….

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Form for updation of Email Address

To,
The Share Department
HAVELLS INDIA LIMITED
QRG Towers, 2D
Expressway, Sector – 126
NOIDA (UP) – 201 304

Date: .....

Dear Sir,

Sub : Updation of email address

Please register my email address for the purpose of sending Annual Report and other notices/documents in electronic mode:	
Name	:
Email Id	:
Folio No. / DP Id	:
Client Id	:

_____
Signature of the First named Shareholder

Name:

Address:

Date : 9th July, 2014
Time : 10:00 a.m.
Venue : Sri Sathya Sai International Centre
Pragati Vihar, Lodhi Road
New Delhi – 110 003

HAVELLS

Havells India Limited
Regd. Office: 1, Raj Narain Marg, Civil Lines, Delhi – 110 054
Corp Office: QRG Towers, 2D, Expressway, Sector 126, Noida (UP) 201 304
Tel.: 0120-4771000, Fax: 0120-4772000, email: investors@havells.com
CIN: L31900DL1983PLC016304

ATTENDANCE SLIP FOR ATTENDING ANNUAL GENERAL MEETING

Regd. Folio No…….. No. of Shares held ……..

DP. ID. No. ……. Client ID.No. .....……

I certify that I am a member / proxy for the member(s) of the Company.

I hereby record my presence at the 31st Annual General Meeting of the Company at Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi – 110 003 at 10:00 a.m. on 9th July, 2014.

…….....
Member's / Proxy's name in Block Letters

……...
Signature of Member/ Proxy

Note : Please fill up this attendance slip and hand over at the entrance of the meeting hall.

The Evolution of a Unique Brand

Living green ethos. Innovating new efficiencies.
Driving consumer satisfaction.

Havells India Limited

31st Annual Report
2013-14

HAVELLS

CONTENTS

1 Corporate Information
2 The Board of Directors
4 About Us
6 Chairman's Letter
20 Directors' Report
34 Management Discussion & Analysis
44 Corporate Governance Report
62 Standalone Financial Statements
105 Consolidated Financial Statements
154 Progress at a Glance of Last 10 Years

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, 1st Floor, Okhla Industrial Area, Phase-I,
New Delhi - 110 020
Tel : 011-41406149-52
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 : +91-120-4771000
Fax : +91-120-4772000
www.havells.com
CIN: L31900DL1983PLC016304

THE BOARD OF **DIRECTORS**

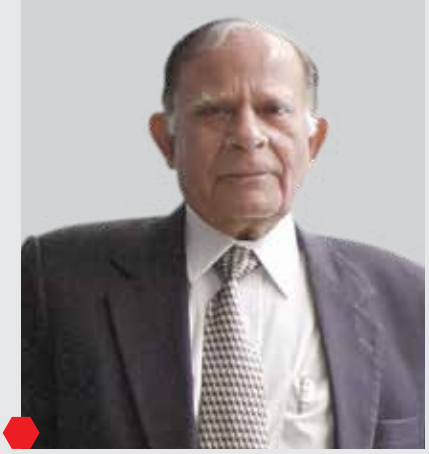
QIMAT RAI GUPTA
Chairman and Managing Director

ANIL RAI GUPTA
Joint Managing Director

SURJIT GUPTA
Director

RAJESH GUPTA
Director (Finance) and Group CFO

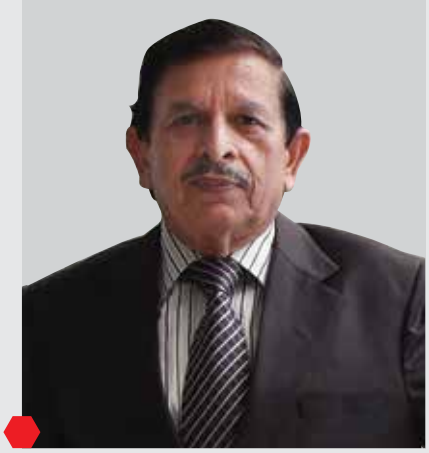
V. K. CHOPRA
Director



A. P. GANDHI
Director

DR. ADARSH KISHORE
Director

S. B. MATHUR
Director



S. K. TUTEJA
Director

Brands are created when manufacturers go beyond functionality to identify such product attributes that connect with their core beliefs. These attributes deliver incremental value to the customer and create a long-term relationship based on an ethos that extends beyond mere functional satisfaction to provide emotional fulfilment.

Brands are built when inherent beliefs and philosophy are transformed into strong attributes.

Thus, it was our belief in living the green ethos that enabled us to ensure that 70% of our brands are energy efficient.

Our belief in innovation steered our evolution as the first company in the country to adopt RoHS standards in manufacturing, thereby helping us significantly in reducing the use of hazardous substances.

Customer service was another core belief that translated into several far-reaching initiatives aimed at building greater customer connect, such as creation of exclusive Havells Galaxy stores and Havells Connect.

These attributes have made our evolution a brand story with a difference.

CHAIRMAN'S **LETTER**

Dear Shareholders, Greetings from Havells!

When we create a brand story with a difference, the result is an unusual set of products, offerings and deep connect with the end customer.

In terms of macro-economic trends, the last fiscal was worse than the previous year, as the winds of slowdown touched Indian shores after sweeping through the US, Europe, Japan and China.

This aggravated the overall inflationary trend in the country, which remained in double-digits through a large part of the year. As a result, the interest rates too remained high throughout. All this, coupled with the policy paralysis and slow decision-making process at the government level, made things worse for businesses as well as customers.

Havells did an overall good job of wading through this quagmire of challenges and posted 11.71% revenue growth to ₹ 4,720 crores, while improving PAT margins to 10%. In the process, the Company also added nearly 50% to its investors' wealth, as its market capitalisation of ₹ 8,033 crores at the beginning of the fiscal rose to ₹ 11,657 crores on 31st March, 2014. The Company also paid ₹ 15 per share as dividends.

This was made possible because of the relentless passion for innovation, living the green ethos and being customer-friendly at all times. The years of efforts to grow the Company through branding and distribution, like a Fast Moving Consumer Products Company, are now bearing fruits.

Our branding spends through the year were 2.4% of revenues. The distribution network crossed 5,800. The Havells brand maintained top of the mind recall among customers, while the market share across product categories strengthened during the year.

The overseas business of Sylvania also showed resilience in facing the challenges of economic slowdown and currency fluctuations. Most importantly, this business has now emerged stronger and leaner with reduced debts and healthy cash flows. Every effort is being made to realise the business' full potential, which is much higher if we take into account its size, brands and customer relations. Any future improvement in the economic scenario in Europe and Latin America would greatly help the Company.

Havells has reached an important juncture in its journey towards becoming a well-recognised Fast Moving Electrical Goods Company in India. The Company has already created production capacity to meet most of its requirements over the next couple of years. This will mean the capital investments will be limited from now onwards. At the same time, increasingly better utilisation of installed capacities would add to overall profitability as well as cash accruals.

While long-term economic success and growth are necessary for survival of any entity, that is not sufficient by itself. Havells has always believed that a business is an active entity of society and economy, and plays an important role in nation-building. As a result, we have always viewed our Corporate Social Responsibility (CSR) activities as a privilege rather than an obligation. Children are the future of the nation and hence, nothing can parallel their safety, proper nourishment and care in creating a better, more prosperous tomorrow. With this thought, Havells has focussed its CSR efforts on providing mid-day meals

5,800
Distribution Network

11.71%
Revenue Growth
Revenues grew to ₹ 4,720 crores, while improving PAT margins to 10%.

Qimat Rai Gupta

Chairman and Managing Director

to children in government schools. Today, Havells has created the entire infrastructure - from kitchen to distribution vans - to cover 35,000 school children every day.

We look forward to the new financial year with a lot of optimism. Most experts predict the Indian economy to grow faster in financial year 2014-15 compared to financial year 2013-14. In that sense, the domestic growth cycle is likely to have bottomed out and recovery is set to begin. Such a scenario will be very good for the country as well as Havells.

Building trust-based transparent relationships that enable each individual to excel has always been at the heart of Havells' corporate philosophy. We believe that this trust emanates from our concerted focus on green ethos, search for innovative efficiencies and customer friendliness. This forms the secret ingredient that distinguishes us from others. I would like to thank our people for demonstrating their prowess and excelling in their areas, coming out with new solutions to old problems and, in the process, helping the Company grow. I also thank our trade associates, whose dedication and commitment remain the base on which Havells' growth has become possible. Together, we have much to look forward to as we strive to make Havells even stronger and bigger.

I thank you all for supporting and encouraging us through this long journey. I would also like to express my gratitude towards the Board of Directors, whose support and guidance have been invaluable on our path of progress.

Thanking you,
Yours truly

Qimat Rai Gupta

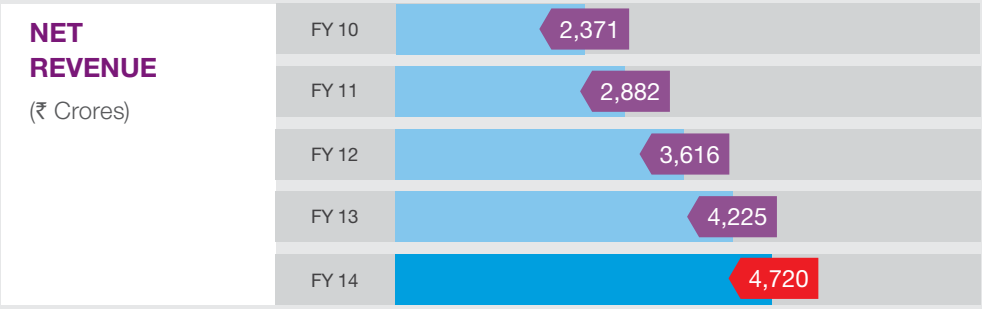
BRAND NEW **RESULTS**

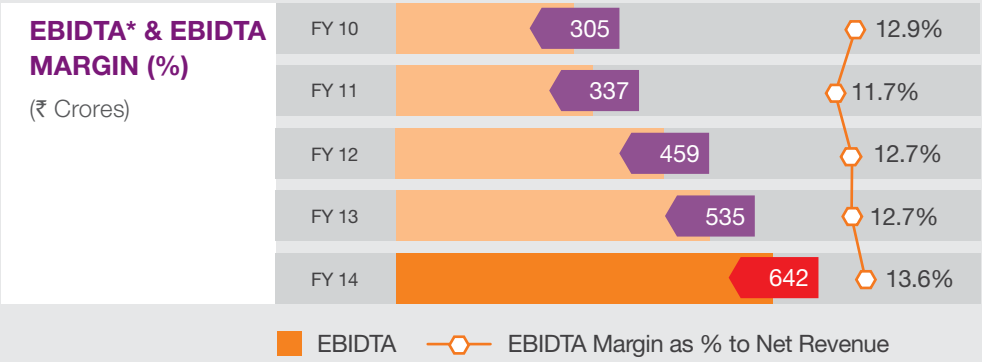
– powered by green ethos, innovative efficiencies and customer satisfaction

Building brands with the right attributes is a key driver for positive results. Sales go up, profits are earned, reputations and market shares are built, and a trend of sustainable growth is initiated.

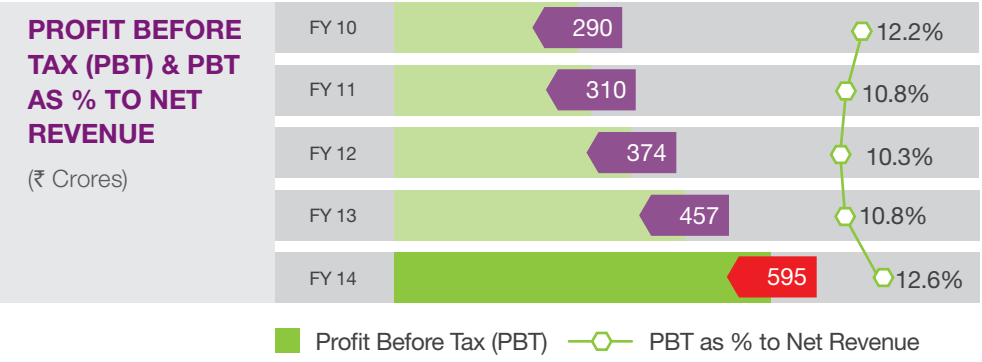
During the year, our brands with a difference grew across markets to deliver results that are commendable.

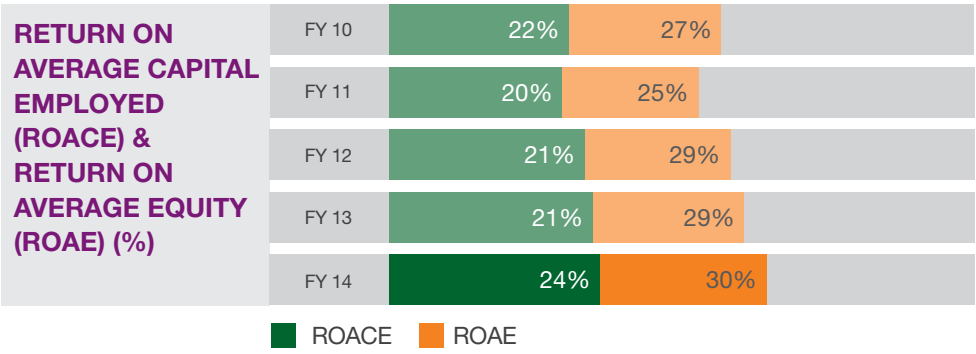
Havells India Limited (Standalone)

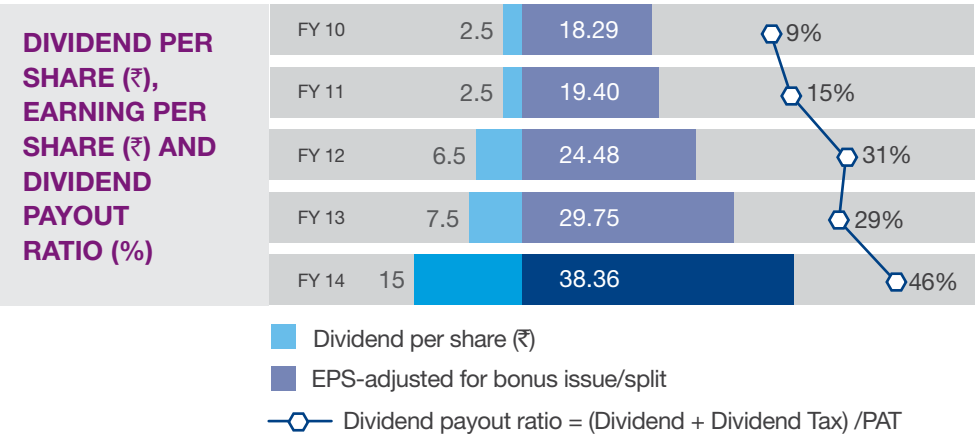




*** EARNINGS BEFORE INTEREST DEPRECIATION TAX & AMORTISATION**


PROFIT BEFORE TAX (PBT) & PBT AS % TO NET REVENUE
(₹ Crores)
FY 10
290
12.2%
FY 11
310
10.8%
FY 12
374
10.3%
FY 13
457
10.8%
FY 14
595
12.6%
Profit Before Tax (PBT)
PBT as % to Net Revenue


RETURN ON AVERAGE CAPITAL EMPLOYED (ROACE) & RETURN ON AVERAGE EQUITY (ROAE) (%)
FY 10
22%
27%
FY 11
20%
25%
FY 12
21%
29%
FY 13
21%
29%
FY 14
24%
30%
ROACE
ROAE


DIVIDEND PER SHARE (₹), EARNING PER SHARE (₹) AND DIVIDEND PAYOUT RATIO (%)
FY 10
2.5
18.29
9%
FY 11
2.5
19.40
15%
FY 12
6.5
24.48
31%
FY 13
7.5
29.75
29%
FY 14
15
38.36
46%
Dividend per share (₹)
EPS-adjusted for bonus issue/split
Dividend payout ratio = (Dividend + Dividend Tax) /PAT

WHERE BRANDS DRIVE **CUSTOMER SATISFACTION**

Our brands are created differently. They are built outside in.

The process begins with our understanding of customers' needs and aspirations, their spending power, their aesthetics and need for energy conservation. We connect these understandings with our inner core beliefs and arrive at the unique attributes of our brands.

While our brands are exemplary when it comes to functional fulfilment, they go beyond to deliver more.

The fans deliver breeze that a customer expects and go further to deliver it with high level of **energy efficiency.**

Our cables transmit power with functional efficiency while delivering the added attribute of being **fire and flame retardant.**

The CFLs deliver the expected illumination, but offer the additional features of being **environment friendly and green.**

Our customer service is highly efficient, on the back of our expanding network but goes beyond to offer **service and delight to our customers at their homes.**

So, our brands offer powerful value propositions in different markets in a manner that benefit customers in multiple ways.

The ability of building brands with a difference has seen our brands like Havells, Standard, Crabtree, Sylvania, Concord and Lumiance emerge as the first choice of customers.

WHERE GREEN ETHOS LEADS TO **ECO-FRIENDLY MANUFACTURING**

Our core belief in being environment-friendly has manifested itself in a variety of beneficial attributes that can be perceived at the shop floor.

It is a belief that is rooted in the philosophy to put the environment before profits, and to engage in manufacturing that has minimal impact on environment.

In 2008, Havells became the first company in India to review its manufacturing operations for use of hazardous materials and processes, and we adopted the Restriction of Hazardous Substances (RoHS) – the European standard for green manufacturing.

We adopted many energy saving initiatives at our plants to increase its green quotient. All conventional light fittings were replaced with LED light fixtures, and old equipments with new energy efficient equipment. Variable frequency drives based motors were installed to save energy. Conventional cooling towers have been replaced with fan-less cooling towers to eliminate high power load due to operations of fans. Bio-fuels are being used to reduce Liquid Petroleum Gas (LPG) consumption in the plant's kitchen, and Piped Natural Gas (PNG) has replaced diesel as a fuel for our powder coating plant.

These are some of the eco-friendly measures that we are adopting at our plants, with each manifesting an attribute that has resulted from our core belief in the green ethos.

Energy conservation and greening at our manufacturing plants is not an event but a continuous process that differentiates us as a Company.

WHERE INNOVATION LEADS TO **ENHANCED EFFICIENCIES**

Innovation at Havells goes beyond product design and manufacturing. It touches the core functions of the organisation and manifests itself in the way we interact with our constituent groups.

Today, not only a market leader in many segments that we operate in, but also in the adoption of Information Technology to improve enterprise efficiency and stay ahead of the learning curve.

Three factors have contributed to the value resulting from our IT investment, namely, the vision of our top management, the willingness to change and adopt the best platforms & tools, and the end-to-end internalisation of the IT value chain.

Like other companies, we also have in place an enterprise-wide SAP platform that encompasses all core business processes. Concurrently, we have also built a mobility platform, well integrated with SAP for Sales MIS, approvals and employee self service. This allows our field staff to virtually carry their office with them when they are on the move, anytime anywhere.

We use barcode technology on the production floor to automate the production process and reduce errors. We have also introduced a tool to take care of Governance, Risk Management and Compliance related activities.

During the year, we integrated IT processes globally that are helping us significantly contribute towards bridging technological between India and rest of the world.

While each of these initiatives is significant, when taken together, they add enterprise efficiency and create a lean, flexible and nimble organisation that is superbly geared to respond to new opportunities and circumstances.

A BRAND
THAT YOU TAKE HOME V/S
THE BRAND
THAT COMES TO YOUR HOME

In the traditional paradigm, electrical goods manufacturers would approach the customers through a chain of distributors, dealers, and retailers, who in turn would interact either directly with the customers or, in most cases, with contractors and electricians.

In a bid to engage the customer directly, we initiated two signal and differentiated strategies.

HAVELLS CONNECT

Through our **Havells Connect**, we started giving home service to customers. This initiative brings to us a first-hand understanding of the customers' expectations from the brand, as well as their aspirations.

POWER PLUS

In another significant initiative, we built our relationships with our retailers and electricians through the **"Power Plus"** programme. We have a current database of 10,000 active retailers and 30,000 electricians. These numbers are growing and we are staying connected to these groups to forge closer relationships.

We are cognizant of the importance of dealers and distributors in achieving the last mile connectivity between the Company and its millions of customers. Dealers are in fact our ambassadors, who not only ensure regular supply, but also work as recommenders to our clients in their search for good value price propositions in electrical products. We work with a proactive agenda with our dealers and initiate many innovative schemes that benefit them and their families. We firmly believe in the growth of our dealers and distributors as a key factor of our success.

This is a script for a brand story with a difference, one that goes to foster close and binding relationships with all our stakeholders including customers, electricians and the retailers.

WHERE R&I DRIVES **OUR INNOVATION**

Innovation for increased efficiency is one of our core beliefs, and a key attribute that differentiates us from other electrical brands.

Our continual quest for innovation is driven by our thirst for creating better performing products that offer safety, efficiency and power conservation to our customers.

In a differentiation that emanates from our core belief, our Global Research Centre is named the Centre for Research and Innovation, a departure from the standard R&D!

The Centre is responsible for our wide and diversified range of innovative products and works on refreshing our product line with energy saving and green initiatives.

In the lighting division alone, we launched over 50 new LED products, which were developed in-house. In the Fans division, the Company launched 12 new models of premium range fans, including Ceiling, Pedestal, Table, Wall and Exhaust fans.

We launched the Prolife and Premio Air Fryer and Mixer Grinder. Each of these was designed keeping in mind customer requirements. Havells' Prolife "Air Fryer" is a revolutionary product that uses rapid air technology or hot air which facilitates cooking of deep fried food without using oil.

We also launched self priming, monoblock pumps, as well as the first of its kind Metallica Distribution Boards. During the year, we also came out with a new range of electrical water heaters named Beuno and Opal for the Indian market. These have been specially designed for the monsoon season.

Each of these innovations is the outcome of our research efforts, which are oriented towards improved and smart products that exceed customer expectations and deliver great value.

50
New LED products launched

WHERE MARKETING TAKES US **DEEPER AND WIDER**

Though the process of urbanisation of the Indian population is on in full swing, the undeniable fact is that a large population of India is rural, living in villages and small towns. These are towns where our channels have hitherto been absent. We are now seeking to widen our market reach and deepen our penetration in the rural hinterland.

The rural Indian population is more price conscious and frugal. Our REO range of non-modular switches has been designed to suit rural and small markets. These are a blend of robust design, sleek look and tough durability. The range also includes user-friendly sockets, fan regulators and fuses, thus offering a complete switching solution for homes.

The REO range stands for its durability, value for money and quality. The focus markets for REO are the Tier II and III towns. We are in the process of expanding our reach to 700 towns from the existing 500, in a bid to reach all towns with population of up to 1 lakh. This will see the universalisation of the brands and product ranges that cater to each economic group, across the length, breadth and depth of the country.

We also launched 12 new models of premium fans under the "Standard" brand. These include Ceiling, Pedestal, Table, Wall & Exhaust. Each of these fans is attractively styled, designed to perfection and created for the premium segment.

The Standard brand initially had products under its umbrella – viz. Switchgear and cables. The brand's ambit has now been extended to include a range of fans.

REO and Standard are once again stories with a difference. They are designed from customer perspective, with a strong differential in pricing, durability and quality.

700

Expanding reach from the existing 500 towns

THE BRANDS **THAT CONTRIBUTE TO SOCIETY**

Havells India Limited and its top of the line brands make for a powerful narrative. It is the story of a Company and its brands that believe you must have a grand vision in order to do anything. We know that we can call our brands truly successful only when they go that extra mile to leave behind a legacy. If we do not give back to the local communities who form the foundation of our growth; if we fail to contribute to the empowerment of future generations; if we do not give back to the planet and improve our carbon footprint, then our success would be meaningless. Driven by this strong belief, our CSR activities are firmly committed towards education, health and environmental sustainability.

The provision of mid-day meals to government school children in Alwar district of Rajasthan is the flagship CSR activity. By providing meals to school children, we have been able to make a positive difference in the number of children attending school regularly while simultaneously taking care of their nutrition. From serving 5000 students every day, the coverage has been systematically increased over the years. Currently, the programme, in the 9th year of its successful completion, serves 35,000 students in 664 primary and middle schools. Recently, kitchen capacities were augmented to increase the number of children the program could serve.

Ensuring that communities have access to a reliable basic health service is an important agenda of Havells' CSR efforts. Making generous contributions towards welfare funds during natural and other disasters is another of our focus areas which receives close attention from Havells.

Acting responsibly towards the environment goes beyond the policies and mandate at Havells. Facilitating green product design, focus on economical use of resources, reducing material consumption and wastage is an integral part of our culture. We made significant progress in driving environmental performance over the year and will continue to push the boundaries of innovation, research and best-practice stewardship.

In conclusion, CSR is an attribute of our brands that emanates from our core belief that the cycle of earning is only complete when you give back to the society. Taking care of the interests of our communities and our environment can only steer us forward.

35,000
School children served mid-day meals every day

Directors' **REPORT**

Dear Shareholders,

Your Directors present the Company's 31st Annual Report and Audited Accounts for the financial year ended 31st March, 2014.

FINANCIAL SUMMARY

(₹ in Crores)

Particulars	Consolidated		Standalone	
	2013-14	2012-13	2013-14	2012-13
Net Sales	8,185.80	7,247.89	4,719.69	4,224.99
Other Income	41.25	27.88	44.06	8.75
Operating Profit before Finance costs, Depreciation, Tax and Extraordinary items	783.74	702.26	685.66	543.61
Less: Depreciation and amortisation expenses	115.54	109.66	63.63	57.88
Finance Costs	74.11	123.22	26.93	28.55
Profit before Tax and Exceptional Expenses	**594.09**	**469.38**	**595.10**	**457.18**
Less: Exceptional Items	-	(194.41)	-	-
Less: Tax	147.76	82.36	116.41	85.79
Net Profit for the year	**446.33**	**581.43**	**478.69**	**371.39**
Add: Balance brought forward from previous year	1,073.35	638.91	1,217.43	993.03
Add: Share of Profit transfer to minority	0.00	0.00	-	-
Profit available for appropriation	**1,519.68**	**1,220.34**	**1,696.12**	**1,364.42**
Appropriation of Profits				
Transfer to General Reserve	339.91	37.50	48.00	37.50
Interim Dividend	62.41	-	62.41	-
Proposed Dividend	124.82	93.58	124.82	93.58
Dividend for previous year	0.03	-	0.03	-
Corporate Dividend Tax	31.82	15.91	31.82	15.91
Balance carried over to Balance Sheet	960.69	1,073.35	1,429.04	1,217.43
	1,519.68	**1,220.34**	**1,696.12**	**1,364.42**

DIVIDEND AND RESERVES

INTERIM DIVIDEND

An Interim Dividend @ 100% i.e. ₹ 5/- per equity share was declared for the year 2013-14, resulting in an outflow of ₹ 73.02 crores (including Corporate Dividend Tax of ₹ 10.61 crores). The dividend amount was disbursed to all the Shareholders whose names were appearing in the Register of Members as on the Record date i.e. 20th March, 2014, fixed for the aforesaid purpose.

FINAL DIVIDEND

In addition to the interim dividend declared during the year, your Directors are pleased to recommend a Final Dividend @ ₹ 10/- per equity share for the year 2013-14. The proposed dividend, subject to approval of Shareholders in the ensuing Annual General Meeting of the Company, would result in appropriation of ₹ 146.03 crores (including Corporate Dividend Tax of ₹ 21.21 crores). The dividend would be payable to all Shareholders whose names appear in the Register of Members as on the Book Closure Date.

Final Dividend and Interim Dividend put together would result in 46% payout from the net profit of the Company.

The Register of Members and Share Transfer books shall remain closed from 28th June, 2014 to 4th July, 2014 (both days inclusive).

RESERVES

Your Company proposes to carry ₹ 48 crores to the general reserve and retain ₹ 211.61 crores in the profit and loss account.

FINANCIAL YEAR 2013-14 IN RETROSPECT

Havells, on a standalone basis achieved 12% growth in its net sales to ₹ 4,720 crores in 2013-14 as against ₹ 4,225 crores in 2012-13. The operating profit before Finance costs, depreciation and tax was ₹ 686 crores in financial year 2013-14, 26% higher than ₹ 544 crores in financial year 2012-13. Profit after tax was ₹ 479 crores in year 2013-14 as compared to ₹ 371 crores of preceding year marking a growth of 29%.

On a consolidated basis, Havells had 13% growth in net sales to ₹ 8,186 crores in financial year 2013-14 as against ₹ 7,248 crores in 2012-13. The consolidated operating profit before Finance costs, depreciation and tax was 12% higher at ₹ 784 crores in 2013-14 as compared to ₹ 702 crores in the preceding year. Consolidated Profit after tax was ₹ 446 crores in year 2013-14 as compared to ₹ 581 crores of preceding year due to profit of ₹ 194 crores on account of exceptional items, generated during the financial year 2012-13.

PERFORMANCE REVIEW

Your Company is fast transforming from being an electrical equipment company into a Fast Moving Electrical Goods

company. This marks the change in the entire approach to consumer engagement in terms of advertising, branding, distribution, shopping experience as well as after-sales service. Circuit protection switchgear, cables, motors, fans, power capacitors, compact fluorescent lamps (CFL) and light emitting diode (LEDs), luminaries, modular switches, water heater and domestic appliances etc. are some of the star products, which are sold under the well known brands such as Havells, Crabtree, Standard, Sylvania, Concord, and Lumiance in its portfolio.

Havells' focus in India over last few years has been to move closer to the ultimate consumers and position its products in a way that consumers can connect with and aspire for. With this in mind your Company has created multi-product brands and has been launching new products at regular intervals - firstly, to create an exhaustive product portfolio and, secondly, to meet the different customer needs. The new products launched last year such as entry level switches 'Reo' did extremely well during the year. LED-based lighting solutions and luminaries will remain a key growth area for Havells in its domestic as well as international business.

The Company continued to invest in brand building and spent ₹ 112 crores during 2013-14. The Company cemented its connect with cricket and introduced new ad campaigns at the time of IPL in April 2014. Over the years, these ad campaigns have become an important means to connect with consumers, educating and encouraging them to actively choose products like miniature circuit breakers, switches or wires – a decision, which was earlier delegated to electricians.

Havells is at an important juncture having created infrastructure and manufacturing capacity necessary for future growth. Company's growth in near future will predominantly come from improved capacity utilisation, rather than from new investments. This is expected to bring in economies of scale, while the capital expenditure will be incurred selectively on brownfield expansion across existing manufacturing units as and when necessary.

On a consolidated basis, your Company has leading presence in lighting business in more than 40 countries through 55 subsidiaries. For the financial year 2013-14 Havells Sylvania posted Euro 440.12 million of revenues, which was marginally higher from previous year. In the total revenue of Sylvania, 58% of revenue was generated from Europe, 35% from Latin America and rest from Asia/ Africa. In the overall consolidated revenues of Havells, the overseas business of Havells Sylvania, represents 42%.

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 dedicated towards launching energy efficient and green lighting solutions in China and aims to leverage upon technology and manufacturing strengths of its partners. The Company provides energy and cost efficient products for Global Sylvania as well as local China markets.

During the financial year 2013-14, Jiangsu Havells Sylvania Lighting Co. Ltd. accomplished assembly and production lines for three product categories namely, High-Intensity Discharge lamps (HID), CFL and Fixtures (HID Arc tube line, HID mounting & assembly line, CFL assembly line, Fixture Assembly line.) and achieved a turnover of US$ 17.40 mn as against US$ 2.84 mn in 2012-13.

By March 2014, both parties to the JV had invested around US$ 5 mn each thereby fulfilling their capital commitments under the JV contract for the total registered capital of around US$ 10 mn.

As the lighting industry is shifting towards LED technology, the JV is planning to set up assembly lines for LED fixtures and LED products (A60, Jetta 55, T8 LED lamps etc.) with the new investment. This will help Havells Sylvania Group to accelerate its domestic as well as global growth.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

As on 31st March, 2014, your Company has 55 (fifty five) subsidiaries companies, all of which are registered outside India. One of these 55 subsidiaries is based at Hong Kong and serves as a Central Procurement Company (CPC) to procure various electrical products for Havells and Sylvania trading operations.

During the financial year 2013-14, Sylvania India Limited, a non-operational entity, ceased to be the subsidiary of the Company with effect from 28th October, 2013.

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

The Board of Directors of the Company has, by Resolution passed in its meeting held on 28th May, 2014, given consent for not attaching the Balance Sheets of the subsidiaries concerned.

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

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

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

The annual accounts of the subsidiary companies and the related detailed information shall be made available to

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

AMENDMENT TO ARTICLES OF ASSOCIATION OF THE COMPANY

Consequent to the sale of entire stake of Seacrest Investment Limited, a Warburg Pincus group company, in the shares of the Company, the rights of the entity were terminated as per the Shares Subscription and Shareholders Agreement executed by the Company with it in 2007.

Accordingly the Articles of Association of the Company were also amended during the year so far as to delete the provisions which were entered pursuant to the aforesaid Agreement.

Pursuant to the provisions of Section 31 of the Companies Act, 1956, alteration of Articles of Association was approved by the shareholders by a Special Resolution passed by way of Postal Ballot on 16th September, 2013.

CREDIT 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 revised the rating of **CARE AA [Double A]** to **CARE AA+ [Double A Plus]** 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, pursuant to the provisions of the Companies Act, 2013, the Company has also got its Fixed Deposit programme rated from CARE that has assigned a **CARE AA+ FD [Double A Plus (Fixed Deposit)]**. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations.

HAVELLS EMPLOYEES LONG TERM INCENTIVE PLAN 2014

Your Company had introduced an employee stock option plan framed in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, titled Havells Employees Stock Option Plan 2013 during the financial year 2012-13.

The Nomination and Remuneration Committee of the Board, subject to the approval of shareholders, has decided to amend and vary the terms of Plan in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereafter referred to as "SEBI Guidelines") so as to introduce Part B – Havells Employees Stock Purchase Plan 2014 ("Part B") in the existing Plan to include the terms of employee stock purchase as per the SEBI Guidelines and to amend and vary the terms of the existing Plan not detrimental to the interests of the employees of the Company. Part A and Part B shall be hereinafter together referred to as Havells Employees Long Term Incentive Plan 2014 ("LTIP") which will be administered by Havells Employees Welfare Trust under the supervision of the Nomination and Remuneration Committee.

As the LTIP entails variation in Part A (i.e. Plan) and introduction of Part B for new terms of employee stock purchase for the shares to be offered to persons other than existing Members of the Company, consent of the members of the Company is required as Special Resolution, pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and as per the requirement of clause 7 and 17.1 of the SEBI Guidelines. The notice of postal ballot recommending the above referred proposal for approval of shareholders as Special Resolution has been dispatched on 7th May, 2014.

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

The Company has received a certificate dated 4th April, 2014 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. The Certificate would be placed at the Annual General Meeting for inspection by members.

Disclosures as required under clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the 'SEBI Guidelines') as at 31st March, 2014, are set out in **Annexure A** to this Report.

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 30th October, 2013 by the Board of Directors of the Company with the imminent 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**.

CORPORATE GOVERNANCE

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 on discharge of finance function are also presented in separate sections forming part of the Annual Report.

ENVIRONMENT, HEALTH AND SAFETY

Havells is dedicated to integrate environmental and safety principles in all aspects of its business. Our operating process and vigilant monitoring enables us to achieve the best standards of environmentaland occupational health and safety performance. Further to consolidate our efforts in sustainable growth your Company also bringsout the Sustainability Report, giving an insight into the Company's strategy and projects.

Your Company conforms to all applicable regulatory Environmental Health & Safety (EHS) requirements wherever it operates.We ensure safety of our workers and surroundings.

RoHS or 'Restriction of Hazardous Substances' compliance in all its products like CFLs, cables, PCBs, etc. ensures safety across the product life cycle. 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 all employees, workers, and channel partners against any unfortunate incident.

To conclude Havells has an open door policy to promote 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.

RESEARCH AND DEVELOPMENT

To grow, one must innovate and that is what we do at Havells. 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 recognised 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 recognised 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 endeavors of our research and development team.

EMPLOYEE RELATIONS

Havells is an equal opportunities employer. We do not discriminate on grounds of age, gender, colour, race, ethnicity, language, caste, creed, economic or social status or disability. The global workforce spreads across the continents forms the backbone of the entity. We handle global preferences and mindsets of both internal and external customers. Internal, being our diverse workforce that has over the years transformed Havells into a global entity. Employee recognition schemes in the form of ESOPs and the Idea policy have been a successful tool in acknowledging their contribution and making them partners in the wealth created by Havells.

We humbly acknowledge their contributions with best compensation and benefits that appropriately reward performance. Pay revisions and other benefits are designed in such a way to compensate good performance of the employees of the Company and motivate them to do better in future.

The talent pool of your Company has steadily evolved with changing times with fresh professional talent being infused to meet demanding situations.

"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.

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.

BOARD OF DIRECTORS

During the year, Shri Niten Malhan, representative of Warburg Pincus group as an investor, resigned from the Board of Directors of the Company, consequent to the sale of entire stake of Seacrest Investment Limited (a Warburg Pincus group company) in the shares of the Company acquired pursuant to Shares Subscription and Shareholders Agreement dated 23rd November, 2007.

