QRG GROUP

HAVELLS

17th July, 2017

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400 001

Scrip Code : 517354

Sub: Annual Report for FY 2016-17 u/r 34 of the SEBI Listing Regulations 2015

Dear Sir,

Please find enclosed herewith the **34th Annual Report of the Company** viz. Havells India Limited for the year ended 31st March, 2017 as approved and adopted in the AGM of the Company held on 7th July, 2017.

Also enclosed is the Sustainability Report of the Company published in respect of financial year 2016-17.

This may be taken as due compliance of relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Kindly acknowledge receipt.

Thanking you.

Yours faithfully
For Havells India Limited

(Sanjay Kumar Gupta)
Company Secretary

Encl: A/a

HAVELLS

DEEPER INTO HOMES

Havells India Limited

34th Annual Report 2016-17

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CORPORATE INFORMATION

Company Secretary
Sanjay Kumar 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
D-94, 9th Floor, Himalaya House,
23, KG Marg, Connaught Place,
New Delhi - 110 001

Bankers
1. Canara Bank
2. Yes Bank Limited
3. HSBC Bank Limited
4. Standard Chartered Bank
5. ICICI Bank Limited
6. State Bank of India
7. IDBI Bank Limited
8. Axis Bank Limited

Registrars and Share Transfer Agent
Link Intime India Private Limited
44, 2nd Floor, Naraina Community
Centre Phase I, Near PVR Cinema,
New Delhi - 110 028
Tel: 011-41410592, 011-41410593
Fax: 011-41410591
Email: delhi@linkintime.co.in

Listed on
1. National Stock Exchange of India Limited
2. BSE Limited

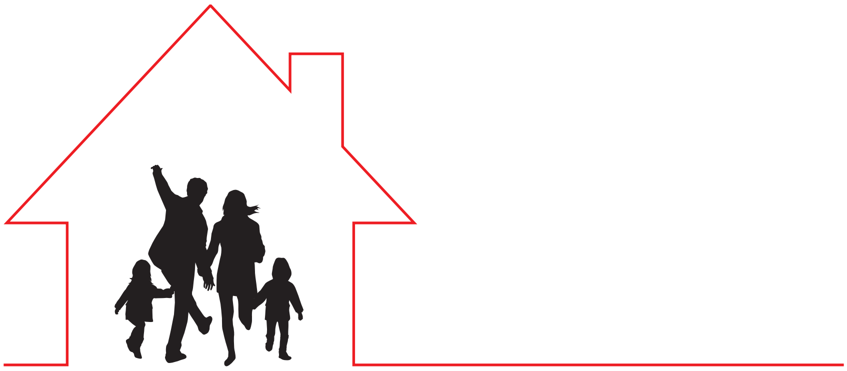
Registered Office
904, 9th Floor, Surya Kiran Building,
K G Marg, Connaught Place,
New Delhi-110 001

Corporate Office
QRG Towers, 2D, Sector-126,
Expressway, Noida-201 304, U.P.
Tel: +91-120-3331000
Fax: +91-120-3332000
Website: www.havells.com
CIN: L31900DL1983PLC016304

BOARD OF DIRECTORS

Business Review
Directors' Report
Management Discussion and Analysis
Corporate Governance Report
Financial Statements

BUSINESS REVIEW



FROM TOUCHING THEIR LIVES TO TOUCHING THEIR HEARTS

FROM REACHING OUT TO REACHING WITHIN

At Havells, we have moved, slowly and surely, into the heart and hearth of our consumers' homes.

We have understood the pulse of their dreams.

We have mastered the art of realising their aspirations.

With our innovative products and services, we have created experiences and made memories out of every moment.

As we move deeper into their homes, we realize the humungous responsibility towards our consumers.

WE PROMISE TO MEET ALL THEIR ASPIRATIONS-TODAY, TOMORROW AND ALWAYS!

DEEPER. CLOSER.

From touching the lives of consumers... To driving innovation to meet their aspirations.

Our products resonate with the deepest desires of our consumers, touching their lives in every way. From the kitchen to the bathroom, from the lounge to the bedroom, we are there in every bit of their homes, across geographies. With innovation at the core of our product strategy, we are constantly delivering products that are technically more advanced and aesthetically more appealing.

GETTING CLOSER TO THE YOUTH

Our customers have always considered us as a youthful and a dynamic brand. These sentiments were echoed in a research undertaken to understand consumers' expectations from us especially the youth. In order to address their needs, we launched an array of exciting, contemporary and innovative personal grooming products including electric shavers, beard trimmers, grooming kit (precision nose and ear trimmer), hair straighteners & dryers, and bikini trimmers. In this burgeoning category, we aim to capture around 25% market share in next three years.

BRINGING INNOVATION CLOSER TO HOMES

A series of innovations enabled us to create more avenues for reaching out to customers across regions and social strata.

- Our first indigenously designed, developed and manufactured Euro-II series of MCB and RCCB are matched to global standards of quality, functionality and design excellence. The series is aimed at further cementing our leadership position in the Switchgear industry.
- The launch of first of its kind MCB in an enclosure-REO Armour is an affordable option for the low cost housing sector to wean it away from the sub-standard MCBs normally used for protection against electrical hazards.
- Our newly launched range of highly advanced water heaters, designed and manufactured in India under the Adonia series, has set a new benchmark in the global water heater industry. It is equipped with patented temperature sensitive colour changing LED technology, first of its kind in the world, and comes with India's first integrated shock resistant plug for maximum safety.
- Foraying into the air purifiers segment, we have launched a pioneering and premium range of air purifiers in three different capacities that are equipped with HEPA technology to combat the problem of air pollution in the homes of our discerning consumers.
- Under the brand Crabtree, we entered into the business of automation in association with HDL Automation. We have launched integrated automation solutions for homes, offices and hotels, addressing the growing needs of our tech-savvy consumers for automation. This also supports the government's 'Smart City' initiative.

Delving deeper into homes

Our

₹1,600 crore

acquisition of brand Lloyd has marked our foray into the $15 billion consumer durables industry and enabled us to delve deeper into the homes of our consumers with top quality products such as air-conditioners, LED TVs and washing machines.

FANNING OUR WAY INTO THEIR HEARTS

We continue to revolutionise the fan's business, with several pioneering breakthroughs underlining the segment expansion during the year. Our product innovations in this category included Octet (India's first fan with eight blades), Futuro (India's first Smart Fan equipped with Bluetooth technology), Efficiencia (BLDC fan that saves 57% more energy), Urbane and Enticer Art (both aimed at the stylish consumers), besides a complete and electrifying new range of pedestal fans.

STRENGTHENING PRESENCE IN EXISTING & NEW MARKETS

With our eyes firmly on our existing markets, as well as the new high-potential markets where we perceive growth coming in, we made deeper inroads into various regions of the country during FY 2017.

We enhanced our presence in the domestic market with the addition of dealers, distributors, retailers and exclusive brand shops - Havells Galaxy. During the year, we added over 1700 dealers, of which over 400 were in rural areas alone. To serve our customers better, we further launched various products in different segments like new range of modular switches, air coolers, fans, MCB, etc. We also launched various innovative solar products like solar lanterns, home lighting systems, DC fans and small power packs. Our solar products would also cater to growing B2B consumer segments with solar street lights, mini masts, off-grid and on-grid inverters, etc. We are constantly moving deeper into the country and thereby touching the lives of our consumers.

Our new range of first-of-their-kind fans have been indigenously designed and developed. With their unique blend of high-end technology, superior performance and exquisite design, these fans are custom-crafted for the modern and sophisticated consumer. Further fortifying our position as a 'Brand of Choice', these fans are set to revolutionise the industry in India.

CUSTOMIZED TO REGIONAL ASPIRATIONS

Regional needs and desires write our growth and expansion strategy. As a result, we are continuously striving to develop innovative, customised products and solutions that address the specific needs of consumers in various parts of the country. We follow a bottom-up approach in drafting our strategic blueprint, which is focussed on moving outward from the core, and helps us entrench the Havells brand firmly in the hearts and minds of consumers in a particular region before expanding to encompass other areas of growth.

Looking Eastward

From launching Havells World in Kolkata, to offering the most advanced water heaters in Mizoram, we continued to sharpen our focus on the Eastern and North-Eastern markets of the country. Havells World in Kolkata is the first such display and learning centre in the entire Eastern region and second in the country after Delhi – a sign of the region's importance in our growth strategy.

The North East market got a further boost with the launch of a switchgear plant in the outskirts of Guwahati, Assam. This greenfield project would manufacture MCBs, switches and electronic products. This is the first plant of Havells outside North India. With this plant, Havells now has 12 manufacturing units across 7 locations in the country.

Our growing market footprint underlines our commitment to reaching out to consumers across the length and breadth of the country and building relationships that are not limited by geographical contours.

DEEPER. CLOSER.

From connecting more strongly with dealers... To empowering them to scale new frontiers of growth.

Our dealers are our partners. We believe that our growth is inexorably linked with their growth and follow a participative approach to work closely with them. The dealers are our channels to reach out to our customers more effectively and efficiently. We continue to partner them in their progress.

NURTURING A DIFFERENTIAL CONNECT

Our efforts to remain connected with the dealers are led by various differentiated programmes and schemes that are launched from time to time to facilitate their growth and empowerment. Some of the schemes which have, over the years, helped us to progressively come closer to our dealers, and their families, are: Insurance scheme, QRG growth fund, Shahenshah and the Graha Lakshmi scheme.

MONETISING DEALERS DURING DEMONETISATION

Demonetisation drive came as a shock to everyone including our dealers. There was chaos and insecurity all around. Apart from the loss of sales and income, our dealers were worried about direction and outcome. We took several initiatives to bring confidence within our dealers and explained them how demonetisation would help in the short-term, provided there were some short term structural adjustments. We addressed their immediate concerns by easing incentive and cash collection schemes. As a result, while the industry suffered, Havells registered one of the best quarters as the outreach generated significant goodwill and appreciation from partners.

Incidentally, this was not the first time that we came out with unique initiatives to help our dealers survive crisis periods. The economic depression of 2008 had also witnessed several unparalleled initiatives on the part of Havells to help out the dealers.

AUGMENTING DEPTH. EXPANDING REACH.

7,575
Our total dealer strength

1,702
New dealers added in FY 2017

"For the last 15-20 years, since I associated with Havells, I have grown remarkably in my business. Hassle-free payment, great service, dealer and customer-friendly approach and total transparency in accounts make working with them a real pleasure. Their dealer schemes like Graha Lakshmi, Shahenshah scheme, etc. make it a total win-win situation for us. Even demonetisation proved to be no problem with Havells as they did everything possible to boost our confidence and support us during the period of crisis."

Sanjay Bansa, Krishna Electricals, Yamunanagar

"I have enjoyed 12 years of emotional attachment with Havells, which I have found to be fully reciprocated. And this feeling continues. How important Havells is to me can be gauged by the fact that 50% of my turnover comes from them. The best part about this company is their unique culture – no other company guides you on ways to boost your own business. And there are all those great schemes they have introduced for us, such as the QRG mutual fund scheme, Shahenshah scheme, etc. Besides, you can reach out to any member of Havells, up to the highest levels at any time, for any problem."

Sunil Sethia, Sethia Electricals, Gurgaon

DEEPER. CLOSER.

From strengthening our relationship with retailers & vendors... To facilitating their progress year-on-year.

Our strategic approach towards the retailers and vendors has a differential undertone that makes it one-of-its-kind in the industry. Schemes like Sampark, Retail Last Mile and E-Plus have helped deepen our retailer connect while facilitating their efforts to take our products deeper into the homes of the consumers.

FINDING NEW ROUTES TO CONSUMER HOMES

In an effort to reach out to consumers across segments and geographies, we opened two new retail channels for the supply of our products to consumers. These are the Canteen Stores Department (CSD) and Central Police Canteen (CPC). E-commerce is another channel that we expect to grow in the coming years as more and more consumers look to buy branded electrical products from the comfort of their homes.

MAKING SUCCESS A HABIT

The Vendors Society (HABIT-Havells Association of Business Innovation and Transformation) is a 5-phased, 18-month programme run by qualified lean consultants recognised by MSME, under the Government of India's Lean Manufacturing Competitiveness Scheme (LMCS). HABIT is currently working with 57 suppliers in 6 Lean Manufacturing Clusters (LMCs), each of which has 6-10 MSME suppliers. Accompanied by a Havells representative, LMC visits each supplier at decided frequency to identify gaps in execution on technical as well as resources front, and close the visible gaps. Monthly review is done with all suppliers and LMC reviews the progress and targets achieved, and plans further steps. At the end of the phase, MSME conducts an audit to verify the progress and conclude.

"My 10-year association with Havells has been an extremely fruitful one. The growing demand for Havells products ensures that profitability is not an issue. It's not just their product lines but also their way of functioning that makes working with Havells a pleasure and, of course, a rewarding experience."

Shiv Kumar, Yash Electricals, Gurgaon

"It has been three years with Havells and the journey has been a highly beneficial one. The teams are customer-focussed, which ensures that all consumer problems are resolved promptly. This obviously means that customers are inclined towards the brand, leading to continuous business growth and expansion."

Randhir Singh, Balaji Electricals, Gurgaon

DEEPER. CLOSER.

Getting deeper and closer in our people relationships

We believe that our people are our bridge to consumers. We have put in place a robust mechanism to empower our employees, thus enabling them to understand and appreciate the needs of our consumers.

Nurturing talent an its acquisition is an important facet of our HR philosophy, which has carefully built a strong management bandwidth and a healthy talent pipeline across the organisation. We have experienced professionals to head the various Strategic Business Units (SBUs), which have been created to ensure growth across each of our business verticals.

With employees drawn from a cross section of the industry, including FMCG, Telecom and Cement to name a few, the team at Havells has been imbued with a new level of experience, backed by novel and innovative ideas, systems and processes. Customers and dealers as well as the employees have been major beneficiaries of these changes, which we see is helping us align even better with global best practices year-on-year.

We have established a robust Performance Management System to drive performance and develop people, besides conducting an Employee Satisfaction Survey through GALLUP to understand the satisfaction level of our employees.

EMPOWERMENT THROUGH TRAINING

With a focus on enhancing our people skills and empower them to interact better with internal and external customers, we conduct regular, need-based training programmes for employees at branch, head office and plant level. During the year, 1,800 employees were trained on sales efficiency. A total of 11,748 man days of training were conducted in technical and functional areas, while a few training programmes were held on 5S, Kaizen, Supervisory and negotiation skills. To simplify and streamline the training process, we also introduced an online product training portal and induction module for all existing and new employees.

KEY EMPLOYEE WELFARE INITIATIVES

- Medical insurance, bonus, and other schemes such as Personal accident, Group Term life insurance, subsidised lunch, etc, are given to employees to keep them motivated
- Employee engagement events and activities at all levels in the plants, including workmen are organised – e.g. festival celebrations, health & safety events, quality events, Kaizen championship, blood donation camps, celebration on special days, poster/slogan competitions, fire drill, QRG Shiksha Yojna

Through my 17 years journey with Havells, I have felt myself to be a part of a big and caring family. The environment at Havells is one of nurturance, with the management taking all possible initiatives to ensure a safe and healthy working environment, devoid of strain of any kind, enabling us to give our 100% to our work."

Anoop Yadav
(Neemrana Plant)

The organisation understands the importance of a healthy work-life balance and ensures that the employees stay productive and motivated at work. The various employee engagement activities help you feel being a part of a bigger organisation and makes you feel that your contribution is worthwhile."

Pooja Berry
(Head Office)

DEEPER. CLOSER.

Committed to the cause of sustainable development

Inclusive and sustainable development, encompassing all stakeholders, is at the heart of our growth strategy. Environmental conservation remains a key focus area of our CSR thrust and we continue to align our CSR initiatives with our sustainability goals during the year, moving in tandem with the overarching goals laid down by the Government of India and the United Nations Sustainable Development Goals.

Havells CSR ethos are motivated by the belief that small steps lead to meaningful change in people's lives (Chhote Kadam Badi Soch). Driven by this philosophy, we are committed to proactively scaling up our social responsibility engagement with the people.

6 PILLARS OF OUR CSR AGENDA

- Health & nutrition
- Sanitation
- Education
- Environment
- Skill development
- Heritage conservation

HAVELLS MID-DAY MEAL PROGRAMME

Propelled by the ethos of eradicating hunger and malnutrition, we are working on the 'Goal 2 – Zero Hunger' that we adopted way back in 2005. Today, we serve more than 58,000 students across 688 schools every day, in Alwar district of Rajasthan under mid-day meal programme. The programme is being implemented in government schools in collaboration with the Government of Rajasthan, with the Company retaining quality control across the value chain.

THE HAVELLS KITCHEN

4
acres of area

160
staff members

26
delivery vans

66 million
Mid-Day meals served by Havells kitchen so far

2,050
No. of bio-toilets built so far in 250 government schools

HAVELLS SANITATION PROGRAMME

Cognizant of the importance of WASH (Water, Health and Hygiene) in the overall development of children and their families, we launched a sanitation drive in FY 2014 by building eco-friendly bio-toilets in government schools where we serve mid-day meal. Today, not only are we funding the upkeep of these bio-toilets but also focus on another key aspect which is sensitising stakeholders on the importance of sanitation. These behavioural change workshops are being conducted for students, families and communities to ensure long-term success of the programme.

HAVELLS SUSTAINABLE CSR PROGRAMME

In a unique initiative, we reused wooden planks which come as packaging material with Aluminium sheet at our Haridwar plant, to make tables and benches. These were donated to needy government schools, thus nurturing the desires and aspirations of our future generations.

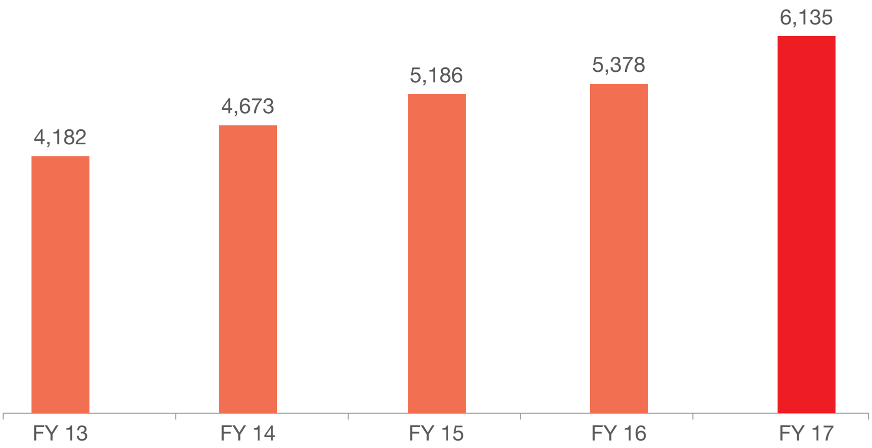
470
Tables/benches made from waste wooden planks donated so far

FROM DEEPER TO STRONGER

Our strategy to get deeper into homes of our consumers continues to yield robust results, strengthening our financial base year-on-year.

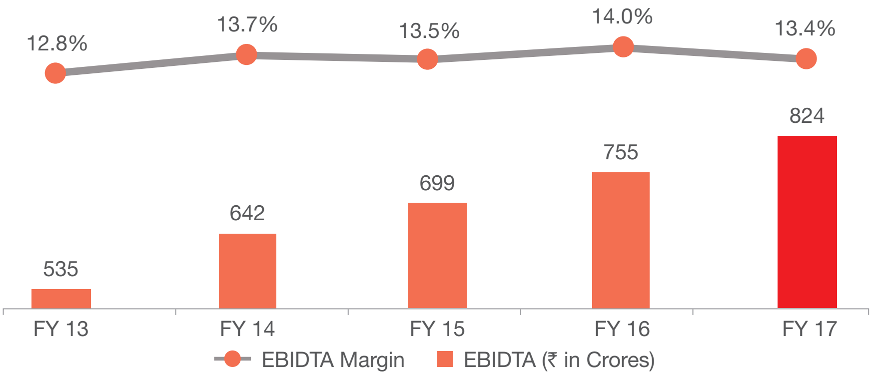
Net Revenue
(₹ in Crores)

14%
growth



EBIDTA* & EBIDTA Margin* (%)

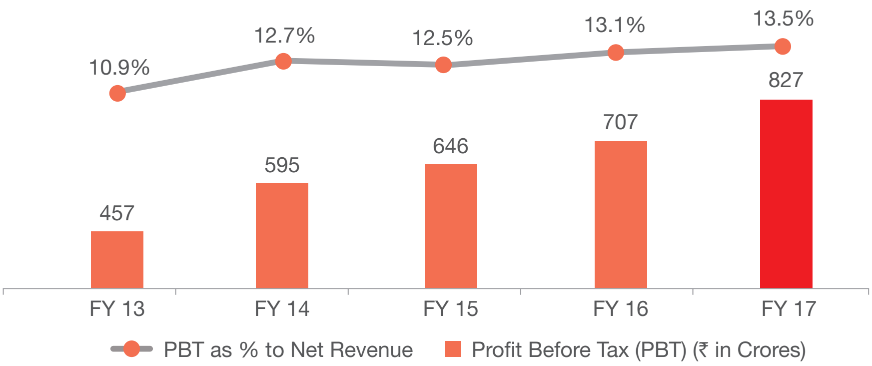
9%
growth



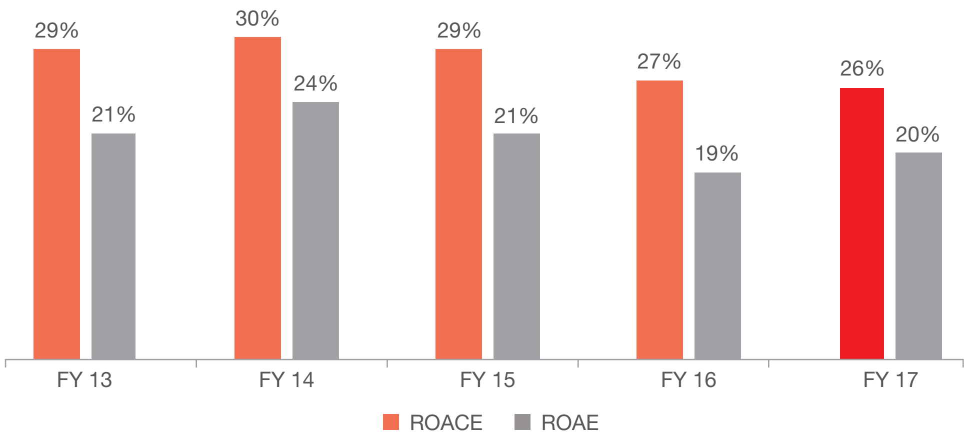
*Earnings Before Interest, Depreciation, Tax & Amortisation.

Profit (Before Tax and Exceptional Items) (PBT) & PBT as % to Net Revenue

17%
growth

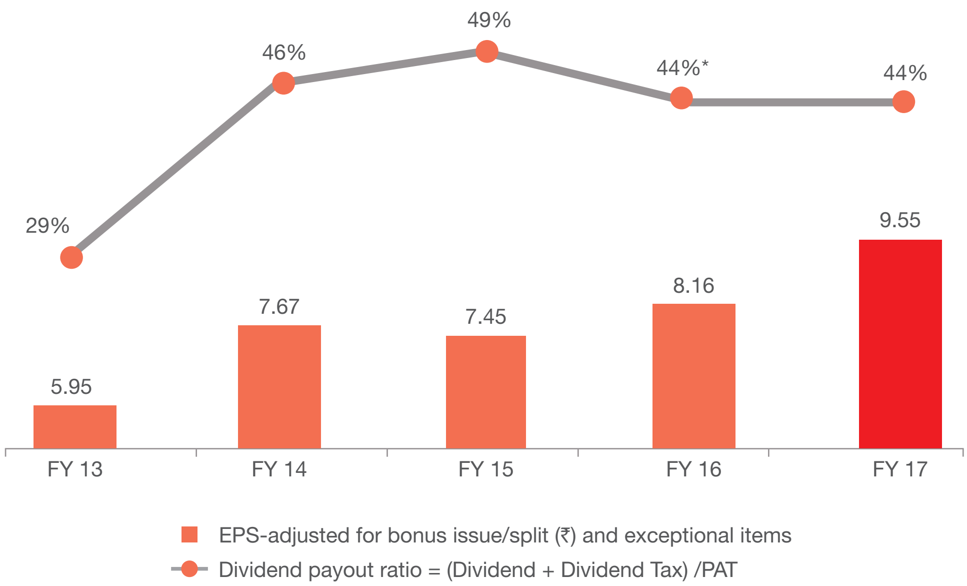


Return on Average Capital Employed (ROACE) & Return on Average Equity (ROAE) (%) (on normalised basis)



Earnings Per Share (₹) and Dividend Payout Ratio (%)

17%
growth



** Excludes interim (special) dividend of ₹ 3 per share.*

CHAIRMAN'S LETTER

14%
Company's revenue growth

17%
Company's PAT growth

12
state-of-the-art plants in the country

Dear Shareholders,

It was around FY 2008 when global financial crisis plunged businesses into a VUCA (Volatile, Uncertain, Complex & Ambiguity) environment. The world seemingly hasn't changed much in these 10 years as we continue to grapple with VUCA and a stable global environment is still elusive.

Closer home, India experienced its own disruption with an unprecedented and audacious act of demonetisation. In a purported bid to weed out black money, nearly 85% of the currency in circulation was sucked out of the system.

The sudden act, led to utter uncertainty, chaos and insecurity that gripped businesses & individuals alike. Havells swiftly reviewed the emerging scenario, in respect to our key stakeholders including dealer channel. We realised that dealers were at a loss on how to react to demonetisation requiring communication and guidance. Your Company immediately arranged a simultaneous audio broadcast with 5000 dealers wherein I along with the team addressed their anxieties and concerns clarifying how the current demonetisation would be beneficial in the long term and extended certain relaxation for their immediate worries on sale and cash collection.

We also marked our entry into solar solutions and rooftop solar power generating systems for both home and the industry.

I am pleased to share with you that we manage this entire tumultuous period in an orderly manner, normalising operations in a relatively short period. Our outreach generated significant goodwill and appreciation from partners and further cemented our reputation as a dealer-friendly company.

The year was capped by the significant acquisition of Lloyd consumer business, marking Havells foray into large appliances like air-conditioners, LED TV & Washing machines. The acquisition is in line with your Company's strategy of delving 'Deeper into Homes' with a fast growing Lloyd brand and a well oriented distribution and service network.

Consumer durables is a high growth segment led by a lower penetration, increasing urbanisation and expanding aspirational middle class. We are confident that the acquisition would contribute significant value to our shareholders.

Beyond acquisition, we made meaningful progress in other business through launch of new products, extensions and categories. We continued to innovate and created opportunities, bolstered revenue in each product category. While the Company's revenue grew by 14%, the profitability grew by 17%.

On the back of consistent feedback and expectations of consumers, we introduced a wide range of personal grooming products, especially for the youth of the country. During the year, we also introduced high quality air coolers that will be indigenously manufactured at our Neemrana plant. In the fiscal, we also marked our entry into solar solutions and rooftop solar power generating systems for both home and the industry. The new business division christened as "Havells Enviro" has already installed a total of 3.5 MW rooftop solar system at your Company's Faridabad Plant and Alwar Plant.

Your Company is committed to 'Make in India' since its inception. We further strengthened our manufacturing footprint with a switchgear plant at Guwahati in Assam. This is the Company's first plant outside North India. With this addition, Havells now has 12 state-of-the-art plants in the country across 7 locations.

Havells has been at forefront to discharge its social obligation, through varied initiatives contributing to a bright future for India. During the year, we served over 11.6 million meals to around 58,000 children daily across 688 government schools in Alwar, Rajasthan. We also constructed over 1200 eco-friendly bio-toilets in addition to existing strength of 800, ensuring safe and clean sanitation facilities for both boys & girls. To ensure the toilet's optimum usage and maintenance, we are also conducting sanitation sensitisation workshops. This will help children understand the importance of health and hygiene and inculcate these habits from an early age.

We are excited about the opportunities in FY 2017-18 and beyond. We concluded FY 2016-17 on a stronger note delivering on our strategic priorities and generating positive momentum across the board. We continue to be guided by our founder's principles of humility, transparency, respect and continuous learning & adaption. We believe that India is in a golden growth phase for the next few decades and Havells is prepared to discharge its role in fulfilling the aspiration of India & her people.