The Board places on record its appreciation for his contribution in the overall growth of the Company during his tenure as Director.

Shri Surjit Gupta, Shri Avinash Parkash Gandhi and Shri Vijay Kumar Chopra retire by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of section 255 and 256 of the Companies Act, 1956.

With the notification of section 149 of the Companies Act, 2013 and other applicable provisions of the Act, Shri Avinash Parkash Gandhi and Shri Vijay Kumar Chopra, being eligible and offering themselves for re-appointment, are proposed to be re-appointed as Independent Directors in terms of section 149 and other applicable provisions of the Companies Act, 2013, for a period of 3 (three) years upto 31st March, 2017.

Further, the Board of Directors of your Company is seeking appointment of all other/remaining independent directors (who were appointed as Directors pursuant to the provisions of Companies Act, 1956 with their period of office liable to determination by retirement of directors by rotation and were independent in terms of clause 49 of the Listing Agreement) namely, Shri Sunil Behari Mathur, Shri Surender Kumar Tuteja and Dr. Adarsh Kishore as independent directors in terms of section 149 and other applicable provisions of the Companies Act, 2013, for a period of 3 (three) years upto 31st March, 2017.

Due notices under section 160 of the Act have been received from Members of the Company proposing the appointment of Shri Sunil Behari Mathur, Shri Surender Kumar Tuteja and Dr. Adarsh Kishore as independent directors of the Company at this Annual General Meeting.

Further, in terms of section 152 of the Act, your Board recommends for shareholders' approval, the period of office of Shri Qimat Rai Gupta, Chairman and Managing Director, Shri Anil Rai Gupta, Joint Managing Director and Shri Rajesh Gupta, Director (Finance) and Group CFO to be liable to determination by rotation.

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.

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(3)(g) of the Companies Act, 2013.

AUDITORS REPORT

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

COST AUDITORS

In terms of letter No. 52/26/CAB-2010 dated 24th January 2012 received from the Cost Audit Branch of the Ministry of Corporate Affairs and pursuant to the provisions of section 224(1B) read with section 233B of the Companies Act, 1956, M/s Sanjay Gupta & Associates (Registration No. 00212), Cost Accountants were appointed as the cost auditors of the Company for the year ending 31st March, 2014.

Further, the Compliance Report in respect of the FY 2012-13 was filed by the Cost Auditor in the XBRL mode in Form A on 24th September, 2013, within the due date of 27th September, 2013.

FIXED DEPOSITS

As at 31st March, 2014, fixed deposits accepted by the Company from public aggregated ₹ 68.47 crores which are within the limits prescribed under the Companies Act, 1956.

There was no deposit remaining unpaid or unclaimed as at the end of the year.

With the notification of applicable provisions of the Companies Act, 2013 (2013 Act) governing deposits, with effect from 1st April, 2014, approval of shareholders is required by way of Special Resolution for inviting/ accepting/ renewing deposits. The notice of postal ballot recommending the above referred proposal for approval of shareholders as Special Resolution has been dispatched on 7th May, 2014.

The provisions of the 2013 Act also mandate that any company inviting/ accepting/ renewing deposits is required to obtain Credit Rating from a recognised credit rating agency. Your Company has obtained a credit rating for its Fixed Deposit programme, from CARE in this regard, details whereof are provided in the credit rating section of Directors' Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period;

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

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

CERTIFICATIONS

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

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 205C of the Companies Act, 1956, your Company has transferred ₹ 2,99,405/- 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 2005-06.

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 ₹ 116.41 crores towards Income Tax as compared to ₹ 85.79 crores paid during the last financial year. The Company also paid Excise Duty of ₹ 311.42 crores, Custom Duty, Sales Tax & Service Tax of ₹ 507.86 crores, totaling ₹ 819.28 crores during financial year 2013-14 as compared to ₹ 753.99 crores paid during last financial year.

LISTING OF SHARES

The shares of the Company are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). NSE has been defined as the Designated Stock Exchange of the Company. The listing fee and custodial fee for the year 2014-15 has already been paid to the credit of both the stock exchanges and depositories.

PERSONNEL

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

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

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

ACKNOWLEDGEMENTS AND APPRECIATION

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, and other business associates.

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

(Qimat Rai Gupta)
Noida, May 28, 2014 Chairman and Managing Director

ANNEXURE "A" TO THE DIRECTORS' REPORT

Disclosures as at 31st March, 2014 under the Havells Employees Stock Option Plan 2013, pursuant to the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999:

a)	Options granted	45,939
b)	The pricing formula	The Exercise Price for the purpose of grant of options will be 50% of the Option Price of the shares on the Relevant Date. The Eligible Employees have authorised the Company to make a monthly deduction of 10% (ten percent) of their basic salary till March 31 of each financial year effective from 1st July 2012 to utilise the same towards contribution for exercise price for the relevant vested options.
c)	Options vested	598
d)	Options exercised	286
e)	The total number of shares arising as a result of exercise of option	286
f)	Options lapsed	6308
g)	Variation of terms of options	None
h)	Money realised by exercise of options	₹ 96,811/-
i)	Total number of options in force	39,345
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'	₹ 38.36
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 recognised 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.	Increase in Profit – ₹ 0.10 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 ₹ 338.50 and weighted average fair values of option ₹ 608.77
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	8.33 %
	(ii) expected life of options as on grant date	2 Years
	(iii) expected volatility	33.22 %
	(iv) expected dividends, and	0.58 %
	(v) the price of the underlying share in market at the time of option grant.	Average ₹ 606.63 per share

ANNEXURE "C" TO THE DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

(A) Energy conservation measures taken

The Company has always been conscious of the need for conservation of energy and has been sensitive in making progress towards this end. Energy conservation measures have been implemented at all the plants and offices of the Company and special efforts are being made on undertaking specific energy conservation projects like:

1. Lighting:

Efforts have been put by Company to reduce or optimise the lighting requirements at all the plants. Some of the initiatives are enumerated as under:

a) Replacement of Conventional Light fittings with LED light fixtures, leading to savings in power at office areas.

b) Installation of CFL, LED indicators, Use of 54W×4 T5 lamps for assembly area.

2. Replacement of old equipment with new/ energy efficient equipment:

a) Installation of Variable Frequency Drives based Motors as strategy for energy conservation.

b) 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.

c) Conversion of pneumatic screw driver to energy efficient Electrical screw driver.

d) Installation of precision temperature controlling equipment in drying ovens to avoid unnecessary overheating

3. Reduction in Specific Fuel Consumption for electricity generation:

a) Use of bio-fuel has reduced the LPG consumption in the plant's kitchen operations to half.

b) Use of PNG in place of Diesel for Powder coating Plant.

c) Conversion of diesel based equipment's into Natural Gas based system in powder coating zone.

4. Control Instrumentation / Process Optimisation:

a) Installation of timer based submersible pump

b) Controlled running of paint shop ASUs

c) Use of Mechanical Feeders installed on power presses.

d) Installation of STP to treat the used water for gardening.

5. Optimisation of Electrical Equipment:

In addition to the existing controls on prime production equipment and existing prime utilities equipment, some electrical equipment modifications / additions being done are:

a) Continuous monitoring of Power factor of plant on daily basis, we operating in range 0.96 ~ 0.99 against min standard required from RSEB 0.95

b) Redesign of pay off fixtures in cable division to reduce energy consumption by 30%.

c) Use of Variable Frequency Drives based screw type Air-Compressors.

6. Renewable energy / Waste Reduction

a) Use of solar water heaters in canteens, pantries & guest house.

b) Installation of Solar lights for Road lighting.

c) Use of natural light by placing transparent roof and side glass windows in day time for panel manufacturing unit to reach green building concepts.

d) Eco Urinal Blocks for Urinals.

e) Usage of recycled pulp paper instead of thermo-col for packing of fan motors.

f) Conversion of thermosetting plastic to recyclable thermoplastic material

g) Using waste water of R.O. plant-by recycling and for hydrant system.

Besides the internal actions for energy conservation, company offers energy efficient products and solutions to customers. Development of new series of Fans and LED fixtures are at least 20% more energy efficient than existing products

(B) 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 occupancy sensor in conference rooms and rest rooms

b) Usage of energy efficient motors in operations

c) Replacement of old and inefficient utilities such as DG sets pumps and motors and production equipment's.

d) Installation of precision temperature controlling equipment in drying ovens to avoid unnecessary overheating

(C) Impact of measures for reduction of energy consumption

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

B. RESEARCH AND DEVELOPMENT (R & D)

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

- Upgradation of existing products and processes
- Development of new analytical test methods, Collaborative development with vendors, academia and institutes.
- Optimisation of products and processes to minimise waste generation and reduce environmental and safety concerns
- Process Automation through designing of Test benches, Jigs, Fixtures.
- Utilisation of emerging technologies and carrying out studies on various concepts.
- Value engineering through identification of new and alternate raw materials
- Research on new functional polymers and nano technology.
- Import substitution and identification of new raw material for development
- Developing of new products to expand the existing range.

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

These initiatives supported the Company's endeavor in bringing about improvements in existing products and developing new products. The Company was able to emphasise 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
  - Metallica Distribution Box series for SPN,TPN & 8-segment with cable end box
  - Conventional Reo Range switches for rural and semi-urban segment.
  - Modular and Compact Touch Switch and Fan Regulator
  - Anti-Microbial range of Switch, Mixer & Grinders for Hygine conscience customer
  - New range of MCB and RCCB with enhanced features
  - Compact RCBO in single module 100mm
  - Automatic Change Over in compact size for domestic applications
  - Super Mix Plus Mixer Grinder with Lacquered Metallic Finish Body and hands free lids in all the three steel jars.
  - Dry Iron ADORE and EVO with Stainless steel body, best in the class anesthetics
  - Innovative Printing Technology for Kids Fans
  - Energy Efficient fans
  - Sub Marine Cables
  - Optics, Driver and solution for Lighting Control Automation.
  - Value engineered Fuse Base with Maximum Features.
  - APFC Panels – Modular Construction.
  - L-Frame MCCB – Cost Effective, High breaking Capacity with Adjustable Thermal-Magnetic & Electronic Range.
  - MCCB Panel Board – CE certified with Unique Positioning
  - Tri-load & 250A Distribution Board for Special application
  - Switch Disconnect Fuse up-to 125A for export market
  - Timer Switch & Automatic Phase selector Unit.
  - Radioactive free solutions for all CMI range to get rid of Trace of Radioactive Kr85 Isotope.
  - CMI classic version- Cost Effective solution with better Life and Light efficiency.
  - Energy efficient CMI- TT lamps for outdoor and public lighting.
- Upgradation
  - 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
  - Automatic Transfer Switches range addition

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
  - ACCL, Motor Starter
  - New range of MCB with Under voltage and Over Voltage protection
  - Agri-Motor Starter
  - RCD Protected Socket
  - EHV cables of grade 132/220KV
- In House Manufacturing of
  - XLPE Compound
  - Enameled copper wire
- Material Analyser for R&D Purpose.

4. Expenditure on R & D

		2013-14	2012-13
a)	Capital	2.86	**1.09**
b)	Recurring	21.88	**16.95**
c)	Total	24.74	**18.04**
d)	Total R & D expenditure as a percentage of total turnover	0.5%	**0.4%**

C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Initiatives on technological changes with an emphasis on customer orientation has been sharpened. The Company is putting continuous efforts in acquisition, development, assimilation, and utilisation of technological knowledge. The Company, in its constant endeavor to improve processes in design and planning in the manufacturing domain, 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. All Company products and solutions are compliant with the prevalent regulatory norms.

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

- In-House Development of Special purpose Machine
  - a. Testing and Riveting of Mini MCB.
  - b. Auto calibration benches for Mini MCB.
- Cooling conveyor developed to integrate Calibration and verification system.
- Auto bagger packaging implemented for REO accessories.

2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.

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

- Productivity and quality enhancement.
- Energy saving by removal of AC for cooling.

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

The Company continues its endeavor to adopt technologies for its product range to meet the requirements of a globally competitive market.

	Technology imported	Year of Import	Has Technology been fully absorbed	If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action
1.	Electric Servo based Molding Machine	2009-10	Yes	NA
2.	Spray Painting System for Ceiling Fans	2009-10	Yes	NA
3.	Technology to produce CFL capsule through complete automatic production line	2009-10	Yes	NA
4.	Glove Box System for CMI Arc Tube manufacturing	2009-10	Yes	NA
5.	High Speed Chip Shooter for manufacturing of PCB Assemblies	2010-11	Yes	NA
6.	Precision Solder Paste Printer (Fully Automatic), Reflow oven & High Speed Glue Dispenser	2010-11	Yes	NA
7.	Power Coating Plant	2010-11	Yes	NA
8.	Machinery for Manufacturing of Metal Halide lamp, Mercury Vapour lamps and Sodium Vapour Lamps	2010-11	Yes	NA
9.	Machinery for Manufacturing of Metal Halide Arc Tubes and Lamps Components	2010-11	Yes	NA
10.	Injection Moulding Machine- Model: Ecopower B6 Standard 110/350 H.	2010-11	Yes	NA
11.	Cable Metal Corrugated Sheathing Machine	2010-11	Yes	NA

Technology imported		Year of Import	Has Technology been fully absorbed	If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action
12.	Drum Twister with Caterpillar & Rigid Frame Strander (Machinery for Manufacturing of Cable)	2010-11	Yes	NA
13.	Automatic 4 station Compression Moulding Machine at Sahibabad	2011-12	Yes	NA
14.	Installed Motor winding, manufacturing and Testing setup for Table, wall and pedestal fans at Haridwar	2011-12	Yes	NA
15.	Powder Coating setup for Unit 1 at Haridwar	2011-12	Yes	NA
16.	Computerised testing for Fan motor and stators at Haridwar	2011-12	Yes	NA
17.	Stator Winding machines for Yorker and 24" Ceiling Fan models at Haridwar	2011-12	Yes	NA
18.	Automatic Packaging Machine for Fans	2012-13	Yes	NA
19.	Roll forming machine for Battens / Strips for Lighting Fixture Project	2012-13	Yes	NA
20.	Half -Sprial Tube and Pre-Coating Machine for CFL	2012-13	Yes	NA
21.	Ceiling Fan Blade Holder Screw Driving Machine	2012-13	Yes	NA
22.	Coating Machine for Quartz Metal Halide Arc Tube	2012-13	Yes	NA
23.	Surface Mounting Technology (SMT) SMT Pick & Place Machine	2012-13	Yes	NA
24.	Leakage Inspection Machine	2013-14	Yes	NA
25.	D10 SMT Fluid Dispensing Machine	2013-14	Yes	NA
26.	Coil Wrapping Machine	2013-14	Yes	NA
27.	IGMS – 2000 Goniophotometer System with rotating mirror	2013-14	Yes	NA
28.	Ceiling Fan Full Automatic Winding Machine	2013-14	Yes	NA
29.	CNC Bending Roll Machine	2013-14	Yes	NA
30.	CNC EDM Machine	2013-14	Yes	NA
31.	DLM-3 Single Side Coil Lacing Machine	2013-14	Yes	NA
32.	Water film transfer printing mini set machinery	2013-14	Yes	NA
33.	1- Rotary Switch Endurance Test Machine	2013-14	Yes	NA
34.	2- LID & LID Gasket Endurance Test Machine	2013-14	Yes	NA
35.	Multicavity Moulds	2013-14	Yes	NA

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

During the Financial Year 2013-14, the Company made export sales of ₹ 323.65 crores as compared to ₹ 219.16 crores during the financial year 2012-13. There was a growth of 48% where in all round efforts made to increase the business in existing and new export markets in Havells brand.

The main highlights of Export Business were:

- Focus on trade / channel sales for Havells branded products for the increase of business in Africa, Middle East & SAARC.
- Foray into newer markets which included Zambia, Zimbabwe, Afghanistan, Congo, Cameroon etc.
- Special focus was made on project / institutional business for Cables and MCB in Tanzania & Kenya.
- Development of market specific / customised products for Middle East, Africa and SAARC helped to foster the growth.
- Brand building activities were a part of continuous initiatives taken to increase sales, which included Billboards, Dealer -Customer meets and other ATL and BTL activities.
- Growth in Cables, Industrial Products, Lighting Fixtures were key to top line and bottom line growth.

(b) Total Foreign Exchange used and earned

(₹ in Crores)

	2013-14	2012-13
Foreign exchange earned	316.50	207.73
Foreign exchange used	524.58	397.59

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

Qimat Rai Gupta
Chairman and Managing Director

Noida, May 28, 2014

Statement Pursuant to Section 212(1)(e) of the Companies Act,1956, relating to Subsidiary Companies for the year ended 31st March, 2014

(₹ in Crores)

Sl. No.	Name of the Subsidiary Company	Financial year of the Subsidiary ended on	Extent of Interest of Holding Company in the Subsidiary ended as at 31st March, 2014			The net aggregate amount of Subsidiary's Profit/loss so far as it concerns the member of the Holding Company and is not dealt with in the Holding Company's accounts		The net aggregate amount of Subsidiary's Profit/ loss so far as it has been dealt with in the Holding Company's accounts	
			No. of Shares held by Havells India Limited	Nature of Interest Subsidiary/ Step Subsidiary	Extent of Interest %	Current Year	For the Previous Financial Years of the subsidiary since it became a subsidiary	Current Year	For the Previous Financial Years of the subsidiary since it became a subsidiary
1	Havells Sylvania Argentina S.A.	12/31/2013	-	Step Subsidiary	100%	(10.63)	15.90	Nil	Nil
2	Havells Sylvania Brasil Iluminacao Ltda.	12/31/2013	-	Step Subsidiary	100%	(18.59)	(40.83)	Nil	Nil
3	Havells Sylvania Colombia S.A.	12/31/2013	-	Step Subsidiary	100%	4.41	33.50	Nil	Nil
4	Havells Sylvania Venezuela C.A.	12/31/2013	-	Step Subsidiary	100%	(3.93)	7.22	Nil	Nil
5	Havells Sylvania N.V. (Ecuador)	12/31/2013	-	Step Subsidiary	100%	14.03	42.83	Nil	Nil
6	Havells Sylvania El Salvador S.A. de C.V.	12/31/2013	-	Step Subsidiary	100%	1.19	2.41	Nil	Nil
7	Havells Sylvania Guatemala S.A.	12/31/2013	-	Step Subsidiary	100%	(2.84)	(7.47)	Nil	Nil
8	Havells Mexico S.A. de C.V.	12/31/2013	-	Step Subsidiary	100%	(0.76)	35.94	Nil	Nil
9	Panama Americas Trading Hub SA	12/31/2013	-	Step Subsidiary	100%	3.70	30.44	Nil	Nil
10	Havells Sylvania Panama S.A.	12/31/2013	-	Step Subsidiary	100%	13.20	8.88	Nil	Nil
11	Havells Sylvania Peru S.A.C.	12/31/2013	-	Step Subsidiary	100%	(0.48)	(2.77)	Nil	Nil
12	Havells Sylvania Europe Ltd.	12/31/2013	-	Step Subsidiary	100%	20.54	63.42	Nil	Nil
13	Havells Sylvania Spain S.A.	12/31/2013	-	Step Subsidiary	100%	0.67	0.97	Nil	Nil
14	Havells Sylvania Portugal Lda.	12/31/2013	-	Step Subsidiary	100%	0.23	0.66	Nil	Nil
15	Havells Sylvania Italy S.p.A.	12/31/2013	-	Step Subsidiary	100%	(0.61)	(0.90)	Nil	Nil
16	Havells Sylvania Greece A.E.E.E.	12/31/2013	-	Step Subsidiary	100%	(0.23)	(7.42)	Nil	Nil
17	Havells Sylvania Sweden A.B.	12/31/2013	-	Step Subsidiary	100%	(6.26)	(9.99)	Nil	Nil
18	Havells Sylvania Norway A.S.	12/31/2013	-	Step Subsidiary	100%	0.02	(22.05)	Nil	Nil
19	Havells Sylvania Finland OY	12/31/2013	-	Step Subsidiary	100%	0.46	(1.14)	Nil	Nil
20	Havells Sylvania Tunisia S.A.R.L.	12/31/2013	-	Step Subsidiary	100%	(3.72)	(42.07)	Nil	Nil
21	Havells Sylvania UK Ltd.	12/31/2013	-	Step Subsidiary	100%	6.72	(32.19)	Nil	Nil
22	Havells Sylvania Fixtures UK Ltd.	12/31/2013	-	Step Subsidiary	100%	10.69	18.54	Nil	Nil
23	Havells Sylvania Lighting Belgium N.V.	12/31/2013	-	Step Subsidiary	100%	6.19	(93.20)	Nil	Nil
24	Havells Sylvania Poland S.p.Z.o.o	12/31/2013	-	Step Subsidiary	100%	(0.76)	(2.52)	Nil	Nil
25	Havells Sylvania Belgium B.V.B.A.	12/31/2013	-	Step Subsidiary	100%	0.09	0.18	Nil	Nil
26	Havells Sylvania Germany GmbH	12/31/2013	-	Step Subsidiary	100%	16.06	(76.84)	Nil	Nil
27	Havells Sylvania Fixtures Netherlands B.V.	12/31/2013	-	Step Subsidiary	100%	1.32	62.62	Nil	Nil
28	Havells Sylvania Lighting France S.A.S.	12/31/2013	-	Step Subsidiary	100%	3.52	(40.07)	Nil	Nil
29	Havells Sylvania France S.A.S.	12/31/2013	-	Step Subsidiary	100%	3.76	7.62	Nil	Nil
30	Havells Sylvania Switzerland A.G.	12/31/2013	-	Step Subsidiary	100%	0.82	41.29	Nil	Nil
31	SLI Europe B.V.	12/31/2013	-	Step Subsidiary	100%	(1.34)	(170.87)	Nil	Nil
32	Sylvania Lighting International B.V.	12/31/2013	-	Step Subsidiary	100%	24.20	95.12	Nil	Nil
33	Flowil International Lighting (Holding) B.V.	12/31/2013	-	Step Subsidiary	100%	11.95	(25.53)	Nil	Nil
34	Havells Sylvania (Thailand) Ltd.	12/31/2013	-	Step Subsidiary	100%	(3.23)	8.71	Nil	Nil
35	Guangzhou Havells Sylvania Enterprise Ltd.	12/31/2013	-	Step Subsidiary	100%	(1.29)	(14.02)	Nil	Nil

Statement Pursuant to Section 212(1)(e) of the Companies Act,1956, relating to Subsidiary Companies for the year ended 31st March, 2014

(₹ in Crores)

Sl. No.	Name of the Subsidiary Company	Financial year of the Subsidiary ended on	Extent of Interest of Holding Company in the Subsidiary ended as at 31st March, 2014			The net aggregate amount of Subsidiary's Profit/loss so far as it concerns the member of the Holding Company and is not dealt with in the Holding Company's accounts		The net aggregate amount of Subsidiary's Profit/ loss so far as it has been dealt with in the Holding Company's accounts	
			No. of Shares held by Havells India Limited	Nature of Interest Subsidiary/ Step Subsidiary	Extent of Interest %	Current Year	For the Previous Financial Years of the subsidiary since it became a subsidiary	Current Year	For the Previous Financial Years of the subsidiary since it became a subsidiary
36	Havells Sylvania Asia Pacific Ltd.	12/31/2013	-	Step Subsidiary	100%	0.51	6.08	Nil	Nil
37	Havells Sylvania (Shanghai) Ltd.	12/31/2013	-	Step Subsidiary	100%	(0.04)	(7.48)	Nil	Nil
38	Havells Sylvania (Malaysia) Sdn. Bhd	12/31/2013	-	Step Subsidiary	100%	(1.52)	(0.70)	Nil	Nil
39	Havells Sylvania Dubai FZCO	12/31/2013	-	Step Subsidiary	100%	0.68	16.25	Nil	Nil
40	Havells Malta Ltd.	12/31/2013	-	Step Subsidiary	100%	(0.32)	(22.25)	Nil	Nil
41	Havell's Netherlands Holdings B.V.	12/31/2013	-	Step Subsidiary	100%	1.12	(8.37)	Nil	Nil
42	Havell's Netherlands B.V.	12/31/2013	-	Step Subsidiary	100%	(17.49)	(171.75)	Nil	Nil
43	Havells Sylvania Costa Rica S.A.	12/31/2013	-	Step Subsidiary	100%	7.20	(4.74)	Nil	Nil
44	Havells USA Inc.	12/31/2013	-	Step Subsidiary	100%	(11.23)	(52.06)	Nil	Nil
45	Havells Sylvania Iluminacion (Chile) Ltda.	12/31/2013	-	Step Subsidiary	100%	(2.26)	(0.47)	Nil	Nil
46	Havells Sylvania TR Elektrik Ürünleri Ticaret Limited Sirketi	12/31/2013	-	Step Subsidiary	100%	(3.10)	(11.62)	Nil	Nil
47	PT Havells Sylvania Indonesia	12/31/2013	-	Step Subsidiary	100%	(5.15)	(6.35)	Nil	Nil
48	Thai Lighting Assets Co. Ltd.*	12/31/2013	-	Step Subsidiary	49%	(0.01)	(0.04)	Nil	Nil
49	Havells Sylvania South Africa Proprietary Limited	12/31/2013	-	Step Subsidiary	100%	(0.19)	(1.50)	Nil	Nil
50	Havells Mexico Servicios Generales SA De CV	12/31/2013	-	Step Subsidiary	100%	0.64	0.14	Nil	Nil
51	Havells Sylvania Export N.V.	12/31/2013	-	Step Subsidiary	100%	(0.12)	0.00	Nil	Nil
52	Havells Sylvania Holdings BVI-1 Limited	12/31/2013		Step Subsidiary	100%	0.00	0.00	Nil	Nil
53	Havells Sylvania Holdings BVI-2 Limited	12/31/2013	-	Step Subsidiary	100%	0.00	0.00	Nil	Nil
54	Havells Exim Limited	3/31/2014	1000	Subsidiary	100%	6.95	7.02	Nil	Nil
55	Havells Holdings Limited	3/31/2014	111,624,892	Subsidiary	100%	(3.73)	(8.30)	Nil	Nil

* '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 entities board of directors and the approval of the said company is required for all major operational decisions and the operations are solely carried out for the benefit of the group. Based on these facts and circumstances, management determined that in substance the group controls this entity and therefore has consolidated this entity in its financial statements.

For and on behalf of Board of Directors

Qimat Rai Gupta
Chairman and Managing Director

Surjit Gupta
Director

Rajesh Gupta
Director (Finance) and Group CFO

Sanjay Gupta
Company Secretary

Sanjay Johri
Associate Vice President (Finance)

Noida, May 28, 2014

Management Discussion & **ANALYSIS**

Management Discussion & ANALYSIS

A brand story with a difference

Brand stories are impacted by many factors. The aspiration for being green, innovating new efficiencies and driving consumer satisfaction are internal factors that help script its narrative. Yet, there are many other external factors that impact the brand story. The global macro-economic situation, the national economy and its trend, individual market movements, customer aspirations and spending power, each of these are factors that nuance the narrative of our brands. How did we perform within the complexities that are present? The Management Discussion and Analysis gives us insights into these.

1. HAVELLS – GETTING BETTER AND BETTER

It has been a brand story of excellence, with the financial year 2013-14 marking the completion of a decade since Havells first entered consumers' households through its products Compact Fluorescent Lamp, lighting fixtures and fans. Prior to that, the Company's connect with consumers was only through its cables and switchgears, more regarded as industrial products. But the journey proved exciting as well as rewarding, as Havells introduced more and more consumer products and emerged as a strong brand in the electrical consumer goods space.

Today, nearly 72% of the Company's domestic revenues come from consumer products such as flexible cable, domestic switchgears, switches, lighting and fixtures and electrical consumer durables. The number is going to move up further in the years to come. The average annualised growth rate in consumer centric products was nearly 20% in the last five years, as against around 12% in industrial products.

This transition necessitated a change in the Company's DNA, which now resembles that of a consumer product company that typically invests heavily in building brands and distribution network. This was made possible due to the Company's ability to create well-differentiated products in a crowded market place without competing on price, offering unique value proposition to the consumers.

This has been a very conscious and deliberate journey, taking into account the immense potential of the Indian consumption story, which is going to play out over the next couple of decades. India's young population, expanding middle class and premiumisation of demand towards branded quality goods hold a vast potential for growth for branded consumer goods. The journey saw Havells successfully establish the three strong pillars – brands, distribution network and manufacturing back-up – needed to create sizeable business out of new launches across various products.

At the root of this transformational journey was a strong focus on innovative thinking — redefining the market place and doing things that nobody did earlier in terms of product features, branding and distribution efforts, as well as manufacturing. On the way, the acquisition of Sylvania helped us increase our global footprint.

The success of our strategy is visible in our financial numbers, as well as our leading market position across product categories. The Company has maintained its growth with improved margins in a slowdown financial year 2013-14. The strong Return on Capital Employed (RoCE) has been sustained, while at the standalone level the cash balance is growing.

The Year gone by…

Financial Year 2013-14 proved a challenging year, with economic growth stagnating across Europe and on a downward trend in India. Currency fluctuations through the year had a drag on earnings, particularly for Sylvania, which has 35% revenues coming from Latin America.

In the domestic market, too, consumer sentiment was impacted due to persistently high inflation through Financial Year 2013-14. Nevertheless, the Company maintained its 12% revenue growth rate in domestic business. This helped us cement our leading position across product segments and take our brand evolution to the next level of growth. Besides, our cost management efforts continued to improve operating profit margins.

During the financial year 2013-14 the revenue growth has been buoyed by exports growth. There has been continued delivery in domestic operations with improved margins. The cash generation has been stronger as a result of the operational efficiencies. During the year 2013-14, Net revenue has grown by 12% from ₹ 4,225 crores to ₹ 4,720 crores. Net profit has grown up by 29% from ₹ 371 crores to ₹ 479 crores

The Company maintained its leadership position in products like Domestic MCB (Miniature Circuit Breaker). New product launches included pumps and new models across various appliance categories. Similarly, fans were launched under Standard brand for distribution maximisation.

INDIAN INDUSTRY OVERVIEW

Rising rural demand has been the cause of resilience of the Indian markets, despite the slowdown in urban markets. The market for Consumer Electrical Goods is marked by the existence of a large unorganised and unbranded sector that co-exists with a few organised and branded players. With increase in rural incomes, there is a marked shift in preference for branded goods made by organised players. This shift will have welcome consequences for our brand story, as our quality, finish, functionality and other benefits will win hearts, minds and wallets in increasing numbers. This shift from unbranded to branded is also clearly visible in the urban markets.

The consolidation in this industry has been slow, with a handful of deals in the last 5-7 years. As the market matures, the pace of consolidation is expected to increase.

India's demographic dividend is another factor that will benefit the organised sector. As the young working population benefits from increased incomes, their aspirational desire for superior quality and aesthetically designed products will increase, helping the organised sector to clock growth at a rapid pace. Given the shifting preferences, a large number of small players and cheap imports have made the market highly competitive at the lower price end. This requires our brands to speak louder and communicate more about the value proposition we offer.

PILLARS OF OUR SUCCESS

Innovation

At Havells, while we script a brand story with a difference, we do it with the belief that if we keep doing the same things in the same ways, we will end up with the same results. Innovation is born out of our desire to grow, to differentiate ourselves and set new benchmarks. So, at Havells, innovation is the way of life. Change is the norm.

Our planning and execution is radically different from those of other organisations, and indeed different today than what it was a few years back. Every new circumstance demands a fresh approach, a new way of thinking and doing. It is due

to this constant innovation and improving efficiencies that we are able to redefine the rules of the game for this age-old industry. From advertising to distribution, from IT-based systems to manufacturing, our approach has always been different, which has proven successful over years.

The inculcation of this innovation culture became possible due to the high level of employee empowerment and transparency within the organisation. At Havells, employees are encouraged to innovate and then spearhead such innovations on trial basis, building entrepreneurial culture, where mistakes are preferred to inactivity and learning from such mistakes is encouraged.

Naturally, we continuously strive to be innovative in our product offering as well. The Company has well equipped Research & Development units across its business segments, to help introduce products with better specifications, design as well as aesthetics than what is typically available in the market place. In commonplace products like switches or fans, the Company created new market segments by adding aspirational aesthetics to the products, besides introducing superior technical specifications to improve their efficiency, safety and longevity. This has helped establish our brands in the premium segment across the product categories.

Innovation has always helped us in product differentiation, enabling a premium product positioning while offering better value-for-money proposition to our consumers.

Creating differentiated brand stories

Havells' branding and mass media advertising efforts began much later than the launch of consumer products. True to our innovation culture, our initial advertising was for switches, Miniature Circuit Breakers and flexible cable, which were perceived as industrial products in which the decision making is done by influencers. Our efforts led to increased awareness about such products among consumers. The primary aim of our advertising was to connect with consumers and channel partners.

Our efforts evolved greatly with the launch of different consumer product categories, such as fans, lighting, and appliances. The acceptance of the brand by the consumers enabled the Company to command premium across product categories. The Company has always leveraged on its brand positioning and superior product features, rather than pricing, to expand market penetration.

The Company has three leading multi-product brands – Havells, Crabtree and Standard - in India. These brands typically have different distribution channels, thereby complementing each other by offering wider choice to customers.

A growing middle class in the country is making a shift from unbranded to branded goods across various consumer products. Havells' branding strategy is aimed at capturing this shift. The aspirational nature of Havells' brands is visible in the market place, where customers specifically ask for Havells products.

This has necessitated greater investments in branding and advertising to improve the consumer's brand recall. For Financial Year 2013-14, the Company's advertising spend was almost 2.4% of the net revenue. The Company has developed a long-standing association with the game of cricket, which is by far the most widely followed sport in the country. This strategic association led the Company to launch its new advertising campaign with Indian Premier League during mid-April.

Scripting the distribution story for brand resilience

The key growth driver for the Company has been the distribution led business model. Dealers are an integral part of the Havells group and we continuously strive to work in coordination and partner in the growth objectives of the dealers.

The Company has already developed direct presence in towns with over 5 lakh population, and has reached majority towns with population between 50,000 to 5 lakh. The geographical reach of the distribution network has expanded from Tier I to Tier II and III towns. The Company has connected with thousands of retailers and electricians under its 'Power Plus' initiative.

The Company took initiative to reach customers through 'Havells Galaxy' stores across 130 cities, as a unique consumer connect initiative. A Havells Galaxy store displays the entire range of our consumer products, offering the widest choice to a consumer across product categories under a single roof. We plan to reach more cities with such stores over the next couple of years.

The strong and growing dealership network is not only the Company's eyes and ears to connect with consumers, but has become a dependable backbone to support its new product launches. We perceive a higher growth potential for the Company to grow within the existing dealer network.

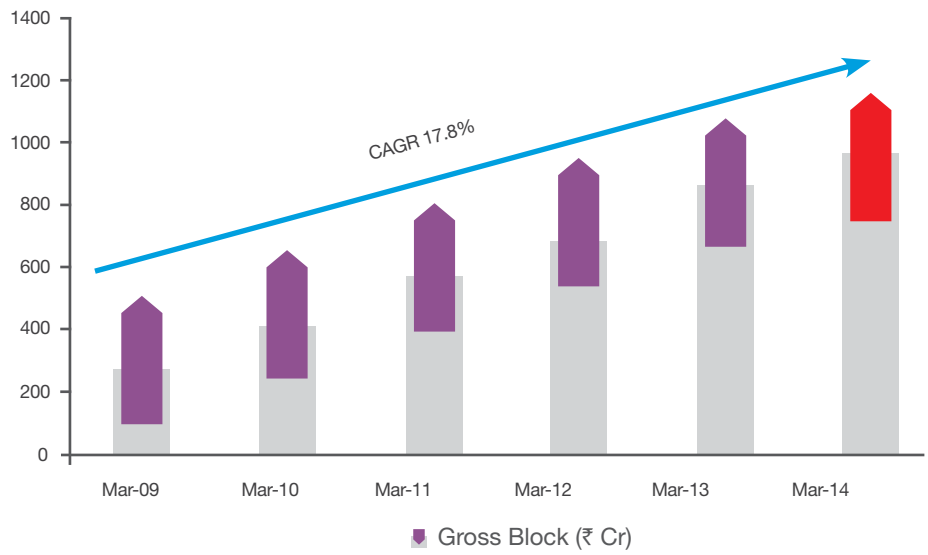
Scripting a Manufacturing story with a difference

In an industry which predominantly worked on the outsourcing model, Havells has invested heavily in production capabilities, which has helped in maintaining strict quality standards, year after year, across old as well as new products. At the same time, this backward integration has also added to our operating profit margins. Such is the level of our differentiation that Havells is the only leading Company in the country to manufacture lighting fixtures in-house and only company with a fully integrated manufacturing plant for fans in India, where it produces more than 90% of the fans it sells. Today, Havells operates 11 state-of-the-art manufacturing plants within the country, at Haridwar (Uttarakhand), Baddi (Himachal Pradesh), Noida and Sahibabad (Uttar Pradesh), Faridabad (Haryana), Alwar and Neemrana (Rajasthan), which produce majority of the products it sells.