Before I conclude, I would like to thank your Company's employees, the board and all other stakeholders for their consistent commitment, engagement, support, and encouragement in our journey. We will continue to seek our shareholders' participation and support, as we extend our footprint to create new pathways to progress and tap impending strategic investment opportunities.

Thanking you,

With warm regards,
Anil Rai Gupta

MILESTONES: A JOURNEY OF DEEPENING THE CONNECT

1958
- Our Founder Chairman Shri Qimat Rai Gupta commenced trading operations in Delhi in the name of Guptajee & Co. in Delhi

1971
- Acquired Havells brand and started Havells Industries

1977
- Set up plant for manufacturing Rewirable Switches and Changeover Switches at Kirti Nagar, Delhi

1979
- Set up a plant for manufacturing HBC Fuses at Badli, Delhi

1980
- Started manufacturing high quality Energy Meters at Tilak Nagar, Delhi

1983
- Havells India Ltd. was incorporated
- Acquired Towers and Transformers Ltd. and turned it into a profitable company, manufacturing Energy Meters

1985
- Started manufacturing MCBs at Badli, Delhi, in a Joint Venture with Geyer of Germany

1990
- Set up a manufacturing plant at Sahibabad, UP for Changeover Switches

1992
- Set up a manufacturing plant at Faridabad, Haryana for Control Gear Products
- Listed Havells on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE)

1996
- Started manufacturing MCCBs in Joint Venture with Electrium as Havells Dorman Smith Ltd.
- Set up a manufacturing plant for cables and wires in Alwar

1997
- Acquired Electric Control & Switchboards at Noida, UP, for manufacturing switchboards
- Launched Crabtree wiring accessories in joint venture with Electrium

1998
- Introduced high-end Ferraris meters in joint venture with DZG, Germany

2000
- Acquired controlling stake in Standard Electricals Ltd.
- Acquired controlling stake in Duke Arnics Electronics (P) Limited, engaged in manufacturing of Electronic Meters

2001
- Acquired business of Havells Industries Ltd.
- Acquired MCCB business of Havells Dorman Smith Ltd.
- Acquired 100% of Havells Dorman Smith and renamed it to Crabtree India Ltd.
- Acquired Crabtree brand for India, Pakistan, Nepal and Bangladesh
- Merged ECS Limited in the Company

2002
- Standard Electricals Ltd. became a 100% Subsidiary of Havells India Ltd.
- Attained IEC certification for Industrial Switchgear from CSA

2003
- Entered the business of Fans
- Started manufacturing CFLs
- Started the business of Lighting Fixtures

2004
- Set up a plant for manufacturing Domestic Switchgear at Baddi, HP

2005
- Set up unit in Haridwar, Uttarakhand for manufacturing fans
- Set up R&D Centre at Noida H.O.
- Started Mid-Day Meal programme in Alwar, Rajasthan with 1,500 students
- Awarded KEMA certification by The Dutch Council for Accreditation

2006
- Expansion at Alwar manufacturing plant for increase of production capacity
- Set up an Export-Oriented Unit at Baddi, HP

- Crabtree India merged with Havells India Limited

2007
- Set up Capacitor manufacturing plant in Noida, UP
- Acquired "Sylvania", a global leader in lighting business
- Warburg Pincus, a global private equity firm and one of the largest investors in India, invested $110 million in Havells India Ltd.
- QRG Group entered healthcare business by acquiring a majority stake in Central Hospital and Research Centre, Faridabad

2008
- Set up fully automatic plant for Motors in collaboration with Lafert of Spain in Neemrana, Rajasthan
- First Indian CFL manufacturer to adopt RoHS, (European norms on Restriction of Hazardous substances) in CFLs
- Set up Global Corporate office, QRG Towers in Noida, UP
- Adopted a new Corporate Brand identity
- Set up a factory for switchgears in Haridwar, Uttarakhand

2009
- Set up 2nd fully automatic manufacturing unit for switchgears at Baddi, HP
- Global consolidation of CFL manufacturing plant at Neemrana, Rajasthan for domestic and export purposes

2010
- Set up 2nd unit for manufacturing fans at Haridwar, Uttarakhand
- Set up world's first new generation CMH Lamp plant at Neemrana, Rajasthan
- Entered Electrical Water Heaters business

2011
- Set up a new Industrial Switchgear plant in Sahibabad, UP
- Launched Domestic Appliances
- Standard Electricals merged with Havells
- Entered into a Joint Venture with Shanghai Yaming Lighting, China

2012
- Set up India's first and only large scale Lighting Fixtures plant at Neemrana, Rajasthan
- Launched Copper Flexible Cables under the Standard brand
- Launched Crabtree XPRO Switchgear
- Entered new segment of piano switches under REO brand
- Expanded Baddi plant for manufacturing piano switches
- Set up a factory in Haridwar for manufacturing TPW range of fans

2013
- Set up first private cable & wire testing facility at Alwar plant
- Entered the business of Self-Priming Monoblock Pumps
- Introduced first Sustainability Report
- Announced transfer of brand rights from promoter company QRG Enterprises Limited to Havells India Limited

2014
- Introduced Premium Fans under Standard Brand
- Became the only company to manufacture entire range of Ceiling, Table, Pedestal and Wall range of Fans in-house

2015
- Pledged to build eco-friendly bio-toilets in Alwar district of Rajasthan
- Introduced India's First Brightest LED Lights
- Launched the world's most modern electric water heater plant in Neemrana, Rajasthan
- Divested 80% stake in Sylvania
- Acquired majority stake in Promptec Renewable Energy Solutions Pvt. Ltd.

2016
- Re-launch of brand Standard
- Launched home automation & control in Crabtree brand
- Transfer of brand rights to Havells India Limited
- Entered the Solar business with streetlight, consumer products and rooftop generation solutions
- Built 800 eco-friendly bio-toilets in about 100 schools in Alwar district of Rajasthan

2017
- Launch of Personal grooming business
- Acquired the Consumer Durables Business of Lloyd Electric and Engineering Limited thereby entered the business of Air conditioners, LED TV and washing machines
- Built over 1250 bio-toilets in about 150 schools in Alwar district of Rajasthan

DIRECTORS' REPORT

To
The Members

Your Directors take pleasure in presenting their 34th Annual Report on the business and operations of the Company and the accounts for the Financial Year ended 31st March, 2017.

1. FINANCIAL SUMMARY OR HIGHLIGHTS

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

(₹ in Crores)

Particulars	Standalone		Consolidated	
	2016-17	2015-16	2016-17	2015-16
Revenue from Operations	6,585.96	5,775.42	6,612.96	8,014.35
Other Income	134.28	69.35	138.18	86.64
Operating Profit before Finance Costs, Depreciation, Tax and Extraordinary items	958.42	824.28	956.35	844.64
Less: Depreciation and amortisation expenses	119.63	104.91	120.51	134.40
Finance Cost	12.15	12.73	13.34	54.37
Profit before Tax and Exceptional Expenses	**826.64**	**706.64**	**822.50**	**655.87**
Share of profit/ (loss) of joint venture (net of tax)	-	-	(4.77)	1.75
Add: Exceptional items	(57.81)	202.39	(106.80)	862.10
Less: Tax	229.79	197.00	228.76	219.27
Net Profit for the Year from Continuing operations	539.04	712.03	482.17	1,300.45
Net Profit for the Year from Discontinued Operations			11.94	-
Profit for the year	**539.04**	**712.03**	**494.11**	**1,300.45**
Other Comprehensive Income	(2.75)	(3.58)	(23.74)	15.21
Total comprehensive income for the year, net of tax	**536.29**	**708.45**	**470.37**	**1,315.66**
Profit for the year attributable to:				
Equity holders of the parent company	**539.04**	**712.03**	494.53	1,300.11
Non-controlling interest	**-**	**-**	(0.42)	0.34
Total comprehensive income for the year attributable to:				
Equity holders of the parent company	**536.29**	**708.45**	470.79	1,315.32
Non-controlling interest	-	-	(0.42)	0.34

Your Company achieved a healthy growth across product categories, revenue grew by 14%, highest since Financial Year 2012-13. Profit before Exceptional items and tax has increased from ₹ 706.64 crores to ₹ 826.64 crores during 2016-17, witnessing a growth of 17% on year to year basis.

During the year, demonetization event caused severe anxiety and uncertainty in the industry particularly with dealer fraternity. Havells, in line with its philosophy, has well managed this disruption with reinforcement of channel confidence and regaining sales growth. Modest improvement in margins due to better product mix, withdrawal of brand royalty cost which was negated by additional schemes during demonetization.

The Company has decided to entirely exit its international operations including transfer of 20% stake in Feilo Malta Limited (erstwhile Havells Malta Limited), divestment of 100% stake in Havells Sylvania (Thailand) Limited to INESA UK Limited and orderly termination of Jiangsu Havells Sylvania Lighting Co. Ltd., a joint venture and Havells Sylvania Brasil Illuminacao Ltda's operations. The entire cost, net of gains from sale of 20% stake sale in Feilo Exim Limited (erstwhile Havells Exim Limited) during the year, is ₹ 57.81 crores. The Company is expected to receive approximately ₹ 204 crores from the above planned exit.

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

The second half of the year was challenging for businesses across sectors due to demonetisation which weighed on the growth for initial few weeks. During this period, your Company reached out to channel partners in an unprecedented manner to assure support and help them navigate during this period of uncertainty. This was in line with our commitment to further reinforce our bonding with channel partners through inclusive communication. We expanded the credit limit and time limit for our distributors to help them tide over the liquidity crunch post demonetisation and cemented our reputation of being a dealer friendly Company and also helped us register one of the best quarters.

During the year, your Company entered into an agreement to acquire Lloyd consumer durable business. The acquisition includes the Lloyd brand, distribution network and manpower of the consumer durable business of Lloyd Electric and Engineering Limited. This acquisition will help Havells participate in a high growth consumer durable segment with low penetration levels, increasing urbanization, aspirational and expanding middle class. Lloyd is amongst the top 3 brands in air-conditioners' category and has expanded into TVs and Washing machines as well. We are enthused with Lloyd opportunities enabling us to serve our consumers in a far wider scope.

In the course of the year, your Company also ventured into the environment friendly and fast growing business of solar products and projects aimed at both residential and industrial segments. The new business division christened as 'Havells Enviro' has already installed two major rooftop solar installations with a total capacity of 2.3MW at Alwar and Faridabad plants.

Your Company is a staunch believer of 'Make in India' and has followed it since its inception. During the year, we commenced production at our first plant outside North India in Guwahati, Assam. With this addition, Havells now has 12 state of the art plants in the country across 7 locations. Keeping in mind our future growth opportunities and expansion possibilities; we have acquired land in the industrial area of Ghilot in Rajasthan and Tumkur in Karnataka

Our effort to take Havells **"Deeper into Homes"** continued with our foray into personal grooming segment early this year. We also introduced new and innovative range of Ceiling, Table, Wall and Pedestal Fans for the domestic market during the year to delight our customers with incremental innovation. We launched **'Futuro'**, India's 1st smart Bluetooth technology enabled smart fan, which can be controlled by any iOS or Android Smart phone; **'Octet',** an eight blade fan that is silent and gives superior air delivery; **'Efficiencia'-** Country's first BLDC (brush less direct current) fan that is 57 % more energy efficient than a conventional fan and consumes only 32 Watt; '**Enticer Art'** a limited edition inlay design fan with unique in mould design' in plastic decorative parts, which is first of its kind; '**Urbane'**, an aesthetically designed and technically advanced under light fan equipped with LED lights with colour changing technology. Most of these fans come with dust-phobic paint finish which ensures less dust accumulation and ease of cleaning.

In the switchgear segment, your Company achieved consistent, competitive, profitable and responsible growth along with significant margin improvement. In an attempt to give top quality products to consumers at the Point of Market Entry i.e. for low cost housing and rural customers, your Company ventured into a new category this year with the introduction of Reo Armour. This product offers fool proof solution at an affordable price against electrical hazard and has carved a new segment for existing channel partners.

Your Directors are also pleased to inform you that your Company has launched new products in flexible cables segment in line with the continuing growth of the Cable and Wire businesses as demonstrated in the past few years. This move supports your Company's commitment to invest and grow in the high growth potential Cable and Wire businesses.

LED category delivered competitive growth, largely driven by shift from conventional lighting to energy efficient LED and Lifestyle focused lighting. Today, over 75% of the lighting revenues come from LED. During the year we bagged projects from EESL and Government of Delhi worth over Rs 500 cr. During the year we launched innovative LED lamps Tryca that gives 3 colours in one fixture and Quadra that has 4 different wattage and colour settings in one lamp with a click of a switch. Aimed at a big replacement market for CFL, your Company launched 'Horizon', a LED lamp that could simply replace existing CFLs without wasting light. Coping with the high demand for LED lamps and fixtures, your Company also enhanced its manufacturing capability from 5 lakhs lamps to 15 lakhs lamps.

Continuing with the legacy of strengthening our brand year after year we have embarked on landmark journey this year. New Brand positioning for all three key brands in the portfolio viz. Havells – Making A Difference, Crabtree – What A Life and Standard – Young Energy were unveiled this year. We also launched campaigns for innovative and premium products like Adonia, Water Heater and Personal Grooming category, which makes them stand apart from competition. The Havells brand revived its Cricket led media strategy with presence in major tournaments including IPL.

At the retail front, we focused majorly on increasing visibility at the shop floor, expanding our base of Havells Galaxy and SIS outlets and deployment of innovative retail fixtures & display elements in the market.

In the recent years, digital has emerged as the fastest growing medium and Havells has leveraged it effectively to communicate with consumers and dealers. Along with this, we established highly engaging social media presence for all 3 brands along with impactful marketing Campaigns. A robust Online Reputation Management System to address grievance and social listening has been introduced.

IT has been one of the core differentiators for Havells. In the fiscal 16-17 we equipped our employees and dealers with tools that helped them become more efficient and productive. We launched Sales force Automation and

Office 365 for our employees that added business intelligence and helped them access information on the go. For our Partners, we introduced Distribution Management System including host of other tools to help them grow and further expand their business. We offered connected products for our consumers giving them an enriching experience. It will also enable us to proactively track and resolve their concerns.

AWARDS AND ACCOLADES

During the year, your Company was adjudged as the best CSR activity Company in the Neemrana region. About 200 industries in Neemrana were reviewed on various aspects.

1. Mid-day meal was presented Commendation Card by Sh. Hem Singh Bhadana, Food and Supply Minister of Rajasthan.
2. The Government of Rajasthan also conferred the CSR Excellence Award – 2017 for 'Clean Water and Sanitation'. The award was presented by Shri Rajpal Singh Shekhawat, Hon'ble Minister of Industries, Government of Rajasthan along with Shri Ajitabh Sharma, Commissioner, Industries & Secretary, CSR, Government of Rajasthan and Shri Rajeev Swarup, Addl. Chief Secretary, Micro, Small & Medium Enterprises (MSME), Government of Rajasthan.

SUBSIDIARY COMPANIES, JOINT VENTURE AND CONSOLIDATED FINANCIAL STATEMENTS

During the Financial Year 2016-17, the Company sold its remaining 20% stake in Feilo Exim Limited (erstwhile known as Havells Exim Limited) to Shanghai Feilo Investment Ltd (a subsidiary of Shanghai Feilo Acoustics Co. Limited) at an agreed consideration of Euro 2.60 million (equivalent to ₹ 18.95 crores).

As on 31st March, 2017, your Company had 11 (Eleven) Subsidiary Companies whereby 3 (Three) entities are registered in India and remaining 8 (Eight) are registered outside India. 5 (Five) of these are direct subsidiaries and rest 6 (Six) are step-down subsidiaries. The consolidated profit and loss account for the period ended 31st March, 2017 includes the profit and loss account for these 11 (Eleven) subsidiaries and the Joint Venture Company for the complete Financial Year ended 31st March, 2017.

The 5 (Five) Direct Subsidiaries are –

1. Havells Holdings Limited based at Isle of Man. This entity is an SPV formed for the purpose of holding investments and mobilizing funds for the 6 (Six) step-down subsidiaries of the Company
2. Havells Guangzhou International Limited based at China.
3. Promptec Renewable Energy Solutions Private Limited based at Bangalore. This entity is engaged in marketing and manufacturing of LED products including street lighting, office lighting and Solar lighting.
4. Standard Electrical Limited based at Delhi.
5. Havells Global Limited based at Delhi.

The Board of Directors of the Company has, by Resolution passed in its Meeting held on 11th May, 2017, given consent for not attaching the Balance Sheets of the subsidiaries concerned.

The consolidated financial statements of the Company including all subsidiaries duly audited by the statutory auditors are presented in the Annual Report. The consolidated financial statements have been prepared in strict compliance with applicable Accounting Standards and where applicable, Listing Agreement and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as prescribed by the Securities and Exchange Board of India.

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

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

JOINT VENTURE

Your Company has a 50:50 joint venture in People's Republic of China with Shanghai Yaming Lighting Co. Ltd. under the name of Jiangsu Havells Sylvania Lighting Co. Ltd. (JV).

This Joint Venture Company was created with an objective to produce energy efficient lighting lamps and fixtures by using advanced technology, know-how and scientific management techniques and sell it to Havells and its other affiliates. Both the partners have made full investment in JV (USD 5.3 mn by each partner) as required by Joint Venture contract for its registered capital.

In Financial Year 2016-17, JV achieved sales of US$ 16.2 mn against US$ 18.9 mn in 2015-16 and loss for the year was 3.4% as against net profit of 2.9% in 2015-16.

The Company along with its JV partner Shanghai Yaming Lighting Co. Ltd. has decided to terminate the Joint Venture and liquidate its business. It is expected that liquidation would realize € 2.3 million for 50% stake held by Havells. The liquidation process could require upto 9 months for execution.

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

During Financial Year 2016-17, the Company sold its remaining 20% stake in Feilo Exim Limited (erstwhile known as Havells Exim Limited), an associate of the Company, to Shanghai Feilo Investment Ltd (a subsidiary of Shanghai Feilo Acoustics Co. Limited). The following entity ceased to be the associate of the Company:

- Feilo Exim Limited (Erstwhile known as Havells Exim Limited)

During the financial year ended 31st March, 2017, the Company incorporated 2 (Two) wholly-owned subsidiary companies in India and 1 (One) abroad, namely,

- Standard Electrical Limited
- Havells Global Limited
- Havells Guangzhou International Limited

4. RESERVES

Your Directors do not propose to transfer any amount to the general reserve and retain ₹ 2,430.87 crores in the profit and loss account.

5. DIVIDEND

Your Directors are pleased to recommend a final Dividend @ ₹ 3.50/- per equity share for the year 2016-17. The proposed dividend, subject to approval of Shareholders in the ensuing Annual General Meeting of the Company, would result in appropriation of ₹ 263.22 crores (including Corporate Dividend Tax of ₹ 44.52 crores). The dividend would be payable to all those Shareholders whose names appear in the Register of Members as on the Book Closure Date.

The Register of Members and Share Transfer books shall remain closed from 23rd June, 2017, Friday, to 30th, June 2017, Friday (both days inclusive).

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

No material changes and commitments affecting the financial position of the Company occurred between the end of the Financial Year to which this financial statements relate and the date of this Report.

(I) However, in terms of the Employee Stock Purchase Schemes of the Company, which are administered by Havells Employees Welfare Trust, 3,00,690 Equity Shares of ₹ 1/- each, were approved for grant on 11th May, 2017 to the eligible employees, which, if exercised, shall result in an equivalent no. of Equity Shares of ₹ 1/- to be allotted to the eligible employees under the respective schemes. A summary is given below:

	No. of Shares Granted
Havells Employees Stock Purchase Plan 2014	1,40,313
Havells Employees Stock Purchase Scheme 2015	1,50,000
Havells Employees Stock Purchase Scheme 2016	10,377

(II) By 8th May, 2017, the Company obtained requisite approvals from all the relevant authorities and concluded the transaction with regard to the purchase of consumer durables business of Lloyd Electric and Engineering Limited alongwith related brand(s).

7. CHANGE IN THE NATURE OF BUSINESS, IF ANY

There was no change in the nature of business of the Company during the Financial Year ended 31st March, 2017.

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

During the year, Shri Avinash Parkash Gandhi (DIN: 00161107), an Independent Director, ceased to be a Director of the Company effective 18th October, 2016. The Board of Directors place on record its appreciation towards Shri Gandhi's contributions during his tenure as an Independent Director of the Company.

The Board, upon the recommendations of the Nomination and Remuneration Committee, at its Meeting held on 18th October, 2016, appointed Shri Vellayan Subbiah (DIN: 01138759) as an Additional (Independent) Director. He holds office upto the date of this Annual General Meeting.

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

The Company has also received declaration from him that he meets the criteria of independence as prescribed u/s 149(6) of the Companies Act, 2013. In the opinion of the Board, he fulfills the condition for appointment as Independent Director on the Board.

Shri Subbiah is eligible to be appointed as a Director of the Company and his appointment requires the approval of Members at the ensuing Annual General Meeting.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri Rajesh Kumar Gupta (DIN: 00002842), Whole-time Director (Finance) and Group CFO and Shri T. V. Mohandas Pai (DIN: 00042167), Non-Executive Non-Independent Director, are due to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The details of Directors being recommended for re-appointment as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are contained in the accompanying Notice convening the ensuing Annual General Meeting of the Company.

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

9. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the Financial Year 2016-2017, the Board of Directors of the Company, met 6 (Six) times on 11th May, 2016, 23rd July, 2016, 3rd October, 2016, 18th October, 2016, 17th January, 2017 and 18th February, 2017.

Pursuant to the requirements of Schedule IV to the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate Meeting of the Independent Directors of the Company was also held on 11th May, 2017, without the presence of Non-Independent Directors and Members of the Management, to review the performance of Non-Independent Directors and the Board as a whole, the performance of the Chairperson of the Company and also to assess the quality, quantity and timeliness of flow of information between the Company Management and the Board.

10. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the Company for that period;

c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the directors had prepared the annual accounts on a going concern basis;

e) the internal financial controls to be followed by the Company were laid down and such internal financial controls were adequate and were operating effectively; and

f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

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

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

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

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

13. FORMAL ANNUAL EVALUATION

Meeting the requirements of the statute and considering Board Performance Evaluation as an important step for a Board to transit to a higher level of performance, the Nomination and Remuneration Committee has laid down a comprehensive framework for carrying out the evaluations prescribed in the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The framework was developed to give all Board Members an opportunity to evaluate and discuss the Board's performance openly from multiple perspectives and enhance governance practices within the Board. The framework describes the evaluation coverage and the process thereof.

Performance Evaluation of the Board and Committees

In respect of the Financial Year ended 31st March, 2017, the Board conducted its self-evaluation, that of its Committees and all of its individual Members. Some of the parameters which were taken into account while conducting Board evaluation were : Board Composition in terms of its size, diversity; Board processes in terms of communication; Disclosure of information such that each Board Meeting includes an opportunity for learning about the organization's activities through various presentations made to the Board on corporate functions, business verticals etc.; Accessibility of the Product Heads/ Factory Heads to the Board, wherever required, for informed decision-making.

The evaluation of each of the Board Committees were done on parameters such as whether key items discussed in the Committee are suitably highlighted to the Board, whether Committee effectively performs support functions to the Board in fulfilling its responsibilities etc.

Performance Evaluation of Non-Independent Directors

The performance evaluation of the Chairman and the Non-Independent Directors were carried out by the Independent Directors, considering aspects such as Effectiveness as Chairman, in developing and articulating the strategic vision of the Company; Demonstration of ethical leadership, displaying and promoting throughout the Company a behaviour consistent with the culture and values of the organisation; Contribution to discussion and debate through thoughtful and clearly stated observations and opinions; Creation of a performance culture that drives value creation without exposing the Company to excessive risk.

Performance Evaluation of Independent Directors

The performance evaluation of the Independent Directors was carried out by the entire Board, other than the Independent Director concerned, taking into account parameters such as – refrain from any action that may lead to loss of independence; refrain from disclosing confidential information, including commercial secrets, technologies, unpublished price sensitive information, sales promotions plans etc., support to CMD and Executive Directors in instilling appropriate culture, values and behaviour in the boardroom and beyond, well informed about the Company and the external environment in which it operates, moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between Management and Shareholders' interest etc.

Evaluation Outcome

It was assessed that the Board as a whole together with each of its Committees was working effectively in performance of its key functions- Providing strategic guidance to the Company, reviewing and guiding business plans and major plans of action, ensuring effective monitoring of the Management and overseeing Risk Management Function.

The Board is kept well informed at all times through regular communication and meets once per quarter and more often during times of rapid growth or if Company needs merit additional oversight and guidance. Comprehensive agendas are sent to all the Board Members well in advance to help them prepare and keep the Meetings productive. The Company makes consistent efforts to acquaint the Board with the overall business performance covering all Business verticals, by way of presenting specific performance of each Plant (based on predefined factory rating parameters), Product Category and Corporate Function from time to time.

The performance of the Chairman was evaluated satisfactory in the effective and efficient discharge of his role and responsibilities for the day to day Management of the business, in line with the strategy and long term objectives.

The Executive Directors and Non-Executive Directors provided entrepreneurial leadership of the Company within a framework of prudent and effective controls, with a balanced focus on policy formulation and development of operational procedures.

It was acknowledged that the Management afforded sufficient insight to the Board in keeping it up-to-date with key business developments which was essential for each of the individual Directors to maintain and enhance their effectiveness.

14. EXTRACT OF THE ANNUAL RETURN

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

15. AUDITORS

1. STATUTORY AUDITORS

In terms of the transitional provisions applicable to Statutory Auditors under the Companies Act, 2013, M/s S. R. Batliboi & Co. LLP, Chartered Accountant (Registration No. 301003E/ E300005) and M/s V. R. Bansal & Associates (Registration No. 016534N) were appointed as the statutory auditors of the Company for a period of 5 (Five) years and 1 (One) year respectively in the last Annual General Meeting (AGM) of the Company held on 13th July, 2016.

Accordingly, M/s V. R. Bansal & Associates shall be holding office as Statutory Auditors only till the conclusion of the ensuing AGM of the Company.

Further, as per provisions of Section 139(1) of the Act, the appointment of S. R. Batliboi is subject to ratification by Members at every AGM. The certificate of eligibility under applicable provisions of the Companies Act, 2013 and corresponding Rules framed thereunder was furnished by them last year towards appointment of a 5 (Five) year term.

As required by the provisions of the Companies Act, 2013, their appointment should be ratified by Members each year at the AGM. S.R. Batliboi & Co. LLP has confirmed that ratification of their appointment, if made at the ensuing AGM, shall be in accordance with the conditions specified in the Act. Accordingly, requisite Resolution forms part of the Notice convening the Annual General Meeting.

STATUTORY AUDITORS' REPORT

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

2. COST AUDITORS

As per Section 148 of the Companies Act, 2013, the Company is required to have the audit of its cost records conducted by a Cost Accountant in practice.

Pursuant to the provisions of Section 141 read with Section 148 of the Companies Act, 2013 and Rules made thereunder, M/s Sanjay Gupta & Associates, Cost Accountants (Firm Regn. No. 000212) were appointed as the cost auditors of the Company for the year ending 31st March, 2017.

The due date for filing the Cost Audit Report of the Company for the Financial Year ended 31st March, 2016 was 10th July 2016 and the same was filed in XBRL mode by the Cost Auditor on 11th June, 2016.

The Board in its Meeting held on 11th May, 2017 appointed M/s Sanjay Gupta & Associates, Cost Accountants as the cost auditors of the Company for the financial year 2017-18.

3. SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with corresponding Rules framed thereunder, M/s MZ & Associates were appointed as the Secretarial Auditors of the Company to carry out the Secretarial Audit for the year ending 31st March, 2017.

SECRETARIAL AUDIT REPORT

A Secretarial Audit Report given by the Secretarial Auditors in Form No. MR-3 is annexed with this Report as **ANNEXURE – 3**. There are no qualifications, reservations or adverse remarks made by Secretarial Auditors in their Report.

The Board in its Meeting held on 11th May, 2017 appointed M/s MZ & Associates as the Secretarial Auditors of the Company for the financial year 2017-18.

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

During the Financial Year ended 31st March, 2017, no Loan u/s 186 of the Companies Act, 2013 was made by the Company. The particulars of investments made and guarantees given by the Company, under Section 186 are furnished in **ANNEXURE – 4** and form part of this Report.

17. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

18. CONTRIBUTION TO EXCHEQUER

The Company is a regular payer of taxes and other duties to the Government. During the year under review your Company paid ₹ 247.10 crores towards Income Tax (including Corporate Dividend Tax) as compared to ₹ 221.71 crores paid during the last Financial Year. The Company also paid Excise Duty of ₹ 450.70 crores, Custom Duty, Sales Tax & Service Tax of ₹ 665.60 crores, totaling ₹ 1,116.30

crores during Financial Year 2016-17 as compared to ₹ 944.94 crores paid during last Financial Year.

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

The Shareholders vide their Special Resolution dated 9th June, 2014, passed by way of Postal Ballot, have approved inviting/ accepting/ renewing deposits, in terms of the provisions of Companies Act, 2013 making the Company eligible for the same. However, the Company has not accepted any deposits during the year under review.

20. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company, over the years, has embarked on the journey of social change through inclusive growth. The CSR initiatives undertaken not only move hand in hand with the ones envisioned by the Government but are also part of United Nations Sustainable Development Goals. These initiatives are steadily contributing to the overall growth of children and in effect the society and the nation at large.

In the year 2005, the Company started its flagship CSR program of serving mid-day meal to school children in Alwar district of Rajasthan. A humble beginning, that started with serving 1,500 children across 5 schools has today grown to serving over 58,000 students across 688 schools daily in the district.

Inculcating good hygiene habits and enhancing the lives of students has been another important pillar for your Company. In this regard the Company has built over 2,000 toilets in government schools of Alwar district, Rajasthan. Further, the Company has invested in behavioral change sensitization workshops not only for the children but also for the school teachers who can further educate parents and the public at large about the importance of cleanliness and hygiene. These measures would go a long way in securing a cleaner future and your Company's contribution towards "Swachh Bharat".

Your Company believes in Sustainable CSR that can help improve lives of students around the country. Keeping this in mind the Haridwar plant initiated a noble idea almost 2 years back, where they made benches out of wood that came as part of packaging with aluminum sheets. As on date the plant has donated over 470 benches and around 500 note books out of scrap paper and donated them to government primary school at Haridwar.

Environment is another major area where the Company is working steadfast. In Financial Year 2016-17, your Company has planted 10,000 trees in Baddi in Himachal Pradesh and Alwar & Neemrana in Rajasthan. Your Company would take care of them for next few years until they can grow on their own. The Company has also undertaken the task of managing few parks in Baddi that could help maintain greenery, save environment and help people appreciate nature's bounty.

Further, the Board of Directors have 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. The disclosures as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 are annexed herewith as **ANNEXURE – 6** to this Report in the prescribed format.

21. AUDIT COMMITTEE

As at 31st March, 2017, the Audit Committee of the Board of Directors of the Company comprised of 3 (Three) Members, namely Shri Sunil Behari Mathur, Shri Vijay Kumar Chopra and Shri Surjit Kumar Gupta, majority of them being Independent Directors except Shri Surjit Kumar Gupta, who is a Non-Independent Non-Executive Director. Shri Sunil Behari Mathur, an Independent Director, was the Chairperson of the Audit Committee. It may be noted that on 4th April, 2017, Shri Sunil Behari Mathur stepped down from the Audit Committee and in his place the Board, by way of Resolution passed by circulation on 13th April, 2017, inducted Shri Surender Kumar Tuteja, an Independent Director, as the Member of Audit Committee and also appointed him as the Chairperson of the Audit Committee.

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

22. ENTERPRISE RISK MANAGEMENT FRAMEWORK

Havells has established a robust Enterprise Risk Management Framework based on the internationally accepted COSO Model driven by The ERM Council comprising of the leadership team which reports to the Enterprises Risk Management Committee of the Board.

The Council regularly meets to identify and assess not only the status of existing risks and progress of their risk mitigation activities but also proactively draws out strategies for any prospective Strategic, Operational, Compliance or Financial Reporting risks in consultation with the various stakeholders. The Management has also recently implemented SAP GRC software to further embed a culture of risk management across the organization by leveraging in best in class technology.

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

The Risk Management and Governance Department of the Company has implemented a strong Internal

Financial Controls (IFC) Framework as per the ICAI regulations and guidelines. Risk and Control Matrices (RCMs) have been developed for all the business processes and key controls have been tested for their efficiency and effectiveness during the fiscal year.

Moreover, the testing of key controls was also carried out independently by the Statutory Auditors of the Company as mandated under the provisions of the Companies Act, 2013. In the opinion of the Board, the existing internal financial controls framework is adequate and commensurate to the size and nature of the business of the Company.

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

Prior to the statutory mandate, the Company has had in place a composite Policy “Idea & Satark”, whereby “Idea” seeks to promote a culture of innovative thinking and creativity in all aspects of business – technical, non-technical, commercial, administrative, processes, cost saving etc. that may benefit the Company; and “Satark” (alert/ vigilant) functions as a Whistle Blowing mechanism, empowering any person associated with the organization to bring to the attention of the Management any irregularity that he/ she may notice.

It may be noted that the Board of Directors, in its Meeting held on 11th May, 2017, bifurcated the aforesaid composite Policy into two separate policies as “Idea Policy” and “Satark Policy”.

Under the “Satark” Policy, a forum is available to the employees and any person associated with the organization, allowing him/ her to bring to Management and Directors any fraud, irregularity, wrongdoing etc. The forum ensures confidentiality of the Whistle-blower subject to the rights of the person against whom the grievance is made. This forum provides the whistle-blower access to the Chairman of the Audit Committee.

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

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

26. EMPLOYEE RELATIONS

At Havells, we consider our employees as the most valuable resource and ensure strategic alignment of Human Resource practices to business priorities and objectives. Our constant endeavour is to invest in people and people processes to improve human capital for the organization and service delivery to our customers. Attracting, developing and retaining the right talent will continue to be a key strategic imperative and the organization continues its undivided attention towards that. We would like to take this opportunity to express appreciation for the hard work and commitment of the employees of the Company and look forward to their continued contribution.

Havells strives to provide a conducive and competitive work environment to help the employees excel and create new benchmarks of productivity, efficiency and customer delight. At Havells, the Human Resource agenda continues to remain focused on reinforcing the key thrust areas i.e. being the employer of choice, building an inclusive culture and a strong talent pipeline and building capabilities in the organization. To maintain its competitive edge in a highly dynamic industry, we recognize the importance of having a work force which is consumer-focused, performance-driven and future-capable. In keeping with this, a number of policies and initiatives have been drawn up like regular employee engagement surveys, focusing on objective performance management system with key result areas and performance indicators. These initiatives ensure a healthy balance between business needs and individual aspirations.

At Havells, we ensure that there is full adherence to the code of ethics and fair business practices. Havells is an equal opportunities employer and employees are evaluated solely on the basis of their qualifications and performance. We provide equal opportunity in all aspects of employment, including recruitment, training, work conditions, career progression, etc. that reconfirms our commitment that equal employment opportunity is a component of our growth and competitiveness. Further, Havells is committed to maintaining a workplace where each employee's privacy and personal dignity is respected and protected from offensive or threatening behaviour including violence.

“Nirbhaya”

The Company in its endeavour for zero tolerance towards sexual harassment at the workplace has in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 adopted the “Nirbhaya Policy”. An Internal Complaints Committee has been constituted under the 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 (ICC) formed under Nirbhaya Policy. In order to fulfill the desired utility of the Committee and make the Nirbhaya Policy meaningful, the Committee meets at specified intervals to take note of useful tools, mobile applications, media excerpts etc. that enhance security of female employees.

The same are circulated within the organization to encourage general awareness. In its endeavour to ensure the spirit of law, during the Financial Year 2016-17, the ICC continued to undertake interactive sessions from time to time. The interactions were primarily aimed at understanding as to how comfortable female employees are working in the organisation especially from safety point of view and how forthcoming would they be, in raising their voice if they are put in an undesirable situation.

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

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

28. EMPLOYEES STOCK OPTION PLANS

The Company has in place 3 (Three) employee benefit schemes, namely, Havells Employees Long Term Incentive Plan 2014 (LTIP 2014), Havells Employees Stock Purchase Scheme 2015 (ESPS 2015) and Havells Employees Stock Purchase Scheme 2016 (ESPS 2016).

All these benefit schemes are administered by Havells Employees Welfare Trust under the supervision of the Nomination and Remuneration Committee. Promoters, Independent Directors, Directors directly or indirectly holding 10% or above of the equity share capital of the Company, Employees not residing in India or Non-Resident Indians (NRIs) are not eligible for the grant of options/ issue of shares under any of the Schemes. The Company has received a certificate dated 21st April, 2017 from the Auditors of the Company that the Schemes have been implemented in accordance with the applicable SEBI Guidelines and the Resolutions passed by the shareholders dated June 9, 2014, December 4, 2015 and July 13, 2016 in respect of LTIP 2014, ESPS 2015 and ESPS 2016 respectively.

The Certificates would be placed at the Annual General Meeting for inspection by Members. There has been no material change in any of the subsisting Schemes. Disclosures pursuant to SEBI (Share Based Employee Benefits) Regulations, 2014, in respect of LTIP 2014, ESPS 2015 and ESPS 2016 as at 31st March, 2017 are available on the website of the Company at http://www.havells.com/content/havells/en/investor-relations/Disclosures.html.

29. CREDIT RATINGS

CARE Ratings

- **Corporate Governance Rating**

  Havells has in its endeavour to reinforce and test its commitment for Corporate Governance opted during the reported financial to go for a Corporate Governance Rating from CARE. CARE has assigned **CARE CGR 2+ [Two Plus]** Rating to the Corporate Governance practices of the Company. The Corporate Governance Rating reflects the company's transparent ownership structure, qualified and experienced Board of Directors, satisfactory functioning of various committees of the Board, presence of prudent risk management policies and elaborate internal audit function. Furthermore, the rating derives comfort from elaborate communications and disclosures to shareholders, effective financial management and the Company's compliance with statutory and regulatory requirements.

- **Solar Energy Grading**

  During the year, the Company also launched solar solutions including Solar power generating systems, Home lighting kits, Solar Pumps, Solar street lights etc. CARE has assigned a '**SP1A**' grading to the Company upon its request for assigning Solar Energy Grading (Solar Integrator (PV)) under the Ministry of New and Renewable Energy (MNRE) scheme for accreditation of Channel Partners. **The Solar Energy Grading indicates 'Highest' performance capability and 'Highest' financial strength of the graded entity.**

- CARE has yet again assigned an **AAA [Triple A]** rating to the long-term facilities of your Company during the current financial year. This rating is applicable to facilities having a tenure of more than one year. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations.

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

- CARE has also assigned a credit rating of CARE **A1+ [A One Plus]** to the Commercial Paper programme of the Company for a limit of ₹ 150 crores (Rupees One Fifty Crores Only).

ICRA Ratings

During the year, ICRA has reaffirmed the long-term rating at **[ICRA] AA+** (pronounced as ICRA double A plus) and short-term rating at [ICRA] A1+ (pronounced as ICRA A one plus) for the Line of Credit of Havells India Limited.

30. CERTIFICATIONS

The Company has acquired a number of international certifications, like BASEC, KEMA, TÜV Rheinland and

CB, for its various products to expand its reach in international arena.

The team has also initiated New market specific certification process for

- TIS (Thailand Industrial Standards) for RCBO,
- CB certification for Fans
- SABS Approval- AB Cable – South Africa
- King Saud University Approval – Panel Wire – KSA (WIP Stage)
- G-Mark : Certification : Middle East (EWA range)
- CE for consumer lighting

31. CORPORATE GOVERNANCE

Your Company upholds the standards of governance and is compliant with the Corporate Governance provisions as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report.

Further, the Management Discussion and Analysis Report and CEO / CFO Certificate as prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are also presented in separate sections forming part of the Annual Report.

32. ENVIRONMENT, HEALTH AND SAFETY

Your Company is driven by principles of sustainability incorporating environment, employees and society aspects in all our activities. We are focused on employee well-being, developing safe and efficient products, minimizing environmental impact of our operations and products and minimizing the impact of our operations on society. Environmental, Health and Safety (EHS) aspects of our operations are taken seriously and EHS management system are implemented at most of our manufacturing plants. Our management systems are based on Integrated Management system, encompassing components of ISO 9001, ISO 14001 and ISO 18001, to ensure aspects of environment, health and safety are addressed in an integrated manner. In addition 6 out of 12 plants have implemented Energy Management System as per ISO 50001. These management systems are audited by third-party certification agencies.

Employees' well-being and safety is of paramount importance to us. Creating a safe and healthy work environment is the most material issue in our operations. We are committed to our objective of 'zero accidents' and the focus is to continuously improve our health and safety performance. Our operations are comparatively safe and do not use significant amount of hazardous materials. All our employees are provided with relevant personal protective equipment according to the nature of work handled. They are also imparted relevant training on safety and handling of hazardous materials. We have a stringent mechanism to analyze incidents and accidents, to identify corrective and preventive actions. Health assessment and periodic rotation of employees exposed to dust, fumes and hazardous materials is done to eliminate any long terms impacts.

Your Company understands that products it manufactures and sell, have a significant impact on the society and the environment. We are constantly working towards minimizing the impact of our products throughout its life cycle, starting from use of material and energy during manufacturing process to consumer safety and disposal after use. The product life cycle approach is integrated with our product development and as a result more than 70% of our product range is energy efficient, saving significant amount of energy during use. We have made significant improvement in reducing the hazardous materials and improving recyclability of materials used.

At our plants resource conservation and energy efficiency is an important area in our operations. Your Company has integrated renewable energy by implementing captive solar power plants at our units in Faridabad and Alwar, reducing our dependence on grid electricity and reducing our Green House gas emissions. Use of Bio gas, bio fuels and cleaner fuels like PNG, is an integral part of our plant operations. Your Company has made significant progress on water conservation and rain water harvesting initiatives. SGS, a global certification agency audited our initiative and certified us as a 'Water Positive' company, i.e., our contribution to ground water recharge exceeds out water consumption. This achievement also makes us one of the very few companies in India to achieve this status.

33. RESEARCH AND DEVELOPMENT

During the year, the Company undertook several initiatives to help the business achieve its strategic goals. With the objective of First Mover and enhancing in-house R&D capabilities, the Company is investing in world class infrastructure and test laboratories at all plant locations. The Company has strong focus on in-house research & development and promotes culture for innovation. Company's CRI (Centre for Research and Innovation) team focusses on continuous and sustainable product innovations, working across the product lifecycle aspects including design, development, manufacturing and use phases.

Havells is coming up with state of the art Lab Facility with initial investment of approximately ₹ 4 Crores at Noida.