Nevertheless, the Company has done major capex in last few years and thus incremental capex will be limited to maintenance capex. Thus for most of the products, the next few years' growth can be catered from existing capacities.

As part of our expansion focus, we are setting up a water heater plant at Neemrana, Rajasthan, and the same is expected to be operational in the next financial year.

Growth in Gross Block Over Years



BUSINESS VERTICALS

Switchgears

Switchgears division include domestic switchgears, switches, industrial switchgears, capacitors, motors.

The Company is introducing new product variants with better designs in its existing product categories, such as Miniature Circuit Breakers and distribution panels. The 'REO' range of switches introduced last year is doing well, particularly in Tier II and III towns, was able to achieve ₹ 73 crores turnover mark in financial year 2013-14 – its first full financial year.

For industrial division, the demand from utilities as well as private sector was sluggish in Financial Year 2013-14. The Company is aiming for geographical expansion and business development with a focus on public sector utilities for industrial switchgears.

The Switchgears division registered net revenue of ₹ 1,219.2 crores during financial year 2013-14 as compared to ₹ 1,078.1 crores during financial year 2012-13 mirroring a growth of 13% with contribution margins in this segment at 33.1%.

Cables

Cables contribute 41% of the segment's total revenues and grew 14% during Financial Year 2013-14. The focus of the business has always been direct sales to retail consumers through the distribution network supported by brand building efforts. Growing consumer preference towards branded products with higher safety features has enabled the business' growth.

Industrial cables is a more commoditised business, where also Havells has created a perception of quality and commands premium over other players. Havells managed 14% topline growth in Financial Year 2013-14, strengthening its position among the top industry leaders. Cities increasingly going for underground cables to replace unsafe overhead cables will be a major growth driver for this industry in the coming years.

Cables division registered net revenue of ₹ 1,926.4 crores during financial year 2013-14 as compared to ₹ 1,692.5 crores during Financial year 2012-13. This division account for 41% of the total income. Contribution margins were also better at 11.0% from 9.1% in financial year 2012-13. The revenue growth has been buoyed by exports.

Lighting & Fixtures

Havells' focus in this segment has always been on energy efficient lighting. Starting with the Compact Fluorescent Lighting (CFL) products, the Company has gone on to add Light Emitting Diode (LED) products to its portfolio over the last few years. Besides the primary sources of lighting, the segment also encompasses luminaries or fixtures – supporting hardware needed for arrangement of lighting source to achieve better aesthetic effect. The segment grew 8% during Financial Year 2013-14, with stable margins.

The demand for LED-based lighting is set to grow rapidly in India over the next few years, thanks to the significant energy saving they offer compared to other types of lighting. For households, CFLs still remain the preferred choice but the commercial segment is witnessing increasing use of LEDs. The cost of LEDs has come down significantly globally making it viable to use in more and more applications. This trend will likely continue in financial year 2014-15 as well.

The Company's new facility at Neemrana to manufacture luminaries has reduced the dependence of imported components.

The lighting & fixtures division registered net revenue of ₹ 720.7 crores during financial year 2013-14 as compared to ₹ 665.1 crores during financial year 2012-13 mirroring a growth of 8% with contribution margins of 24.8%.

Electrical Consumer Durables

The Consumer Electrical Durables segment witnessed 8% revenue growth during financial year 2013-14, The Company has a basket of kitchen appliances, such as mixers, blenders, toasters, and induction cooktops, apart from water heaters and irons in this segment, which have been introduced in the last three years. The strategy will be to launch more and more products in this segment, which can leverage the same distribution channel. In line with this strategy, an entire range of fans was introduced under 'Standard' brand for distribution maximisation resulting in better economies of scale, going forward.

The brown goods, or the electrical appliances, is divided in 5 broad categories: Garment Care, Cooking, Food Preparation, Beverage Brewing and Weather Control. Havells is today present in all these categories, providing an exhaustive range of products to consumers, enabling multiple engagements.

The Electrical Consumer Durables division registered net revenue of ₹ 853.4 crores during financial year 2013-14 as compared to ₹ 789.3 crores during financial year 2012-13, a growth of 8% with contribution margin of 27.0%.

Sylvania

Havells Sylvania is part of Havells and is a leading, full-spectrum provider of professional and architectural lighting solutions. Built on over a century of expertise in lamps and luminaires, Havells Sylvania supplies state-of-the art products and systems to the public, commercial and private sectors, worldwide.

The Company operates in a markedly different environment compared to the Indian businesses of Havells. Unlike domestic business, which is spread across different verticals, Sylvania is a specialised lighting and luminaries player. Lighting products represent nearly half of the Company's revenues, while the other half comes from luminaries or fixtures.

During Financial Year 2013-14, 58% of the Company's revenues generated from Europe, which has seen a prolonged economic stagnation in the last couple of years, resulting in a slowdown in construction and projects industries. Given its product specialisation, Sylvania's business is particularly dependent on these industries. Similarly, Sylvania's 35% exposure to Latin American markets suffered during the year due to macro currency volatility.

Sylvania on standalone registered net revenue of Euro 440.1 million in financial year ended 2013-14 as compared to Euro 439.9 million in financial year ended 2012-13. EBIDTA (Earnings Before Interest Depreciation Tax and Amortisation) was Euro 16.5 million in financial year ended 2013-14 as compared to Euro 22.5 million in financial year ended 2012-13.

The Management's approach to Sylvania has been to improve profitability. To the extent possible, Indian production facilities are being used to support Sylvania. Despite the tough market conditions in Europe and currency volatility in Latin America there has been improvement in margins. The business is now cash flow positive with significant reduction of debt.

LED technology, energy policy and related product-level legislation remain the key drivers of revenue growth in the lighting industry. Although some conventional lighting technologies remain superior to solid-state lighting, LED efficacy has reached a point where lumen output per footprint, light quality, energy savings, longevity, control, fashion and design attributes collectively make LED lighting a highly compelling purchasing proposition across most end-use sectors.

90 Years and a Global Showcase

2014 marks the 90th anniversary of Sylvania and, this year, we celebrated 90 years of Light by attending the international event 'Light and Building'. The future is assuring for Havells Sylvania and LED lighting. We are committed to continuing to develop and deliver lighting solutions designed for the modern world, enhancing the environment, bringing benefits to customers, all within a sustainable business model, and we look forward to the next 90 years!

Sylvania is a stable business heading in the right direction for future growth. We remain cautiously optimistic about its performance in Financial Year 2014-15, as the European economy as well as construction activity seeming bottoming up.

CAPEX/ EXPANSION PLANS

With global state of the art plants running seamlessly for the product categories, there is little need to go for any greenfield facility in near future. There is sufficient capacity and space available at these units to take care of demand growth over the next few years. As a result, the capital expenditure will be primarily aimed at debottlenecking or maintenance. The Company spent around ₹ 92 crores towards capital expenditure in Financial Year 2013-14.

Environment, Health & Safety

Environment, Health and Safety are among the top priorities at Havells and excellent systems and processes have been established to ensure the highest levels of compliances and best practices towards Environmental, Health and Safety concerns across our business functions.

In the previous financial year, Havells released its first Sustainability Report highlighting its environmental, social and economic performance to all stakeholders. For the financial year ended 2013-14, Havells will publish its second edition of the Sustainability Report.

Havells follows RoHS (Restriction of Hazardous Substances) compliance in all products like CFLs, PCBs, cables, etc. under which efforts have been made to eliminate or significantly reduce the use of traditionally used hazardous components like mercury, lead, cadmium and halogens. Another achievement in this direction by Havells Research & Development was the elimination of the use of radioactive component from the entire CMI lighting range.

All manufacturing plants carried out comprehensive safety drives during National Safety Week to reinforce the means of achieving complete occupational and environmental safety. Week-long workshops, training sessions, safety assessments were carried out to strengthen the culture of safety.

An Enterprises Risk Management Committee integrated with our Audit Committee oversees the functioning of our organisation-wide risk management system and allows us to constantly monitor our environmental, occupational health and safety performance through our internal risk assessment and management exercise.

Havells follows industry best practices in providing health safety. The Company provides life insurance cover, personal accident cover, and robust medical and health policies to all employees, workers and channel partners against unforeseen incidents.

As a corporate philosophy, Havells believes in maintaining a work life balance and follows a strict in and out work timing enabling the management and motivation of our workforce.

2. RISKS MANAGEMENT STRENGTHS & OPPORTUNITIES

Expansion into Rural India

Intensive penetration into rural India offers great opportunity to the Company's new launches. For example, Reo switches, launched last year, could achieve a ₹ 73 crores turnover in the first full financial year after launch. Similar success can be replicated across other product categories.

Strengthening Balance Sheet

Growing business with limited capex in coming years is set to boost operating cash flows from the Indian business. This is set to strengthen the balance sheet, which is desirable for sustainable and long-term growth.

Growing Demand for Energy Efficient Lighting

The world over, awareness is improving about energy efficient lighting products, mainly the light emitting diode or LEDs. This has spurred a lot of investments in manufacturing LEDs, which has brought down cost of production. This is making it possible to use LEDs in newer and newer applications, which has caused a sustainable, strong double-digit growth in the lighting products and fixtures using LEDs across the world. Havells is well placed to capture this global opportunity.

THREATS

1. **Macro economic Scenario**

   Despite the macro economic challenges the Company has been able to perform year after year. Had the macroeconomic environment been better we would have performed better.

2. **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. This though at best can be a temporary phenomenon as we will be able to modify our manufacturing, sourcing supply chain to suit the new environment in relatively quick time.

3. **Competition**

   We at Havells take competition as a challenge taking in consideration the potential of the industry. Transforming challenges into opportunities has been a practice at Havells.

4. **Input Cost**

   As metal comprises the major portion of the raw material the inflationary trends in the input costs could create a strain on operating margins. At Havells, due measures are taken to minimise the effect of volatility in raw material prices. However this will also be affecting short term as over a period of time the history has shown that our industry adjusts the final product pricing accordingly.

Corporate Governance

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

Enterprise Risk Management

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

Internal Control System

The Company has a robust internal control system for effective and efficient utilisation of its available resources. This facilitates to ensure compilation of financial report, management information systems and adherence of legal & statutory compliance on time. It also protects the stakeholders' interest and enables timely release of communications. The formation of Business Management Group (BMG) ensures timely corrective action in case of any abnormalities observed in the system. The BMG extends support with respect to operational management, automation & process improvements across all business verticals. A well-defined structure for risk management & internal control has been put in place.

Risk Management framework

Havells' comprehensive risk management framework comprises:

1. **Risk Management Structure**

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

2. Risk Management Practices & Approach

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

A structured risk management system permits management to take calibrated risks. This system provides a holistic view of the business, wherein risks are identified in a structured manner considering top down and bottom up approach. The bottom-up approach is conducted through workshops with respective management across all business locations, whereas the top-down approach enables discussion of all risks and opportunities at the management level.

- **Risk Identification and Assessment**

  Company business process, risk management and integrated control are subjected to continuous review by Risk Management and Governance Teams, along with respective Business Management Group (BMG), functional heads and internal auditors on regular basis.

- **Risk Measurement, Mitigation & Monitoring**

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

- **Performance Measurement**

  The performance objectives to be achieved during the year are encapsulated in the Plant performance matrix/ Branch scorecard. Performance result against the target achieved is announced on a monthly basis to have healthy competition among all plants/ branches. This also helps to leverage best business practices across all locations uniformly. Plant/ Branch performance on key parameters are presented before the Audit Committee for their perusal and guidance.

- **Risk Reporting**

  To address operational issues and challenges necessary discussions are held and reported at appropriate levels across the organisation. Besides these, the top risks outlining the trends, exposure, potential impact with a summary of action taken along with improvement initiatives is placed before the Board of Directors and Audit Committee/ Enterprises Risk Management Committee on a periodic interval.

  During the financial year, the sub-audit committee met 12 times to discuss the internal audit reports. Minutes of the same along with the action taken report are discussed in the Audit committee. The sub-committee is chaired by the Joint Managing Director & Director (Finance) and Group CFO. It is attended by the Plant/ Branch, Head office team along with their Functional Heads and Internal auditors. It is coordinated by the risk management and governance team.

- **Periodical visit of Enterprise risk management policies and practices**

  - Under the guidance of Audit Committee/ Enterprises Risk Management Committee, we carried out various risk management activities at periodical interval as described below, to identify, monitor and mitigate impact of risks.
  - Risk survey is conducted across functions to get input on key risks to the achievement of business objectives, their prioritisation and risk mitigation plan.
  - Periodical assessment of risks, their potential impact relating to business growth, profitability, talent engagement, market position and operational excellence are conducted.
  - Risk assessment of our business momentum relative to competition and competitive position in key market segments comprising geographies, industries, service are conducted and progress on risk response is reviewed on a periodical interval.
  - Business risk environment including trend line of key external indicators and internal business indicators along with assessment by market segments, growth of channel partners, currency risk, credit risks etc. are reviewed regularly.
  - Review of key operational risks and action based on inputs from the internal risk register, external assessment, internal audit findings, performance parameters etc. are done on a regular basis.

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**

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 55 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.

2. BOARD OF DIRECTORS

A. COMPOSITION AND CATEGORY OF DIRECTORS

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

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

As on 31st March, 2014, your Company's Board has a strength of 9 (Nine) Directors comprising 3 (Three) Executive and 6 (Six) Non-Executive Directors, latter including 5 (Five) Independent Directors. The Chairman of the Board is an Executive Director.

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

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

S. No.	Director	Category	Directorship(s)[1]/ Committee[2] Membership(s)/ Chairmanship(s) in Other Companies			Attendance in Board Meetings (No. of Board Meetings held during FY 2013-14:7)	Attendance in last AGM (AGM for FY 2013 was held on 5th July 2013)
			Directorship(s)	Committee Membership(s)	Committee Chairmanship(s)		
EXECUTIVE DIRECTORS							
1.	Shri Qimat Rai Gupta (Chairman and Managing Director)	Non Independent	4	Nil	Nil	5	Yes
2.	Shri Anil Rai Gupta (Joint Managing Director)	Non Independent	4	1	Nil	6	Yes
3.	Shri Rajesh Gupta (Director (Finance) and Group CFO)	Non Independent	Nil	Nil	Nil	7	Yes
NON-EXECUTIVE DIRECTORS							
4.	Shri Surjit Gupta	Non Independent	4	Nil	1	7	Yes
5.	Shri Sunil Behari Mathur	Independent	12	4	4	6	Yes
6.	Shri Avinash Parkash Gandhi	Independent	6	2	3	7	Yes
7.	Shri Vijay Kumar Chopra	Independent	11	5	3	7	Yes

S. No.	Director	Category	Directorship(s)[1]/ Committee[2] Membership(s)/ Chairmanship(s) in Other Companies			Attendance in Board Meetings (No. of Board Meetings held during FY 2013-14:7)	Attendance in last AGM (AGM for FY 2013 was held on 5th July 2013)
			Directorship(s)	Committee Membership(s)	Committee Chairmanship(s)		
8.	Shri Surender Kumar Tuteja	Independent	14	5	4	6	Yes
9.	Dr. Adarsh Kishore	Independent	1	Nil	1	7	Yes
10.	Shri Niten Malhan*	Non-Independent; Representative of Warburg Pincus as investor	-	-	-	1	-

**Shri Niten Malhan resigned as Director w.e.f. 5th July, 2013 consequent to the sale of entire stake of Seacrest Investment in the shares of the Company acquired pursuant to Shares Subscription and Shareholders Agreement dated 23rd November, 2007.*

Notes:

1. *Excludes Directorships in Private Limited Companies, Foreign Companies, Companies under section 25 of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Havells India Limited.*
2. *Committees considered for the purpose are those prescribed under explanation to clause 49(I)(C)(ii) of the Listing Agreement viz. Audit Committee and Shareholders' Grievance 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 March 2014.

Relationship between Directors inter-se

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

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

The board meets at least four times a year, with a maximum time gap of four months 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 1A to clause 49 of the Listing Agreement are tabled before the Board to enable it to discharge its responsibility of strategic supervision of the Company. The Board also reviews periodical compliances of all laws, rules and regulations. At the Board Meeting, members have full freedom to express their opinion and decisions are taken after detailed deliberations.

During the FY 2013-14, the Board met 7 (seven) times on 18th April, 2013, 28th May, 2013, 5th July, 2013, 30th July, 2013, 30th October, 2013, 29th January, 2014 and 14th March, 2014. In terms of clause 49 of the Listing Agreement the gap between any two meetings did not exceed four months.

C. 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 recognising and dealing with ethical issues, mechanisms to report unethical conduct, and to help foster a culture of honesty and accountability. The Board has adopted a Code of Ethics for its Members, the Senior Management Personnel and also for all other employees of the Company. The Code is available on the website of the Company **www.havells.com**.

Declaration as required under clause 49 of Listing Agreement

All Board members and senior management personnel have affirmed compliance with the code of ethics for the financial year ended 31st March, 2014.

Noida, May 28, 2014

Qimat Rai Gupta,
Chairman and Managing Director

D. COMPANY'S POLICY ON PROHIBITION OF INSIDER TRADING

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

3. COMMITTEES OF THE BOARD OF DIRECTORS

As at the end of last financial year on 31st March, 2014, there are 7 (seven) Committees of the Board of Directors of the Company.

The Corporate Social Responsibility Committee was constituted w.e.f. 30th October, 2013 and the erstwhile Share Transfer & Shareholders'/ Investors' Grievance Committee was reconstituted into 2 separate Committees w.e.f. 30th October, 2013 as Share Allotment and Transfer Committee and Stakeholders Relationship/ Grievance Redressal Committee. The reconstitution was effected to align with the provisions of the Companies Act, 2013 that mandates a Stakeholders Relationship Committee to be constituted under section 178 of the Act under the chairmanship of a non-executive director and envisages broadly similar functions as that to be performed by a Shareholders' Grievance Committee having its requirements under prevailing clause 49 of the listing agreement.

A. AUDIT COMMITTEE

I. TERMS OF REFERENCE

The terms of reference of the Audit Committee are as defined under the relevant provisions of the Companies Act 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:

- Review of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and removal of statutory auditors, fixation of audit fee and also approval for payment for any other services.
- Reviewing with the management the financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement as featured in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956/ corresponding provisions of sub-section (5) of section 134 of the Companies Act, 2013
  - Any changes in accounting policies and practices and reasons thereof
  - Major accounting entries based on the exercise of judgment by management
  - Significant adjustments made in the financial statements arising out of audit findings
  - Compliance with listing and other legal requirements relating to financial statements
  - Any related party transaction
  - Qualifications in the draft audit report
- Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilised 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.
- Reviewing with management, statutory and internal auditors, the adequacy of internal control systems and internal audit function.
- Reviewing the adequacy of internal audit function including the structure of the internal audit

department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

- Discussion with internal auditors on any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with external/ statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.
- Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Reviewing the functioning of Whistle Blower mechanism in the Company.
- Considering such other matters the Board may specify.
- Reviewing other areas that may be brought under the purview of role of Audit Committee as specified in Listing Agreement and the Companies Act, as and when amended.

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 31st March, 2014, 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
5.	Shri Niten Malhan*	Non-Independent	Member

** Ceased to be a Member after resigning as Director w.e.f. 5th July, 2013*

III. MEETINGS AND ATTENDANCE DURING THE YEAR

During the financial year 2013-14, Audit Committee met 6 (Six) times on 28th May, 2013, 30th July, 2013, 27th September, 2013, 30th October, 2013, 29th January, 2014 and 27th March, 2014 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 financial year 2013-14 is given below:

Name	Designation	Meetings Attended (No. of Meetings Held: 6)
Shri Vijay Kumar Chopra	Chairman	6
Shri Avinash Parkash Gandhi	Member	6
Shri Sunil Behari Mathur	Member	4
Shri Surjit Gupta	Member	6
Shri Niten Malhan*	Member	-

** Ceased to be a Member after resigning as Director w.e.f. 5th July, 2013*

B. NOMINATION AND REMUNERATION COMMITTEE

I. ROLE OF NOMINATION AND REMUNERATION COMMITTEE

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

With the notification of Companies Act, 2013 w.e.f. 1st April, 2014, 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 there under.

Further, in terms of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the Nomination and Remuneration Committee also supervises the Havells Employees Stock Option Plan 2013 as approved by the Shareholders of the Company vide special resolution passed by way of postal ballot on 23rd March, 2013/ or the Havells Employees Stock Purchase Plan 2014 (if approved by shareholders). The notice of postal ballot recommending the referred proposal for approval of shareholders as Special Resolution has been dispatched on 7th May, 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 31st March, 2014, 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

** Appointed as Chairman w.e.f. 6th July, 2013 in terms of Company Policy on Rotation of chairperson*

@ Ceased to be the Chairman w.e.f. 5th July, 2013 in terms of Company Policy on Rotation of chairperson

III. MEETINGS AND ATTENDANCE DURING THE YEAR

During the FY 2013-14, the Nomination and Remuneration Committee met once on 18th April, 2013. Attendance record of Nomination and Remuneration Committee members for meetings held during FY 2013-14 is given below:

Name	Designation	Meetings Attended (No. of Meeting(s) held: 1)
Shri Surender Kumar Tuteja	Chairman	1
Shri Avinash Parkash Gandhi	Member	1
Shri Vijay Kumar Chopra	Member	1
Shri Surjit Gupta	Member	1

IV. REMUNERATION OF DIRECTORS

The remuneration to the Managing Director(s) and Whole-time Director is paid on the scale determined by the Nomination and Remuneration Committee within the limits approved by the Shareholders at the General Meeting. The Non-Executive Independent Directors are entitled to sitting fees for attending meetings of the Board, its Committees and the Shareholders.

Further, based on the recommendations of the Nomination and Remuneration Committee in its meeting held on 23rd April, 2014, the Board of Directors in its meeting held on 23rd April, 2014, subject to the approval of shareholders, has approved the payment of annual commission of ₹ 5 lakhs per annum to each Non-executive Independent Director of the Company w.e.f. 1st April, 2013, in addition to the fee payable to such Directors for attending the Board and other meetings or reimbursement of expenses, if any. The notice of postal ballot recommending the above referred proposal for approval of shareholders as Special Resolution was dispatched on 7th May, 2014.

During the financial year 2012-13, the Company introduced an employee stock option plan framed in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, titled Havells Employees Stock Option Plan 2013.

The above referred ESOP Plan is being varied from the existing structure, subject to shareholders' approval, so as to include therein a fresh Part B entailing for employee stock purchase. Subsequent to the amendment, the existing ESOP Plan shall be renamed as 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.

The notice of postal ballot recommending the above referred proposal for approval of shareholders as Special Resolution has been dispatched on 7th May, 2014

Details of remuneration/ sitting fees paid to Directors during the FY 2013-14 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)	01-04-2009 to 31-03-2014	95,35,888	-	180.15	454.00*	634.15
2.	Shri Anil Rai Gupta (Joint Managing Director)	01-04-2009 to 31-03-2014	34,67,948	-	180.02	303.00**	483.02
3.	Shri Rajesh Gupta (Director (Finance) and Group CFO)#	01-04-2010 to 31-03-2015	2,39,680	-	154.15	303.00**	457.15
4.	Shri Surjit Gupta	-	65,30,160	-	-	-	-
5.	Shri Sunil Behari Mathur	-	-	2.60	-	5.00$	2.60
6.	Shri Avinash Parkash Gandhi	-	-	3.20	-	5.00$	3.20
7.	Shri Vijay Kumar Chopra	-	-	3.00	-	5.00$	3.00
8.	Shri Surender Kumar Tuteja	-	-	1.60	-	5.00$	1.60
9.	Dr. Adarsh Kishore	-	-	1.80	-	5.00$	1.80

S. No.	Name of Directors	Service Term	No. of shares held	Sitting Fee (A)	Salary & Perks (B)	Commission (C)	Total (A+B+C)
10.	Shri Niten Malhan@	-	-	-	-	-	-

@ Ceased to be a Director w.e.f. 5th July, 2013

**As per the approved terms, Shri Qimat Rai Gupta is entitled to receive Commission @ 0.75% of the profit before tax for the financial year ended 2013-14.*

***As per the approved terms, Shri Anil Rai Gupta and Shri Rajesh Gupta are entitled to receive Commission @ 0.50% of the profit before tax for the financial year ended 2013-14.*

$ Subject to the approval of shareholders of the Company sought by way of postal ballot, notice whereof has been despatched on 7th May, 2014, all the Non-executive Independent Director of the Company are entitled for a commission of ₹ 5 lakhs per annum w.e.f. 1st April, 2013.

 # Under the Havells Employees Stock Option Plan 2013, 1,148 Equity shares of ₹ 5/- each of the Company have been transferred from the Havells Employees Welfare Trust to the demat account of Shri Rajesh Gupta, on 9th May, 2014, upon exercise of his vested Options.

V. 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, 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 COMMIITTEE

I. ROLE OF STAKEHOLDERS RELATIONSHIP/ GRIEVANCE REDRESSAL COMMIITTEE

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 endeavoured 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 31st March, 2014, 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 2013-14, the Stakeholders Relationship/ Grievance Redressal Committee met once on 29th January, 2014. Attendance record of Stakeholders Relationship/ Grievance Redressal Committee members for meetings held during FY 2013-14 is given below:

Name	Designation	Meetings Attended (No. of Meeting(s) held: 1)
Shri Sunil Behari Mathur	Chairman	1
Dr. Adarsh Kishore	Member	1
Shri Surjit Gupta	Member	1
Shri Anil Rai Gupta	Member	1

COMPLIANCE OFFICER

Shri Sanjay 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 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 Committee in its meeting held on 23rd April, 2014 has approved the Corporate Social Responsibility Policy of the Company to adhere to the norms of section 135, which was duly adopted by the Board of Directors also in its meeting held on 23rd April, 2014.

The Corporate Social Responsibility Policy of the Company is available on the website of the Company **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 31st March, 2014, is given below:

S. No.	Name	Category	Designation
1.	Shri Surender Kumar Tuteja	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

The Corporate Responsibility Committee was constituted on 30th October, 2013. No meeting of the Corporate Responsibility Committee was held during the financial year 2013-14. However, 1 meeting of the Corporate Responsibility Committee was held on 23rd April, 2014 which was attended by all the Members of the Committee.

E. ENTERPRISES RISK MANAGEMENT COMMIITTEE

I. ROLE OF ENTERPRISES RISK MANAGEMENT COMMIITTEE

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 31st March, 2014, 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 2013-14, the Enterprises Risk Management Committee met once on 29th January, 2014. Attendance record of Enterprises Risk Management Committee members for meetings held during FY 2013-14 is given below:

Name	Designation	Meetings Attended (No. of Meeting(s) 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 Composition of Share Allotment and Transfer Committee as on 31st March, 2014, 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 2013-14, the Share Allotment and Transfer Committee met 20 (twenty) times. The

number of shareholder grievances received and resolved during FY 2013-14 is given below:

S. No.	Nature of Grievance	Received	Resolved	Max. Period of Reply (in days)
1.	Dividend	2	2	1
2.	Annual Report	5	5	1
3.	Bonus	1	1	1
4.	Others	1	1	1
	Total	**9**	**9**	

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 Composition of Finance Committee as on 31st March, 2014, 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 2013-14, the Finance Committee met 19 (nineteen) times.

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
YEAR 2011-2012				
Extra Ordinary General Meeting (Court Convened)	2nd April, 2011	11.30 am	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi – 110 003	Approval of the Scheme of Amalgamation entered into between Havells India Limited and Standard Electrical Limited.
Annual General Meeting	1st August, 2011	10.00 am	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi - 110003	–
YEAR 2012-2013				
Annual General Meeting	16th July, 2012	03.00 pm	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi – 110003	–
YEAR 2013-2014				
Annual General Meeting	5th July, 2013	10.00 am	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi – 110003	Reappointment of Shri Qimat Rai Gupta as Chairman and Managing Director (CMD) of the Company

Special Resolutions passed through Postal Ballot

During the year, 4 (four) Special Resolutions were passed through Postal Ballot procedures, 3 (three) of them being passed on 9th April, 2013 for the purpose of Increasing the limit of shareholding by registered FIIs to 40%, Alteration of Object Clause and Commencement of New Business and 1 (one) being passed on 16th September, 2013 for the purpose of amending Articles of Association of the Company.

1. Special Resolutions passed by way of postal ballot on 9th April, 2013

The Board of Directors by way of resolution passed by circulation on 21st February, 2013 had appointed Shri S Venkitaraman, Practicing Company Secretary, to act as the Scrutinizer for conducting the Postal Ballot. The Company had also offered e-voting facility to its members enabling them to cast their votes electronically. The Company has signed an agreement with the National Securities Depository Limited (NSDL) to enable its members to cast their votes electronically pursuant to Clause 35B of the Listing Agreement.

The postal ballot process was carried out as per the procedure laid down in terms of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011. Shri S Venkitaraman, had carried out the scrutiny of all the

postal ballot forms received upto the close of working hours (5 P.M.) on 6th April, 2013 and submitted his Report thereon on 8th April, 2013 addressed to the Chairman of the Company. Based on the Scrutinizer's Report, Shri Anil Rai Gupta, Joint Managing Director, declared the result of the voting exercise on 9th April, 2013, as follows:

I. INCREASING THE LIMIT OF FIIs TO 40% IN THE PAID UP SHARE CAPITAL OF THE COMPANY

Total No. of shareholders to whom Postal Ballot Form(s) were sent: **29126**

Particulars	Physical	Electronic	Total
(a) Total postal ballot forms received	318	112	430
(b) Total number of votes casted	57,43,935	7,55,95,528	8,13,39,463
(c) Less: Invalid no. of votes casted	13,68,443	0	13,68,443
(d) Valid no. of votes casted (Net)	43,75,492	7,55,95,528	7,99,71,020
(e) Total no. of votes with assent for the resolution	43,75,409	7,55,92,081	7,99,67,490
(f) Total no. of votes with dissent for the Resolution	83	3,447	3,530

% of total votes casted in favour of the Resolution: **99.996%**

% of total votes casted against the Resolution: **0.004%**

II. ALTERATION OF 'OBJECT CLAUSE' OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY:

Total No. of shareholders to whom Postal Ballot Form(s) were sent: **29126**

Particulars	Physical	Electronic	Total
(a) Total postal ballot forms received	316	111	427
(b) Total number of votes casted	57,43,925	7,55,95,521	8,13,39,446
(c) Less: Invalid no. of votes casted	13,68,443	0	13,68,443
(d) Valid no. of votes casted (Net)	43,75,482	7,55,95,521	7,99,71,003
(e) Total no. of votes with assent for the resolution	43,75,408	7,55,91,975	7,99,67,383
(f) Total no. of votes with dissent for the Resolution	74	3,546	3,620

% of total votes casted in favour of the Resolution: **99.995%**

% of total votes casted against the Resolution: **0.005%**

III. RESULT OF POSTAL BALLOT FOR COMMENCEMENT OF NEW BUSINESS:

Total No. of shareholders to whom Postal Ballot Form(s) were sent: **29126**

Particulars	Physical	Electronic	Total
(a) Total postal ballot forms received	317	111	428
(b) Total number of votes casted	57,43,935	7,43,95,597	8,01,39,532
(c) Less: Invalid no. of votes casted	13,68,443	0	13,68,443
(d) Valid no. of votes casted (Net)	43,75,492	7,43,95,597	7,87,71,089
(e) Total no. of votes with assent for the resolution	43,75,418	7,43,92,126	7,87,67,544
(f) Total no. of votes with dissent for the Resolution	74	3471	3,545

% of total votes casted in favour of the Resolution: **99.995%**

% of total votes casted against the Resolution: **0.005%**

2. Special Resolution passed by way of postal ballot on 16th September, 2013

The Board of Directors in its meeting, by way of resolution passed by circulation, on 30th July, 2013 had appointed Shri S Venkitaraman, Practicing Company Secretary, to act as the Scrutinizer for conducting the Postal Ballot. The Company had also offered e-voting facility to its members enabling them to cast their votes electronically. The Company has signed an agreement with the National Securities Depository Limited (NSDL) to enable its members to cast their votes electronically pursuant to Clause 35B of the Listing Agreement.

The postal ballot process was carried out as per the procedure laid down in terms of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011. Shri S Venkitaraman, had carried out the scrutiny of all the postal ballot forms received upto the close of working hours (5 P.M.) on 12th September, 2013 and submitted his Report thereon on 16th September, 2013 addressed to the Chairman of the Company. Based on the Scrutinizer's Report, Shri Anil Rai Gupta, Joint Managing Director, declared the result of the voting exercise on 16th September, 2013, as follows:

I. AMENDMENT TO ARTICLES OF ASSOCIATION OF THE COMPANY:

Total No. of shareholders to whom Postal Ballot Form(s) were sent: **32382**

Particulars		Physical	Electronic	Total
(a)	Total postal ballot forms received	86	146	232
(b)	Total number of votes casted	81,82,727	8,44,91,831	9,26,74,558
(c)	Less: Invalid no. of votes casted	3,48,745	0	3,48,745
(d)	Valid no. of votes casted (Net)	78,33,982	8,44,91,831	9,23,25,813
(e)	Total no. of votes with assent for the Resolution	78,33,982	8,44,91,821	9,23,25,803
(f)	Total no. of votes with dissent for the Resolution	0	10	10

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

% of total votes casted against the Resolution: **0.00%**

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.

5. DISCLOSURES

(a) Materially significant related party transactions.

During the financial year 2013-14, 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 (12) of Other Notes on Accounts of the Annual Report.

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

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

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

The Company has adopted a Whistle Blower Policy called 'Satark' which means alert/ vigilant empowering any person associated with the 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.

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

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

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

During the financial year 2013-14, your Company has not raised proceeds/ funds from public issue, rights issue, preferential issue etc. However, in terms of the Havells Employees Stock Option Plan 2013, 45,939 Equity Shares of ₹ 5/- each of the Company, were issued and allotted to the Havells Employees Welfare Trust.

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**.

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** 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 (FY 2014-15)

Day : Wednesday

Date : 9th July, 2014

Time : 10:00 a.m.

Venue : Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi 110 003

(ii) Financial Year

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

(iii) Financial Calendar

Financial Reporting For	Tentative Time Period
Quarter ending June 30, 2014	End July 2014
Quarter ending September 30, 2014	End October 2014
Quarter ending December 31, 2014	End January 2015
Year ending March 31, 2015	End May 2015

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

(iv) Date of Book Closure

The books will remain closed from 28th day of June 2014, Saturday to 4th day of July 2014, Friday for the purpose of Dividend.

(v) Dividend Payment Date

The Board of Directors of your Company has recommended a dividend of ₹ 10/-per equity share of ₹ 5/- each i.e. @ 200% for the FY 2013-14. Date of payment of dividend would be within 30 days from 9th July, 2014.

(vi) Listing on Stock Exchanges

The equity shares of the Company are listed at:

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

(vii) Scrip Code

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

(viii) Annual Listing and Custodial Fees

The listing fees and custodial fees for the FY 2014-15 have been paid by your Company within the stipulated time.

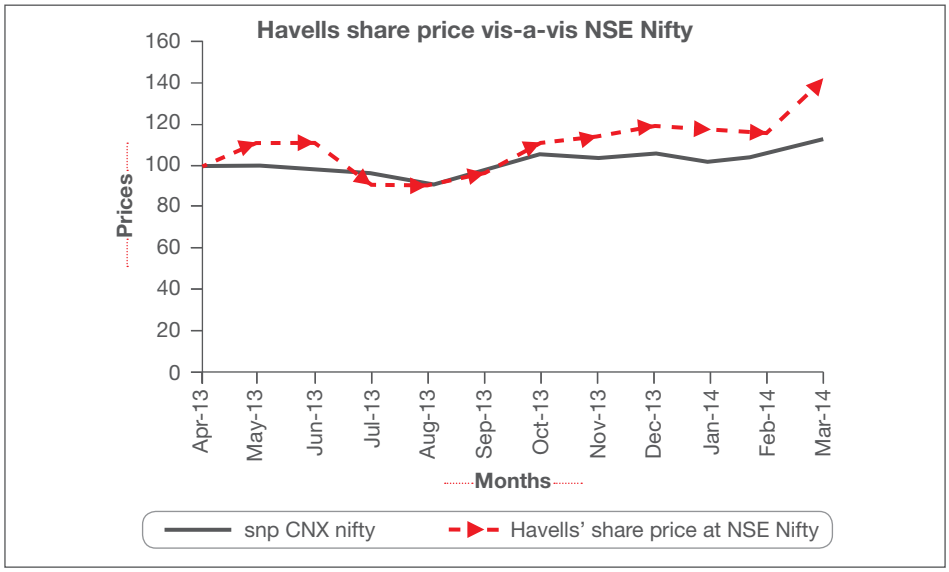
(ix) Stock Price Data

Monthly high & low prices and volumes of the equity shares of your Company at National Stock Exchange of India Limited (Nifty) and BSE Limited (Sensex) during financial year 2013-14 are as under:

	NSE			BSE		
Period	High	Low	Volume (No. of shares)	High	Low	Volume (No. of shares)
Apr 2013	677.80	598.00	29,46,110	677.40	598.00	4,06,780
May 2013	752.00	653.80	1,20,25,380	751.00	654.40	57,18,562
Jun 2013	766.00	666.05	56,56,274	765.20	666.15	5,87,895
Jul 2013	817.45	599.70	95,79,196	817.00	600.00	12,84,777
Aug 2013	647.90	586.00	61,35,363	648.00	586.00	5,97,853
Sep 2013	664.45	595.00	64,80,936	663.80	595.10	10,21,332
Oct 2013	767.45	633.90	64,77,796	767.10	635.05	8,77,894
Nov 2013	798.00	721.00	37,91,340	769.30	715.00	8,43,741
Dec 2013	816.95	717.85	30,91,251	816.10	726.00	4,50,500
Jan 2014	845.00	720.00	53,29,238	844.95	721.15	6,45,378
Feb 2014	793.65	751.35	48,62,481	794.80	751.00	7,21,828
Mar 2014	939.95	760.65	44,89,488	935.90	761.00	6,52,356

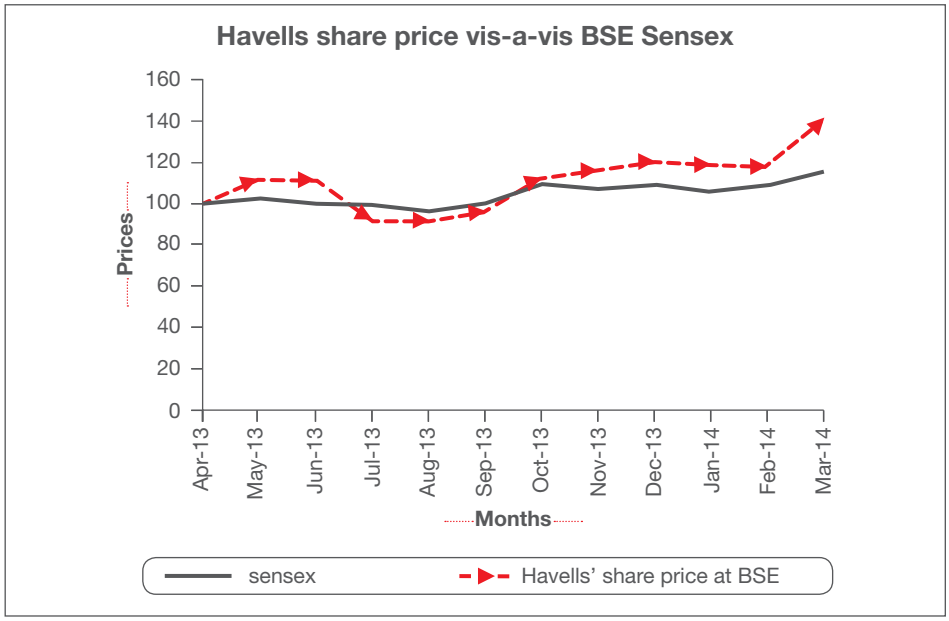
(x) Stock Performance

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



Note - *The graph indicates monthly closing positions. Share prices and NSE Nifty are indexed to 100 as on 01st April, 2013*

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



Note - *The graph indicates monthly closing positions. Share prices and BSE Sensex are indexed to 100 as on 01st April, 2013*

(xi) Registrar & Share Transfer Agents

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

(xii) Share Transfer System

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

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

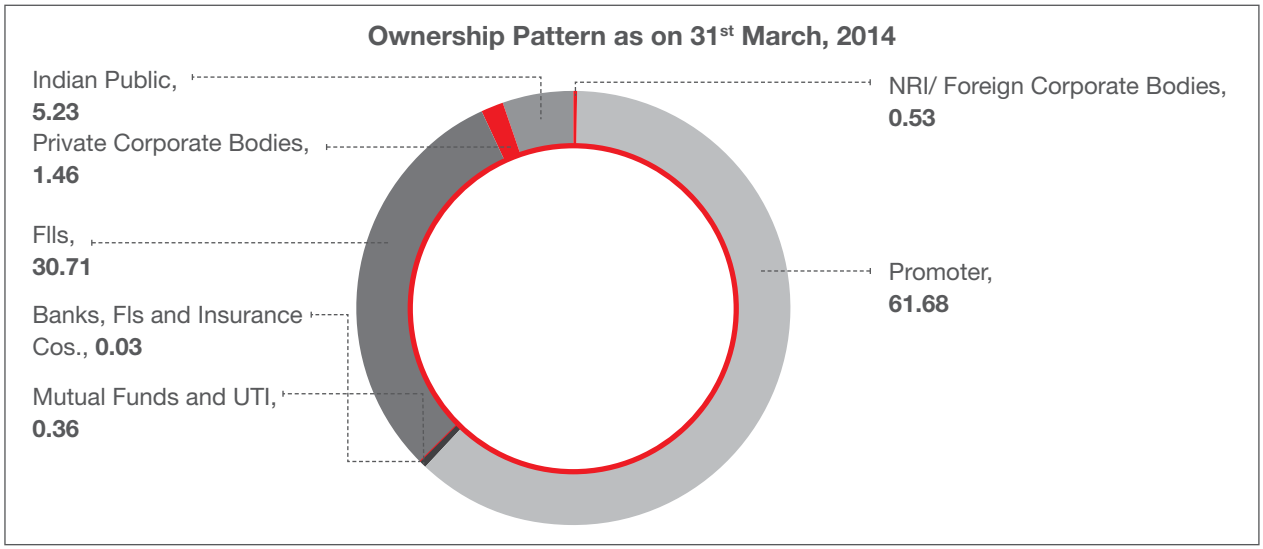
In case of request for dematerialisation of shares, confirmation of dematerialisation is sent to the respective depository i.e. National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL), expeditiously.

(xiii) Distribution of Shareholding as on 31st March, 2014

Shareholding of Nominal Value of ₹ 5/- Each	Shareholders (Numbers)	% of Total Shareholders	No. of Shares	Nominal Value (in ₹)	% of Nominal Value
Upto 5,000	25,281	93.65	24,35,821	1,21,79,105	1.95
5,001 - 10,000	994	3.68	15,22,941	76,14,705	1.22
10,001 - 20,000	317	1.17	9,60,484	48,02,420	0.77
20,001 - 30,000	93	0.34	4,68,060	23,40,300	0.37
30,001 - 40,000	54	0.20	3,87,715	19,38,575	0.31
40,001 - 50,000	37	0.14	3,40,483	17,02,415	0.27
50,001 - 1,00,000	62	0.23	8,86,151	44,30,755	0.71
1,00,001 & Above	157	0.58	11,78,19,096	58,90,95,480	94.39
GRAND TOTAL	**26,995**	**100.00**	**12,48,20,751**	**62,41,03,755**	**100.00**

Ownership Pattern as on 31st March, 2014

Category	No. of Shareholders	No. of Shares Held	% of Total Holding
Promoters			
Indian Promoters	10	7,69,91,584	61.68
Institutional Investors			
Mutual Fund and UTI	23	4,50,420	0.36
Bank, Financial Institutions And Insurance Companies	4	34,748	0.03
FII	155	3,83,28,586	30.71
Others			
Private Corporate Bodies	626	18,22,651	1.46
Indian Public	25,477	65,30,599	5.23
NRI/Foreign Bodies	700	6,62,163	0.53
Grand Total	**26,995**	**12,48,20,751**	**100.00**



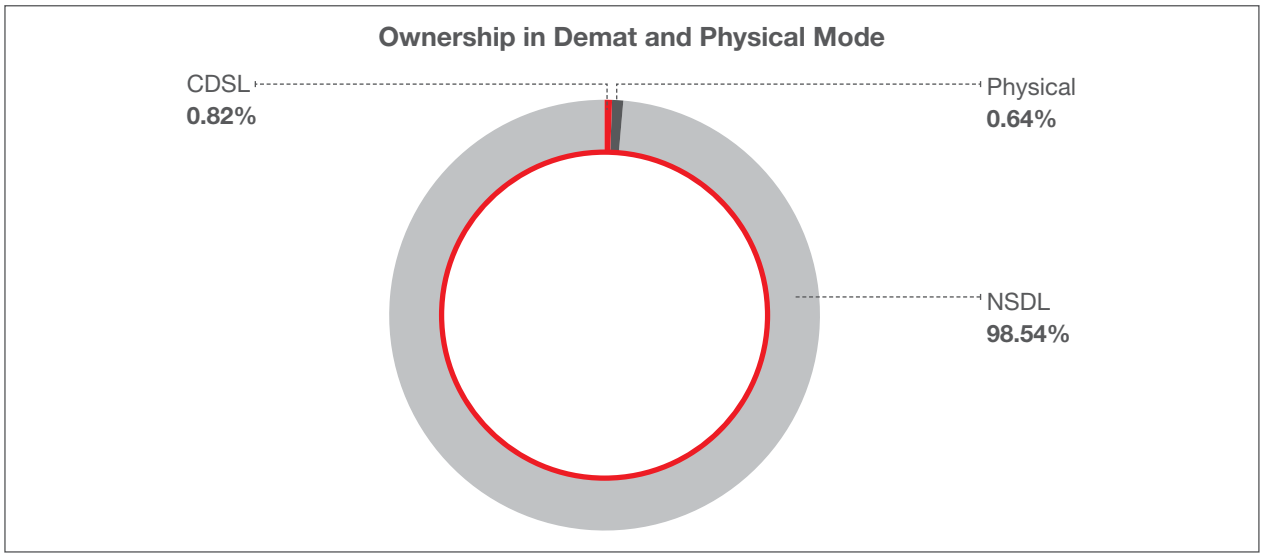
List of Shareholders other than Promoters holding more than 1% as on 31st March, 2014

Sr. No.	Name of Shareholder	Number of Share Held	% of Total Shareholding
1	NALANDA INDIA EQUITY FUND LIMITED	66,08,986	5.29
2	CITIGROUP GLOBAL MARKETS MAURITIUS PRIVATE LIMITED	40,47,660	3.24
3	JANUS OVERSEAS FUND.	36,08,864	2.89
4	GOVERNMENT PENSION FUND GLOBAL	29,30,822	2.35
5	IIFL INC A/C VONTOBEL INDIA FUND	23,93,866	1.92
6	HSBC BANK (MAURITIUS) LIMITED A/C JWALAMUKHI INVESTMENT HOLDINGS	20,90,143	1.67
7	VONTOBEL FUND A/C VONTOBEL FUND EMERGING MARKETS EQUITY	17,99,562	1.44
8	VIRTUS EMERGING MARKETS OPPORTUNITIES FUND	13,96,194	1.12
	Total	**2,48,76,097**	**19.93**

(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 31st March, 2014, 12,40,17,792 Equity shares out of 12,48,20,751 Equity Shares of the Company, forming 99.36 % of the Company's paid up capital is held in the dematerialised 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 31st March, 2014		As on 31st March, 2013	
	Number of Shares	Percentage	Number of Shares	Percentage
Shares in Demat Form	12,40,17,792	99.36	12,38,75,235	99.28
NSDL	12,30,01,262	98.54	12,27,07,533	98.34
CDSL	10,16,530	0.82	11,67,702	0.94
Shares in Physical Form	8,02,959	0.64	8,99,577	0.72
Total	**12,48,20,751**	**100.00**	**12,47,74,812**	**100.00**



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

There are no GDRs/ ADRs/ Warrants outstanding as on 31st March, 2014.

(xvi) Units/ Plant Locations

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

S. No.	Unit/ Plant	Location Address
1.	Switchgear Division	
	a. Domestic 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, Industrial Area, Phase II, Neemrana, Alwar, Rajasthan
5.	Cable Division	A/461-462, & SP – 215, Matsya Industrial Area, Alwar, Rajasthan
6.	Lighting and Fixture Division	SP-181 – 189, Industrial Area, Phase II, Neemrana, Alwar, Rajasthan
7.	Electrical Consumer Durable – Fan Division	Plot No. 2A, Sector - 10, 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 – 4771000
Fax No.: 0120 – 4772000

Address for Correspondence with the Registrar and Transfer Agents

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

(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 dematerialised 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 citisen, your Company fully supports the MCA's endeavor.

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

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

Encash Dividend Promptly

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

Unpaid Dividend

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

Unclaimed Dividend in respect of the financial year 2006-07 will be due for transfer to Investor Education and Protection Fund on 11th August, 2014 in terms of Section 205A of the Companies Act, 1956. Members who have not encashed their Dividends for the financial year ended 31st March, 2007 or any subsequent year(s) are requested to lodge their claims with the Company.

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

In respect of Final Dividend for the financial year ended 31st March, 2007, it will not be possible to entertain claims which are received by the Company after 10th August, 2014. 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
2006-07	Final	2.50/-	05.07.2007	11.08.2014
2007-08	Final	2.50/-	11.07.2008	17.08.2015
2008-09	Final	2.50/-	25.08.2009	01.10.2016
2009-10	Interim	1.25/-	28.01.2010	06.03.2017

Financial Year	Dividend Type	Dividend Per Share (₹)	Date of Declaration	Due date of transfer to IEPF
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

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 dematerialised 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 20th May, 2009 and Circular No. MRD/ DoP/ SE/ RTA/ Cir-03/ 2010 dated 7th January, 2010 has made it mandatory that a copy of the PAN Card is to be furnished to the Company in the following cases:

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

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

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

Consolidation of Multiple Folios

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

Exchange of Old Share Certificate

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

Nomination Facility

Provision of Section 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 Dematerialised 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 dematerialised 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

(Qimat Rai Gupta)
Chairman and
Managing Director

Noida, May 28, 2014

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

We, Qimat 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 31st March, 2014 and that to the best of our knowledge and belief :

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

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

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

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

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

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

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

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

	For **Havells India Limited**	For **Havells India Limited**
	(Qimat Rai Gupta)	**(Rajesh Gupta)**
Noida, May 28, 2014	Chairman and Managing Director	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 31st March, 2014, 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**	For **V.R. Bansal & Associates**
Chartered Accountants	Chartered Accountants
ICAI firm Registration No. 301003E	ICAI firm Registration No. 016534N
per **Manoj Gupta**	per **V.P. Bansal**
Partner	Partner
Membership No. 83906	Membership No. 8843
Noida, May 28, 2014	Noida, May 28, 2014

Standalone **FINANCIAL STATEMENTS**

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Havells India Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Havells India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

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

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

Report on Other Legal and Regulatory Requirements

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

2. As required by section 227(3) of the Act, we report that:

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

   (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of account.

   (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4th April, 2014 issued by the Ministry of Corporate Affairs;

   (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

per Manoj Kumar Gupta
Partner
Membership Number: 83906

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

per V.P Bansal
Partner
Membership Number: 8843

Place: Noida
Date: May 28, 2014

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) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

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

(ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. Inventories lying with outside parties have been confirmed by them as at year end.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

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

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

(b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) 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 activities of the Company do not involve sale of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

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

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

(vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956, and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

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

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, related to the manufacture of electric 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.

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

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other 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 of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the Statute	Nature of the Dues	Amount (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
Income-Tax Act, 1961	Disallowances and additions to taxable income.	5.37	AY 2004-05 To AY 2008-09	Income Tax Appellate Tribunal, New Delhi
Income-Tax Act, 1961	Disallowances and additions to taxable income.	24.77	AY 2006-07 To AY 2010-11	Commissioner of Income Tax (Appeal) New Delhi
Central excise Act, 1944	Excise duty demand/ disallowance of Cenvat credit on various items.	4.10	FY 2011-12	Commissioner of Custom (Appeal), New Delhi
Central excise Act, 1944	Excise duty demand/ disallowance of Cenvat credit on various items.	8.63	FY 1998-99 to FY 2010-11	CESTAT (New Delhi, Ahmedabad)
Sales Tax/ VAT	Sales tax / VAT demand on various matters.	0.07	FY 2012-13	Joint Commissioner (Appeals), Uttar Pradesh
Sales Tax/ VAT	Sales tax / VAT demand on various matters.	2.51	FY 2007-08 to FY 2011-12	Additional Commissioner (Appeals)
Sales Tax/ VAT	Sales tax / VAT demand on various matters.	0.16	FY 2007-08	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.	5.67	FY2007-08 to FY 2010-11	Tribunal (Commercial Tax)
Sales Tax/ VAT	Sales tax / VAT demand on various matters	0.69	FY 2007-08 to FY 2010-11	Deputy Commissioner (Appeals)
The Rajasthan tax of entry of goods into local areas Act,1999	Demand of entry tax in the state of Rajasthan on purchase of few items.	0.86	FY 2007-08 to FY 2013-14	High Court of Rajasthan
West Bengal Entry Tax Act, 2012	Demand of entry tax in the state of West Bengal on purchase of few items.	0.23	FY 2013-14	High Court of West Bengal
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.	2.93	FY 2010-11 to FY 2013-14	High Court of Himachal Pradesh

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

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

(xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

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

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

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

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

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

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

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

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

per Manoj Kumar Gupta
Partner
Membership Number: 83906

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

per V.P Bansal
Partner
Membership Number: 8843

Place: Noida
Date : 28 May 2014

Balance Sheet

as at March 31, 2014

(₹ in Crores)

		Notes	As at March 31, 2014	As at March 31, 2013
I	**EQUITY AND LIABILITIES**			
1	**Shareholders' funds**			
	Share capital	2	62.39	62.39
	Reserves and surplus	3	2,067.46	1,807.83
			2,129.85	**1,870.22**
2	**Non-current liabilities**			
	Long-term borrowings	4	143.08	108.78
	Deferred tax liabilities (net)	5	51.74	61.90
	Other long-term liabilities	6	40.30	33.26
	Long-term provisions	7	2.26	1.63
			237.38	**205.57**
3	**Current liabilities**			
	Short-term borrowings	8	12.37	-
	Trade payables	9	439.58	398.96
	Other current liabilities	10	305.13	226.76
	Short-term provisions	11	273.79	156.77
			1,030.87	**782.49**
	Total		**3,398.10**	**2,858.28**
II	**ASSETS**			
1	**Non-current assets**			
	Fixed assets	12		
	Tangible assets		897.08	893.96
	Intangible assets		9.20	9.76
	Capital work-in-progress		27.78	9.82
	Non-current investments	13	882.52	791.92
	Long-term loans and advances	14	71.16	58.50
	Other non-current assets	15	0.35	0.90
			1,888.09	**1,764.86**
2	**Current assets**			
	Inventories	16	682.71	663.03
	Trade receivables	17	136.49	130.17
	Cash and bank balances	18	626.16	246.54
	Short-term loans and advances	19	44.92	41.10
	Other current assets	20	19.73	12.58
			1,510.01	**1,093.42**
	Total		**3,398.10**	**2,858.28**
	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

Per Manoj Kumar Gupta
Partner
Membership No. 83906

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

Per V.P. Bansal
Partner
Membership No. 8843

Noida, May 28, 2014

For and on behalf of Board of Directors

Qimat Rai Gupta
Chairman and Managing Director

Surjit Gupta
Director

Rajesh Gupta
Director (Finance) and Group CFO

Sanjay Gupta
Company Secretary

Sanjay Johri
Associate Vice President (Finance)

Statement of Profit and Loss

for the year ended March 31, 2014

(₹ in Crores)

		Notes	Year ended March 31, 2014	Year ended March 31, 2013
I	**INCOME**			
	Revenue from operations (gross)	21	5,031.11	4,506.37
	Less: Excise duty		311.42	281.38
	Revenue from operations (net)		**4,719.69**	**4,224.99**
	Other income	22	44.06	8.75
	Total revenue		**4,763.75**	**4,233.74**
II	**EXPENSES**			
	Cost of materials consumed	23	2,546.21	2,268.02
	Purchase of stock in trade	24	359.69	422.66
	Change in inventories of finished goods, work in progress and stock in trade	25	(4.19)	(39.32)
	Employee benefits expense	26	247.48	202.17
	Finance costs	27	26.93	28.55
	Depreciation and amortisation expense	28	63.63	57.88
	Other expenses	29	928.90	836.60
	Total expenses		**4,168.65**	**3,776.56**
III	**Profit before tax**		**595.10**	**457.18**
IV	**Tax expenses**			
	Current tax		136.99	91.87
	MAT credit entitlement		(10.42)	(12.40)
	Income tax for previous year		0.00	0.03
	Deferred tax	5	(10.16)	6.29
	Total tax expense		**116.41**	**85.79**
V	**Profit for the year**		**478.69**	**371.39**
VI	**Earnings per equity share {refer note no 31(14)} nominal value of share ₹ 5/- (previous year ₹ 5/-)**			
	Basic (₹)		**38.36**	**29.76**
	Diluted (₹)		**38.36**	**29.76**
	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

Per Manoj Kumar Gupta
Partner
Membership No. 83906

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

Per V.P. Bansal
Partner
Membership No. 8843

Noida, May 28, 2014

For and on behalf of Board of Directors

Qimat Rai Gupta
Chairman and Managing Director

Surjit Gupta
Director

Rajesh Gupta
Director (Finance) and Group CFO

Sanjay Gupta
Company Secretary

Sanjay Johri
Associate Vice President (Finance)

Cash Flow Statement

for the year ended March 31, 2014

(₹ in Crores)

		Year ended March 31, 2014	Year ended March 31, 2013
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax	595.10	457.18
	Adjustments to reconcile profit before tax to net cash flows		
	Depreciation and amortisation expense	63.63	57.88
	Loss/ (profit) on sale of fixed assets (net)	6.03	3.74
	Loss on non-current investment	-	0.36
	Unrealised foreign exchange (gain)/loss (net)	8.78	(1.75)
	Provision for doubtful trade receivables	2.58	1.88
	Interest income	(26.79)	(0.89)
	Interest expense	13.54	22.76
	Excess provisions no longer required written back	(5.12)	(0.83)
	Provision for doubtful receivables written back	(0.97)	(1.19)
	Operating Profit before working capital changes	**656.78**	**539.14**
	Movement in working capital		
	(Increase)/Decrease in trade receivables	(8.64)	29.39
	(Increase)/Decrease in loans and advances	(4.60)	(4.81)
	(Increase)/Decrease in other current assets	(1.64)	(0.72)
	(Increase)/Decrease in inventories	(19.68)	(39.02)
	Increase/(Decrease) in trade payables	43.29	(142.55)
	Increase/(Decrease) in other liabilities and provisions	98.78	92.50
	Cash generated from/(used) in operations	**764.29**	**473.93**
	Direct taxes paid (net of refunds)	(111.76)	(92.49)
	Net Cash flow from/(used) in Operating Activities (A)	**652.53**	**381.44**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets including capital work in progress	(91.94)	(119.68)
	Capital advances (net of capital creditors)	0.75	(3.29)
	Fixed Deposits made during the year (having original maturity of more than three months)	(420.00)	-
	Maturity of bank deposits (having original maturity of more than three months)	195.00	0.20
	Investment in shares of subsidiary companies	(76.49)	-
	Investment in shares of Joint Venture	(14.11)	(16.85)
	Proceeds from sale of fixed assets	1.85	3.34
	Interest income received	21.00	0.69
	Net Cash flow from/(used) in Investing Activities (B)	**(383.94)**	**(135.59)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceed from share capital Issued under ESOP Scheme	0.02	-
	Repayment of long term borrowings	-	(100.77)
	Proceeds from long term borrowings	62.95	112.01
	(Repayment)/ proceeds of short term borrowings	12.37	(27.81)
	Interest paid	(8.28)	(24.72)
	Tax on equity dividend paid	(26.52)	(13.16)
	Dividends paid on equity shares	(156.03)	(81.10)
	Net Cash Flow from/(used) in Financing Activities (C)	**(115.49)**	**(135.55)**
	Net increase / decrease in cash and cash equivalents (A+B+C)	**153.10**	**110.30**

(₹ in Crores)

	Year ended March 31, 2014	Year ended March 31, 2013
Cash and cash equivalents at the beginning of the year	245.91	135.99
Effect of exchange differences on cash and cash equivalents held in foreign currency	0.69	(0.38)
Cash and Cash Equivalents at the end of the year	**399.70**	**245.91**

Notes :

1 The above Cash flow statement has been prepared under the "Indirect Method as set out in Accounting Standard-3, "Cash Flow Statements".

2 Components of cash and cash equivalents

(₹ in Crores)

	Year ended March 31, 2014	Year ended March 31, 2013
a) Cash and cash equivalents		
Balances with banks:		
Current accounts	2.47	6.11
Cash credit accounts	94.46	98.76
Bank accounts held by ESOP Trust {refer note no. 31(10)(b)}	2.74	-
Fixed Deposits having a maturity period of less than three months	300.00	141.00
Cash on hand	0.03	0.04
	399.70	**245.91**
b) Other bank balances		
Unpaid dividend account	1.44	0.61
Fixed Deposits accounts having a maturity period more than three months but less than twelve months	225.00	-
Deposits held as margin money against bank guarantees	0.02	0.02
	226.46	**0.63**

As per our report of even date

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

Per Manoj Kumar Gupta
Partner
Membership No. 83906

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

Per V.P. Bansal
Partner
Membership No. 8843

Noida, May 28, 2014

For and on behalf of Board of Directors

Qimat Rai Gupta
Chairman and Managing Director

Surjit Gupta
Director

Rajesh Gupta
Director (Finance) and Group CFO

Sanjay Gupta
Company Secretary

Sanjay Johri
Associate Vice President (Finance)

CORPORATE INFORMATION

Havells India Limited ('the Company') is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is listed on BSE Limited and National Stock Exchange of India Limited. The Company is one of the largest and India's fastest growing 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 along with its subsidiary companies owns some of the prestigious global brands like Crabtree, Sylvania, Concord, Luminance, Linotile and Standard. The Company's manufacturing facilities are located at Faridabad in Haryana, Alwar and Neemrana in Rajasthan, Haridwar in Uttarakhand, Sahibabad and Noida in Uttar Pradesh and Baddi in Himachal Pradesh. The Company has research and development facilities located at Head office, Noida (Uttar Pradesh) and other manufacturing units which have been approved by Department of Scientific & Industrial Research, Ministry of Science & Technology.

1 SIGNIFICANT ACCOUNTING POLICIES

1.01 Basis of Preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended), relevant provisions of the Companies Act, 1956, read with general circular 8/2014 dated 4th April, 2014 issued by Ministry of Corporate Affairs. 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.

All assets and liabilities have been classified as current or noncurrent as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act,1956. 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/noncurrent classification of assets and liabilities.

1.02 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.

1.03 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 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.

1.04 Intangible Assets

a) **Acquired intangible assets**

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

b) **Research and development cost**

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the Company can demonstrate all the 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.

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.

1.05 Depreciation and Amortisation

a) **Depreciation of tangible Assets :**

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

ii) Depreciation on assets for a value not exceeding ₹ 5000/- acquired during the year is provided at the rate of 100%.

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

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

b) **Amortisation of intangible Assets :**

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

c) **Assets held for sale :**

Assets once classified as held for sale are not depreciated or amortised.

1.06 Investments

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

1.07 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.

1.08 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 integral and non integral foreign operations

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

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 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.

1.09 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.

1.10 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 recongnises 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.

1.11 Employee Stock Option Schemes

Equity settled stock options granted under "Havells Employees Stock Option plan" are accounted for under the intrinsic value method as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India and the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India. The Employee stock option is administered through Havells Employee Welfare Trust.

1.12 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 therefore are excluded from revenue. Excise duty is deducted from revenue (gross) to arrive at revenue from operations (net). Sales do not include inter-divisional transfers.

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 recongnised when there is reasonable assurance that the Company will comply with the condition 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.

1.13 Segment Reporting

Identification of segments

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

Allocation of common costs

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

Unallocated items

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

Segment accounting policies

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

1.14 Earnings Per Share

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

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

1.15 Taxes on Income

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

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.

1.16 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.

1.17 Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

1.18 Borrowing Costs

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

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

1.19 Provisions and Contingent Liabilities

Provisions

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

Provisions for warranty

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

Contingent liabilities

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

1.20 Cash and Cash Equivalents

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

Notes on Accounts
for the year ended March 31, 2014

2 SHARE CAPITAL

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
a) Authorised		
20,01,00,000 (Previous Year 20,01,00,000) equity shares of ₹ 5/- each	100.05	100.05
Issued, subscribed and fully paid-up		
12,48,20,751 (Previous Year 12,47,74,812) equity shares of ₹ 5/- each	62.41	62.39
Less: Investment held by ESOP Trust (45,653 equity shares)	0.02	-
12,47,75,098 (Previous Year 12,47,74,812) equity shares of ₹ 5/- each	**62.39**	**62.39**

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

(₹ in Crores)

	March 31, 2014		March 31, 2013	
	No. of Shares	(₹ in Crores)	No. of Shares	(₹ in Crores)
At the beginning of the year	12,47,74,812	62.39	12,47,74,812	62.39
Add: ESOP shares issued during the year {refer note no 31(10)}	45,939	0.02	-	-
Less: Investment held by ESOP Trust	45,653	0.02	-	-
Outstanding at the end of the year	**12,47,75,098**	**62.39**	**12,47,74,812**	**62.39**

c) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The Board of Directors at its meeting held on 14th March, 2014 declared an interim dividend of ₹ 5/- per equity share of ₹ 5/- each. A Final dividend of ₹ 10/- per share (previous year ₹ 7.50/- per share) has been recommended by board subject to the 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) :

(₹ in Crores)

	March 31, 2014		March 31, 2013	
	No. of Shares	% holding	No. of Shares	% holding
Shri Qimat Rai Gupta, Chairman and Managing Director*	95,35,888	7.64	95,35,888	7.64
Shri Surjit Gupta, Director	65,30,160	5.23	65,30,160	5.23
QRG Enterprises Limited	3,79,71,776	30.43	3,79,71,776	30.43
Ajanta Mercantile Limited	1,37,48,332	11.01	1,36,50,402	10.94
Nalanda India Equity Fund Limited	66,08,986	5.29	52,24,947	4.19

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

e) Shares reserved for issue under options :

39,345 shares are reserved for the issue under Employee Stock Option Plan (ESOP) of the Company {refer note no. 31(10)}

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, 2014 No. of shares	March 31, 2013 No. of shares
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash.	22,19,000	22,19,000
Equity shares allotted as fully paid up bonus shares by capitalisation of securities premium reserve and general reserve.	6,23,87,406	6,23,87,406
Equity shares issued under the Employee Stock Option Plan as part consideration for services rendered by employees	286	-

3 RESERVES AND SURPLUS

(₹ in Crores)

		As at March 31, 2014	As at March 31, 2013
a)	**Capital Reserve**	**7.61**	**7.61**
b)	**Business Reconstruction Reserve** {refer note no 31(4)}		
	As per last balance sheet	398.46	398.46
	Less: Transferred to General Reserve	398.46	-
		-	**398.46**
c)	**Securities Premium Reserve**		
	As per last balance sheet	-	-
	Add: Additions on ESOP shares issued	3.09	-
	Less: Investment held by ESOP Trust {refer note no. 31(10)}	3.07	-
		0.02	**-**
d)	**General Reserve**		
	As per last balance sheet	184.33	146.83
	Add: Transferred from Business Reconstruction Reserve {refer note no 31(4)}	398.46	-
	Transferred from surplus as per the statement of profit and loss	48.00	37.50
		630.79	**184.33**
e)	**Surplus as per the statement of profit and loss**		
	As per last balance sheet	1,217.43	993.03
	Add: Profit for the year	478.69	371.39
		1,696.12	**1,364.42**
	Less Appropriations :		
	Interim Dividend {per share ₹ 5/- each (previous year ₹ Nil)}	(62.41)	-
	Proposed final equity dividend {per share ₹ 10 /- each (previous year ₹ 7.50/-)}	(124.82)	(93.58)
	Dividend for previous year	(0.03)	-
	Corporate dividend tax	(31.82)	(15.91)
	Transferred to general reserve	(48.00)	(37.50)
	Net surplus in the statement of profit and loss	**1,429.04**	**1,217.43**
	Total Reserves and Surplus	**2,067.46**	**1,807.83**

4 LONG TERM BORROWINGS

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
Term loans from Banks (secured)		
External Commercial Borrowings {refer note no 4(a)}	80.13	108.78
Deposits (unsecured)		
Deposits from public {refer note no 4(c)}	62.95	-
	143.08	**108.78**

a) External commercial borrowing is from HSBC Bank (Mauritius) Limited. The said loan is repayable in 12 equal quarterly instalments of ₹ 10.02 crores (USD 16,66,667) starting from 26th April, 2014 carrying an interest rate of LIBOR + 195 bps per annum, and is secured by way of:

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

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

b) Current maturities of long term borrowings is ₹ 40.07 crores (Previous Year ₹ Nil) {refer note no. 10}

c) Deposits from public carry interest @ 10% per annum compounded annually and have a maturity period of one to three years from the date of deposits.

5 DEFERRED TAX LIABILITIES (NET)

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
Deferred tax liability		
On account of difference in rates and method of depreciation of fixed assets	79.42	73.26
Others	0.58	0.87
Gross deferred tax liability	**80.00**	**74.13**
Deferred tax asset		
On account of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis.	6.76	5.55
On account of provision for doubtful trade receivables and other provisions	16.53	1.71
Others	4.97	4.97
Gross deferred tax asset	**28.26**	**12.23**
Deferred income tax liability (Net)		
At the end of year	**51.74**	**61.90**
For the year	**(10.16)**	**6.29**

6 OTHER LONG TERM LIABILITIES

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
Retention money from contractors	1.36	0.08
Sales incentives payable	34.78	33.18
Interest accrued but not due on borrowings	4.16	-
	40.30	**33.26**

7 LONG TERM PROVISIONS

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
Product warranties (refer note no 11)	2.26	1.63
	2.26	**1.63**

8 SHORT TERM BORROWINGS

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
Deposits from public (unsecured) {refer note no 4(c) }	12.37	-
	12.37	**-**

9 TRADE PAYABLES

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
Trade payables	439.58	398.96
	439.58	**398.96**

a) Trade payables include acceptances of ₹ 22.65 crores (previous year ₹ Nil)

b) Trade payables include ₹ 13.27 crores due to subsidiary companies (previous year ₹ 34.97 crores) {refer note no. 31(12)(C)}

c) Information as required to be furnished as per Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) 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)

i)	Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act, 2006:		
	Principal	5.76	10.72
	Interest	0.01	0.17
ii)	The amount of interest paid by the buyer in terms of Section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	0.27	0.29
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, 2006.	-	-
iv)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.01	0.01
v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

The total dues of Micro and Small Enterprises which were outstanding for more than stipulated period were at ₹ 0.77 crores (Previous year ₹ 0.18 crores) as on the balance sheet date.

10 OTHER CURRENT LIABILITIES

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
Current maturities of long-term borrowings (refer note no. 4)	40.07	-
Interest accrued but not due on borrowings	1.53	0.43
Unpaid dividend {refer point (a)}	1.44	0.61
Creditors for capital goods	7.92	5.71
Other payables		
Sales incentives payable	57.95	53.04
Trade deposits	22.02	18.93
Advances and progress payments from customers	59.26	53.19
Advances received by ESOP Trust {(refer note no.31(10)(b)}	4.21	-
Excise duty payable {refer point (b)}	10.99	13.68
Other statutory dues payable	44.98	40.32
Other liabilities {refer point (c)}	54.76	40.85
	305.13	**226.76**

a) Investor Protection and Education Fund is being credited by the amount of unclaimed dividend after seven years from the due date. The Company has transferred and deposited a sum of ₹ 0.03 crore (previous year ₹ 0.01 crore) out of unclaimed dividend pertaining to the FY 2005-06 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 ₹ 10.99 crores (previous year ₹ 13.68 crores) on stocks of finished goods and scrap material at the end of the year except at Baddi and Haridwar 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 and other miscellaneous deposits.

11 SHORT TERM PROVISIONS

(₹ in Crores)

		As at March 31, 2014	As at March 31, 2013
i)	Provision for employee benefits		
	Gratuity {refer note 31(9)}	4.76	3.29
		4.76	**3.29**
ii)	**Other provisions**		
	Product warranties {refer point (a)}	81.19	31.52
	Litigations {refer point (b)}	7.39	3.28

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
Proposed equity dividend {refer point (c)}	124.82	93.58
Corporate dividend tax	21.21	15.91
Income Tax (net of advance tax and TDS)	34.36	9.13
Wealth Tax	0.06	0.06
	269.03	**153.48**
	273.79	**156.77**

a) Provision for warranties

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

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
At the beginning of the year	33.15	19.12
Arising during the year	81.82	32.80
Utilised during the year	(31.52)	(18.73)
Unused amount reversed during the year	-	(0.04)
At the end of the year	**83.45**	**33.15**
Current portion	81.19	31.52
Non-current portion (refer note 7)	2.26	1.63

b) Provision for litigations

i) During the FY 2010-11, the Central Excise Department, Jalandhar raised a penalty demand for ₹ 0.10 crore (previous year 0.10 crore) towards differential excise duty on finished goods sold by the branches at higher selling price. The Company is contesting the same before the Central Excise and Service Tax Appellate Tribunal (CESTAT). A provision of ₹ 0.10 crore (previous year 0.10 crore) 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 2013-14, a provision of ₹ 5.13 crores (previous year ₹ 1.57 crores) has been made on this account and the liability as on date is ₹ 7.21 crores (previous year ₹ 2.82 crores).

iii) During the FY 2011-12, a demand of ₹ 0.21 crore (previous year 0.21 crore) 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 crore (previous year 0.06 crore) on account of input tax credit on diesel and provision has been made accordingly.