During the year, the R&D activities continued to focus on developing intelligent, eco-friendly and energy efficient products, as well as, extending the range of existing products catering to Low cost products to niche premium segment.

There is an increasing focus on improving the co-relation between virtual (CAE) and manufacturing so as to reduce the number of trials in the development cycle.

As a result Company has many firsts to its name in the FMEG sector, such as being the first Company to offer 5-star energy efficient fans in India, the green CFL of the country. Now the Company has also forayed into FMCG sector with acquisition of Lloyd. The Company has Filed 79 IPRs to fuel growth journey in Financial Year 2016-17 for its innovations throughout the year. With an eye on the future technology trends, many advanced engineering study projects are being undertaken to further build on the Company's engineering capabilities.

34. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

(A) TRANSFER OF UNPAID DIVIDEND

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, your Company has transferred ₹ 3,61,985 and ₹ 2,54,090 during the year to the Investor Education and Protection Fund. These amounts were lying unclaimed/ unpaid with the Company for a period of 7 (Seven) years after declaration of Dividend for the Financial Year ended 2008-09 and declaration of Interim Dividend for the Financial Year ended 2009-10 respectively.

(B) TRANSFER OF SHARES UNDERLYING UNPAID DIVIDEND

In pursuance of the provisions of Section 124(6) of the Companies Act, 2013 and the IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016 notified on 7th September, 2016, in addition to the transfer of amounts of unclaimed/ unpaid dividend for 2008-09 and 2009-10 (Interim), the underlying shares are also due for transfer to the IEPF Authority in case the dividend of further 7 (Seven) continuous years i.e. from 2009-10 onward and from 2009-10 (Interim) onward is also unclaimed in those cases.

This was in pursuance of the recent enforcement of section 124(6) of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 which requires every Company to mandatorily transfer to IEPF, the underlying shares in respect of which unpaid/ unclaimed dividend has been transferred to IEPF and for which the dividend has still remained unpaid or unclaimed for a consecutive period of next 7 (Seven) years.

Individual reminders have been sent to concerned Shareholders advising them to encash their dividend and the complete List of such Shareholders whose Shares are due for transfer to the IEPF is also placed in the Unclaimed Dividend Section of the Investor Section on the website of the Company at **http://www.havells.com/en/investor-relations/unclaimed-dividend.html**

In terms of IEPF (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 which became effective from 28th February, 2017, the last date of transfer of shares due on commencement of IEPF Rules is extended to 31st May, 2017. Accordingly, the Company is in the process of taking steps to complete the transfer of shares into the demat account of the IEPF Authority.

(C) TRANSFER OF PHYSICAL SHARE CERTIFICATES TO UNCLAIMED SUSPENSE ACCOUNT IN ELECTRONIC MODE

During the year 2014 the Company's Equity Shares having nominal value of ₹ 5/- each were sub-divided into 5 Equity Shares of the nominal value of ₹ 1/- each and the new Shares were credited into demat accounts of Shareholders (who held their shares in dematerialised form) and physical Share Certificates were despatched to those Shareholders (who held their shares in physical form) as per their entitlement on the record date decided for that purpose, at their address registered in the Company's records.

However, out of those despatched in physical form, a few had returned undelivered. Thereafter, Company made various attempt(s) at the addresses available with the Company to ensure that the rightful owners receive their share certificates. With the exception of a few, others still remained undelivered and have been lying with the Company since.

Accordingly, in terms of Regulation 39(4) read with Schedule VI to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which provides the manner of dealing with such shares that remain unclaimed with the Company, the Company, during the year ended 31st March, 2017, sent 3 (Three) Reminders to the concerned Shareholders whose Share Certificates were lying unclaimed with it and is in the process of transfer of these shares into the Unclaimed Suspense Account.

35. LISTING OF SHARES

The equity shares of the Company are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The listing fee for the year 2017-18 has already been paid to the credit of both the Stock Exchanges.

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

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **ANNEXURE- 8** and forms part of this Report.

37. BUSINESS RESPONSIBILITY REPORT

Havells is privileged to be among the top 500 listed companies in the country. This brings us within the ambit of Business Responsibility Report (BRR) as required by regulation 34 of the SEBI Listing Regulations, 2015. The BRR aims at describing the initiatives taken by the company in discharging its responsibilities from an environmental, social and governance perspective. SEBI, exempts companies which have been submitting Sustainability Reports to overseas regulatory agencies/ stakeholders based on internationally accepted reporting frameworks from preparing a separate BRR and furnish the same report alongwith details of the framework under which Sustainability Report is prepared.

The Company has been annually publishing its Sustainability Report as per G4 guidelines of the Global Reporting Initiative. Our Sustainability Report has been assessed and assured by KPMG. In this Annual Report we are presenting the requisite mapping of principles between the Sustainability Report and the Business Responsibility Report as prescribed by SEBI. Our comprehensive Sustainability Report is available on the website of the Company www.havells.com.

38. ACKNOWLEDGEMENTS

The Board places on record its appreciation for the continued co-operation and support extended to the Company by its customers which enables the Company to make every effort in understanding their unique needs and deliver maximum customer Satisfaction. We place on record our appreciation of the contribution made by the employees at all levels, whose hard work, co-operation and support helped us face all challenges and deliver results.

We acknowledge the support of our vendors, the regulators, the esteemed league of bankers, financial institutions, rating agencies, government agencies, stock exchanges and depositories, auditors, legal advisors, consultants, business associates and other stakeholders.

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

Anil Rai Gupta
Noida, May 11, 2017 **Chairman and Managing Director**

ANNEXURE 1

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

(approved by the Board of Directors in its Meeting held on 22nd December 2014)

PRINCIPLE AND RATIONALE

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

- formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other Employees.
- identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal.
- carry out evaluation of every Director's performance
- formulate the criteria for evaluation of Independent Directors and the Board.

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

COMPANY PHILOSOPHY

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

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

The endeavour of the organization is to acknowledge the contributions of its Directors, Key Managerial Personnel and other Employees with best compensation and benefits that appropriately reward performance in line with the regulatory and industry best practices.

GUIDING PRINCIPLES

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

a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate human resource including Directors of the quality required to run the Company successfully;

b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

c) remuneration to Directors, Key Managerial Personnel and Senior Management reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;

d) facilitating effective Shareholder participation in key Corporate Governance decisions such as the nomination and election of Board Members;

e) aligning Key Executive and Board remuneration with the longer term interests of the Company and its shareholders;

f) ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.

NOMINATION OF THE DIRECTORS

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

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

General Criteria

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

the diversity of the existing Board when considering potential nominees, so that the Board maintains a body of Directors from diverse professional and personal backgrounds.

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

Specific Criteria

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

REMUNERATION OF THE DIRECTORS

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

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

Appointment and Remuneration of Managing Director and Whole-time Director

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

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

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

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

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

- Financial and operating performance of the Company;
- Relationship between remuneration and performance;
- Industry/ sector trends for the remuneration paid to Executive Directorate.

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

Insurance Premium as Part of Remuneration

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

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

Remuneration of Independent Directors

Independent Directors may receive remuneration by way of

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

Independent Directors shall not be entitled to any stock options.

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

Remuneration to Directors in other Capacity

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

(a) the services rendered are of a professional nature; and

(b) in the opinion of the Nomination and Remuneration Committee, the Director possesses the requisite qualification for the practice of the profession.

EVALUATION OF THE DIRECTORS

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

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

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

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

The Executive Management of a Company is responsible for the day to day management of a Company. The Companies Act, 2013 has used the term "Key Managerial Personnel" to define the Executive Management.

The KMPs are the point of first contact between the Company and its Stakeholders. While the Board of Directors are responsible for providing the oversight, it is the Key Managerial Personnel and the Senior Management who are responsible for not just laying down the strategies as well as its implementation.

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

(i) the Chief Executive Officer or the managing director or the manager;

(ii) the Whole-time Director;

(iii) the Chief Financial Officer;

(iv) the Company Secretary; and

(v) such other officer as may be prescribed.

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

Apart from the Directors, the remuneration of

- All the Other KMPs such as the Company Secretary or any other officer that may be prescribed under the statute from time to time; and
- "Senior Management" of the Company defined in the clause 49 of the Listing Agreement with the Stock Exchanges i.e. personnel who are members of its core Management team excluding the Board of Directors. Senior Executives one level below the Board i.e. President cadre.

shall be determined by the Human Resources Department of the Company in consultation with the Managing Director and/ or the Whole-time Director Finance.

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

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

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

REMUNERATION OF OTHER EMPLOYEES

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

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

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

The annual increments to the remuneration paid to the employees shall be determined based on the annual appraisal carried out by the HoDs of various departments.

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

GENERAL

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

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

ANNEXURE 2

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the Financial Year ended on 31st March, 2017

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

I. REGISTRATION AND OTHER DETAILS

i)	CIN:	**L31900DL1983PLC016304**
ii)	Registration Date:	**08th August, 1983**
iii)	Name of the Company:	**Havells India Limited**
iv)	Category / Sub-Category of the Company:	
	Category	**Public Company**
	Sub-Category	**Company Limited by Shares**
v)	Address of the Registered office and contact details :	
	Address of Registered Office	**904, 9th Floor, Surya Kiran Building, K G Marg, Connaught Place, New Delhi – 110 001**
	Contact	**Telephone No.: 0120-3331000; Fax No.: 0120-3332000**
vi)	Whether listed Company Yes / No:	**Yes**
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any:	
	Name	**Link Intime India Private Limited**
	Address	**44, 2nd Floor, Naraina Community Centre Phase I Near PVR Cinema, New Delhi – 110 028**
	Contact	**Telephone No.: 011-41410592, 011-41410593 Fax No.: 011-41410591 Email id: delhi@linkintime.co.in; Website: www.linkintime.co.in**

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ Service	% to total turnover of the company
1.	Cable	2732	41%
2.	Switchgears	2710	22%
3.	Electric Consumer Durables	2750	22%
4.	Lighting & Fixtures	2740	14%

III. PARTICULARS OF HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

SI. No.	NAME	ADDRESS	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1.	Havells Sylvania Brasil Iluminacao Ltda.	Rua Jaceru, 151, 3º Andar, Vila Gertrudes- São Paulo- SP, CEP/ZIP Code 04705-000	61.578.118/0001-96	Subsidiary	100%	Section 2(87) of Companies Act, 2013
2.	Havells Sylvania (Thailand) Ltd.	2 Ploenchit Center Bldg, 19th Floor, Sukhumvit Soi 2 Road, Klongtoey Bangkok 10110, Thailand	105,536,038,787	Subsidiary	100%	Section 2(87) of Companies Act, 2013
3.	Havells USA Inc.	125B Villanova DR., Atlanta, GA 30336.	2,135,148	Subsidiary	100%	Section 2(87) of Companies Act, 2013
4.	Havells Sylvania Iluminacion (Chile) Ltda	Av. Apoquindo 3710, 13th Floor, Las Condes, Santiago	76.031.321-1	Subsidiary	100%	Section 2(87) of Companies Act, 2013
5.	Thai Lighting Assets Co. Ltd.	No. 2 Ploenchit Center, 19th Floor, Sukhumvit Road, Kwaeng Klongtoey, Khet Klongtoey, Bangkok Metropolis	105,555,026,951	Subsidiary	49%	Section 2(87) of Companies Act, 2013
6.	Havells Holdings Limited	33, Athol Street, Douglas, Isle of Man	00475V	Subsidiary	100%	Section 2(87) of Companies Act, 2013
7.	Havells International Limited	Level 2 West, Mercury Tower, The Exchange Financial and Business Centre, Elia Zammit Street, St. Julian's STJ3155, Malta	C73716	Subsidiary	100%	Section 2(87) of Companies Act, 2013
8.	Feilo Malta Limited	33, St. Barbara Bastion, Valletta, VLT 1961 Malta	C 40825	Associate	20%	Section 2(6) of Companies Act, 2013
9.	Jiangsu Havells Sylvania Lighting Co. Ltd.	1, Shanghai Road, Economic Development Zone of Jianhu County, Yan Cheng City, Jiangsu Province	320900400022938	Joint Venture	50%	
10.	Havells Guangzhou International Limited	Room 362 Q, Block A, 3rd Floor, East Railway Station Multi-Function Tower, No. 1 Dong Zhan Road, Tian He District, Guangzhou	S0102016009200 (1-1)	Subsidiary	100%	Section 2(87) of Companies Act, 2013
11.	Promptec Renewable Energy Solutions Private Limited	"SHIBRA FARMS", Nagasandra Main Road, 8th Mile, Tumkur Road, Bangalore, Karnataka 560 073	U40108KA2008PTC047683	Subsidiary	69%	Section 2(87) of Companies Act, 2013
12.	Havells Global Limited	904, 9th Floor, Surya Kiran Building, K G Marg, Connaught Place, New Delhi – 110 001	U31909DL2016PLC302444	Subsidiary	100%	Section 2(87) of Companies Act, 2013
13.	Standard Electrical Limited	904, 9th Floor, Surya Kiran Building, K G Marg, Connaught Place, New Delhi – 110 001	U31900DL2016PLC305794	Subsidiary	100%	Section 2(87) of Companies Act, 2013

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

(i) Category-wise Share Holding

Category of Shareholder	No. of Shares held at the beginning of the Year				No. of Shares held at the end of the Year				% change during the year$
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters									
(1) Indian									
(a) Individuals / HUF*	12,63,57,380	0	12,63,57,380	20.23	10,74,94,980	0	10,74,94,980	17.20	-3.03
(b) Central Government	0	0	0	0.00	0	0	0	0.00	0.00
(c) State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d) Bodies Corporate	25,86,00,540	0	25,86,00,540	41.40	25,86,00,540	0	25,86,00,540	41.39	-0.02
(e) Financial Instititions/Banks	0	0	0	0.00	0	0	0	0.00	0.00
(f) Any Other- Trust*	0	0	0	0.00	1,88,62,400	0	1,88,62,400	3.02	3.02
Sub-Total (A) (1)	**38,49,57,920**	**0**	**38,49,57,920**	**61.63**	**38,49,57,920**	**0**	**38,49,57,920**	**61.61**	**-0.03**