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

The table below gives information about movement in litigation provisions:

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
At the beginning of the year	3.28	2.60
Arising during the year	5.13	1.65
Utilised during the year	(0.74)	(0.97)
Unused amount reversed during the year	(0.28)	-
At the end of the year	7.39	3.28
Current portion	7.39	3.28
Non-current portion	-	-

c) Provision for dividend

The Board of Directors has recommended a final dividend of ₹ 10/- (previous year ₹ 7.50/-) per equity share of ₹ 5/- each in addition to an interim dividend of ₹ 5/- each (previous year nil) already paid for the year ended March 31, 2014. 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 01, 2013	Addition/ Adjustments during the year	Sales during the year	As at March 31, 2014	Upto last year	For the year	Sales during the year	To date	As at March 31, 2014	As at March 31, 2013
a)	**Tangible**										
1	Industrial land										
	Freehold	27.53	-	-	27.53	-	-	-	-	27.53	27.53
	Leasehold	76.80	-	-	76.80	1.00	1.00	-	2.00	74.80	75.80
2	Buildings	368.64	16.13	0.03	384.74	41.90	12.11	-	54.01	330.73	326.74
3	Plant and machinery	423.37	26.34	7.95	441.76	97.40	28.52	2.31	123.61	318.15	325.97
4	Dies and fixtures	41.57	15.74	-	57.31	7.00	9.18	-	16.18	41.13	34.57
5	Furniture and fixtures	36.63	2.33	0.86	38.10	9.37	2.28	0.47	11.18	26.92	27.26
6	Vehicles	8.84	3.98	0.61	12.21	2.48	0.90	0.37	3.01	9.20	6.36
7	R & D Equipments	13.01	2.62	0.16	15.47	4.04	0.73	0.13	4.64	10.83	8.97
8	Office Equipments	43.70	3.50	2.48	44.72	16.94	4.17	1.70	19.41	25.31	26.76
9	Electric fans and installations	42.61	1.18	0.53	43.26	9.07	2.02	0.24	10.85	32.41	33.54
	Total tangible assets	**1,082.70**	**71.82**	**12.62**	**1,141.90**	**189.20**	**60.91**	**5.22**	**244.89**	**897.01**	**893.50**
	Previous year	**908.59**	**185.07**	**10.96**	**1,082.70**	**137.27**	**55.35**	**3.42**	**189.20**	**893.50**	**772.09**
b)	**Intangible Assets**										
1	Computer Software	15.05	1.92	-	16.97	6.04	2.49	-	8.53	8.44	9.01
2	Technical know-how	0.51	-	-	0.51	0.43	0.07	-	0.50	0.01	0.08
3	R & D Software	0.83	0.24	-	1.07	0.16	0.16	-	0.32	0.75	0.67
	Total intangible assets	**16.39**	**2.16**	**-**	**18.55**	**6.63**	**2.72**	**-**	**9.35**	**9.20**	**9.76**
	Previous year	**10.34**	**6.05**	**-**	**16.39**	**4.10**	**2.53**	**-**	**6.63**	**9.76**	**5.47**
c)	**Capital Work-in-Progress**	**9.82**	**27.66**	**9.70**	**27.78**	**-**	**-**	**-**	**-**	**27.78**	**9.82**
	Previous year	**56.39**	**9.00**	**55.57**	**9.82**	**-**	**-**	**-**	**-**	**9.82**	**56.39**
d)	**Assets held for sale - tangible**	**-**	**-**	**-**						**0.07**	**0.46**
e)	**Total Tangible Assets (a+d)**	**1,082.70**	**71.82**	**12.62**	**1,141.90**	**189.20**	**60.91**	**5.22**	**244.89**	**897.08**	893.96
	Previous year	**908.59**	**185.07**	**10.96**	**1,082.70**	**137.27**	**55.35**	**3.42**	**189.20**	**893.96**	**772.09**
	Total-Current Year	**1,108.91**	**101.64**	**22.32**	**1,188.23**	**195.83**	**63.63**	**5.22**	**254.24**	**934.06**	**913.54**
	-Previous year	**975.32**	**200.12**	**66.53**	**1,108.91**	**141.37**	**57.88**	**3.42**	**195.83**	**913.54**	**833.95**

Notes:

1 Freehold land includes two plots at Bawana and Narela Industrial Area amounting to ₹ 0.01 crore in respect of which possession has not been given by the authority.

2 The title deed in respect of freehold land at Badli is yet to be executed.

3 Buildings include ₹ 0.05 crore being the cost of premises purchased at Leonard Road, Bangalore, title deed in respect of which has not been executed as yet.

4 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 ₹ 1.31 crores, Accumulated depreciation ₹ 0.68 crores, Loss ₹ 0.56 crores and Net Block ₹ 0.07 crores

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

5 Interest and other borrowing costs amounting to ₹ Nil (previous year ₹ 0.70 crores) have been capitalised to the carrying cost of fixed assets.

13 NON-CURRENT INVESTMENTS

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
Trade investments, long term (valued at cost unless stated otherwise)		
Unquoted equity instruments in subsidiary companies		
Havells Holdings Limited		
111,624,892 (Previous year 103,792,326) Ordinary Shares of 1 GBP each fully paid up	851.56	775.07
Havells Exim Limited		
1000 (Previous year 1000) Equity Shares of 1 Hong Kong Dollar each fully paid up	0.00	0.00
Unquoted equity investment in joint venture		
Jiangsu Havells Sylvania Lighting Co., Limited {refer note no. 31(2)}	30.96	16.85
(50% contribution in paid in capital)		
Aggregate amount of unquoted investments	**882.52**	**791.92**

14 LONG TERM LOANS AND ADVANCES

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
Unsecured- considered good		
Capital advances	4.99	3.53
Security deposits	8.94	8.35
MAT Credit entitlement	56.49	46.07
Prepaid expenses	0.24	0.32
Balance with Statutory authorities	0.50	0.23
	71.16	**58.50**

15 OTHER NON-CURRENT ASSETS

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
Unsecured- considered good		
Earnest money	0.35	0.90
	0.35	**0.90**

16 INVENTORIES

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
Raw materials and components	183.02	166.40
Work-in-progress	57.56	49.12
Finished goods	319.15	300.55
Stock in trade (traded goods)	99.28	122.26
Stores and spares	8.45	11.30
Loose Tools	1.05	0.52
Packing materials	9.49	8.41
Fuel and gases	0.98	0.87
Scrap materials	3.73	3.60
	682.71	**663.03**
The above inventories includes goods in transit as under:		
Raw Materials	19.58	21.07
Finished goods	20.56	13.01
Stock in trade(traded goods)	6.72	6.26

a) Inventories other than scrap materials have been taken at lower of cost and net realisable value. (refer note no 1.07)

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

17 TRADE RECEIVABLES

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	2.04	4.52
Unsecured, considered doubtful	6.47	3.92
	8.51	8.44
Less: Provision for doubtful receivables	6.47	3.92
	2.04	**4.52**
Other receivables		
Unsecured, considered good*	134.45	125.65
Unsecured, considered doubtful	0.09	1.03
	134.54	126.68
Less: Provision for doubtful receivables	0.09	1.03
	134.45	**125.65**
	136.49	**130.17**

*Trade receivables include ₹ 14.07 crores (previous year ₹ 12.73 crores) due from subsidiaries/stepdown subsidiary companies. {refer note no. 31(12)(C)}

18 CASH AND BANK BALANCES

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
a) Cash and cash equivalents		
Balances with banks:		
Current accounts	2.47	6.11
Cash credit accounts	94.46	98.76
Bank accounts held by ESOP Trust {refer note no. 31(10)(b)}	2.74	-
Fixed Deposits having a maturity period of less than three months	300.00	141.00
Cash on hand	0.03	0.04
	399.70	**245.91**
b) Other bank balances		
Unpaid dividend account*	1.44	0.61
Fixed Deposits accounts having a maturity period more than three months but less than twelve months	225.00	-
Deposits held as margin money against bank guarantees**	0.02	0.02
	226.46	**0.63**
	626.16	**246.54**

* The Company can utilise the balance only towards settlement of unclaimed dividend.

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

19 SHORT TERM LOANS AND ADVANCES

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
Other loans and advances - unsecured, considered good		
Advances against materials and services	8.54	13.48
Prepaid expenses	9.52	9.41
Security deposits	2.19	2.41
Other advances	0.26	0.36
Balance with Statutory/Government authorities:		
Excise duty	1.01	0.39
Service tax	0.93	0.65
VAT	-	0.14
Other deposits with Statutory/Government authorities	22.47	14.26
	44.92	**41.10**

20 OTHER CURRENT ASSETS

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good		
Earnest money	1.33	1.70
Retention money	2.27	1.94
DEPB licences in hand	2.65	0.46
Claims and other receivables	7.32	8.11
Interest accrued on deposits	6.16	0.37
	19.73	**12.58**

21 REVENUE FROM OPERATIONS

(₹ in Crores)

	Year ended March 31, 2014	Year ended March 31, 2013
Sale of products		
Finished goods	4,577.68	4,012.64
Stock in trade (traded goods)	675.87	699.46
	5,253.55	4,712.10
Less: Discounts, incentives and rebates	257.90	231.82
	4,995.65	4,480.28
Other operating revenue		
Scrap sales	27.70	19.68
Export incentives	7.76	6.41
Revenue from operations (gross)	**5,031.11**	**4,506.37**
Less: Excise duty	311.42	281.38
Revenue from operations (net)	**4,719.69**	**4,224.99**
Details of products sold		
Finished goods		
Switchgears	1,229.40	1,080.52
Cables	2,201.38	1,942.32
Lighting and fixtures	563.43	448.73
Electrical consumer durables	583.47	541.07
	4,577.68	**4,012.64**
Stock in Trade (Traded goods)		
Switchgears	101.11	100.56
Lighting and fixtures	244.37	287.83
Electrical consumer durables	330.39	311.07
	675.87	**699.46**
	5,253.55	**4,712.10**

22 OTHER INCOME

(₹ in Crores)

	Year ended March 31, 2014	Year ended March 31, 2013
Interest income :		
Bank deposits	26.79	0.89
Delayed payments from customers	0.60	0.93
Others	0.28	0.20
Miscellaneous income	1.89	3.83
Exchange fluctuations (net)	8.41	0.88
Excess provisions no longer required written back	5.12	0.83
Provision for doubtful receivables written back	0.97	1.19
	44.06	**8.75**

23 COST OF MATERIALS CONSUMED

(₹ in Crores)

	Year ended March 31, 2014	Year ended March 31, 2013
Copper	870.07	747.45
Aluminium	367.31	353.33
General plastic	173.70	138.75
Paints and chemicals	126.25	114.01
Steel	100.80	97.71
Engineering plastic	47.49	32.09
Packing materials	119.63	107.38
Others	740.96	677.30
	2,546.21	**2,268.02**

24 PURCHASE OF STOCK IN TRADE (TRADED GOODS)

(₹ in Crores)

	Year ended March 31, 2014	Year ended March 31, 2013
Switchgears	49.59	48.50
Lighting and fixtures	144.61	166.34
Electrical consumer durables	165.49	207.82
	359.69	**422.66**

25 CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN -PROGRESS AND STOCK IN TRADE

(₹ in Crores)

	Year ended March 31, 2014	Year ended March 31, 2013	(Increase)/ Decrease
Inventories at the end of the year			
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)
	479.72	**475.53**	**(4.19)**
Inventories at the beginning of the year			
Finished goods	300.55	268.13	(32.42)
Stock in trade (traded goods)	122.26	116.75	(5.51)
Work in progress	49.12	49.05	(0.07)
Scrap	3.60	2.28	(1.32)
	475.53	**436.21**	**(39.32)**

(₹ in Crores)

	Year ended March 31, 2014	Year ended March 31, 2013
Details of inventory at the end of the year		
Finished Goods		
Switchgears	86.66	77.67
Cables	152.55	137.20
Lighting and Fixtures	28.87	28.03
Electrical Consumer Durables	51.07	57.65
	319.15	**300.55**
Stock in trade (traded goods)		
Switchgears	8.60	7.65
Lighting and Fixtures	48.69	48.30
Electrical Consumer Durables	41.99	66.31
	99.28	**122.26**
Work in progress		
Switchgears	12.45	11.33
Cables	27.99	26.28
Lighting and Fixtures	9.89	7.42
Electrical Consumer Durables	7.23	4.09
	57.56	**49.12**

(₹ in Crores)

	Year ended March 31, 2014	Year ended March 31, 2013
Details of inventory at the beginning of the year		
Finished Goods		
Switchgears	77.67	77.31
Cables	137.20	128.45
Lighting and Fixtures	28.03	28.75
Electrical Consumer Durables	57.65	33.62
	300.55	**268.13**
Stock in trade (traded goods)		
Switchgears	7.65	7.52
Lighting and Fixtures	48.30	64.07
Electrical Consumer Durables	66.31	45.16
	122.26	**116.75**
Work in progress		
Switchgears	11.33	8.49
Cables	26.28	24.74
Lighting and Fixtures	7.42	11.22
Electrical Consumer Durables	4.09	4.60
	49.12	**49.05**

26 EMPLOYEE BENEFITS EXPENSE

(₹ in Crores)

	Year ended March 31, 2014	Year ended March 31, 2013
Salaries, wages, bonus, commission and other benefits	220.60	181.31
Contribution towards PF, Family Pension and ESI	11.68	8.95
Employee stock option scheme expense {refer note no. 31(10)}	0.99	-
Gratuity expense {refer note 31(9)}	4.83	3.82
Staff welfare expenses	9.38	8.09
	247.48	**202.17**
Employee benefits expense include managerial remuneration as under:		
Salaries, bonus and other benefits	4.80	3.33
Contribution towards PF	0.34	0.14
Commission	10.60	8.15
	15.74	**11.62**

27 FINANCE COSTS

(₹ in Crores)

	Year ended March 31, 2014	Year ended March 31, 2013
Interest expense	13.54	22.76
Bank charges	2.66	3.54
Exchange difference to the extent considered as an adjustment to borrowing cost {refer note 31(5)}	10.73	2.25
	26.93	**28.55**

28 DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Crores)

	Year ended March 31, 2014	Year ended March 31, 2013
Depreciation of tangible assets	60.91	55.48
Amortisation of intangible assets	2.72	2.40
	63.63	**57.88**

29 OTHER EXPENSES

(₹ in Crores)

	Year ended March 31, 2014	Year ended March 31, 2013
Consumption of stores and spares	32.39	28.35
Power and fuel	61.65	56.98
Job work charges	117.26	110.64
Increase /(decrease) in excise duty in inventory of finished goods and scrap	(1.72)	(0.08)
Rent	36.44	32.76
Repairs and maintenance		
Plant and machinery	10.49	9.73
Buildings	1.89	1.90
Others	6.16	7.23
Rates and taxes	0.90	0.68
Insurance	7.64	6.91
Trade mark fee and royalty	41.07	42.89
Travelling and conveyance	44.68	41.97
Communication expenses	6.33	5.51
Legal and professional charges	27.20	7.26
Payment to Auditors		
Audit fee	1.20	1.20
Taxation matters	0.09	0.05
Reimbursement of expenses	0.05	0.07
Donation	2.62	4.51
Freight and forwarding expenses	166.59	152.09
Service tax and custom duty paid	11.63	12.78
Advertisement and sales promotion	112.40	130.25
Cash discount	47.10	42.90
Commission on sales	35.33	33.04
Product warranties and after sales services	107.23	59.73
Trade receivables factoring charges	23.77	19.82
Loss on sale/discard of fixed assets (net)	6.03	3.74
Loss on non-current investment	-	0.36
Bad debts written off	0.51	0.90
Provision for doubtful trade receivables	2.58	1.88
Miscellaneous expenses	19.39	20.55
	928.90	**836.60**

30 CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in Crores)

	2013-14	2012-13
A Contingent liabilities (to the extent not provided for)		
a Claims/Suits filed against the Company not acknowledged as debts {refer point (i)}	14.09	13.72
b Bank guarantees issued by banks	79.37	83.69
c Letter of credits issued by banks	43.39	31.17
d Liability towards banks against receivable buyout facilities {refer point (ii)}	86.80	63.83
e Bonds to excise department against export of excisable goods/purchase of goods without payment of duty (to the extent utilised)	18.57	18.72
f Custom duty payable against export obligation	19.18	19.17
g Disputed tax liabilities in respect of pending cases before Appellate Authorities {amount deposited under protest ₹ 8.35 crores (previous year ₹ 5.24 crores)} {refer point (iii)}	70.54	46.03

(₹ in Crores)

		2013-14	2012-13
h	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
i	Corporate Guarantees given on behalf of subsidiary companies (to the extent of outstanding obligation) {refer point (iv)}	143.13	291.68

Notes:

i) Claims filed against the Company include supply of switchgear products amounting to ₹ 9.45 crores made to one of the customer by the Company. The supply was subsequently questioned by the customer on approved quality norms and the material supplied was reportedly recalled by them voluntarily from market. During the previous year arbitration proceedings were also initiated by the customer against the Company under English Laws claiming compensation of ₹ 273.28 crores. Arbitration proceeding were afterward contested by the Company on various grounds like supply of materials was made only after due inspection by the customer and also challenged on other technical aspects of proceedings including juridical seat of Arbitration. The Tribunal while passing its partial award on April 28, 2014 upheld the place of Arbitration as Delhi and also ordered that these arbitration proceedings are governed by Indian Arbitration law and subject to the supervision of Indian Courts. The Management in this case is of the view that under the terms of contract, the Company is not liable to pay any consequential cost as the claim made by the customer is not tenable. Furthermore, the contract expressly limits the Company's liability to replacement of defective products only. The matter being sub-judice, claim under the contract is treated as contingent liability.

ii) a) The Company has utilised a receivable buyout facility of ₹ 227.69 crores (previous year ₹ 249.91 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 ₹13.78 crores (previous year ₹ 18.60 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 ₹ 72.82 crores (previous year ₹ 91.18 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 ₹ 5.31 crores (previous year ₹ 1.22 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 ₹ 40.47 (previous year ₹ Nil) 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 ₹ 4.68 crores (previous year nil) 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 ₹ 356.46 crores (previous year ₹ 325.92 crores) from Yes Bank Limited and Axis Bank Limited against insurance backed trade receivables with a recourse of 10% of the facility amount.

iii) The various disputed tax liabilities are as under:

(₹ in Crores)

Sl.	Description	Period to which relates	Disputed amount	
			2013-14	2012-13
a)	**Excise / Customs/ Service Tax**			
	Show cause notices/ demands raised by Excise and Custom department pending before various appellate authorities.	1987-88 to 2011-12	13.10	16.92
b)	**Income Tax**			
	Disallowances / additions made by the income tax department pending before various appellate authorities.	2004-05 to 2010-11	31.28	13.18
c)	**Sales Tax/ VAT**			
	Show cause notices/ demands raised by Sales tax / VAT department pending before various appellate authorities	2003-04 to 2012-13	26.01	15.78

(₹ in Crores)

Sl.	Description	Period to which relates	Disputed amount	
			2013-14	2012-13
d)	**Others**			
	Demand of local area development tax by the concerned authorities.	2001-02	0.12	0.12
	Demand of octroi alongwith penalty in the state of Maharashtra by the concerned authorities.	2010-11	0.03	0.03
			70.54	**46.03**

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 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.

iv) a) The Company has given a corporate guarantee of ₹ 109.98 crores (USD 18.30 millions) {previous year ₹ 99.53 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 ₹ 97.24 crores (USD 17.88 millions)}. Subsequent to the date of balance sheet, the said guarantee has been reduced to ₹ 30.05 crores (USD 5 millions).

b) The Company has given an irrevocable and unconditional corporate guarantee to Standard Chartered Bank Limited, London for ₹ 214.70 crores (Euro 26 millions) {previous year ₹ 180.81 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 29th March, 2013. The outstanding amount of the said credit facility as on the date of the balance sheet is ₹ 143.13 crores (Euro 17.33 millions) {previous year ₹ 180.81 crores (Euro 26 millions)}.

v) a) The Company is under obligation to export goods within a period of eight years from the date of issue of EPCG licenses issued in terms of para 5.2 of Foreign Trade Policy 2009-2014. As on the date of balance sheet, the Company is under obligation to export goods worth ₹ 95.47 crores (previous year ₹ 125.80 crores) within the stipulated time as specified in the respective licenses. Out of the said amount, the Company has fulfilled the export obligation of ₹ 82.65 crores (previous year ₹ 86.44 crores) in respect of which application for Export Obligation Discharge Certificates (EODC) will be filed with the Director General Foreign Trade (DGFT) within the stipulated time.

b) Further the Company is under obligation to export goods worth ₹ 70.46 crores (previous year ₹ 60.46 crores) in respect of duty free imports made by the Company against Advance Licenses. Out of the said amount, export obligation of ₹ 60.65 crores (previous year ₹ 49.70 crores) has been fulfilled by the Company as at the end of the year in respect of which application for Export Obligation Discharge Certificates (EODC) will be filed with the Director General Foreign Trade (DGFT) within the stipulated time.

(₹ in Crores)

B	Commitments	2013-14	2012-13
	Estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	48.87	35.65

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	Extent of control	
					March 31, 2014	March 31, 2013
(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 the balance sheet date.

2 The Company has entered into a Joint Venture agreement with 'Shanghai Yaming Lighting Co., Limited, Shanghai, China' on 26th December, 2011 for forming a Joint Venture Company for production of lighting lamps and lighting accessories and sales/services of related products. Accordingly, a Company 'Jiangsu Havells Sylvania Lighting Co., Limited' a Jointly Controlled Entity has been formed vide certificate of approval dated 13th February, 2012 issued by the People's Government of Jiangsu Province, China. The Company has invested a sum of ₹ 30.96 crores (RMB 33.00 millions) {previous year ₹ 16.85 crores (RMB 19.19 millions)} towards 50% of capital contribution in 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 13) and is stated at cost. The disclosure in respect of Company's Joint Venture's assets and liabilities are given on the basis of audited financial statements of the joint venture company as at 31st, December, 2013.

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

(a)	Name of Joint Venture	Description of Interest	Country of Incorporation	Proportion of Ownership interest	
				Dec. 31, 2013	Dec. 31, 2012
	Jiangsu Havells Sylvania Lighting Co., Limited	Jointly Controlled Entity	Jiangsu Province, China	50%	50%

(b) The Company's share of each of the assets, liabilities, incomes and expenses (each without elimination of the effect of transaction between the Company and the Joint Venture) related to its interest in Joint Venture, based on the Audited Financial Statements as at 31st December, 2013 are as under:

(₹ in Crores)

		Dec. 31, 2013	Dec. 31, 2012
(i)	**Liabilities**		
	Current liabilities		
	Trade payables	20.58	3.88
	Other current liabilities	0.11	0.06
		20.69	**3.94**
(ii)	**Assets**		
	Non-current assets		
	Fixed assets		
	Tangible assets	7.82	0.06
	Capital work-in-progress	0.55	4.70
		8.37	**4.76**
	Current assets		
	Inventories	2.60	0.00
	Trade receivables	18.82	3.60
	Cash and bank balances	3.40	3.73
	Short-term loans and advances	4.61	2.61
		29.43	**9.94**
		37.80	**14.70**
(iii)	**Income**		
	Revenue from operations (net of Excise duty)	40.16	5.01
	Other income	0.04	0.01
		40.20	**5.02**
(iv)	**Expenses**		
	Cost of materials consumed	9.23	-
	Purchase of traded goods	28.35	4.86
	(Increase)/ decrease in inventories	(1.84)	-
	Employee benefits expense	1.91	0.20
	Other expenses	4.08	0.38
		41.73	**5.44**
(v)	**Other Matters**		
	Contingent Liabilities	NIL	NIL
	Capital Commitments	NIL	NIL

3 (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 The Hongkong and Shanghai Banking Corporation Limited.

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

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

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

iii) pari-passu second charge by way of hypothecation on plant and machinery, generators, 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.

4 The Company had created a Business Reconstruction Reserve Account("BRR") in the FY 2009-10 by transfer of ₹ 400 crores from securities premium account for the purpose of adjustment of certain expenses as per the scheme of arrangement entered into by the Company with its subsidiary and associate company as approved by the Hon'ble High Court of Delhi vide their order dated 19.08.2010. As per the scheme of arrangement, as and when the Board of Directors of the Company determines that a part or whole of the balance remaining in BRR is no longer required, then such unutilised amount can be transferred to the General Reserve. Accordingly, during the year, the Company has transferred unutilised amount of BRR of ₹ 398.46 crores to General Reserve pursuant to resolution passed by the Board of Directors.

5 Companies (Accounting Standards) (Second Amendment Rules), 2011 issued by the Ministry of Corporate Affairs vide Notification dated December 29, 2011, had amended Accounting Standard - 11 "The Effect of Changes in Foreign Exchange Rates" and given an option to the companies to adopt the treatment prescribed in the said notification in reference to exchange differences arising on reporting of long term foreign currency monetary items. The Company has, consistently following the provisions of AS-11 as in the past, chosen not to adopt the alternate treatment prescribed under the above notification. In accordance with the accounting policy of the Company, a sum of ₹ 11.42 crores has been recognised as exchange loss in respect of the long term foreign currency monetary items during the year (previous year exchange loss ₹ 5.86 crores).

Out of the said loss, ₹ 10.73 crores (previous year ₹ 2.25 crores) has been treated as finance cost being the exchange difference arising from foreign currency borrowings to the extent they can be regarded as an adjustment to interest costs as per Accounting Standard -16, " Borrowing Costs" notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

6 The Company has incurred following expenditure on Research and Development:

(₹ in Crores)

		2013-14	2012-13
a)	**Revenue Expenditure**		
	Cost of materials consumed	3.66	1.69
	Employee benefits expense	14.48	12.29
	Rent	2.16	2.16
	Travelling and conveyance	0.69	0.46
	Legal and professional	0.37	0.07
	Other expenses	0.52	0.28
		21.88	**16.95**
b)	**Capital Expenditure**		
	Tangible assets	2.62	1.09
	Intangible assets	0.24	-
		2.86	**1.09**

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

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

8 Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise as at 31st March, 2014 are as under:

(Amount in Crores)

Currency	Nature of Transaction	As at March 31, 2014		As at March 31, 2013	
		Foreign Currency	Indian Rupees	Foreign Currency	Indian Rupees
GBP	Export Trade Receivables	£ 0.00	0.17	£ -	-
	Import Trade Payables	£ 0.00	0.15	£ 0.00	0.25
USD	Export Trade Receivables	$ 0.71	42.48	$ 0.77	41.70
	Import Trade Payables	$ 1.13	67.96	$1.26	68.71
	Foreign currency loan from banks	$ 2.00	120.20	$ 2.00	108.78
EURO	Export Trade Receivables	€ 0.02	1.70	€ 0.02	1.56
	Import Trade Payables	€ 0.02	1.77	€ 0.02	1.40
JPY	Import Trade Payables	¥ 0.69	0.41	¥ 0.21	0.12
CHF	Import Trade Payables	CHF -	-	CHF 0.00	0.01

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

Defined Contribution Plan

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

(₹ in Crores)

	2013-14	2012-13
Employer's Contribution towards Provident Fund (PF)	8.98	6.47
Employer's Contribution towards Family Pension Scheme (FPS)	2.23	2.04
Employer's Contribution towards Employee State Insurance (ESI)	0.47	0.44

Defined Benefit Plan

The employee's Gratuity Fund Scheme, which is a defined benefit plan, is managed by Trust maintained with Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company 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.

(₹ in Crores)

		2013-14	2012-13
a)	**Reconciliation of opening and closing balances of Defined Benefit obligation**		
	Defined Benefit obligation at beginning of the year	16.15	12.25
	Interest Cost	1.41	0.95
	Current Service Cost	2.78	2.29
	Benefit paid	(1.23)	(0.96)
	Actuarial (gain) / loss	1.97	1.62
	Defined Benefit obligation at year end	**21.08**	**16.15**
b)	**Reconciliation of opening and closing balances of fair value of plan assets**		
	Fair value of plan assets at beginning of the year	12.86	9.03
	Expected return on plan assets	1.29	0.97
	Employer contribution	3.36	3.75
	Actuarial gain / (loss)	0.04	0.07
	Benefits paid	(1.23)	(0.96)
	Fair value of plan assets at year end	**16.32**	**12.86**
c)	**Reconciliation of fair value of assets and obligations**		
	Fair value of plan assets	16.32	12.86
	Present value of obligation	(21.08)	(16.15)
	Amount recognised in Balance Sheet- Asset / (Liability)	**(4.76)**	**(3.29)**

(₹ in Crores)

		2013-14	2012-13
d)	**Expenses recognised during the year**		
	Current Service Cost	2.78	2.29
	Interest Cost	1.41	0.95
	Expected return on plan assets	(1.29)	(0.97)
	Actuarial (gain) / loss	1.93	1.55
	Net Cost debited to statement of profit and loss	**4.83**	**3.82**
e)	**Broad categories of plan assets as a percentage of total assets**		
	Insurer managed funds	100%	100%
f)	**Actuarial assumptions**		
	Mortality Table (LIC)	**1994-96 (Ultimate)**	**1994-96 (Ultimate)**
	Discount rate (per annum)	9.10%	8.10%
	Expected rate of return on plan assets (per annum)	9.30%	9.30%
	Attrition Rate	5.00%	5.00%
g)	**Actual return on plan assets**	**1.33**	**1.04**

(₹ in Crores)

		2013-14	2012-13	2011-12	2010-11	2009-10
h)	**Amounts for current and previous periods:**					
	Present value of obligation	21.08	16.15	12.25	9.52	6.56
	Fair value of plan assets	16.32	12.86	9.03	7.15	6.35
	Surplus/(Deficit)	(4.76)	(3.29)	(3.22)	(2.37)	(0.21)
	Experience Adjustments of Plan Assets [Gain/(loss)]	1.97	1.62	1.02	1.68	1.15
	Experience Adjustments of Obligation [Gain/(loss)]	2.06	0.80	1.26	1.96	1.44

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

k) The Company expects to contribute ₹ 5.00 crores (previous year ₹ 3.75 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 had, vide special resolution passed by way of postal ballot on 23rd 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 8th April, 2013. The options are vested equally over a period of 2 years after the date of grant, and the said options can be exercised any time within a period of 30 days from the date of vesting and will be settled by way of equity shares in accordance with the aforesaid plan.

During the year, the Company has granted 45,939 options at ₹ 677/- per share and the exercise price is ₹ 338.50/- per share.

(₹ in Crores)

Summary of Stock Option	2013-14		2012-13	
	Total No. of Stock Options	Weighted average exercise price	Total No. of Stock Options	Weighted average exercise price
Options outstanding as on 01.04.2013	Nil	-	-	-
Options granted during the year	45,939	338.50	-	-
Options forfeited/lapsed during the year	6,308	338.50	-	-
Options exercised during the year	286	338.50	-	-
Options outstanding as on 31.03.2014	39,345	338.50	-	-
Options vested but not exercised as on 31.03.2014	Nil	-	-	-

The weighted average remaining contractual life for the stock option outstanding as at 31st March, 2014 is 0.60 years. The exercise price for options outstanding at the end of year is ₹ 338.50/- per share. The average market share price of ESOP exercised during the year is ₹ 631.45/- per share

The weighted average fair value of stock option granted during the year is ₹ 608.77/- per share. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

(₹ in Crores)

Particulars	2013-14	2012-13
Average risk free interest rate	8.33%	-
Expected Life of options as on grant date	2 years	-
Expected and Historical Volatility	33.22%	-
Expected Dividend rate	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:

(₹ in Crores)

Particulars	2013-14	2012-13
Profit after tax as reported	**478.69**	**371.39**
Add: ESOP cost using the intrinsic value method	0.99	-
Less: ESOP cost using the fair value method	0.89	-
Proforma profit after tax	**478.79**	**371.39**

(₹ in Crores)

Particulars	2013-14	2012-13
Earnings Per Share		
Basic		
- As reported	38.36	29.76
- Proforma	38.37	-
Diluted		
- As reported	38.36	29.76
- Proforma	38.37	-

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.

Expense on Employee Stock Option Scheme debited to the Statement of Profit and Loss during the FY 2013-14 is ₹ 0.99 crore.

b) During the year, financial statements of 'Havells Employee Welfare Trust' have been consolidated in the Standalone financial statements of the Company, in accordance with the opinion of Expert Advisory Committee (EAC) issued by the Institute of Chartered Accountants of India. Accordingly, investments held by trust in the shares of the Company and loan received by trust from the Company has been eliminated with the issued share capital and securities premium and loan given by the Company. Further, bank balance of ₹ 2.74 crores, advance received by trust from Company's employees of ₹ 4.21 crores has been consolidated in respective account heads in the financial statements of the Company.

11 Segment Reporting

The segment reporting of the Company has been prepared in accordance with Accounting Standard-17, "Segment Reporting",notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

Segment Reporting Policies

a) Identification of Segments:

Primary- Business Segment

The Company has identified four reportable segments viz. Switchgears, Lighting and fixtures, Cables and Electrical Consumer Durables on the basis of the nature of products, the risk and return profile of individual business and the internal business reporting systems. The products included in each of the reported business segments are as follows:

(i) The switchgear segment comprises of domestic and the industrial switchgears, electrical wiring accessories, industrial motors, 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".

(₹ in Crores)

	2013-14	2012-13
(i) Primary- Business Segment		
A. Revenue		
Segment Revenue		
Switchgears	1219.19	1078.06
Cables	1926.43	1692.48
Lighting and fixtures	720.69	665.18
Electrical consumer durables	853.38	789.27
	4719.69	**4224.99**
B. Results		
Segment Results		
Switchgears	403.17	365.32
Cables	210.99	154.08
Lighting and fixtures	178.70	156.77
Electrical consumer durables	230.40	197.82
	1023.26	**873.99**
Unallocated expenses net of income	401.23	388.26
Operating Profit	**622.03**	**485.73**
Finance Costs	26.93	28.55
Profit before tax	**595.10**	**457.18**
Income tax expense	116.41	85.79
Profit after tax	**478.69**	**371.39**
C. Other Information		
Segment Assets		
Switchgears	505.42	501.03
Cables	511.05	489.18
Lighting and fixtures	365.74	356.94
Electrical consumer durables	258.38	242.12
	1640.59	1589.27
Unallocated	1757.51	1269.01
	3398.10	**2858.28**

(₹ in Crores)

	2013-14	2012-13
Segment Liabilities		
Switchgears	202.71	153.53
Cables	181.42	136.18
Lighting and fixtures	113.14	108.17
Electrical consumer durables	93.60	99.78
	590.87	497.66
Unallocated	677.38	490.40
	1268.25	**988.06**
Capital Expenditure		
Switchgears	25.90	31.20
Cables	5.58	3.81
Lighting and fixtures	12.45	25.50
Electrical consumer durables	36.96	11.78
	80.89	72.29
Unallocated	11.05	47.39
	91.94	**119.68**
Depreciation and Amortisation Expenses		
Switchgears	22.41	20.18
Cables	21.70	21.27
Lighting and fixtures	13.50	11.07
Electrical consumer durables	6.02	5.36
	63.63	**57.88**
Non-cash expenses other than depreciation		
Switchgears	0.96	0.27
Cables	1.17	0.58
Lighting and fixtures	4.36	3.89
Electrical consumer durables	0.46	0.53
	6.95	5.27
Unallocated	1.66	0.71
	8.61	**5.98**
ii. Secondary- Geographical Segments		
Segment Revenue		
The following is the distribution of Company's revenue by geographical market, regardless of where the goods were produced.		
Revenue-Domestic Market	4396.04	4005.83
Revenue-Overseas Market:	323.65	219.16
	4719.69	**4224.99**
Segment assets		
Within India	2471.24	2031.71
Outside India	926.86	826.57
	3398.10	**2858.28**
Capital Expenditure		
Within India	91.94	119.68
Outside India	0.00	0.00
	91.94	**119.68**

12 Related party transactions

The related parties as per the terms of Accounting Standard-18,"Related Party Disclosures", notified under the Companies (Accounting Standards) Rules, 2006 (as amended) are disclosed below:

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

(i) Related 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.

	Subsidiary Companies	Relationship
6	SLI Europe B.V.	WOS of Havell's Netherlands B.V.
7	Havells Sylvania Holdings (BVI-1) Limited	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 Limited
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 Illuminacao Limited	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.
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) Limited	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) Limited	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) Limited	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

Subsidiary Companies	Relationship
52 Havells Sylvania TR Elektrik Ürünleri Ticaret Limited Şirketi	99.95% held by of Havells Sylvania Europe Limited and 0.05 % held Havells Sylvania UK Limited
53 Thai Lighting Asset Co. Limited*	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 Limited
55 Havells Sylvania South Africa Proprietary Limited	WOS of Flowil International Lighting (Holding) B.V.
Joint Venture	
Jiangsu Havells Sylvania Lighting Co., Limited	50% ownership interest held by company.

a) WOS refers to 'Wholly Owned Subsidiary'

b) Sylvania India Limited' has been sold during the year.

*'Flowil International Lighting (Holding) B.V. (WOS of Sylvania Lighting International B.V.)' holds 49% equity interest in 'Thai Lighting Assets Co. Limited'. However the said company has majority representation on the entities board of directors and the approval of the said company is required for all major operational decisions and the operations are solely carried out for the benefit of the group. Based on these facts and circumstances, management determined that in substance the group controls this entity and therefore has consolidated this entity in its financial statements.

(ii) Enterprises in which directors exercise significant influence	(iii) Key Management Personnel
QRG Enterprises Limited	Shri Qimat Rai Gupta
QRG Foundation	Shri Surjit Gupta
QRG Medicare Limited	Shri Anil Rai Gupta
QRG Central Hospital & Research Centre Limited	Shri Rajesh Gupta
QRG Corporate Services Limited	
QRG Wellness LLP	
Guptajee & Company	
Ajanta Mercantile Limited	
The Vivekananda Ashrama	

(B) Transactions during the year

(₹ in Crores)

	2013-14	2012-13
(i) Purchase of traded goods and stores and spares		
Enterprises in which directors exercise significant influence		
QRG Enterprises Limited	0.00	0.01
Subsidiaries / Step down Subsidiaries		
Havells Exim Limited	69.12	61.94
Others	1.72	1.28
Joint Venture		
Jiangsu Havells Sylvania Lightning Co., Limited	10.39	2.68
	81.23	**65.91**
(ii) Sale of products		
Enterprises in which directors exercise significant influence		
QRG Medicare Limited	0.43	1.53
Subsidiaries / Step down Subsidiaries		
Havells Exim Limited	104.13	52.83
Others	7.81	6.53
	112.37	**60.89**
(iii) Commission on sales		
Enterprises in which directors exercise significant influence		
Guptajee & Company	6.89	6.59
(iv) Purchase of tangible fixed assets		
Enterprises in which directors exercise significant influence		
QRG Enterprises Limited	0.02	0.03
Subsidiaries / Step down Subsidiaries		
Havells Sylvania Lighting Belgium N.V.	-	0.02
	0.02	**0.05**

(₹ in Crores)

		2013-14	2012-13
(v)	**Sale of fixed assets**		
	Enterprises in which directors exercise significant influence		
	QRG Medicare Limited	0.22	-
	QRG Central Hospital & Research Centre Limited	-	0.00
(vi)	**Rent / Usage Charges Paid**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	19.34	19.34
(vii)	**Miscellaneous Income (Service charges received)**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	-	0.04
	Subsidiaries / Step down Subsidiaries		
	Havells Exim Limited	0.32	0.29
		0.32	**0.33**
(viii)	**Trade mark fee and Royalty**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	40.56	42.25
(ix)	**Donation paid**		
	Enterprises in which directors exercise significant influence		
	QRG Foundation	2.50	4.50
	The Vivekananda Ashrama	0.11	-
		2.61	**4.50**
(x)	**Reimbursement of Expenses received**		
	Enterprises in which directors exercise significant influence		
	Guptajee & Company	0.72	1.40
	Others	0.01	0.01
	Subsidiaries / Step down Subsidiaries		
	Havells Holdings Limited	0.39	0.01
	Havells Sylvania Europe Limited	0.88	0.95
	Others	0.15	0.06
		2.15	**2.43**
(xi)	**Reimbursement of Expenses paid**		
	Enterprises in which directors exercise significant influence		
	QRG Central Hospital & Research Centre Limited	-	0.00
	Subsidiaries / Step down Subsidiaries		
	Havells Sylvania Europe Limited	0.10	-
	Havells Exim Limited	-	-
	Havells Sylvania Lighting France S.A.S	0.08	0.01
	Havells Sylvania Dubai FZCO	0.10	-
	Others	-	0.08
		0.28	**0.09**
(xii)	**Managerial remuneration**		
	Key Management Personnel		
	Shri Qimat Rai Gupta	6.34	4.69
	Shri Anil Rai Gupta	4.83	3.23
	Shri Rajesh Gupta	4.57	3.70
		15.74	**11.62**
(xiii)	**Rent received**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	0.03	0.03
(xiv)	**Dividend paid**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	47.46	24.68
	Guptajee & Company	4.72	2.45
	Ajanta Mercantile Limited	16.21	8.04

(₹ in Crores)

		2013-14	2012-13
	Key Management Personnel		
	Shri Qimat Rai Gupta	8.59	4.47
	Shri Surjit Gupta	8.16	4.24
	Shri Anil Rai Gupta	2.95	1.53
	Shri Rajesh Gupta	0.30	0.16
		88.39	**45.57**
(xv)	**Investments in equity shares**		
	Subsidiaries / Step down Subsidiaries		
	Havells Holdings Limited	76.49	-
	Joint Venture		
	Jiangsu Havells Sylvania Lighting Co., Limited, China	14.11	16.85
		90.60	**16.85**
C	**Balances at the year end**		
(i)	**Amount Receivables**		
	Subsidiaries / Step down Subsidiaries		
	Havells Sylvania Europe Limited	0.07	1.76
	Havells Exim Limited	12.41	8.41
	Others	1.59	2.56
		14.07	**12.73**
(ii)	**Amount Payables**		
	Enterprises in which directors exercise significant influence		
	Guptajee & Company	1.58	0.69
	Subsidiaries / Step down Subsidiaries		
	Havells Exim Limited	12.67	34.88
	Others	0.60	0.09
	Joint Venture		
	Jiangsu Havells Sylvania Lightning Co., Limited	2.72	0.95
	Key Management Personnel		
	Shri Qimat Rai Gupta	0.07	0.13
	Shri Anil Rai Gupta	0.05	0.13
	Shri Rajesh Gupta	0.05	0.05
		17.74	**36.92**
(iii)	**Corporate Guarantee**		
	Subsidiaries / Step down Subsidiaries		
	Havells Exim Limited	-	97.24
	Havells Holdings Limited	143.13	180.81
	Havells Sylvania Europe Limited	-	13.63
		143.13	**291.68**

13 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)

		2013-14	2012-13
(i)	not later than one year	2.06	4.61
(ii)	later than one year and not later than five years	1.05	2.99
(iii)	later than five years	-	-
		3.11	**7.60**
	Lease payments recognised in the statement of profit and loss as rent expense for the year	**36.44**	**32.76**

14 Earnings per share

(₹ in Crores)

		2013-14	2012-13
a) Basic Earnings per share			
Numerator for earnings per share			
Profit after taxation		**478.69**	**371.39**
Denominator for earnings per share			
Weighted number of equity shares outstanding during the period	(Nos.)	12,47,74,955	12,47,74,812
Earnings per share-Basic (one equity share of ₹ 5/- each)	₹	**38.36**	**29.76**
b) Diluted Earnings per share			
Numerator for earnings per share			
Profit after taxation		**478.69**	**371.39**
Denominator for earnings per share			
Weighted number of equity shares outstanding during the period	(Nos.)	12,47,94,297	12,47,74,812
Earnings per share- Diluted (one equity share of ₹ 5/- each)	₹	**38.36**	**29.76**

Weighted average number of equity shares outstanding in calculating basic EPS	12,47,74,955	12,47,74,812
Effect of Dilution :		
Stock Option granted under ESOP	19,342	-
Weighted average number of equity shares in calculating diluted EPS	**12,47,94,297**	**12,47,74,812**

15 CIF value of Imports

(₹ in Crores)

	2013-14	2012-13
Raw materials and components	385.13	201.33
Traded goods	115.52	174.05
Machinery and other fixed assets	8.34	11.17
Spare parts	4.42	3.61
R&D Equipments	0.01	0.05
	513.42	**390.21**

16 Expenditure in foreign currency

(₹ in Crores)

	2013-14	2012-13
Travelling and conveyance	1.07	1.53
Advertisement and sales promotion	0.42	0.20
Product warranty and after sales services	3.87	0.27
Interest paid on long term borrowings	2.71	1.72
Others	3.09	3.66
	11.16	**7.38**

17 Dividend to Non Resident

(₹ in Crores)

(Amount remitted in Indian currency)	**Paid during 2013-14**	**Paid during 2012-13**
Year to which relates	**2012-13**	**2011-12**
Type of Dividend	Final	Final
a) Number of non-resident shareholders	904	808
b) Number of shares held	39,003,438	38,413,334
c) Amount of dividends (Rupees in crores)	29.25	24.97

	2013-14	2012-13
Year to which relates		
Type of Dividend	Interim	Interim
a) Number of non-resident shareholders	860	-
b) Number of shares held	38,836,043	-
c) Amount of dividends (Rupees in crores)	19.42	-

18 Earnings in foreign currency

(₹ in Crores)

	2013-14	2012-13
F.O.B. value of exports *	315.17	207.26
Merchanting Trade Sales	1.33	0.47

*excluding export of ₹ 13.53 crores made through merchant exporters (previous year ₹ 12.48 crore)

19 Value of Imported/Indigenous raw materials and components/stores and spares consumed and percentage thereof

(₹ in Crores)

	2013-14		2012-13	
	(%)	Amount	(%)	Amount
Raw materials consumed				
Indigenous	82.98	2,112.94	89.94	2039.77
Imported	17.02	433.27	10.06	228.25
	100.00	**2,546.21**	**100.00**	**2,268.02**
Stores and Spares consumed				
Indigenous	82.96	26.87	84.13	23.85
Imported	17.04	5.52	15.87	4.50
	100.00	**32.39**	**100.00**	**28.35**

20 The figures have been rounded off to the nearest crore of rupees upto two decimal places. The figure 0.00 wherever stated represents value less than ₹ 50000/-.

21 Previous year figures has been regrouped/reclassified wherever necessary to make them comparable with the current year figures.

22 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 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

Qimat Rai Gupta
Chairman and
Managing Director

Surjit Gupta
Director

Rajesh Gupta
Director (Finance)
and Group CFO

Per Manoj Kumar Gupta
Partner
Membership No. 83906

Per V.P. Bansal
Partner
Membership No. 8843

Sanjay Gupta
Company
Secretary

Sanjay Johri
Associate Vice President
(Finance)

Noida, May 28, 2014

Consolidated **FINANCIAL STATEMENTS**

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

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Havells India Limited

We have audited the accompanying consolidated financial statements of Havells India Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

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

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

Other Matter

We did not audit total assets of Rs. 2,836.36 crores as at March 31, 2014, total revenues of Rs. 3,578.05 crores and net cash inflows amounting to Rs. 215.58 crores for the year then ended, included in the accompanying consolidated financial statements in respect of certain subsidiaries and joint ventures, whose financial statements and other financial information have been audited by other auditors in accordance with generally accepted auditing standards of their respective countries, to the management of the respective companies, copies of which have been provided to us by the Company. The management of

the Company has converted these audited financial statements of the Company's subsidiaries and joint venture to accounting principles generally accepted in India, for the purpose of preparation of the Company's consolidated financial statements under accounting principles generally accepted in India. Our opinion, thus, insofar it relates to the affairs of such subsidiaries and joint venture, is based on the reports of the 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 is not qualified in respect of this matter.

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

per Manoj Kumar Gupta
Partner
Membership Number: 83906

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

per V.P. Bansal
Partner
Membership Number: 8843

Place: Noida
Date: May 28, 2014

Consolidated Balance Sheet

as at March 31, 2014

(₹ in Crores)

		Notes	As at March 31, 2014	As at March 31, 2013
I	**EQUITY AND LIABILITIES**			
1.	**Shareholders' funds**			
	Share capital	2	62.39	62.39
	Reserves and surplus	3	1,603.62	1,379.65
			1,666.01	**1,442.04**
2.	**Minority Interest**		**0.11**	**0.09**
3.	**Non-current liabilities**			
	Long-term borrowings	4	705.57	742.36
	Deferred tax liabilities (net)	5	51.74	61.90
	Other long-term liabilities	6	40.30	33.26
	Long-term provisions	7	388.86	313.20
			1,186.47	**1,150.72**
4.	**Current liabilities**			
	Short-term borrowings	8	118.39	91.84
	Trade payables	9	1,197.21	932.86
	Other current liabilities	10	825.52	643.64
	Short-term provisions	11	343.78	210.60
			2,484.90	**1,878.94**
	Total		**5,337.49**	**4,471.79**
II	**ASSETS**			
1.	**Non-current assets**			
	Fixed assets	12		
	Tangible assets		1,127.68	1,092.50
	Intangible assets		34.73	38.14
	Capital work-in-progress		44.41	24.89
	Goodwill on consolidation		437.97	369.44
	Deferred tax assets (net)	5	5.10	13.87
	Long-term loans and advances	13	80.23	60.05
	Other non-current assets	14	0.35	0.90
			1,730.47	**1,599.79**
2.	**Current assets**			
	Inventories	15	1,493.44	1,318.36
	Trade receivables	16	1,000.53	862.28
	Cash and bank balances	17	881.94	473.57
	Short-term loans and advances	18	211.38	205.21
	Other current assets	19	19.73	12.58
			3,607.02	**2,872.00**
	Total		**5,337.49**	**4,471.79**
	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

Per Manoj Kumar Gupta
Partner
Membership No. 83906

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

Per V.P. Bansal
Partner
Membership No. 8843

Noida, May 28, 2014

For and on behalf of Board of Directors

Qimat Rai Gupta
Chairman and Managing Director

Surjit Gupta
Director

Rajesh Gupta
Director (Finance) and Group CFO

Sanjay Gupta
Company Secretary

Sanjay Johri
Associate Vice President (Finance)

Consolidated Statement of Profit and Loss

for the year ended March 31, 2014

(₹ in Crores)

		Notes	Year ended March 31, 2014	Year ended March 31, 2013
I	**INCOME**			
	Revenue from operations (gross)	20	8,497.22	7,529.27
	Less: Excise duty		311.42	281.38
	Revenue from operations (net)		**8,185.80**	**7,247.89**
	Other income	21	41.25	27.88
	Total revenue		**8,227.05**	**7,275.77**
II	**EXPENSES**			
	Cost of materials consumed	22	3,149.42	2,726.70
	Purchase of stock in trade	23	1,613.14	1,437.02
	Change in inventories of finished goods, work-in-progress and stock in trade	24	(122.81)	(0.88)
	Employee benefits expense	25	1,086.87	905.60
	Finance costs	26	74.11	123.22
	Depreciation and amortisation expense	27	115.54	109.66
	Other expenses	28	1,716.69	1,505.07
	Total expenses		**7,632.96**	**6,806.39**
III	**Profit before tax and exceptional items**		**594.09**	**469.38**
	Less : Exceptional item		-	(194.41)
IV	**Profit before tax**		**594.09**	**663.79**
V	**Tax expense**			
	Current tax		159.57	102.31
	MAT credit entitlement		(10.42)	(12.40)
	Income tax for previous years		0.00	0.03
	Deferred tax		(1.39)	(7.58)
	Total tax expense		**147.76**	**82.36**
VI	**Profit for the year (before adjustment of minority interest)**		**446.33**	**581.43**
	Less: Share of profit transfer to minority		0.00	0.00
VII	**Net Profit after taxes and minority interest**		**446.33**	**581.43**
VIII	**Earnings per equity share** {refer note 30 (15)} **nominal value of share ₹ 5/- (previous year ₹ 5/-)**			
	Basic (₹)		**35.77**	**46.60**
	Diluted (₹)		**35.77**	**46.60**
	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

Per Manoj Kumar Gupta
Partner
Membership No. 83906

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

Per V.P. Bansal
Partner
Membership No. 8843

Noida, May 28, 2014

For and on behalf of Board of Directors

Qimat Rai Gupta
Chairman and Managing Director

Surjit Gupta
Director

Rajesh Gupta
Director (Finance) and Group CFO

Sanjay Gupta
Company Secretary

Sanjay Johri
Associate Vice President (Finance)

Consolidated Cash Flow Statement

for the year ended March 31, 2014

(₹ in Crores)

		Year ended March 31, 2014	Year ended March 31, 2013
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax	594.09	663.79
	Adjustments to reconcile profit before tax to net cash flows		
	Depreciation and amortisation expense	115.54	109.66
	Loss/ (profit) on sale of fixed assets	6.15	(17.52)
	Impairment on tangible assets	0.40	16.24
	Foreign currency translation reserve	(3.63)	17.97
	Unrealised foreign exchange (gain)/loss (net)	76.26	(8.73)
	Provision for doubtful trade receivables	16.60	7.97
	Interest income	(26.79)	(1.53)
	Interest expense	57.23	113.28
	Excess provisions no longer required written back	(5.12)	(0.47)
	Provision for doubtful receivables written back	(0.97)	(1.19)
	Operating Profit before working capital changes	**829.76**	**899.47**
	Movement in working capital		
	(Increase)/Decrease in trade receivables	(154.59)	22.01
	(Increase)/Decrease in loans and advances	(14.47)	(37.21)
	(Increase)/Decrease in other current assets	(1.64)	(0.72)
	(Increase)/Decrease in inventories	(175.08)	24.52
	Increase/(Decrease) in trade payables	267.01	(136.11)
	Increase/(Decrease) in other liabilities and provisions	250.67	(11.69)
	Cash generated from/(used) in operations	**1001.66**	**760.27**
	Direct taxes paid (net of refunds)	(133.55)	(122.54)
	Net Cash flow from/(used) in Operating Activities (A)	**868.11**	**637.73**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets including capital work in progress	(176.35)	(175.01)
	Capital advances (net of capital creditors)	0.75	(3.29)
	Fixed Deposits made during the year (having original maturity of more than three months)	(419.65)	-
	Maturity of bank deposits (having original maturity of more than three months)	195.00	2.59
	Proceeds from sale of fixed assets	3.06	31.04
	Interest income received	21.00	1.33
	Net Cash flow from/(used) in Investing Activities (B)	**(376.19)**	**(143.34)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceed from share capital Issued under ESOP Scheme	0.02	-
	Repayment of Long term borrowings	(147.61)	(474.46)
	Proceeds from long term borrowings	62.95	770.18
	Proceeds of short term borrowings	12.37	(338.03)
	Repayment of short term borrowings	(2.55)	

(₹ in Crores)

	Year ended March 31, 2014	Year ended March 31, 2013
Interest Paid	(52.35)	(115.53)
Tax on equity dividend paid	(26.52)	(13.16)
Dividends paid on equity shares	(156.03)	(81.10)
Net Cash flow from/(used) in Financing Activities (C)	**(309.72)**	**(252.10)**
Net increase (+) / decrease (-) in cash and cash equivalents (A+B+C)	**182.20**	**242.29**
Cash and Cash Equivalents at the beginning of the year	472.37	230.46
Effect of exchange differences on cash and cash equivalents held in foreign currency	0.69	(0.38)
Cash and cash equivalents at the end of the year	**655.26**	**472.37**

Notes :

1 The above Cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 Cash Flow Statements.

2 Components of cash and cash equivalents

(₹ in Crores)

		Year Ended March 31, 2014	Year Ended March 31, 2013
a)	**Cash and cash equivalents**		
	Balances with banks:		
	Current accounts	252.50	223.22
	Cash credit accounts	94.46	98.76
	Bank accounts held by ESOP Trust {refer note no. 30(11)(b)}	2.74	-
	Fixed Deposits having a maturity period of less than three months	300.00	141.30
	Cash on hand	2.16	0.04
	Share of Joint Venture	3.40	9.05
		655.26	**472.37**
b)	**Other bank balances**		
	Unpaid dividend account*	1.44	0.61
	Fixed Deposits accounts having a maturity period more than three months but less than twelve months	225.00	0.54
	Deposits held as margin money against bank guarantees	0.24	0.05
		226.68	**1.20**

As per our report of even date

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

Per Manoj Kumar Gupta
Partner
Membership No. 83906

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

Per V.P. Bansal
Partner
Membership No. 8843

Noida, May 28, 2014

For and on behalf of Board of Directors

Qimat Rai Gupta
Chairman and Managing Director

Surjit Gupta
Director

Rajesh Gupta
Director (Finance) and Group CFO

Sanjay Gupta
Company Secretary

Sanjay Johri
Associate Vice President (Finance)

CORPORATE INFORMATION

1 SIGNIFICANT ACCOUNTING POLICIES

1.01 Basis of Preparation

The financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Group has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956, read with general circular 8/2014 dated 4th April, 2014 issued by Ministry of Corporate Affairs. 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.

All assets and liabilities have been classified as current or noncurrent as per the Group's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act,1956. 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/noncurrent classification of assets and liabilities.

1.02 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.

1.03 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" issued under Companies (Accounting Standards) Rules, 2006 the financial statements of the joint venture are consolidated using proportionate consolidation method by adding book values of like items of assets, liabilities, revenues and expenses of jontly controlled entity after eliminating intra-group balances/ transactions and unrealised profits to the extent of the group's proportionate share.

c) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements. Differences in accounting policies have been disclosed seperately.

d) The results and financial position of all the Group Companies are translated into the reporting currency as follows:

   (i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

   (ii) Income and expenses for each income statement are translated at average exchange rates (unless average rate is not reasonable at the rates prevailing on the transaction dates, in such case income and expenses are translated at the rate on the dates of the transactions); and

   (iii) All resulting exchange differences are accumulated in foreign currency translation reserve until the disposal of net investment; and

   (iv) All results and financial position of Havells Sylvania Venezuela C.A. are translated at the market rate rather than the official rate due to the hyper-inflationary economy. The change from the official rate to the market rate for translation is reflected in the Foreign currency translation reserve.

e) Minority's share in net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

f) Minority interest's share in net assets of 'the Group' is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

1.04 Tangible Fixed Assets

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

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

c) Capital work-in-progress comprises cost of fixed assets that are not yet ready for their intended use at the balance sheet date and are carried at cost comprising direct cost, related incidental expenses, other directly attributable costs and borrowing costs. The allocation of 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 relisable value, and are shown seperately. 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.

1.05 Intangible Assets

Intangible assets are recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and cost of the assets can be measured reliably.

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.

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.

1.06 Depreciation and Amortisation

a) Depreciation of tangible Assets :

i) Depreciation on tangible fixed assets are provided on Pro-rata basis on straight line method using the rates and in the manner as prescribed in Schedule XIV of the Companies Act,1956 which approximates the useful life of the assets estimated by the management and for group Companies based on management estimate of useful economic life as follows:

Assets	Useful life
Building	20-39 years
Plant and machinery	5-15 years
Other assets	3-5 years

The residual values and useful life of assets are reviewed and adjusted, if appropriate, at each balance sheet date.

Depreciation on fixed assets added/ disposed off during the year is provided on pro-rata basis. Depreciation on assets for a value not exceeding ₹ 5,000/- acquired during the year is provided at the rate of 100%.

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

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

b) Amortisation of acquired intangible Assets :

Acquired intangible assets are amortised on a straight line basis over their estimated useful life of three to six years.

c) Assets held for sale :

Assets once classified as held for sale are not depreciated or amortised.

d) 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.

1.07 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.

1.08 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 integral and non integral foreign operations

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

All the activities of the foreign subsidiaries are carried out with a significant degree of autonomy from those of the parent. Accordingly, as per the provisions of Accounting Standard-11, "Effect of changes in foreign exchange rates" notified under Companies (Accounting Standards) Rules,2006 (as amended), these operations have been classified as "Non integral operations" and therefore all assets and liabilities, both monetary and non-monetary, are translated at the closing rate while income and expenses are translated at the average 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.

1.09 Derivative Financial Instruments

Derivative Financial instruments are initially recognised at their fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The Group utilises derivative financial instruments to reduce fluctuation in interest rates. The fair value of financial instruments is based on information available and provided by financial institutions to management. Financial instruments are not used for trading purposes.

Changes in fair value of those instruments will be reported in operating result or equity depending on whether the financial instrument qualifies for hedge accounting. The accounting for gains and losses associated with changes in the fair value of the derivative and the effect on the consolidated financial statements will depend on its hedge designation and whether the hedge is highly effective in achieving offsetting changes in the fair value of cash flows of the asset or liability hedged.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the ineffective portion is recognised in the income statement within 'Finance Cost'.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cummulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is

ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the income statement as other operating expenses.

Amounts recognised as cash flow hedge reserve are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as reserve are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in reserve remains in reserve until the forecast transaction or firm commitment affects profit or loss.

1.10 Government Grants and Subsidies

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

(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.

1.11 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 recongnises 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 pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group Companies have no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

iv) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonus and profit-sharing when there is a present obligation to make such payment as a result of past event and reliable estimate of the obligation can be made.

v) Other Post Employment Obligations

Some Group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee completing a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged to the statement of profit and loss in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

c) Termination Benefits

Termination benefits are payable when employment is terminated by the Group companies before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits are immediately charged to the statement of profit and loss in accordance with the accounting policy.

1.12 Employee Stock Option Schemes

Equity settled stock options granted under "Havells Employees Stock Option plan" are accounted for under the intrinsic value method as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India and the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India. The Employee stock option 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 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 uncertainity 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 therefore are excluded from revenue. Excise duty is deducted from revenue (gross) to arrive at revenue from operations (net). Sales do not include inter-divisional transfers. Sales includes Waste Electrical and Electronic Equipment (WEEE) levy to customer.

b) Export incentives

Export incentives under various schemes notified by the government have been recognised on the basis of their entitlement rates in accordance with the Foreign Trade Policy 2009-14 (FTP 2009-14). Benefits in respect of Advance Licences are recongnised when there is reasonable assurance that the Company will comply with the condition 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 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.

1.15 Earnings Per Share

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

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

1.16 Taxes on Income

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

a) Current 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 Group 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 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 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 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 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 deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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.

1.17 Impairment of Assets

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

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

1.18 Leases

a) Finance leases

The Group companies lease some assets where the risks and rewards incidental to ownership are largely transferred to the Group. These assets are capitalised and recognised in the balance sheet at the lower of the fair value of the asset and the discounted value of the minimum lease instalments. The lease instalments payable are broken down into repayment and interest components, based on a fixed interest rate and equal instalments. The lease commitments are carried under liabilities exclusive of interest. The interest component is recognised in the profit and loss account in accordance with the lease instalments. The relevant assets are depreciated over the remaining useful lives or the lease term, whichever is less.

b) Operating leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

1.19 Borrowing Costs

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

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

1.20 Provisions and Contingent Liabilities

Provisions

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

Provision for warranty

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

Contingent liabilities

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

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, 2014

2 SHARE CAPITAL

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
a) Authorised		
20,01,00,000 (Previous Year 20,01,00,000) equity shares of ₹ 5/- each	100.05	100.05
Issued, subscribed and fully paid-up		
12,48,20,751 (Previous Year 12,47,74,812) equity shares of ₹ 5/- each	62.41	62.39
Less: Investment held by ESOP Trust (45,653 equity shares)	0.02	-
12,47,75,098 (Previous Year 12,47,74,812) equity shares of ₹ 5/- each	**62.39**	**62.39**

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

(₹ in Crores)

	March 31, 2014		March 31, 2013	
	No. of Shares	(₹ in Crores)	No. of Shares	(₹ in Crores)
At the beginning of the year	12,47,74,812	62.39	12,47,74,812	62.39
Add: ESOP shares issued during the year {refer note no 30 (11)}	45,939	0.02	-	-
Less: Investment held by ESOP Trust	45,653	0.02	-	-
Outstanding at the end of the year	**12,47,75,098**	**62.39**	**12,47,74,812**	**62.39**

c) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The Board of Directors at its meeting held on 14th March, 2014 declared an interim dividend of ₹ 5/- per equity share of ₹ 5/- each. A Final Dividend of ₹ 10/- per share (previous year ₹ 7.50/- per share) has been recommended by board subject to the 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):

Name of the shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of shares	% holding	No. of shares	% holding
Shri Qimat Rai Gupta, Chairman and Managing Director*	95,35,888	7.64	95,35,888	7.64
Shri Surjit Gupta, Director	65,30,160	5.23	65,30,160	5.23
QRG Enterprises Limited	3,79,71,776	30.43	3,79,71,776	30.43
Ajanta Mercantile Limited	1,37,48,332	11.01	1,36,50,402	10.94
Nalanda India Equity Fund Limited	66,08,986	5.29	52,24,947	4.19

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

e) Shares reserved for issue under options :

39,345 shares are reserved for the issue under Employee Stock Option Plan (ESOP) of the Company {refer note no 30 (11)}

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, 2014 No. of shares	March 31, 2013 No. of shares
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash.	22,19,000	22,19,000
Equity shares allotted as fully paid up bonus shares by capitalisation of securities premium reserve and general reserve.	6,23,87,406	6,23,87,406
Equity shares issued under the Employee Stock Option Plan as part consideration for services rendered by employees	286	-

3 RESERVES AND SURPLUS

(₹ in Crores)

		As at March 31, 2014	As at March 31, 2013
a)	**Capital Reserve**	**7.61**	**7.61**
b)	**Business Reconstruction Reserve**		
	{refer note no. 30 (2)}		
	As per the balance sheet	104.93	104.93
	Less: Transferred to General Reserve	(104.93)	-
		-	**104.93**
c)	**Securities Premium Reserve**		
	As per last balance sheet	-	-
	Add: Additions on ESOP shares issued	3.09	-
	Less: Investment held by ESOP Trust {refer note no. 30 (11)}	3.07	-
		0.02	**-**
d)	**Cash flow hedge reserve***		
	As per last balance sheet	(3.48)	-
	Addition/ (deduction) during the year	0.33	(3.48)
		(3.15)	**(3.48)**
e)	**General Reserve**		
	As per last balance sheet	185.95	148.45
	Add: Transferred from Business Reconstruction Reserve {refer note no 30 (2)}	104.93	-
	Transferred from surplus as per the statement of profit and loss	339.91	37.50
		630.79	**185.95**
f)	**Foreign currency translation reserve**		
	As per last balance sheet	11.06	(6.68)
	Add: Exchange difference during the year on net investment in non-integral foreign operations	(5.60)	17.74
		5.46	**11.06**
	Share of Joint Venture	2.20	0.23
		7.66	**11.29**
g)	**Surplus in the statement of profit and loss**		
	As per last balance sheet	1,073.35	638.91
	Add: Profit for the year	446.33	581.43
	Less: Share of minority interest	0.00	0.00
		1,519.68	**1,220.34**
	Less Appropriations :		
	Interim Dividend {per share ₹ 5/- each (previous year ₹ Nil)}	(62.41)	-
	Proposed final equity dividend {per share ₹ 10 /- each (previous year ₹ 7.50/-)}	(124.82)	(93.58)
	Dividend for previous years	(0.03)	-
	Corporate dividend tax	(31.82)	(15.91)
	Transferred to general reserve	(339.91)	(37.50)
	Net surplus in the statement of profit and loss	**960.69**	**1,073.35**
	Total Reserves and Surplus	**1,603.62**	**1,379.65**

* 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, 2014	As at March 31, 2013
Term loans from Banks (secured)		
External commercial borrowings {refer point (a)}	80.13	108.78
From banks {refer point (b), (c) and (d)}	555.38	624.87
Finance lease obligations {refer point (e)}	7.11	8.71
Deposits (unsecured)		
Deposits from public {refer point (f)}	62.95	-
	705.57	**742.36**

a) External commercial borrowing is from HSBC Bank (Mauritius) Limited. The said loan is repayable in 12 equal quarterly instalments of ₹ 10.02 crores (USD 16,66,667) starting from 26th April, 2014 carrying an interest rate of LIBOR + 195 bps per annum, and is secured by way of:

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

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

b) The group companies signed secured facility agreement with HSBC Bank Plc, Standard Chartered Bank and ICICI Bank UK Plc for ₹ 639.96 crores (Euro 77.5 million) {including revolving facility for ₹ 20.64 crores (Euro 2.50 million)} at EURIBOR + 3.50% p.a (linked with group leverage ratio). The said loan is repayable by half yearly instalments ranging from ₹ 31.05 crores (Euro 3.76 million) to ₹ 66.31 crores (Euro 8.03 million) ending on May 2016. Plant and property, trade receivables and inventories in France, Germany, Belgium, UK, Netherlands, Argentina, Ecuador, Dubai, Greece, Thailand, Mexico, US, Brazil and Colombia are pledged as security against the aforesaid facility.

c) The group companies also entered into loan agreement on 14th March, 2013 with Standard Chartered bank for ₹ 99.09 crores (Euro 12 million) at the rate of EURIBOR + 3.7511% p.a (linked with group leverage ratio). The loan is repayable in three instalments of ₹ 24.77 crores (Euro 3.00 million), ₹ 37.16 crores, (Euro 4.50 million) and ₹ 37.16 crores (Euro 4.50 million) commencing from March 2016. Central warehouse building located in France is pledged under this agreement.

d) During the previous year, the Group companies has entered into a Term facility agreement with Standard Chartered Bank for a loan of ₹ 214.70 crores (Euro 26 million) at EURIBOR plus 1.5% p.a. on the corporate guarantee of Havells India Limited The loan is repayable in quarterly instalments of Euro 21,66,667 commencing from June 2013 and ending on March 2016. At 31st March, 2014, Outstanding Balance of Term loan is ₹ 143.13 crores (Euro 17.33 million).

e) 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(14)}

f) Deposits from public carry interest @ 10% per annum compounded annually and have a maturity period of one to three years from the date of deposits.

g) Current maturities of long term borrowings is ₹ 229.54 crores (previous year ₹147.31 crores) {refer note no. 10}

5 DEFERRED TAX

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
Deferred tax liability		
On account of difference in rates and method of depreciation of fixed assets	82.72	79.15
On account of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis	6.59	4.75
Gross deferred tax liability	**89.31**	**83.90**
Deferred tax asset		
On account of difference in rates and method of depreciation of fixed assets	1.45	8.32
On account of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis	19.72	20.87

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
On account of provision for doubtful receivable and other provisions	16.53	1.71
Others	4.97	4.97
Gross deferred tax asset	**42.67**	**35.87**
Deferred tax Liability (Net)	**46.64**	**48.03**
Deferred tax liabilities after setoff	**51.74**	**61.90**
Deferred tax assets after setoff	**5.10**	**13.87**
Deferred tax charged/ (reversed) during the year	**(1.39)**	**(7.58)**

The Group companies have recognised deferred tax assets of ₹ 5.10 crores (previous year ₹ 13.87 crores) in respect of timing differences capable of reversal in future period relating to fixed assets, pension liabilities, leased assets and other accruals. Deferred tax assets are not recognised in respect of losses amounting to ₹ 2398.93 crores (previous year ₹ 2139.92 crores), due to absence of virtual certainity supported by convincing evidences that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

6 OTHER LONG TERM LIABILITIES

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
Retention money from contractors	1.36	0.08
Sales incentives payable	34.78	33.18
Interest accrued but not due on borrowings	4.16	-
	40.30	**33.26**

7 LONG TERM PROVISIONS

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
Retirement benefit obligations {refer note no 30(10)(ii)}	370.35	282.42
Product warranties {refer note no 11(a)}	2.26	1.63
Litigation {refer note no 11(b)}	-	14.08
Environmental liabilities {refer point 11(c)}	12.52	11.47
Derivative financial instruments*	3.73	3.49
Others {refer note no 11(e)}	-	0.11
	388.86	**313.20**
***Derivative financial instrument**		
At the beginning of the year	3.49	-
Movement during the year	(0.33)	3.51
Exchange loss/(gain) during the year	0.57	(0.02)
At the end of the year	**3.73**	**3.49**

8 SHORT TERM BORROWINGS

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
Loans repayable on demand (from banks)		
Cash credit/working capital limits (Unsecured)	97.31	91.84
Working capital limit (secured)*	8.71	-
Deposits (unsecured)		
Deposits from public (unsecured) {refer note no.4(f)}	12.37	-
	118.39	**91.84**

* 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)

	As at March 31, 2014	As at March 31, 2013
Trade payables*	1,195.17	928.98
	1,195.17	**928.98**
Share of Joint Venture	2.04	3.88
	1,197.21	**932.86**

* Trade payables include acceptances of ₹ 208.31 crores (previous year ₹ 30.27 crores)

10 OTHER CURRENT LIABILITIES

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
Current maturities of long-term borrowings {refer note no. 4(g)}	226.67	144.28
Current maturities of finance lease obligation {refer note no. 4(g)}	2.87	3.03
Interest accrued but not due on borrowings	5.42	4.70
Unpaid dividend {refer point (a)}	1.44	0.61
Creditors for capital goods	7.92	5.71
Other payables		
Sales incentives payable	158.69	132.11
Trade deposits	22.02	18.93
Advances and progress payments from customers	59.26	53.19
Advances received by ESOP Trust {(refer note no.30 (11) (b)}	4.21	-
Excise duty payable {refer point (b)}	10.99	13.68
Other statutory dues payable	126.54	141.37
Other liabilities {refer point (c)}	199.38	125.97
	825.41	**643.58**
Share of Joint Venture	0.11	0.06
	825.52	**643.64**

a) Investor Protection and Education Fund is being credited by the amount of unclaimed dividend after seven years from the due date. The Company has transferred and deposited a sum of ₹ 0.03 crore (previous year ₹ 0.01 crore) out of unclaimed dividend pertaining to the FY 2005-06 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 ₹ 10.99 crores (previous year ₹ 13.68 crores) on stocks of finished goods and scrap material at the end of the year except at Baddi and Haridwar 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 and other miscellaneous deposits.