Category of Shareholder	No. of Shares held at the beginning of the Year				No. of Shares held at the end of the Year				% change during the year$
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
(2) Foreign									
(a) NRIs- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b) Other-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
(e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (A) (2)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total Shareholding of Prom. & Prom. Grp. (A)=(A) (1)+(A) (2)	**38,49,57,920**	**0**	**38,49,57,920**	**61.63**	**38,49,57,920**	**0**	**38,49,57,920**	**61.61**	**-0.03**
B. Public Shareholding									
(1) Institutions									
(a) Mutual Funds	2,46,86,864	0	2,46,86,864	3.95	1,52,72,665	0	1,52,72,665	2.44	-1.51
(b) Financial Instituions/Banks	14,92,166	0	14,92,166	0.24	12,98,909	0	12,98,909	0.21	-0.03
(c) Central Government	0	0	0	0.00	0	0	0	0.00	0.00
(d) State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(g) FIIs	15,95,98,459	0	15,95,98,459	25.55	16,58,03,640	0	16,58,03,640	26.53	0.98
(h) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(i) Others	0	0	0	0.00	0	0	0	0.00	0
Sub-Total (B) (1)	**18,57,77,489**	**0**	**18,57,77,489**	**29.74**	**18,23,75,214**	**0**	**18,23,75,214**	**29.19**	**-0.56**
(2) Non-institutions									
(a) Bodies Corporate									
1) Indian	81,05,502	0	81,05,502	1.30	1,42,30,884	0	1,42,30,884	2.28	0.98
2) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
(b) Indivldual									
(i) Indiv. hldg. nom. shr. cap.<=₹ 1 Lakh	3,06,83,261	19,54,523	3,26,37,784	5.23	2,96,38,795	18,18,897	3,14,57,692	5.03	-0.19
(ii) Indiv. hldg. nom. shr. cap.> ₹ 1 Lakh	71,03,397	1,04,000	72,07,397	1.15	65,07,114	1,04,000	66,11,114	1.06	-0.10
(c) Others									
(1) Trusts	14,039	0	14,039	0.00	36,431	0	36,431	0.01	0.00
(2) Non Resident Indians	28,23,080	9,09,000	37,32,080	0.60	26,18,175	8,33,000	34,51,175	0.55	-0.05
(3) Clearing Members	12,84,770	0	12,84,770	0.21	10,37,917	0	10,37,917	0.17	-0.04
(4) Hindu Undivided Families	8,70,799	0	8,70,799	0.14	6,96,995	0	6,96,995	0.11	-0.03
Sub-Total (B) (2)	**5,08,84,848**	**29,67,523**	**5,38,52,371**	**8.62**	**5,47,66,311**	**27,55,897**	**5,75,22, 208**	**9.21**	**0.58**
Total Public Shareholding(B)=(B) (1)+(B) (2)	**23,66,62,337**	**29,67,523**	**23,96,29,860**	**38.37**	**23,71,41,525**	**27,55,897**	**23,98,97,422**	**38.39**	**0.03**
C. Shares held by Custodian for GDR & ADR	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
GRAND TOTAL (A+B+C)	**62,16, 20,257**	**29,67,523**	**62,45,87,780**	**100.00**	**62, 20,99,445**	**27,55,897**	**62,48,55,342**	**100.00**	**0.00**

**1,88,62,400 Equity Shares held by Smt Vinod Gupta and Shri Anil Rai Gupta on behalf of Guptajee & Co. have been transferred to ARG Family Trust.*

$During the year on 4th June, 2016, 2,67,562 Equity Shares of ₹ 1/- each were issued and allotted to Eligible Employees under the Havells Employees Long Term Incentive Plan 2014 (LTIP Plan) and Havells Employees Stock Purchase Scheme 2015 (ESPS), thereby resulting in increased paid-up capital. The % change during the year is therefore purely on account of the increased paid-up capital due to allotment made under the ESPS Plans of the Company.

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the Year			Shareholding at the end of the Year			% Change in shares holding during the Year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares of the Company	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares of the Company	
1	Qimat Rai Gupta[#]	1,35,84,000	2.17	N.A	1,35,84,000	2.17	N.A	0.00
2	Surjit Kumar Gupta	3,26,50,800	5.23	N.A	3,26,50,800	5.23	N.A	0.00
3	Vinod Gupta	5,27,70,240	8.45	N.A	3,94,50,240	6.31	N.A	-2.14
4	Ameet Kumar Gupta	15,66,160	0.25	N.A	15,66,160	0.25	N.A	0.00
5	Anil Rai Gupta	1,73,39,740	2.78	N.A	1,17,97,340	1.89	N.A	-0.89
6	Santosh Gupta	23,16,720	0.37	N.A	23,16,720	0.37	N.A	0.00
7	Shalini Gupta	38,98,500	0.62	N.A	38,98,500	0.62	N.A	0.00
8	Sangeeta Gupta	22,31,220	0.36	N.A	22,31,220	0.36	N.A	0.00
9	Anil Rai Gupta (as Managing Trustee of ARG Family Trust)	0	0.00	N.A	1,88,62,400	3.02	N.A	3.02
10	QRG Investments and Holdings Limited (Formerly Ajanta Mercantile Limited)	6,87,41,660	11.01	N.A	6,87,41,660	11.00	N.A	0.00
11	QRG Enterprises Limited	18,98,58,880	30.40	N.A	18,98,58,880	30.39	N.A	-0.01
	Total	**38,49,57,920**	**61.63**		**38,49,57,920**	**61.61**		**-0.02**

[#]*After the death of Shri Qimat Rai Gupta (Founder Chairman of the Company), his shareholding is in the process of transmission to Smt. Vinod Gupta (spouse).*

(iii) Change in promoters' shareholding

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	**Anil Rai Gupta**				
	At the beginning of the year	1,73,39,740	2.78		
	Date wise Increase/ Decrease in promoters Share holding during the year Specifying the reasons for increase/ decrease (allotment/ transfer/ bounus/ sweat etc.) **29th March, 2017: Shares held on behalf of Guptajee & Co[#] were transferred to ARG Family Trust**	-55,42,400	-0.89	1,17,97,340	1.89
	At the End of the Year	1,17,97,340	1.89		
2	**Vinod Gupta**				
	At the beginning of the year	5,27,70,240	8.45		
	Date wise Increase/ Decrease in promoters Share holding during the year Specifying the reasons for increase/ decrease (allotment/ transfer/ bounus/ sweat etc.) **29th March, 2017: Shares held on behalf of Guptajee & Co[#] were transferred to ARG Family Trust**	-1,33, 20,000	-2.13	3,94,50,240	6.31
	At the End of the Year	3,94,50,240	6.31		
3	**Anil Rai Gupta (as Managing Trustee of ARG Family Trust^)**				
	At the beginning of the year	0	0.00		
	Date wise Increase/ Decrease in promoters Share holding during the year Specifying the reasons for increase/ decrease (allotment/ transfer/ bounus/ sweat etc.) **29th March, 2017: Shares acquired from Anil Rai Gupta and Vinod Gupta whose beneficial owner was Guptajee & Co[#]**	1,88,62,400	3.02	1,88,62,400	3.02
	At the End of the Year	1,88,62,400	3.02		

[#]*a firm whose partners are part of Promoter Group*

^*a trust whose Beneficiary(s) are part of Promoter Group*

Apart from the above, there has been no change in the shareholding of promoter group of the Company during the year. The change in % is a reflection of and purely on account of the increase in paid-up capital due to allotment made to Eligible Employees of the Company under the Havells Long Term Incentive Plan 2014 and Havells Stock Purchase Scheme 2015.

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

Sl. No.	For Each of the TOP 10 Shareholders			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	**NALANDA INDIA EQUITY FUND LIMITED**						
	At the beginning of the year			3,30,44,930	5.29		
	Sale(-)/ Purchase(+) during the Year	**As on Benpos Date**	**No. of shares**				
		N.A.	0				
	At the End of the Year (or on the date of Separation, if Separated during the Year)			3,30,44,930	5.29		
2	**GOVERNMENT PENSION FUND GLOBAL**						
	At the beginning of the year			1,96,52,092	3.15		
	Sale(-)/ Purchase(+) during the Year	**As on Benpos Date**	**No. of shares**				
		20.05.2016	-1,74,331			1,94,77,761	3.12
		27.05.2016	-11,24,647			1,83,53,114	2.94
		16.09.2016	-3,16,073			1,80,37,041	2.89
		13.01.2017	1,42,992			1,81,80,033	2.91
		20.01.2017	45,408			1,82,25,441	2.92
		24.02.2017	-8,00,000			1,74,25,441	2.79
		03.03.2017	-17,00,000			1,57,25,441	2.52
		24.03.2017	5,38,320			1,62,63,761	2.60
		31.03.2017	4,49,113			1,67,12,874	2.67
	At the End of the Year (or on the date of Separation, if Separated during the Year)			1,67,12,874	2.67		
3	**SMALLCAP WORLD FUND, INC**						
	At the beginning of the year			1,60,48,000	2.57		
	Sale(-)/ Purchase(+) during the Year	**As on Benpos Date**	**No. of shares**				
		18.11.2016	-10,00,000			1,50,48,000	2.41
		16.12.2016	-6,11,003			1,44,36,997	2.31
		06.01.2017	-22,88,997			1,21,48,000	1.94
		03.03.2017	-14,52,530			1,06,95,470	1.71
		10.03.2017	10,09,581			1,17,05,051	1.87
		17.03.2017	16,215			1,17,21,266	1.88
	At the End of the Year (or on the date of Separation, if Separated during the Year)			1,17,21,266	1.88		
4	**CITIGROUP GLOBAL MARKETS MAURITIUS PRIVATE LIMITED**						
	At the beginning of the year			94,02,291	1.51		
	Sale(-)/ Purchase(+) during the Year	**As on Benpos Date**	**No. of shares**				
		08.04.2016	-1,000			94,01,291	1.51
		15.04.2016	-5,50,000			88,51,291	1.42
		22.04.2016	2,000			88,53,291	1.42
		29.04.2016	46,000			88,99,291	1.42
		06.05.2016	9,67,045			98,66,336	1.58
		13.05.2016	-20,29,784			78,36,552	1.25
		20.05.2016	-10,10,469			68,26,083	1.09
		27.05.2016	-14,88,000			53,38,083	0.85
		03.06.2016	-16,00,762			37,37,321	0.60
		10.06.2016	24,000			37,61,321	0.60
		24.06.2016	3,795			37,65,116	0.60
		30.06.2016	92,000			38,57,116	0.62
		01.07.2016	66,000			39,23,116	0.63
		08.07.2016	1,55,558			40,78,674	0.65
		15.07.2016	77,000			41,55,674	0.67
		22.07.2016	-23,76,000			17,79,674	0.28
		29.07.2016	-16,23,599			1,56,075	0.02
		05.08.2016	-4,785			1,51,290	0.02
		12.08.2016	18,244			1,69,534	0.03
		19.08.2016	-47,046			1,22,488	0.02
		26.08.2016	1,66,000			2,88,488	0.05
		02.09.2016	30,944			3,19,432	0.05
		16.09.2016	52,000			3,71,432	0.06
		23.09.2016	-1,19,747			2,51,685	0.04
		30.09.2016	10,496			2,62,181	0.04

Sl. No.	For Each of the TOP 10 Shareholders			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
		07.10.2016	30,000			2,92,181	0.05
		21.10.2016	-2,000			2,90,181	0.05
		04.11.2016	80,000			3,70,181	0.06
		18.11.2016	52,000			4,22,181	0.07
		25.11.2016	-60,000			3,62,181	0.06
		02.12.2016	-2,93,956			68,225	0.01
		16.12.2016	69,000			1,37,225	0.02
		23.12.2016	82,688			2,19,913	0.04
		30.12.2016	-24,000			1,95,913	0.03
		06.01.2017	-90,000			1,05,913	0.02
		13.01.2017	-98,000			7,913	0.00
		20.01.2017	-2,000			5,913	0.00
		27.01.2017	491			6,404	0.00
		03.02.2017	2,399			8,803	0.00
		03.03.2017	1,70,000			1,78,803	0.03
		24.03.2017	23,356			2,02,159	0.03
		31.03.2017	1,00,333			3,02,492	0.05
	At the End of the Year (or on the date of Separation, if Separated during the Year)			3,02,492	0.05		
5	**FRANKLIN TEMPLETON INVESTMENT FUNDS**						
	At the beginning of the year			75,90,901	1.22		
	Sale(-)/ Purchase(+) during the Year	**As on Benpos Date**	**No. of shares**				
		08.04.2016	-12,36,000			63,54,901	1.02
		15.04.2016	-2,55,000			60,99,901	0.98
		22.04.2016	-69,979			60,29,922	0.97
		20.05.2016	-5,00,000			55,29,922	0.89
		08.07.2016	-26,134			55,03,788	0.88
		15.07.2016	-3,50,746			51,53,042	0.82
		22.07.2016	-7,73,000			43,80,042	0.70
		29.07.2016	-13,80,120			29,99,922	0.48
		05.08.2016	-5,00,000			24,99,922	0.40
		12.08.2016	-30,000			24,69,922	0.40
		09.09.2016	-2,58,519			22,11,403	0.35
		16.09.2016	-2,04,800			20,06,603	0.32
		30.09.2016	-9,44,800			10,61,803	0.17
		07.10.2016	-10,61,803			0	0.00
		25.11.2016	56,948			56,948	0.01
		30.12.2016	88,000			1,44,948	0.02
		06.01.2017	20,32,020			21,76,968	0.35
		20.01.2017	1,44,000			23, 20,968	0.37
		10.02.2017	-56,948			22,64,020	0.36
		03.03.2017	7,50,000			30,14,020	0.48
	At the End of the Year (or on the date of Separation, if Separated during the Year)			30,14,020	0.48		
6	**CANTILLON FUND PLC**						
	At the beginning of the year			55,08,000	0.88		
	Sale(-)/ Purchase(+) during the Year	**As on Benpos Date**	**No. of shares**				
		15.04.2016	-40,000			54,68,000	0.88
		03.06.2016	-30,48,933			24,19,067	0.39
		10.06.2016	-2,70,487			21,48,580	0.34
		17.06.2016	-2,98,639			18,49,941	0.30
		24.06.2016	-8,49,562			10,00,379	0.16
		30.06.2016	-95,309			9,05,070	0.14
		01.07.2016	-1,54,321			7,50,749	0.12
		08.07.2016	-2,37,639			5,13,110	0.08
		15.07.2016	-2,05,743			3,07,367	0.05
		22.07.2016	-3,07,367			0	0.00
	At the End of the Year (or on the date of Separation, if Separated during the Year)			0	0.00		
7	**HDFC TRUSTEE COMPANY LTD- A/C HDFC MID- CAP**						
	At the beginning of the year			34,59,800	0.55		
	Sale(-)/ Purchase(+) during the Year	**As on Benpos Date**	**No. of shares**				
		N.A.	0			34,59,800	0.55
	At the End of the Year (or on the date of Separation, if Separated during the Year)			34,59,800	0.55		