11 SHORT TERM PROVISIONS

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
i) Provision for employee benefits		
Gratuity {refer note no 30 (10)(i)}	4.76	3.29
	4.76	**3.29**
ii) Other provisions		
Product warranties {refer point (a)}	93.78	39.05
Litigations {refer point (b)}	60.62	46.10
Environmental liabilities {refer point (c)}	0.62	0.67
Proposed equity dividend {refer point (d)}	124.82	93.58
Corporate Dividend tax	21.21	15.91
Income Tax (net of advance tax and TDS)	36.48	10.46
Wealth Tax	0.06	0.06
Other Provisions {refer point (e)}	1.43	1.48
	339.02	**207.31**
	343.78	**210.60**

a) Provision for warranties

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

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
At the beginning of the year	40.68	26.32
Arising during the year	89.74	34.99
Utilised during the year	(35.33)	(20.60)
Unused amount reversed during the year	-	(0.04)
Exchange loss/(gain) during the year	0.95	0.01
At the end of the year	**96.04**	**40.68**
Current portion	93.78	39.05
Non-current portion (refer note no. 7)	2.26	1.63

b) Provision for litigations

i) During the FY 2010-11, the Central Excise Department, Jalandhar raised a penalty demand for ₹ 0.10 crore (previous year ₹ 0.10 crore) 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 2013-14, a provision of ₹ 5.13 crores (previous year ₹ 1.57 crores) has been made on this account and the liability as on date is ₹ 7.21 crores (previous year ₹ 2.82 crores).

iii) During the FY 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 crore (previous year ₹ 0.06 crore) on account of input tax credit on diesel and provision has been made accordingly.

iv) Demand of ₹ 0.03 crore (previous year ₹ 0.03 crore) has been raised by the Income Tax Department for the FY 2003-04. The same is contested before the Hon'ble Income Tax Appellate Tribunal. However, the Company expects the liability of ₹ 0.02 crore (previous year ₹ 0.02 crore) and the provision has been made accordingly.

v) In case of group companies, legal claim provisions are related to labour claim disputes in Belgium, VAT dispute in UK and Labour claims in Brazil related to factories closed in past and expected to be settled in 2014-15. The liability as on date is ₹ 53.23 crores (previous year ₹ 56.90 crores).

The table below gives information about movement in litigation provisions:

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
At the beginning of the year	60.18	56.94
Arising during the year	7.39	7.25
Utilised during the year	(11.42)	(4.00)
Unused amount reversed during the year	(0.28)	-

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
Exchange loss/(gain) during the year	4.75	(0.01)
At the end of the year	**60.62**	**60.18**
Current portion	60.62	46.10
Non-current portion (refer note no. 7)	-	14.08

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)

	As at March 31, 2014	As at March 31, 2013
At the beginning of the year	12.14	12.72
Arising during the year	0.13	0.07
Utilised during the year	(1.30)	(1.11)
Unused amount reversed during the year	-	-
Exchange loss/(gain) during the year	2.17	0.46
At the end of the year	**13.14**	**12.14**
Current portion	0.62	0.67
Non-current portion (refer note no. 7)	12.52	11.47

d) Provision for dividend

The Board of Directors has recommended a final dividend of ₹ 10/- (previous year ₹ 7.50/-) per equity share of ₹ 5/- each in addition to an interim dividend of ₹ 5/- each (previous year nil) already paid for the year ended March 31, 2014. 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 remodeling 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)

	As at March 31, 2014	As at March 31, 2013
At the beginning of the year	1.59	17.11
Arising during the year	0.93	-
Utilised during the year	(1.37)	(15.64)
Unused amount reversed during the year	-	-
Exchange loss/(gain) during the year	0.28	0.12
At the end of the year	**1.43**	**1.59**
Current portion	1.43	1.48
Non-current portion (refer note no. 7)	-	0.11

12 FIXED ASSETS

(₹ in crores)

SL. No.	Description	GROSS BLOCK						DEPRECIATION/AMORTISATION						NET BLOCK	
		As at April 01, 2013	Addition/ Adjustments during the year	Sales during the year	Currency Translation	Impairment {refer note no. 30 (7)}	As at March 31, 2014	Upto last year	For the year	Sales/ Adjustment during the year	Currency Translation	Impairment {refer note no. 30 (7)}	To date	As at March 31, 2014	As at March 31, 2013
a)	**Tangible Assets**														
1	I ndustrial land														
	Freehold	59.18	-	-	5.49	-	64.67	0.01	-	-	-	-	0.01	64.66	59.17
	Leasehold	76.80	-	-	-	-	76.80	1.00	1.00	-	-	-	2.00	74.80	75.80
2	Buildings														
	Freehold	672.30	46.23	0.52	55.27	-	773.28	276.91	24.09	(24.92)	42.56	-	368.48	404.80	395.39
	Leasehold	9.98	4.29	1.05	0.28	-	13.50	5.54	1.58	0.97	1.01	-	7.16	6.34	4.44
3	Plant and machinery	1,541.18	39.01	98.17	161.57	0.01	1,643.58	1,162.05	42.37	91.49	154.39	0.01	1,267.31	376.27	379.13
4	Dies and fixtures	197.00	23.16	104.59	29.24	0.99	143.82	150.60	14.49	104.66	26.87	0.69	86.61	57.21	46.40
5	Furniture and fixtures	85.17	4.42	1.63	6.76	0.23	94.49	49.51	6.09	1.20	5.85	0.13	60.12	34.37	35.66
6	Vehicles	14.68	4.29	1.23	0.83	-	18.57	7.27	1.40	0.95	0.69	-	8.41	10.16	7.41
7	R & D Equipments	13.01	2.62	0.16	-	-	15.47	4.04	0.73	0.13	-	-	4.64	10.83	8.97
8	Office Equipments	85.35	8.47	3.18	3.47	-	94.11	50.24	8.08	2.42	2.74	-	58.64	35.47	35.11
9	Electric fans and installations	107.42	3.45	1.06	11.68	-	121.49	62.92	4.21	0.56	10.03	-	76.60	44.89	44.50
		2,862.07	**135.94**	**211.59**	**274.59**	**1.23**	**3,059.78**	**1,770.09**	**104.04**	**177.46**	**244.14**	**0.83**	**1,939.98**	**1,119.80**	**1,091.98**
	Share of Joint Venture	0.06	8.06	-	-	-	8.12	-	0.31		-	-	0.31	7.81	0.06
	Total tangible assets	**2,862.13**	**144.00**	**211.59**	**274.59**	**1.23**	**3,067.90**	**1,770.09**	**104.35**	**177.46**	**244.14**	**0.83**	**1,940.29**	**1,127.61**	**1,092.04**
	Previous year	**2,644.49**	**228.09**	**70.28**	**93.49**	**33.66**	**2,862.13**	**1,658.99**	**99.47**	**56.76**	**85.81**	**17.42**	**1,770.09**	**1,092.04**	**985.50**
b)	**Intangible Assets**														
1	Computer Software	68.55	2.46	-	9.44	-	80.45	54.74	5.45	-	8.72	-	68.91	11.54	13.81
2	Patent and Trademark	48.45	-	-	9.08	-	57.53	24.87	5.51	-	4.72	-	35.10	22.43	23.58
3	Technical know-how	0.51	-		-	-	0.51	0.43	0.07	-	-	-	0.50	0.01	0.08
4	R & D Software	0.83	0.24	-	-	-	1.07	0.16	0.16	-	-	-	0.32	0.75	0.67
	Total intangible assets	**118.34**	**2.70**	**-**	**18.52**	**-**	**139.56**	**80.20**	**11.19**	**-**	**13.44**	**-**	**104.83**	**34.73**	**38.14**
	Previous year	**113.16**	**7.09**	**-**	**(1.91)**	**-**	**118.34**	**70.29**	**10.19**	**-**	**(0.28)**	**-**	**80.20**	**38.14**	**42.87**
c)	**Capital Work-in-Progress**	**20.19**	**41.18**	**18.85**	**1.34**	**-**	**43.86**	**-**	**-**	**-**	**-**	**-**	**-**	**43.86**	**20.19**
	Share of Joint Venture	4.70	-	4.15	-	-	0.55	-	-	-	-	-	-	0.55	4.70
	Total Capital work-in-progress	**24.89**	**41.18**	**23.00**	**1.34**	**-**	**44.41**	**-**	**-**	**-**	**-**	**-**	**-**	**44.41**	**24.89**
	Previous year	**66.25**	**23.93**	**65.43**	**0.14**	**-**	**24.89**	**-**	**-**	**-**	**-**	**-**	**-**	**24.89**	**66.25**
d)	**Assets held for sale - tangible**													**0.07**	**0.46**
	Previous year													**0.46**	**-**
e)	**Total Tangible Assets (a+d)**	**2,862.13**	**144.00**	**211.59**	**274.59**	**1.23**	**3,067.90**	**1,770.09**	**104.35**	**177.46**	**244.14**	**0.83**	**1,940.29**	**1,127.68**	**1,092.50**
	Previous year	**2,644.49**	**228.09**	**70.28**	**93.49**	**33.66**	**2,862.13**	**1,658.99**	**99.47**	**56.76**	**85.81**	**17.42**	**1,770.09**	**1,092.50**	**985.50**
	Total-Current Year	**3,005.36**	**187.88**	**234.59**	**294.45**	**1.23**	**3,251.87**	**1,850.29**	**115.54**	**177.46**	**257.58**	**0.83**	**2,045.12**	**1,206.82**	**1,155.53**
	-Previous year	**2,823.90**	**259.11**	**135.71**	**91.72**	**33.66**	**3,005.36**	**1,729.28**	**109.66**	**56.76**	**85.53**	**17.42**	**1,850.29**	**1,155.53**	**1,094.62**

Notes:
1. Freehold land includes two plots at Bawana and Narela Industrial Area amounting to ₹ 0.01 crore in respect of which possession has not been given by the authority.
2. The title deed in respect of freehold land at Badli is yet to be executed.
3. Buildings include ₹ 0.05 crore being the cost of premises purchased at Leonard Road, Bangalore, title deed in respect of which has not been executed as yet.
4. 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 ₹ 1.31 crore, Accumulated depreciation ₹ 0.68 crore, Loss ₹ 0.56 crore and Net Block ₹ 0.07 crore
   Previous Year : Gross Block ₹ 3.50 crores, Accumulated depreciation ₹ 1.53 crores, Loss ₹ 1.51 crores and Net Block ₹ 0.46 crores
5. Interest and other borrowing costs amounting to ₹ Nil (previous year ₹ 0.70 crores) have been capitalised to the carrying cost of fixed assets.

13 LONG TERM LOANS AND ADVANCES

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
Unsecured- considered good		
Capital advances	4.99	3.53
Security deposits	18.01	9.90
MAT Credit entitlement	56.49	46.07
Prepaid expenses	0.24	0.32
Balance with Statutory authorities	0.50	0.23
	80.23	**60.05**

14 OTHER NON-CURRENT ASSETS

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
Unsecured- considered good		
Earnest Money	0.35	0.90
	0.35	**0.90**

15 INVENTORIES

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
Raw materials and components	310.79	258.49
Work-in-progress	71.82	60.59
Finished goods	462.80	443.00
Stock in trade (traded goods)	621.44	531.57
Stores and spares	8.45	11.30
Loose tools	1.40	0.52
Packing materials	9.49	8.41
Fuel and Gases	0.98	0.88
Scrap materials	3.73	3.60
	1,490.90	**1,318.36**
Share of Joint Venture (Including finished goods of ₹ 0.24 crores and traded goods of ₹ 1.54 crores)	2.54	0.00
	1,493.44	**1,318.36**
The above inventories includes goods in transit as under:		
Raw materials	29.09	24.87
Finished goods	20.56	13.01
Stock in trade (traded goods)	190.47	99.56

a) Inventories other than scrap materials have been taken at lower of cost and net realisable value. (refer note no. 1.07)

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

c) Raw material inventory of group companies amounting to ₹ 128.12 crores (previous year ₹ 92.09 crores) has been valued on First in First out (FIFO) basis.

16 TRADE RECEIVABLES

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
Outstanding for a period exceeding six month from the date they are due for payment		
Unsecured, considered good	14.89	17.32
Unsecured, considered doubtful	63.33	42.41
	78.22	59.73
Less: Provision for doubtful receivables	63.33	42.41

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
	14.89	**17.32**
Other receivables		
Unsecured, considered good	985.36	844.96
Unsecured, considered doubtful	7.20	12.49
	992.56	857.45
Less: Provision for doubtful receivables	7.20	12.49
	985.36	**844.96**
Share of Joint Venture	0.28	-
	1,000.53	**862.28**

17 CASH AND BANK BALANCES

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
a) Cash and cash equivalents		
Balances with banks:		
Current accounts	252.50	223.22
Cash credit accounts	94.46	98.76
Bank accounts held by ESOP Trust {refer note no. 30 (11)(b)}	2.74	-
Fixed Deposits having a maturity period of less than three months	300.00	141.30
Cash on hand	2.16	0.04
	651.86	**463.32**
b) Other bank balances		
Unpaid dividend account*	1.44	0.61
Fixed Deposits accounts having a maturity period more than three months but less than twelve months	225.00	0.54
Deposits held as margin money against bank guarantees **	0.24	0.05
	226.68	**1.20**
	878.54	**464.52**
Share of Joint Venture	3.40	9.05
	881.94	**473.57**

* The Company can utilise the balance only towards settlement of unclaimed dividend.
** Including bank deposits of ₹ 0.01 crore (previous year ₹ 0.01 crore) with more than twelve months maturity.

18. SHORT TERM LOANS AND ADVANCES

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
Other loans and advances (unsecured, considered good)		
Advances against material and services	56.14	71.78
Prepaid expenses	33.88	36.25
Security deposits	6.28	39.90
Other advances	0.26	0.36
Balance with Statutory/ Government authorities:		
Excise duty	1.01	0.39
Service tax	0.93	0.65
VAT	51.91	34.08
Other deposits with Statutory/ Government authorities	56.36	19.19
	206.77	**202.60**
Share of Joint Venture	4.61	2.61
	211.38	**205.21**

19 OTHER CURRENT ASSETS

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good		
Earnest money	1.33	1.70
Retention money	2.27	1.94
DEPB licences in hand	2.65	0.46
Claims and other receivables	7.32	8.11
Interest accrued on deposits	6.16	0.37
	19.73	**12.58**

20 REVENUE FROM OPERATIONS

(₹ in Crores)

	Year ended March 31, 2014	Year ended March 31, 2013
Sale of products		
Finished goods	6,223.85	5,421.73
Stock in trade (traded goods)	2,734.25	2,551.55
	8,958.10	**7,973.28**
Less: Discounts, incentives and rebates	501.00	470.10
	8,457.10	**7,503.18**
Share of Joint Venture	4.66	-
	8,461.76	**7,503.18**
Other operating revenue		
Scrap sales	27.70	19.68
Export incentives	7.76	6.41
Revenue from operations (gross)	**8,497.22**	**7,529.27**
Less: Excise duty	311.42	281.38
Revenue from operations (net)	**8,185.80**	**7,247.89**
Details of products sold		
Finished goods		
Switchgears	1,229.40	1,080.52
Cables	2,201.38	1,942.32
Lighting and fixtures (including share of Joint Venture ₹ 1.47 crores)	2,211.07	1,857.82
Electrical consumer durables	583.47	541.07
	6,225.32	**5,421.73**
Stock in Trade (Traded goods)		
Switchgears	101.11	100.56
Lighting and fixtures (including share of Joint Venture ₹ 3.19 crores)	2,305.94	2,139.92
Electrical consumer durables	330.39	311.07
	2,737.44	**2,551.55**

21 OTHER INCOME

(₹ in Crores)

	Year ended March 31, 2014	Year ended March 31, 2013
Interest income on :		
Bank deposits	26.79	1.53
Delayed payments from customers	0.60	0.93
Others	0.88	0.20
Miscellaneous income	6.85	5.67
Profit on sale of fixed assets (net)	-	17.52
Excess provisions no longer required written back	5.12	0.83
Provision for doubtful receivables written back	0.97	1.19
	41.21	**27.87**
Share of Joint Venture	0.04	0.01
	41.25	**27.88**

22 COST OF MATERIALS CONSUMED

(₹ in Crores)

	Year ended March 31, 2014	Year ended March 31, 2013
Copper	871.52	748.89
Aluminium	422.60	395.92
General plastic	188.67	149.34
Paints and chemicals	135.92	122.16
Steel	127.24	112.35
Engineering plastic	61.00	41.19
Phosphor powder	53.44	71.17
Glass and glass tube	21.30	18.69
Ballast	63.15	50.26
Packing materials	150.41	133.66
Others	1,044.94	883.07
	3,140.19	**2,726.70**
Share of Joint Venture	9.23	-
	3,149.42	**2,726.70**

23 PURCHASE OF STOCK IN TRADE (TRADED GOODS)

(₹ in Crores)

	Year ended March 31, 2014	Year ended March 31, 2013
Switchgears	67.79	48.50
Lighting and fixtures	1,368.60	1,175.84
Electrical consumer durables	176.75	207.82
	1,613.14	**1,432.16**
Share of Joint Venture	-	4.86
	1,613.14	**1,437.02**

24 CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE

(₹ in Crores)

	Year ended March 31, 2014	Year ended March 31, 2013	(Increase)/ decrease
Inventories at the end of the year			
Finished goods (including Share of Joint Venture ₹ 0.24 crores)	463.04	443.00	(20.04)
Stock in trade (traded goods) (including Share of Joint Venture ₹ 1.54 crores)	622.98	531.57	(91.41)
Work in progress	71.82	60.59	(11.23)
Scrap	3.73	3.60	(0.13)
	1,161.57	**1,038.76**	**(122.81)**
Inventories at the beginning of the year			
Finished goods	443.00	431.30	(11.70)
Stock in trade (traded goods)	531.57	541.99	10.42
Work in progress	60.59	62.31	1.72
Scrap	3.60	2.28	(1.32)
	1,038.76	**1,037.88**	**(0.88)**

(₹ in Crores)

	Year ended March 31, 2014	Year ended March 31, 2013
Details of inventory at the end of the year		
Finished Goods		
Switchgears	86.66	77.67
Cables	152.55	137.20
Lighting and fixtures (including share of Joint Venture ₹ 0.24 crores)	172.76	170.48
Electrical consumer durables	51.07	57.65
	463.04	**443.00**

(₹ in Crores)

	Year ended March 31, 2014	Year ended March 31, 2013
Stock in trade (traded goods)		
Switchgears	8.60	7.65
Lighting and fixtures (including share of Joint Venture ₹ 1.54 crores)	572.39	457.61
Electrical consumer durables	41.99	66.31
	622.98	**531.57**
Work in progress		
Switchgears	12.45	11.33
Cable	27.99	26.28
Lighting and fixtures	24.15	18.89
Electrical consumer durables	7.23	4.09
	71.82	**60.59**
Details of inventory at the beginning of the year		
Finished Goods		
Switchgears	77.67	77.31
Cables	137.20	128.45
Lighting and fixtures	170.48	191.92
Electrical consumer durables	57.65	33.62
	443.00	**431.30**
Stock in trade (traded goods)		
Switchgears	7.65	7.52
Lighting and fixtures	457.61	489.31
Electrical consumer durables	66.31	45.16
	531.57	**541.99**
Work in progress		
Switchgears	11.33	8.49
Cables	26.28	24.74
Lighting and fixtures	18.89	24.48
Electrical consumer durables	4.09	4.60
	60.59	**62.31**

25 EMPLOYEE BENEFITS EXPENSE

(₹ in Crores)

	Year ended March 31, 2014	Year ended March 31, 2013
Salaries, wages, bonus, commission and other benefits	818.12	766.17
Contribution towards PF, Family Pension, Social Security and ESI	169.78	112.44
Employee stock option scheme expense {refer note no. 30 (11)}	0.99	-
Gratuity and pension expenses {refer note no. 30 (10)}	70.14	2.52
Staff welfare expenses	25.93	24.27
	1,084.96	**905.40**
Share of Joint Venture	1.91	0.20
	1,086.87	**905.60**
Employee benefits expense include managerial remuneration as detailed below:		
Salaries, bonus and other benefits	4.80	3.33
Contribution towards PF	0.34	0.14
Commission	10.60	8.15
	15.74	**11.62**

26 FINANCE COSTS

(₹ in Crores)

	Year ended March 31, 2014	Year ended March 31, 2013
Interest expense	57.23	113.28
Bank charges	6.14	7.69
Exchange difference to the extent considered as an adjustment to borrowing cost {refer note 30(3)}	10.73	2.25
	74.10	**123.22**
Share of Joint Venture	0.01	0.00
	74.11	**123.22**

27 DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Crores)

	Year ended March 31, 2014	Year ended March 31, 2013
Depreciation of tangible assets	104.04	99.47
Amortisation of intangible assets	11.19	10.19
	115.23	**109.66**
Share of Joint Venture	0.31	0.00
	115.54	**109.66**

28 OTHER EXPENSES

(₹ in Crores)

	Year ended March 31, 2014	Year ended March 31, 2013
Consumption of stores and spares	37.64	29.88
Power and fuel	80.77	72.63
Job work charges	128.05	120.25
Increase/(decrease) in excise duty in inventory of finished goods and scrap	(1.72)	(0.08)
Rent	91.89	82.44
Repairs and maintenance		
Plant and machinery	28.03	26.38
Buildings	18.61	15.90
Others	16.74	15.49
Rates and taxes	64.07	54.90
Insurance	24.10	21.19
Trade mark fee and royalty	41.07	42.89
Travelling and conveyance	112.02	101.80
Communication expenses	26.34	27.05
Legal and professional charges	82.87	40.39
Payment to Auditors		
Audit fee	10.40	10.17
Taxation matters	3.27	2.67
Reimbursement of expenses	0.05	0.07
Exchange fluctuations (net)	36.55	17.17
Donation	2.62	4.51
Freight and forwarding expenses	276.82	252.60
Service tax and custom duty paid	11.63	12.78
Advertisement and sales promotion	222.94	227.86
Cash discount	123.17	99.91
Commission on sales	56.80	53.21
Product warranties and after sales services	121.43	72.70
Trade receivables factoring charges	28.34	19.82
Loss on sale/ discard of fixed assets (net)	6.15	-
Impairment on tangible assets	0.40	16.24
Bad debts written off	0.88	5.01
Provision for doubtful trade receivables	16.60	7.97
Miscellaneous expenses	44.38	50.89
	1712.91	**1504.69**
Share of Joint Venture	3.78	0.38
	1,716.69	**1,505.07**

29 CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in Crores)

		2013-14	2012-13
A	**Contingent liabilities (to the extent not provided for)**		
a	Claims/ Suits filed against the Company not acknowledged as debts {refer note (i)}	14.09	14.42
b	Bank guarantees issued by banks	105.66	98.57
c	Letter of credits issued by banks	43.39	31.39
d	Liability towards banks against receivable buyout facilities {refer note (ii)}	86.80	63.83
e	Bonds to excise department against export of excisable goods/purchase of goods without payment of duty (to the extent utilised)	18.57	18.72
f	Custom duty payable against export obligation	19.18	19.17
g	Disputed tax liabilities in respect of pending cases before Appellate Authorities {amount deposited under protest ₹ 8.35 crores (previous year ₹ 5.24 crores)} {refer point (iii)}	70.54	46.03
h	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
i	Environmental Liability	8.26	14.60

Notes:

i) Claims filed against the Company include supply of switchgear products amounting to ₹ 9.45 crores made to one of the customer by the Company. The supply was subsequently questioned by the customer on approved quality norms and the material supplied was reportedly recalled by them voluntarily from market. During the previous year arbitration proceedings were also initiated by the customer against the Company under English Laws claiming compensation of ₹ 273.28 crores. Arbitration proceeding were afterward contested by the Company on various grounds like supply of materials was made only after due inspection by the customer and also challenged on other technical aspects of proceedings including juridical seat of Arbitration. The Tribunal while passing its partial award on April 28, 2014 upheld the place of Arbitration as Delhi and also ordered that these arbitration proceedings are governed by Indian Arbitration law and subject to the supervision of Indian Courts. The Management in this case is of the view that under the terms of contract, the Company is not liable to pay any consequential cost as the claim made by the customer is not tenable. Furthermore, the contract expressly limits the Company's liability to replacement of defective products only. The matter being sub-judice, claim under the contract is treated as contingent liability.

ii) a) The Company has utilised a receivable buyout facility of ₹ 227.69 crores (previous year ₹ 249.91 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 ₹ 13.78 crores (previous year ₹ 18.60 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 ₹ 72.82 crores (previous year ₹ 91.18 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 ₹ 5.31 crores (previous year ₹ 1.22 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 ₹ 40.47 (previous year ₹ nil) 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 ₹ 4.68 crores (previous year nil) 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 ₹ 356.46 crores (previous year ₹ 325.92 crores) from Yes Bank Limited and Axis Bank Limited against insurance backed trade receivables with a recourse of 10% of the facility amount.

iii) The various disputed tax liabilities are as under:

(₹ in Crores)

Sl.	Description	Period to which relates	Disputed amount	
			2013-14	2012-13
a)	**Excise / Customs/ Service Tax**			
	Show cause notices/ demands raised by Excise and Custom department pending before various appellate authorities.	1987-88 to 2011-12	13.10	16.92
b)	**Income Tax**			
	Disallowances / additions made by the income tax department pending before various appellate authorities.	2004-05 to 2010-11	31.28	13.18

(₹ in Crores)

Sl.	Description	Period to which relates	Disputed amount 2013-14	2012-13
c)	**Sales Tax/ VAT**			
	Show cause notices/ demands raised by Sales tax/ VAT department pending before various appellate authorities	2003-04 to 2012-13	26.01	15.78
d)	**Others**			
	Demand of local area development tax by the concerned authorities.	2001-02	0.12	0.12
	Demand of octroi alongwith penalty in the state of Maharashtra by the concerned authorities.	2010-11	0.03	0.03
			70.54	**46.03**

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.

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 ₹ 95.47 crores (previous year ₹ 125.80 crores) within the stipulated time as specified in the respective licenses. Out of the said amount, the Company has fulfilled the export obligation of ₹ 82.65 crores (previous year ₹ 86.44 crores) in respect of which application for Export Obligation Discharge Certificates (EODC) will be filed with the Director General Foreign Trade (DGFT) within the stipulated time.

b) Further the Company is under obligation to export goods worth ₹ 70.46 crores (previous year ₹ 60.46 crores) in respect of duty free imports made by the Company against Advance Licenses. Out of the said amount, export obligation of ₹ 60.65 crores (previous year ₹ 49.70 crores) has been fulfilled by the Company as at the end of the year in respect of which application for Export Obligation Discharge Certificates (EODC) will be filed with the Director General Foreign Trade (DGFT) within the stipulated time.

(₹ in Crores)

B	Commitments	2013-14	2012-13
	Estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	49.56	35.89
	For Lease Commitment (refer note no. 30 (14))		

30 OTHER NOTES ON ACCOUNTS

1 a) The Subsidiary companies considered in the consolidated financial statements are:

	Name of Subsidiary	Country of incorporation	Date of control	Nature	Extent of Control 2013-14	2012-13
1	Havells Holdings Limited	Isle of Man	09.03.2007	WOS	100%	100%
2	Havells Exim Limited	Hong Kong	24.10.2010	WOS	100%	100%
3	Havells Malta Limited	Malta	13.03.2007	WOS of Havells Holdings Limited	100%	100%
4	Havell's Netherlands Holding B.V.	Netherlands	13.03.2007	WOS of Havells Malta Limited	100%	100%
5	Havell's Netherlands B.V.	Netherlands	13.03.2007	WOS of Havell's Netherlands Holding B.V.	100%	100%
6	SLI Europe B.V.	Netherlands	20.04.2007	WOS of Havell's Netherlands B.V.	100%	100%
7	Havells Sylvania Holdings (BVI-1) Ltd	British Virgin Islands	20.04.2007	WOS of Havell's Netherlands B.V.	100%	100%
8	Flowil International Lighting (Holding) B.V.	Netherlands	20.04.2007	WOS of SLI Europe BV	100%	100%
9	Sylvania Lighting International B.V.	Netherlands	20.04.2007	WOS of SLI Europe BV	100%	100%
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	100%	100%

	Name of Subsidiary	Country of incorporation	Date of control	Nature	Extent of Control	
					2013-14	2012-13
11	Guangzhou Havells Sylvania Enterprise Limited	China	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
12	Havells Sylvania Asia Pacific Limited	Hong Kong	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
13	Havells Sylvania Sweden A.B.	Sweden	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
14	Havells Sylvania Finland OY	Finland	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
15	Havells Sylvania Norway A.S.	Norway	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
16	Havells Sylvania Fixtures Netherlands B.V.	Netherlands	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
17	Havells Sylvania Lighting Belgium N.V.	Belgium	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
18	Havells Sylvania Belgium B.V.B.A.	Belgium	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
19	Havells Sylvania Lighting France S.A.S	France	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
20	Havells Sylvania France S.A.S.	France	20.04.2007	WOS of Havells Sylvania Lighting France SA	100%	100%
21	Havells Sylvania Italy S.P.A.	Italy	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
22	Havells Sylvania Portugal Lda	Portugal	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
23	Havells Sylvania Greece A.E.E.E.	Greece	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
24	Havells Sylvania Spain S.A.	Spain	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
25	Havells Sylvania Germany Gmbh	Germany	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
26	Havells Sylvania Switzerland A.G	Switzerland	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
27	Havells Sylvania Brasil Illuminacao Ltda.	Brazil	20.04.2007	WOS of Sylvania Lighting International B.V.	100%	100%
28	Havells Sylvania Argentina S.A.	Argentina	20.04.2007	WOS of Sylvania Lighting International B.V.	100%	100%
29	Havells Sylvania N.V.	Dutch Antilles	20.04.2007	WOS of Sylvania Lighting International B.V.	100%	100%
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	100%	100%
31	Havells Mexico S.A. de C.V.	Mexico	20.04.2007	WOS of Sylvania Lighting International B.V.	100%	100%
32	Havells Mexico Servicios Generales S.A.de CV	Mexico	20.04.2007	WOS of Havells Mexico SA de CV	100%	100%
33	Havells Sylvania El Salvador S.A. de C.V.	El Salvador	20.04.2007	WOS of Havells Sylvania Export N.V.	100%	100%
34	Havells Sylvania Guatemala S.A.	Guatemala	20.04.2007	WOS of Havells Sylvania Export N.V.	100%	100%
35	Havells Sylvania Costa Rica S.A.	Costa Rica	20.04.2007	WOS of Havells Sylvania Export N.V.	100%	100%
36	Havells Sylvania Panama S.A.	Panama	20.04.2007	WOS of Havells Sylvania Export N.V.	100%	100%
37	Havells Sylvania Venezuela C.A.	Venezuela	20.04.2007	WOS of Havells Sylvania Colombia S.A.	100%	100%
38	Havells Sylvania Europe Limited	United Kingdom	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%
39	Havells Sylvania UK Limited	United Kingdom	20.04.2007	WOS of Havells Sylvania Europe Limited	100%	100%
40	Havells Sylvania Fixtures UK Limited	United Kingdom	20.04.2007	WOS of Havells Sylvania Europe Limited	100%	100%
41	Havells Sylvania Tunisia S.A.R.L.	Tunisia	20.04.2007	WOS of Flowil International Lighting (Holding) B.V.	100%	100%

	Name of Subsidiary	Country of incorporation	Date of control	Nature	Extent of Control	
					2013-14	2012-13
42	Havells Sylvania Export N.V	Dutch Antilles	20.04.2007	WOS of Sylvania Lighting International B.V.	100%	100%
43	Havells Sylvania Holdings (BVI-2) Ltd	British Virgin Islands	20.04.2007	WOS of Havells Sylvania Holdings BVI-1 Limited	100%	100%
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.	100%	100%
45	Havells Sylvania (Shanghai) Ltd	China	14.01.2008	WOS of Havells Sylvania Asia Pacific Limited	100%	100%
46	Havells Sylvania Peru S. A. C.	Peru	18.01.2008	WOS of Havells Sylvania Colombia S.A.	100%	100%
47	Havells Sylvania Iluminacion (Chile) Ltda	Chile	10.09.2008	WOS of Sylvania Lighting International B.V.	100%	100%
48	Havells Sylvania (Malaysia) Sdn. Bhd	Malaysia	10.09.2008	WOS of Havells Sylvania Asia Pacific Limited	100%	100%
49	Havells USA Inc.	USA	31.12.2010	WOS of Havell's Netherlands B.V.	100%	100%
50	Panama Americas Trading Hub SA	Panama	28.05.2010	WOS of Sylvania Lighting International B.V.	100%	100%
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	100%	100%
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	100%	100%
53	Thai Lighting Asset Co. Ltd.*	Thailand	20.02.2012	49% held by Flowil International Lighting (Holding) B.V.	49%	49%
54	PT Havells Sylvania Indonesia	Indonesia	31.05.2011	74% held by Flowil Lighting International (Holding) B.V. and 26% held by Havells Sylvania Thailand Ltd	100%	100%
55	Havells Sylvania South Africa Proprietary Limited	South Africa	10.07.2012	WOS of Flowil International Lighting (Holding) B.V.	100%	100%

i) WOS refers to 'Wholly Owned Subsidiary'

ii) Sylvania India Limited' has been sold during the year.

* '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 entities board of directors and the approval of the said company is required for all major operational decisions and the operations are solely carried out for the benefit of the group. Based on these facts and circumstances, management determined that in substance the group controls this entity and therefore has consolidated this entity in its financial statements.

b) The Group has entered into a Joint Venture agreement with 'Shanghai Yaming Lighting Co., Ltd., Shanghai', China on 26th December, 2011 for forming a joint venture Company for production of lighting lamps and lighting accessories and sales/services of related products. Accordingly, a Company 'Jiangsu Havells Sylvania Lighting Co., Limited' a Jointly Controlled Entity has been formed vide certificate of approval dated 13th February, 2012 issued by the People's Government of Jiangsu Province, China. The Company has invested a sum of ₹ 30.96 crores (RMB 33.00 millions) {previous year ₹ 16.85 crore (RMB 19.19 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 31,2013	December 31,2012
Jiangsu Havells Sylvania Lighting Co., Limited	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 Limted (including step down subsidiaries)' and 'Havells Exim Limited' have been incorporated based on the audited financial statements as at March 31, 2014 and of Joint Venture 'Jiangsu Havells Sylvania Lighting Co., Limited' on the basis of the audited financial statements ended on 31st December, 2013. Adjustment towards capital contribution of ₹ 14.11 crores made subsequent to 31st December, 2013 have been shown under the head cash and bank balances.

2 The Company had created a Business Reconstruction Reserve Account ("BRR") in the FY 2009-10 by transfer of ₹ 400 crores from securities premium account for the purpose of adjustment of certain expenses as per the scheme of arrangement entered into by the Company with its subsidiary and associate company as approved by the Hon'ble High Court of Delhi vide their order dated 19.08.2010. As per the scheme of arrangement, as and when the Board of Directors of the Company determines that a part or whole of the balance remaining in BRR is no longer required, then such unutilised amount can be transferred to the General Reserve. Accordingly, during the year, the Company has transferred unutilised amount of BRR of ₹ 104.93 crores to General Reserve pursuant to resolution passed by the Board of Directors. Consequently, Surplus of profit and loss of ₹ 293.53 crores has also been transferred to general reserve.

3 Companies (Accounting Standards) (Second Amendment Rules), 2011 issued by the Ministry of Corporate Affairs vide Notification dated December 29, 2011, had amended Accounting Standard - 11 "The Effect of Changes in Foreign Exchange Rates" and given an option to the companies to adopt the treatment prescribed in the said notification in reference to exchange differences arising on reporting of long term foreign currency monetary items. The Company has, consistently following the provisions of AS-11 as in the past, chosen not to adopt the alternate treatment prescribed under the above notification. In accordance with the accounting policy of the Company, a sum of ₹ 11.42 crores has been recognised as exchange loss in respect of the long term foreign currency monetary items during the year (previous year exchange loss ₹ 5.86 crores).

Out of the said loss, ₹ 10.73 crores (previous year ₹ 2.25 crores) has been treated as finance cost being the exchange difference arising from foreign currency borrowings to the extent they can be regarded as an adjustment to interest costs as per Accounting Standard -16, " Borrowing Costs" notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

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

5 The Company has incurred following expenditure on Research and Development:

(₹ in Crores)

		2013-14	2012-13
a)	**Revenue Expenditure**		
	Cost of materials consumed	7.02	3.52
	Employee benefits expense	51.08	40.80
	Rent	2.32	2.39
	Travelling and conveyance	2.40	1.24
	Legal and professional	3.74	0.07
	Other expenses	5.01	6.68
		71.57	**54.70**
b)	**Capital Expenditure**		
	Tangible assets	2.62	1.09
	Intangible assets	0.24	-
		2.86	**1.09**

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 3%) and discount rate of 7.50% (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)

	2013-14	2012-13
Balance at the beginning of the year	369.44	362.46
Arising on investment in Joint venture	-	0.59
Realignment effect of Foreign exchange fluctuation	68.53	6.39
Balance at the end of the year	**437.97**	**369.44**

7 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 ₹ 0.40 crore (previous year ₹ 16.24 crores relates to impairment in Malaysia and UK). The aforesaid impairment loss have been recognised in the statement of profit & loss. The recoverable amount was based on net relisable value determined by active market references.

8 Change in Accounting Estimate

During the year, the group has reassessed the estimated useful life of plant and machinery from 5-10 years to 5-15 years based on technical evaluation done by management. Due to reassessment, the net block has been increased by ₹ 9.99 crores and consequently profit for the year increased by ₹ 9.99 crores.

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, 2014 are as under:

(Amount in Crores)

Currency	Nature of Transaction	As at March 31, 2014		As at March 31, 2013	
		Foreign Currency	Indian Rupees	Foreign Currency	Indian Rupees
GBP	Export Trade Receivables	£ 1.02	102.13	£ 1.12	92.36
	Import Trade Payables	£ 0.15	14.68	£ 0.13	11.21
USD	Export Trade Receivables	$ 2.08	125.23	$ 1.55	84.37
	Import Trade Payables	$ 0.88	52.70	$ 2.18	118.57
	Foreign currency loan from banks	$ 3.41	204.94	$ 3.39	184.38
EURO	Export Trade Receivables	€ 0.12	9.62	€ 0.15	10.91
	Import Trade Payables	€ 0.14	11.96	€ 0.11	7.31
JPY	Import Trade Payables	¥ 0.69	0.41	¥ 0.21	0.12
CHF	Export Trade Receivables	CHF 0.04	2.75	CHF 0.06	3.19
	Import Trade Payables	CHF 0.00	0.19	CHF 0.00	0.23
Others	Export Trade Receivables	0.61	6.24	0.83	7.16
	Import Trade Payables	0.02	0.21	0.10	0.81

b) Derivative instruments outstanding as at March 31, 2014 are as under:

Sl.	Details of Derivatives	Currency/ Pair of currency	Purpose	As at March 31, 2014		As at March 31, 2013	
				Amount in Foreign Currency	INR (in Crores)	Amount in Foreign Currency	INR (in Crores)
i)	**Forward contracts**						
	Buy*	Euro-USD	To hedge the import creditors.	USD 60,00,000 (Euro 43,62,685)	36.03	USD 2,50,00,000 (Euro 1,91,37,124)	135.97
	Buy*	GBP-USD	To hedge the import creditors.	USD 5,00,000 (Euro 3,63,557)	3.00		
ii)	**Interest Swap**		To hedge the interest expense on term loan.	Euro 6,05,18,733	499.74	Euro 6,69,48,733	465.59

*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" notified under Companies (Accounting Standard) Rules, 2006 (as amended) are given below :

Defined Contribution Plan

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

(₹ in Crores)

	2013-14	2012-13
Employer's Contribution towards Provident Fund (PF)	8.98	6.47
Employer's Contribution towards Family Pension Scheme (FPS)	2.23	2.04
Employer's Contribution towards Employee State Insurance (ESI)	0.47	0.44

Defined Benefit Plan

The employee's Gratuity Fund Scheme, which is a defined benefit plan, is managed by Trust maintained with Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company 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.

(₹ in Crores)

		2013-14	2012-13
a)	**Reconciliation of opening and closing balances of Defined Benefit obligation**		
	Defined Benefit obligation at beginning of the year	16.15	12.25
	Interest Cost	1.41	0.95
	Current Service Cost	2.78	2.29
	Benefit paid	(1.23)	(0.96)
	Actuarial (gain) / loss	1.97	1.62
	Defined Benefit obligation at year end	**21.08**	**16.15**
b)	**Reconciliation of opening and closing balances of fair value of plan assets**		
	Fair value of plan assets at beginning of the year	12.86	9.03
	Expected return on plan assets	1.29	0.97
	Employer contribution	3.36	3.75
	Actuarial gain / (loss)	0.04	0.07
	Benefits paid	(1.23)	(0.96)
	Fair value of plan assets at year end	**16.32**	**12.86**
c)	**Reconciliation of fair value of assets and obligations**		
	Fair value of plan assets	16.32	12.86
	Present value of obligation	(21.08)	(16.15)
	Amount recognised in Balance Sheet- Asset / (Liability)	**(4.76)**	**(3.29)**

(₹ in Crores)

		2013-14	2012-13
d)	**Expenses recognised during the year**		
	Current Service Cost	2.78	2.29
	Interest Cost	1.41	0.95
	Expected return on plan assets	(1.29)	(0.97)
	Actuarial (gain) / loss	1.93	1.55
	Net Cost debited to statement of profit and loss	**4.83**	**3.82**
e)	**Broad categories of plan assets as a percentage of total assets**		
	Insurer managed funds	100%	100%
f)	**Actuarial assumptions**		
	Mortality Table (LIC)	**1994-96**	**1994-96**
		(Ultimate)	(Ultimate)
	Discount rate (per annum)	9.10%	8.10%
	Expected rate of return on plan assets (per annum)	9.30%	9.30%
	Attrition Rate	5.00%	5.00%
g)	**Actual return on plan assets**	**1.33**	**1.04**

h) Amounts for current and previous periods:

(₹ in Crores)

	2013-14	2012-13	2011-12	2010-11	2009-10
Present value of obligation	21.08	16.15	12.25	9.52	6.56
Fair value of plan assets	16.32	12.86	9.03	7.15	6.35
Surplus/(Deficit)	(4.76)	(3.29)	(3.22)	(2.37)	(0.21)
Experience Adjustments of Plan Assets [Gain/(loss)]	1.97	1.62	1.02	1.68	1.15
Experience Adjustments of Obligations [Gain/(loss)]	2.06	0.80	1.26	1.96	1.44

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

k) The Company expects to contribute ₹ 5.00 crores (previous year ₹ 3.75 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" notified under Companies (Accounting Standards) Rules, 2006 (as amended) are given below:

The Group has various defined benefit pension plans covering eligible employees in Germany, Thailand, France, Italy and 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 31st March of each year.

(₹ in Crores)

		2013-14	2012-13
(a)	**The amounts recognised in the financial statements are:**		
	Pension benefits and early retirement plan	364.05	276.48
	Post retirement medical plan	6.30	5.94
		370.35	**282.42**

(₹ in Crores)

		2013-14	2012-13
(b)	**The amounts recognised in the income statement are :**		
	Pension benefits and early retirement plan	65.31	17.05
	Post retirement medical plan	-	(18.35)
		65.31	**(1.30)**

(₹ in Crores)

		2013-14	2012-13
(c)	**The amounts recognised in the balance sheet are:**		
	Present value of defined benefits plans		
	- Funded obligations	806.19	619.16
	- Unfunded obligations	28.68	22.62
	Total defined benefit obligation	**834.87**	**641.78**
	Fair value of plan assets	(502.59)	(397.34)
		332.28	**244.44**
	Present value of other unfunded obligations	38.07	37.98
		370.35	**282.42**

(₹ in Crores)

		Defined benefit plans	Post retirement medical plan	Total
		Year ended March 31, 2014		
(d)	**The amounts recognised in the income statement are :**			
	Current service cost	4.20	-	4.20
	Interest cost	11.54	-	11.54
	Curtailments and settlements	-	-	-
	Net actuarial (gain)/loss	49.57	-	49.57
	Expected return on plan assets	-	-	-
	Total included in staff costs	**65.31**	-	**65.31**
		Year ended March 31, 2013		
	Current service cost	2.94	-	2.94
	Interest cost	27.37	-	27.37
	Curtailments and settlements	-	(18.35)	(18.35)
	Net Acturial (gain)/loss	5.30		5.30
	Expected return on plan assets	(18.56)	-	(18.56)
	Total included in staff costs	**17.05**	**(18.35)**	**(1.30)**

The actual return on plan assets is a profit of ₹ 24.69 crores (previous year ₹ 64.15 crores)

(₹ in Crores)

		Defined benefit plans and early retirement plans	Post retirement medical plan	Total
		2013-14	2013-14	2013-14
(e)	**Reconciliation of opening and closing balance of obligations are as follows:**			
	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
	Contributions by plan participants	-	-	-
	Reclassification from restructuring provision	-	-	-
	Benefits paid	(34.55)	(0.74)	(35.29)
	As at end of the year	**866.61**	**6.31**	**872.92**

(₹ in Crores)

	Defined benefit plans and early retirement plans	Post retirement medical plan	Total
	2012-13	2012-13	2012-13
As at beginning of the year	592.17	24.43	616.60
Curtailment and settlements	-	(18.35)	(18.35)
Exchange differences	24.30	(0.67)	23.63
Current service cost	3.03	-	3.03
Interest cost	27.96	-	27.96
Actuarial losses	52.31	-	52.31
Reclassification from restructuring provision	-	-	-
Benefits paid	(30.04)	(0.39)	(30.43)
As at end of the year	**669.73**	**5.02**	**674.75**

(₹ in Crores)

	Defined benefit plans	
	2013-14	2012-13
(f) Reconciliation of opening and closing balance of fair value of plan assets over the year is as follows:		
As at beginning of the year	397.34	337.07
Exchange differences	85.70	(0.99)
Expected return on plan assets	21.58	19.19
Actuarial gains/(losses)	2.64	47.01
Employer contributions	11.54	10.29
Employee contributions	-	-
Benefits paid	(16.22)	(15.23)
As at end of the year	**502.58**	**397.34**

(₹ in Crores)

(g) Asset holdings in the plan are as follows:	UK	Germany	Total	Total (%)
	2013-14	2013-14	2013-14	2013-14
Equities	182.43	-	182.43	36%
Diversified growth assets	24.09	-	24.09	5%
Corporate bonds	129.30	-	129.30	26%
Property	25.18	-	25.18	5%
Gilts	122.58	-	122.58	24%
Insurance contracts	-	17.75	17.75	4%
Other	1.26	-	1.26	0%
Total market value of assets	**484.84**	**17.75**	**502.59**	**100%**
	2012-13	2012-13	2012-13	2012-13
Equities	228.34	-	228.34	57%
Corporate bonds	18.94	-	18.94	5%
Gilts	96.06	-	96.06	24%
Insurance contracts	-	15.10	15.10	4%
Other	38.90	-	38.90	10%
Total market value of assets	**382.24**	**15.10**	**397.34**	**100%**

(h) Where relevant and available the principal actuarial assumptions used on the defined benefit plans for current year are as follows:	2013-14	2012-13
Discount rate	3.25% - 4.50%	3.75% - 4.70%
Future salary increases	2.50% - 5.00%	2.50% - 6.50%
Inflation rate	1.75% - 2.20%	2.00% - 2.20%
Future pension increases	1.75% - 2.20%	2.00% - 2.20%
Expected return on plan assets	3.75% - 4.70%	4.50% - 5.50%

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.

	2013-14	2012-13
Life expectancy rates as at balance sheet date		
Male	18.50 - 21.20	18.50 - 21.50
Female	22.60 - 23.40	22.60 - 23.70
Life expectancy rates 20 years after the balance sheet date		
Male	21.20 - 22.50	21.20 - 22.80
Female	24.90 - 25.10	25.10 - 25.20
Overall withdrawal rates (%)	2.60 - 8.31	1.00 - 8.31

(₹ in Crores)

(i) Amount for the current and previous four periods are as follows:	Pension benefits and early retirement plan				
	2013-14	2012-13	2011-12	2010-11	2009-10
Defined benefit obligation	866.61	669.73	592.17	535.21	514.89
Plan assets	502.59	397.34	321.21	315.16	266.49
(Deficit)/ Surplus	364.02	272.39	270.96	220.05	248.40
Experience adjustments on plan liabilities	52.20	52.31	14.02	(22.34)	80.93
Experience adjustments on plan assets	2.64	47.01	(14.63)	10.40	30.32
	Post retirement medical plan				
Defined benefit obligation	6.30	5.02	24.43	22.04	18.20
Experience adjustments on plan liabilities	-	-	1.22	0.12	1.68

(j) The Company expects to contribute ₹ 11.84 crores (previous year ₹ 10.21 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 23rd 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 8th April, 2013. The options are vested equally over a period of 2 years after the date of grant, and the said options can be exercised any time within a period of 30 days from the date of vesting and will be settled by way of equity shares in accordance with the aforesaid plan.

During the year, the Company has granted 45,939 options at ₹ 677/- per share and the exercise price is ₹ 338.50/- per share.

(₹ in Crores)

Summary of Stock Options	2013-14		2012-13	
	Total No. of Stock Options	Weighted average exercise price	Total No. of Stock Options	Weighted average exercise price
Options outstanding as on 01.04.2013	Nil	-	-	-
Options granted during the year	45,939	338.50	-	-
Options forfeited/lapsed during the year	6,308	338.50	-	-
Options exercised during the year	286	338.50	-	-
Options outstanding as on 31.03.2014	39,345	338.50	-	-
Options vested but not exercised as on 31.03.2014	Nil	-	-	-

The weighted average remaining contractual life for the stock option outstanding as at 31st March, 2014 is 0.60 years. The exercise price for options outstanding at the end of year is ₹ 338.50/- per share. The average market share price of ESOP exercised during the year is ₹ 631.45/- per share

The weighted average fair value of stock option granted during the year is ₹ 608.77/- per share. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

(₹ in Crores)

Particulars	2013-14	2012-13
Average risk free interest rate	8.33%	-
Expected Life of options as on grant date	2 years	-
Expected and Historical Volatility	33.22%	-
Expected Dividend rate	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:

(₹ in Crores)

Particulars	2013-14	2012-13
Profit after tax as reported	**446.33**	**581.43**
Add: ESOP cost using the intrinsic value method	0.99	-
Less: ESOP cost using the fair value method	0.89	-
Proforma profit after tax	**446.43**	**581.43**
Earnings Per Share		
Basic		
- As reported	35.77	46.60
- Proforma	35.78	-
Diluted		
- As reported	35.77	46.60
- Proforma	35.77	-

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.

Expense on Employee Stock Option Scheme debited to the Statement of Profit and Loss during the FY 2013-14 is ₹ 0.99 crore.

(b) During the year, financial statements of 'Havells Employee Welfare Trust' have been consolidated in the Standalone financial statements of the Company, in accordance with the opinion of Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India. Accordingly, investments held by trust in the shares of the Company and loan received by trust from the Company has been eliminated with the issued share capital and securities premium reserve and loan given by the Company. Further, bank balance of ₹ 2.74 crores, advance received by trust from Company's employees of ₹ 4.21 crores has been consolidated in respective account heads in the financial statements of the Company.

12 Segment Reporting

The segment reporting of the Company has been prepared in accordance with Accounting Standard-17, "Segment Reporting", notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

Segment Reporting Policies

a) Identification of Segments:

Primary- Business Segment

The Company has identified four reportable segments viz. Switchgears, Lighting and fixtures, Cables and Electrical Consumer Durables on the basis of the nature of products, the risk and return profile of individual business and the internal business reporting systems. The products included in each of the reported business segments are as follows:

(i) The switchgear segment comprises of domestic and the industrial switchgears, electrical wiring accessories, industrial motors, 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".

(₹ in Crores)

		2013-14	2012-13
(i)	**Primary- Business Segment**		
A.	**Revenue**		
	Segment Revenue		
	Switchgears	1,219.19	1,078.06
	Cables	1,926.43	1,692.48
	Lighting and fixtures	4,186.80	3,688.08
	Electrical consumer durables	853.38	789.27
		8,185.80	**7,247.89**
B.	**Results**		
	Segment Results		
	Switchgears	403.46	365.32
	Cables	210.99	154.08
	Lighting and fixtures	1,160.07	971.63
	Electrical consumer durables	230.58	197.82
		2,005.10	**1,688.85**
	Unallocated expenses net of income	1,336.90	1,096.25
	Operating Profit	**668.20**	**592.60**
	Finance Costs	74.11	123.22
	Profit before exceptional item	**594.09**	**469.38**
	Exceptional item	-	(194.41)
	Profit before tax	**594.09**	**663.79**
	Income tax expense	147.76	82.36
	Profit after tax	**446.33**	**581.43**
C.	**Other Information**		
	Segment Assets		
	Switchgears	505.42	501.03
	Cables	511.05	489.18
	Lighting and fixtures	2,488.80	2,378.27
	Electrical consumer durables	258.38	242.12
		3,763.65	**3,610.60**
	Unallocated	1573.84	861.19
		5,337.49	**4,471.79**
	Segment Liabilities		
	Switchgears	202.71	153.53
	Cables	181.42	136.18
	Lighting and fixtures	1,661.15	1,310.23
	Electrical consumer durables	93.60	99.78
		2,138.88	**1,699.72**
	Unallocated	1,532.49	1,329.94
		3,671.37	**3,029.66**

(₹ in Crores)

		2013-14	2012-13
	Capital Expenditure		
	Switchgears	25.90	31.20
	Cables	5.58	3.81
	Lighting and fixtures	59.99	74.64
	Electrical consumer durables	36.96	11.78
		128.43	**121.43**
	Unallocated	11.05	47.39
		139.48	**168.82**
	Depreciation and Amortisation Expenses		
	Switchgears	22.41	20.18
	Cables	21.70	21.27
	Lighting and fixtures	65.41	62.85
	Electrical consumer durables	6.02	5.36
		115.54	**109.66**
	Non-cash expenses other than depreciation		
	Switchgears	0.96	0.27
	Cables	1.17	0.58
	Lighting and fixtures	18.90	4.60
	Electrical consumer durables	0.46	0.53
		21.49	**5.98**
	Unallocated	1.66	0.71
		23.15	**6.69**
(ii)	**Secondary- Geographical Segments**		
	Segment Revenue		
	The following is the distribution of Company's consolidated revenue by geographical market, regardless of where the goods were produced.		
	Revenue-Domestic Market	4,396.04	4,005.83
	Revenue-Overseas Market	3,789.76	3,242.06
		8,185.80	**7,247.89**
	Segment Assets		
	Within India	2,471.24	2,031.71
	Outside India	2,866.25	2,440.08
		5,337.49	**4,471.79**
	Capital Expenditure		
	Within India	91.94	119.68
	Outside India	47.54	49.14
		139.48	**168.82**

13 Related party transactions

As per Accounting Standard-18, "Related Party Disclosures" notified under the Companies (Accounting Standards) Rules, 2006 (as amended), related parties in terms of the said standard are disclosed below:-

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

1	**Enterprises in which directors exercise significant influence**	2	**Key Management Personnel**
	QRG Enterprises Limited		Shri Qimat Rai Gupta
	QRG Foundation		Shri Surjit Gupta
	QRG Medicare Limited		Shri Anil Rai Gupta
	QRG Wellness LLP		Shri Rajesh Gupta
	QRG Central Hospital & Research Centre Limited		
	QRG Corporate Services Limited		
	Guptajee & Company		
	Ajanta Mercantile Limited		
	The Vivekananda Ashrama		

(B) Transactions during the year

(₹ in Crores)

		2013-14	2012-13
(i)	**Purchase of traded goods and stores and spares**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	0.00	0.01
(ii)	**Sale of products**		
	Enterprises in which directors exercise significant influence		
	QRG Medicare Limited	0.43	1.53
(iii)	**Commission on sales**		
	Enterprises in which directors exercise significant influence		
	Guptajee & Company	6.89	6.59
(iv)	**Purchase of tangible fixed assets**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	0.02	0.03
(v)	**Sale of fixed assets**		
	Enterprises in which directors exercise significant influence		
	QRG Medicare Limited	0.22	-
	QRG Central Hospital & Research Centre Limited	-	0.00
(vi)	**Rent/Usage Charges Paid**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	19.34	19.34
(vii)	**Miscellaneous Income (Service charges received)**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	-	0.04
(viii)	**Trade mark fees and Royalty**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	40.56	42.25
(ix)	**Donation paid**		
	Enterprises in which directors exercise significant influence		
	QRG Foundation	2.50	4.50
	The Vivekananda Ashrama	0.11	-
		2.61	**4.50**
(x)	**Reimbursement of Expenses received**		
	Enterprises in which directors exercise significant influence		
	Guptajee & Company	0.72	1.40
	QRG Enterprises Limited	0.01	0.01
		0.73	**1.41**
(xi)	**Reimbursement of Expenses paid**		
	Enterprises in which directors exercise significant influence		
	QRG Central Hospital & Research Centre Limited	-	0.00
(xii)	**Managerial remuneration**		
	Key Management Personnel		
	Shri Qimat Rai Gupta	6.34	4.69
	Shri Anil Rai Gupta	4.83	3.23
	Shri Rajesh Gupta	4.57	3.70
		15.74	**11.62**
(xiii)	**Rent received**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	0.03	0.03

(₹ in Crores)

		2013-14	2012-13
(xiv)	**Dividend paid**		
	Enterprises in which directors exercise significant influence		
	QRG Enterprises Limited	47.46	24.68
	Guptajee & Company	4.72	2.45
	Ajanta Mercantile Limited	16.21	8.04
	Key Management Personnel		
	Shri Qimat Rai Gupta	8.59	4.47
	Shri Surjit Gupta	8.16	4.24
	Shri Anil Rai Gupta	2.95	1.53
	Shri Rajesh Gupta	0.30	0.16
		88.39	**45.57**
(C)	**Balances at the year end**		
	Amount Payables		
	Enterprises in which directors exercise significant influence		
	Guptajee & Company	1.58	0.69
	Key Management Personnel		
	Shri Qimat Rai Gupta	0.07	0.13
	Shri Anil Rai Gupta	0.05	0.13
	Shri Rajesh Gupta	0.05	0.05
		1.75	**1.00**

14 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, 2014 is as follows:

(₹ in Crores)

		2013-14	2012-13
(i)	Not later than one year	30.19	24.95
(ii)	later than one year and not later than five year	53.68	43.24
(iii)	later than five years	57.39	47.30
		141.26	**115.49**
Lease payments recognised in the statement of profit and loss as rent expense for the year (including share of joint venture ₹ 0.65 crores)		**92.54**	**82.44**

During the previous year, the sale/ leaseback agreement for a distribution facility located in France terminated and the group purchased the assets at terminal value of ₹ 39.85 crores (Euro 5.7 millions).

The Group also has building on lease in Germany.

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)

	2013-14		2012-13	
	MLP	Present Value of MLP	MLP	Present Value of MLP
Not later than one year	2.87	2.16	3.02	2.30
Later than one year but not more than five years	7.11	6.58	10.47	9.44
Later than five years	-	-	-	-
Total Minimum Lease Payments	**9.98**	**8.74**	**13.49**	**11.74**
Less: amounts representing finance charges	1.24	-	1.75	-
Present value of Minimum Lease Payments	**8.74**	**8.74**	**11.74**	**11.74**

d) During the current year, the sublease of Germany empty warehouse is extended. The sublease will expire on 28th February, 2016. Annual amount receivable under sublease are as follows:

(₹ in Crores)

	2013-14	2012-13
Not later than one year	2.71	1.58
Later than one year but not more than five years	2.49	-
Later than five years	-	-
	5.20	**1.58**

Amount recognised in income statement for the year ended March 31, 2014 is ₹ 2.67crores (previous year ₹ 1.53 crores).

15 Earnings Per Share

(₹ in Crores)

			2013-14	2012-13
a)	**Basic earnings per share**			
	Numerator for earnings per share			
	Profit after taxation (before adjustment of minority interest)		**446.33**	**581.43**
	Adjustment to net earnings:			
	Less: Share of profit transferred to minority		0.00	0.00
	Profit after taxation		**446.33**	**581.43**
	Denominator for earnings per share			
	Weighted number of equity shares outstanding during the period	Nos.	12,47,74,955	12,47,74,812
	Earnings per share-Basic (one equity share of ₹ 5/- each)	₹	**35.77**	**46.60**
b)	**Diluted earnings per share**			
	Numerator for earnings per share			
	Profit after taxation (before adjustment of minority interest)		**446.33**	**581.43**
	Adjustment to net earnings:			
	Less: Share of profit transferred to minority		0.00	0.00
	Profit after taxation		**446.33**	**581.43**
	Denominator for earnings per share			
	Weighted number of equity shares outstanding during the period	Nos.	12,47,94,297	12,47,74,812
	Earnings per share-Diluted (one equity share of ₹ 5/- each)	₹	**35.77**	**46.60**

Weighted average number of equity shares outstanding in calculating basic EPS	12,47,74,955	12,47,74,812
Effect of Dilution:		
Stock Option granted under ESOP	19,342	-
Weighted average number of equity shares in calculating diluted EPS	**12,47,94,297**	**12,47,74,812**

16 The figures have been rounded off to the nearest crore of rupees upto two decimal places. The figure 0.00 wherever stated represents value less than ₹ 50000/-.

17 Previous year figures has been regrouped /reclassified wherever necessary to make them comparable with the current year figures.

18 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 S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Registration No. 301003E

Per Manoj Kumar Gupta
Partner
Membership No. 83906

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

Per V.P. Bansal
Partner
Membership No. 8843

Noida, May 28, 2014

For and on behalf of Board of Directors

Qimat Rai Gupta
Chairman and Managing Director

Surjit Gupta
Director

Rajesh Gupta
Director (Finance) and Group CFO

Sanjay Gupta
Company Secretary

Sanjay Johri
Associate Vice President (Finance)

Statement pursuant to Section 212(8) of the Companies Act, 1956, relating to Subsidiaries for the year ended 31st March, 2014

(₹ in Crores)

Sl. No.	Name of Subsidiary Company	Country	Capital	Reserves	Total Assets	Total Liabilities	Investment other than investment in subsidiaries	Turnover	Profit before Tax	Provision for Taxation	Profit after tax	Proposed Dividend
1	Havells Sylvania Argentina S.A.	Argentina	47.34	(33.12)	33.50	33.50	-	80.03	(10.63)	-	(10.63)	-
2	Havells Sylvania Brasil Iluminacao Ltda.	Brazil	340.64	(371.77)	216.20	216.20	-	228.42	(18.59)	-	(18.59)	-
3	Havells Sylvania Colombia S.A.	Colombia	58.96	87.22	218.30	218.30	-	245.24	8.75	4.34	4.41	-
4	Havells Sylvania Venezuela C.A.	Venezuela	0.28	11.33	27.53	27.53	-	29.57	(3.23)	0.70	(3.93)	-
5	Havells Sylvania N.V. (Ecuador)	Ecuador	2.81	41.44	79.18	79.18	-	153.51	19.28	5.25	14.03	-
6	Havells Sylvania El Salvador S.A. de C.V.	El Salvador	2.99	10.02	26.11	26.11	-	30.76	2.06	0.87	1.19	-
7	Havells Sylvania Guatemala S.A.	Guatemala	0.01	6.00	33.43	33.43	-	25.14	(1.50)	1.34	(2.84)	-
8	Havells Mexico S.A. de C.V.	Mexico	58.27	9.17	93.89	93.89	-	159.53	0.81	1.57	(0.76)	-
9	Panama Americas Trading Hub SA	Panama	0.05	18.35	34.02	34.02	-	50.56	5.21	1.51	3.70	-
10	Havells Sylvania Panama S.A.	Panama	0.06	28.77	174.22	174.22	-	346.21	13.20	-	13.20	-
11	Havells Sylvania Peru S.A.C.	Peru	4.14	(4.16)	6.51	6.51	-	6.38	(0.48)	-	(0.48)	-
12	Havells Sylvania Europe Ltd.	UK	569.93	(62.06)	2,150.91	2,150.91	-	2,060.17	17.79	(2.75)	20.54	-
13	Havells Sylvania Spain S.A.	Spain	8.08	49.70	69.48	69.48	-	-	0.83	0.16	0.67	-
14	Havells Sylvania Portugal Lda.	Portugal	4.53	8.07	13.73	13.73	-	-	0.34	0.11	0.23	-
15	Havells Sylvania Italy S.p.A.	Italy	28.15	3.97	45.96	45.96	-	-	0.43	1.04	(0.61)	-
16	Havells Sylvania Greece A.E.E.E.	Greece	3.39	(9.86)	9.39	9.39	-	19.44	(0.10)	0.13	(0.23)	-
17	Havells Sylvania Sweden A.B.	Sweden	44.56	(44.10)	3.10	3.10	-	-	(6.26)	-	(6.26)	-
18	Havells Sylvania Norway A.S.	Norway	66.49	(66.44)	0.23	0.23	-	-	0.02	-	0.02	-
19	Havells Sylvania Finland OY	Finland	0.02	3.00	4.83	4.83	-	0.12	0.55	0.09	0.46	-
20	Havells Sylvania Tunisia S.A.R.L.	Tunisia	0.69	(132.90)	8.48	8.48	-	17.56	(3.72)	-	(3.72)	-
21	Havells Sylvania UK Limited	UK	252.34	(244.79)	18.43	18.43	-	0.03	6.92	0.20	6.72	-
22	Havells Sylvania Fixtures UK Ltd.	UK	185.36	(154.22)	125.47	125.47	-	215.47	10.69	-	10.69	-
23	Havells Sylvania Lighting Belgium N.V.	Belgium	408.90	(288.98)	228.58	228.58	-	174.15	6.19	-	6.19	-
24	Havells Sylvania Poland S.p.Z.o.o	Poland	0.01	(4.00)	0.39	0.39	-	-	(0.76)	-	(0.76)	-
25	Havells Sylvania Belgium B.V.B.A.	Belgium	0.30	0.84	11.30	11.30	-	-	1.27	1.18	0.09	-
26	Havells Sylvania Germany GmbH	Germany	296.98	(218.55)	390.32	390.32	-	273.27	16.46	0.40	16.06	-
27	Havells Sylvania Fixtures Netherlands B.V.	Netherlands	26.84	16.13	47.37	47.37	-	-	1.32	-	1.32	-
28	Havells Sylvania Lighting France S.A.S.	France	144.35	(55.25)	271.61	271.61	-	137.37	1.00	(2.52)	3.52	-
29	Havells Sylvania France S.A.S.	France	64.41	37.97	129.13	129.13	-	3.45	6.54	2.78	3.76	-
30	Havells Sylvania Switzerland A.G.	Switzerland	0.53	5.15	15.61	15.61	-	-	1.12	0.30	0.82	-
31	SLI Europe B.V.	Netherlands	1,696.60	(1,502.11)	802.27	802.27	-	-	(1.34)	-	(1.34)	-
32	Sylvania Lighting International B.V.	Netherlands	201.43	588.24	976.53	976.53	-	-	25.97	1.77	24.20	-

Statement pursuant to Section 212(8) of the Companies Act, 1956, relating to Subsidiaries for the year ended 31st March, 2014

(₹ in Crores)

Sl. No.	Name of Subsidiary Company	Country	Capital	Reserves	Total Assets	Total Liabilities	Investment other than investment in subsidiaries	Turnover	Profit before Tax	Provision for Taxation	Profit after tax	Proposed Dividend
33	Flowil International Lighting (Holding) B.V.	Netherlands	784.32	(188.63)	1,445.23	1,445.23	-	-	12.45	0.50	11.95	-
34	Havells Sylvania (Thailand) Ltd.	Thailand	0.14	39.35	119.62	119.62	-	144.98	(3.44)	(0.21)	(3.23)	-
35	Guangzhou Havells Sylvania Enterprise Ltd.	China	11.71	(17.21)	0.00	0.00	-	8.74	(1.29)	-	(1.29)	-
36	Havells Sylvania Asia Pacific Ltd.	Hongkong	10.66	19.07	40.15	40.15	-	31.75	0.51	-	0.51	-
37	Havells Sylvania (Shanghai) Ltd.	Shanghai	8.45	(9.63)	11.38	11.38	-	-	(0.04)	-	(0.04)	-
38	Havells Sylvania (Malaysia) Sdn. Bhd	Malaysia	0.45	(2.56)	2.21	2.21	-	8.66	(1.47)	0.05	(1.52)	-
39	Havells Sylvania Dubai FZCO	Dubai	0.86	21.74	31.78	31.78	-	36.85	0.68	-	0.68	-
40	Havells Malta Limited	Malta	1,166.46	(1.41)	1,165.10	1,165.10	-	-	(0.32)	-	(0.32)	-
41	Havell's Netherlands Holdings B.V.	Netherlands	1,164.67	0.11	1,264.16	1,264.16	-	-	1.12	-	1.12	-
42	Havell's Netherlands B.V.	Netherlands	1,114.95	(234.33)	1,605.36	1,605.36	-	-	(17.49)	-	(17.49)	-
43	Havells Sylvania Costa Rica S.A.	Costa Rica	13.42	50.28	152.61	152.61	-	183.18	12.23	5.03	7.20	-
44	Havells USA Inc.	United States	13.32	(127.70)	58.28	58.28	-	105.35	(9.63)	1.60	(11.23)	-
45	Havells Sylvania Iluminacion (Chile) Ltda.	Chile	4.57	(4.10)	16.52	16.52	-	25.69	(2.26)	-	(2.26)	-
46	Havells Sylvania TR Elektrik Ürünleri Ticaret Limited Sirketi	Turkey	16.29	(14.89)	1.50	1.50	-	9.81	(3.10)	-	(3.10)	-
47	PT Havells Sylvania Indonesia	Indonesia	0.58	(12.38)	3.97	3.97	-	2.03	(5.15)	-	(5.15)	-
48	Thai Lighting Assets Co. Ltd.	Thailand	0.21	(0.07)	0.17	0.17	-	-	(0.01)	-	(0.01)	-
49	Havells Sylvania South Africa Proprietary Limited	South Africa	0.04	(1.64)	8.86	8.86	-	13.76	(0.19)	-	(0.19)	-
50	Havells Mexico Servicios Generales SA De CV	Mexico	0.30	9.46	25.46	25.46	-	-	0.64	-	0.64	-
51	Havells Sylvania Export N.V.	Dutch Antilies	12.08	2.95	15.03	15.03	-	-	(0.12)	-	(0.12)	-
52	Havells Sylvania Holdings BVI-1 Limited	British Virgin Islands	154.78	-	154.78	154.78	-	-	-	-	-	-
53	Havells Sylvania Holdings BVI-2 Limited	British Virgin Islands	44.58	-	44.58	44.58	-	-	-	-	-	-
54	Havells Exim Limited	Hongkong	0.00	15.10	238.85	238.85	-	975.18	6.95	-	6.95	-
55	Havells Holdings Limited	Isle of Man	1,069.07	45.85	1,166.56	1,166.56	-	-	(3.73)	-	(3.73)	-

Progress at a Glance of Last 10 Years - Havells India Limited (Standalone)

(₹ in Crores)

Performance for the Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Turnover (Gross)	665.88	1,115.14	1,681.06	2,231.89	2,333.82	2,476.18*	3,045.60*	3,830.56*	4,506.37*	5,031.11*
Less: Excise Duty	83.42	111.61	133.84	176.32	135.46	104.77	163.95	214.95	281.38	311.42
Turnover (Net)	582.46	1,003.53	1,547.22	2,055.57	2,198.36	2,371.41	2,881.65	3,615.61	4,224.99	4,719.69
Profitability										
Earnings Before Interest, Depreciation Taxes and Amortization	57.92	99.48	141.00	185.42	196.82	305.48	337.30	459.07	534.86	641.60
Profit Before Tax	43.23	78.51	120.54	166.25	167.27	290.31	309.87	373.81	457.18	595.10
Profit After Tax	30.53	63.21	102.15	143.54	145.23	228.16	242.05	305.43	371.39	478.69
Financial Position										
Share Capital	5.79	13.44	26.88	28.96	30.08	31.19	62.39	62.39	62.39	62.39
Reserves and Surplus	80.82	162.57	235.55	620.07	901.83	1,104.00	1,278.42	1,545.93	1,807.83	2,067.46
Loan Funds	174.22	109.84	56.06	35.80	70.28	115.81	133.62	128.58	108.78	195.52
Current Liabilities	131.12	232.61	281.69	474.05	385.47	416.17	642.13	854.44	817.38	1,020.99
Gross Block	108.24	175.65	273.61	427.88	523.41	673.64	829.91	975.32	1,108.91	1,188.23
Net Block	92.33	153.20	242.25	385.25	465.48	601.23	730.30	833.95	913.54	934.06
Total investments	3.17	3.17	3.47	164.79	387.87	531.71	715.47	775.07	791.92	882.52
Cash and Bank Balance	8.18	8.33	33.17	64.91	157.37	68.23	49.18	136.21	246.54	626.16
Current Assets	295.69	363.26	332.99	575.39	394.00	509.79	675.23	901.72	906.28	955.36
Earning per share										
EPS-as reported	26.34	24.26	19.00	26.00	24.93	36.57	19.40	24.48	29.76	38.36
EPS-adjusted for bonus issue/split	3.29	6.06	9.50	13.00	12.46	18.29	19.40	24.48	29.76	38.36

* Turnover gross is after deducting turnover discount, incentive and rebates.

NOTES

NOTES

Havells India Limited
Regd. Office: 1, Raj Narain Marg, Civil Lines, Delhi - 110 054 (India)
Corp. Office: QRG Towers, 2D, Sector 126, Expressway, Noida-201304(U.P)
Ph.: +91-120-4771000, Fax: +91-120-4772000
Email: marketing@havells.com, www.havells.com
Consumer Care No.: 1800 11 0303, 1800 103 1313 (All Connections), 011-41660303 (Landline)
Join us on Facebook at www.facebook.com/havells and share your ways to save the planet!
CIN: L31900DL1983PLC016304

HAVELLS