Sl. No.	For Each of the TOP 10 Shareholders			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
8	**NEW WORLD FUND INC**						
	At the beginning of the year			29,82,483	0.48		
	Sale(-)/ Purchase(+) during the Year	**As on Benpos Date**	**No. of shares**				
		08.04.2016	31,71,000			61,53,483	0.99
		15.04.2016	7,61,409			69,14,892	1.11
		22.04.2016	10,108			69,25,000	1.11
		06.05.2016	10,15,000			79,40,000	1.27
	At the End of the Year (or on the date of Separation, if Separated during the Year)			79,40,000	1.27		
9	**VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND**						
	At the beginning of the year			25,52,852	0.41		
	Sale(-)/ Purchase(+) during the Year	**As on Benpos Date**	**No. of shares**				
		03.06.2016	90,240			26,43,092	0.42
		05.08.2016	89,148			27,32,240	0.44
		25.11.2016	1,03,495			28,35,735	0.45
		13.01.2017	67,885			29,03,620	0.46
		10.03.2017	81,308			29,84,928	0.48
	At the End of the Year (or on the date of Separation, if Separated during the Year)			29,84,928	0.48		
10	**UTI- EQUITY FUND**						
	At the beginning of the year			25,41,455	0.41		
	Sale(-)/ Purchase(+) during the Year	**As on Benpos Date**	**No. of shares**				
		13.05.2016	10,000			25,51,455	0.41
		10.06.2016	-60,000			24,91,455	0.40
		24.06.2016	-1, 20,000			23,71,455	0.38
		07.10.2016	-50,000			23,21,455	0.37
		21.10.2016	-1, 20,000			22,01,455	0.35
		13.01.2017	-1,00,000			21,01,455	0.34
		20.01.2017	-30,000			20,71,455	0.33
		27.01.2017	-40,000			20,31,455	0.33
		24.02.2017	-60,000			19,71,455	0.32
		03.03.2017	-2,00,000			17,71,455	0.28
		31.03.2017	25,000			17,96,455	0.29
	At the End of the Year (or on the date of Separation, if Separated during the Year)			17,96,455	0.29		

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	For Each of the Directors and KMP#			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	**SHRI SURJIT KUMAR GUPTA**						
	At the beginning of the year			3,26,50,800	5.23		
	Increase(+)/ Decrease(-) during the Year	**As on Benpos Date**	**No. of shares**				
		N.A	0				
	At the End of the Year (or on the date of Separation, if Separated during the Year)			3,26,50,800	5.23		
2	**SHRI ANIL RAI GUPTA**						
	At the beginning of the year			1,73,39,740	2.78		
	Increase(+)/ Decrease(-) during the Year	**As on Benpos Date**	**No. of shares**				
	Sale of Shares held on behalf of Guptajee & Co.	31.03.2017	-55,42,400			1,17,97,340	1.89
	Purchase of Shares on behalf of ARG Family Trust	31.03.2017	1,88,62,400			3,06,59,740	4.91
	At the End of the Year (or on the date of Separation, if Separated during the Year)			3,06,59,740	4.91		

Sl. No.	For Each of the Directors and KMP#			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
3	**SHRI AMEET KUMAR GUPTA**						
	At the beginning of the year			15,66,160	0.25		
	Increase(+)/ Decrease(-) during the Year	**As on Benpos Date**	**No. of shares**				
		N.A	0				
	At the End of the Year (or on the date of Separation, if Separated during the Year)			15,66,160	0.25		
4	**SHRI RAJESH KUMAR GUPTA**						
	At the beginning of the year			12,39,544	0.20		
	Increase(+)/ Decrease(-) during the Year	**As on Benpos Date**	**No. of shares**				
	Shares Under Employees Stock Purchase Scheme 2015	30.06.2016	1,00,000			13,39,544	0.21
	At the End of the Year (or on the date of Separation, if Separated during the Year)			13,39,544	0.21		
5	**SHRI SUNIL BEHARI MATHUR**						
	At the beginning of the year			0	0.00		
	Increase(+)/ Decrease(-) during the Year	**As on Benpos Date**	**No. of shares**				
		N.A.	0				
	At the End of the Year (or on the date of Separation, if Separated during the Year)			0	0.00		
6	**SHRI AVINASH PARKASH GANDHI**						
	At the beginning of the year			0	0.00		
	Increase(+)/ Decrease(-) during the Year	**As on Benpos Date**	**No. of shares**				
		N.A.	0				
	At the End of the Year (or on the date of Separation, if Separated during the Year)			0	0.00		
7	**SHRI VIJAY KUMAR CHOPRA**						
	At the beginning of the year			0	0.00		
	Increase(+)/ Decrease(-) during the Year	**As on Benpos Date**	**No. of shares**				
		N.A.	0				
	At the End of the Year (or on the date of Separation, if Separated during the Year)			0	0.00		
8	**SHRI SURENDER KUMAR TUTEJA**						
	At the beginning of the year			0	0.00		
	Increase(+)/ Decrease(-) during the Year	**As on Benpos Date**	**No. of shares**				
		N.A.	0				
	At the End of the Year (or on the date of Separation, if Separated during the Year)			0	0.00		
9	**DR. ADARSH KISHORE**						
	At the beginning of the year			0	0.00		
	Increase(+)/ Decrease(-) during the Year	**As on Benpos Date**	**No. of shares**				
		N.A.	0				
	At the End of the Year (or on the date of Separation, if Separated during the Year)			0	0.00		
10	**SMT. PRATIMA RAM**						
	At the beginning of the year			0	0.00		
	Increase(+)/ Decrease(-) during the Year	**As on Benpos Date**	**No. of shares**				
		N.A.	0				
	At the End of the Year (or on the date of Separation, if Separated during the Year)			0	0.00		

Sl. No.	For Each of the Directors and KMP#			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
11	**SHRI T. V. MOHANDAS PAI**						
	At the beginning of the year			0	0.00		
	Increase(+)/ Decrease(-) during the Year	**As on Benpos Date**	**No. of shares**				
		N.A.	0				
	At the End of the Year (or on the date of Separation, if Separated during the Year)			0	0.00		
12	**SHRI PUNEET BHATIA**						
	At the beginning of the year			49,750	0.01		
	Increase(+)/ Decrease(-) during the Year	**As on Benpos Date**	**No. of shares**				
		N.A.	0				
	At the End of the Year (or on the date of Separation, if Separated during the Year)			49,750	0.01		
13	**SHRI VELLAYAN SUBBIAH**						
	At the beginning of the year			0	0.00		
	Increase(+)/ Decrease(-) during the Year	**As on Benpos Date**	**No. of shares**				
		N.A.	0				
	At the End of the Year (or on the date of Separation, if Separated during the Year)			0	0.00		
14	**SHRI SANJAY KUMAR GUPTA**						
	At the beginning of the year			5,132	0.00		
	Increase(+)/ Decrease(-) during the Year	**As on Benpos Date**	**No. of shares**				
	Shares Under Employees Stock Purchase Scheme 2015	30.06.2016	1,454			6,586	0.00
	At the End of the Year (or on the date of Separation, if Separated during the Year)			6,586	0.00		

 # Shri Qimat Rai Gupta, founding Chairman and Managing Director of the Company, ceased office on 7th November, 2014 due to death. His shareholding is in the process of transmission to Smt. Vinod Gupta (spouse).

V. INDEBTEDNESS

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

(Amount in ₹ Crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	44.22	-	-	44.22
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.18	-	-	0.18
Total (i+ii+iii)	**44.40**	**-**	**-**	**44.40**
Change in Indebtedness during the financial year				
• Addition	198.05	-	-	198.05
• Reduction	44.40	-	-	44.40
Net Change	**153.65**	**-**	**-**	**153.65**
Indebtedness at the end of the financial year				
i) Principal Amount	198.03	-	-	198.03
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.02	-	-	0.02
Total (i+ii+iii)	**198.05**	**-**	**-**	**198.05**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. *Remuneration to Managing Director, Whole-time Directors and /or Manager:*

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount (₹)
		Shri Anil Rai Gupta (Chairman and Managing Director)	**Shri Ameet Kumar Gupta (Whole-time Director)**	**Shri Rajesh Kumar Gupta (Whole-time Director (Finance) and Group CFO)**	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3,00,73,065	1, 20,15,000	2,14,25,000	6,35,13,065
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	39,600	39,600	39,600$	1,18,800
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961	-	-	-	-
2.	Stock Option/ESPS (No. of Shares)	-	-	1,00,000#	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	10,56,25,000*	4,22,50,000**	4,22,50,000**	19,01,25,000
	- others, specify…	-	-	-	-
5.	Others, please specify (PF Contribution)	36,00,000	14,40,000	24,00,000	74,40,000
	Total (A)	**13,93,37,665**	**5,57,44,600**	**6,61,14,600**	**26,11,96,865**
	Ceiling as per the Act	10% of Net profit for all Executive Directors- Managing and Whole-time Directors; 5% of Net profit to any one Managing or Whole-time Directors			

** As per the approved terms, entitled to receive Commission @ 1.25% of the profit before tax.*

***As per the approved terms, entitled to receive Commission @ 0.50% of the profit before tax*

#During the year 2016-17, 1,00,000 Equity Shares of ₹ 1/- each, were allotted to Shri Rajesh Kumar Gupta under Havells Employees Stock Purchase Scheme 2015.

$Perquisites exclude value of shares exercised during financial year 2016-17 under the Havells Employees Stock Purchase Scheme 2015.

B. *Remuneration to other Directors:*

Sl. No.	Particulars of Remuneration	Name of Directors										Total Amount (₹)
		Shri Vijay Kumar Chopra (ID)	**Shri Avinash Parkash Gandhi* (ID)**	**Dr. Adarsh Kishore (ID)**	**Shri Sunil Behari Mathur (ID)**	**Shri Surender Kumar Tuteja (ID)**	**Smt. Pratima Ram (ID)**	**Shri Surjit Kumar Gupta (NED, Non-Inde-pendent)**	**Shri Puneet Bhatia (NED, Non-Inde pendent)**	**Shri T. V. Mohan-das Pai (NED, Non-Inde pendent)**	**Shri Vellayan Subbiah (ID)#**	
1.	Independent Directors (ID)							N.A.	N.A.	N.A.		
	• Fee for attending board committee meetings	6,60,000	5,40,000	5,70,000	7, 20,000	5,40,000	4, 20,000	-	-	-	1, 20,000	35,70,000
	• Commission	5,00,000^	2,73,972^	5,00,000^	5,00,000^	5,00,000^	5,00,000^	- -	- -	- -	2,26,028^	30,00,000
	• Others, please specify	-	-	-	-	-	-					
	Total (1)	11,60,000	8,13,972	10,70,000	12,20,000	10,40,000	9, 20,000	-	-	-	3,46,028	65,70,000
2.	Other Non-Executive Directors (NED)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.				N.A.	
	• Fee for attending board committee meetings	-	-	-	-	-	-	-	1, 20,000	3,00,000	-	4, 20,000
	• Commission	-	-	-	-	-	-	-	5,00,000^	5,00,000^	-	10,00,000
	• Others, please specify	-	-	-	-	-	-	-	-	-	-	-
	Total (2)	Nil	Nil	Nil	Nil	Nil	Nil		6, 20,000	8,00,000	Nil	14,20,000
	Total (B)=(1+2)	11,60,000	8,13,972	10,70,000	12,20,000	10,40,000	9, 20,000		6, 20,000	8,00,000	3,46,028	79,90,000
	Total Managerial Remuneration	-		-	-	-	-	-	-	-		
	Overall Ceiling as per the Act	1% of Net Profits of the Company for all Non-executive Directors										

** Resigned as Independent Director w.e.f. 18th October, 2016*

 # Appointed as Additional Director (Independent) w.e.f. 18th October, 2016

^ In terms of Shareholders approval dated 13th July, 2016, the Nomination and Remuneration Committee of the Board has decided that all the Non-Executive Directors, (except Promoters), of the Company are entitled for a commission of ₹ 5 lakhs per annum w.e.f. 1st April, 2016.

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

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO *	Company Secretary	CFO*	(₹)
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		52,03,117		52,03,117
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961		100		100
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961		-		-
2.	Stock Option/ESPS (No. of Shares)		1,454#		-
3.	Sweat Equity				
4.	Commission - as % of profit - others, specify…				
5.	Others, please specify (PF Contribution)		2,80,287		2,80,287
	Total		**54,83,504**		**54,83,504**

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

 # During the year 2016-17, 1,454 Equity Shares of ₹ 1 each were allotted to the Company Secretary under Havells Employees Stock Purchase Plan 2014. In respect of these shares, contribution of Company as perquisite is to the extent of Rs. 47,527 while the remaining amount has been contributed by the beneficiary himself.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

ANNEXURE 3

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2017

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

To,
The Members,
Havells India Limited

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2017 complied with the statutory provisions listed here under and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

- We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31st

March, 2017 to ascertain the compliance of various provisions of:

(i) The Companies Act, 2013 and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder ;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) (Amendment) Regulations, 2006 regarding the Companies Act and dealing with client;

(vi) The Employees State Insurance Act, 1948

(vii) Employees Provident Fund and Miscellaneous Provisions Act, 1952

(viii) Employers Liability Act, 1938

(ix) Environment Protection Act, 1986 and other environmental laws

(x) Air (Prevention and Control of pollution) Act, 1981

(xi) Factories Act, 1948

(xii) Industrial Dispute Act, 1947

(xiii) Payment of Wages Act, 1936 and other applicable labour laws

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

i. Secretarial Standards issued by The Institute of Company Secretaries of India.

ii. The Listing Agreements entered into by the Company with the BSE Limited and The National Stock Exchange of India Limited and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting member's views are captured and recorded as part of the minutes.
- There are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has issued and allotted Equity Shares under Havells Employees Stock Purchase Plan 2014 and Havells Employees Stock Purchase Scheme 2015 which were successfully listed and currently traded at both the Stock Exchanges. Further, we report that there were no instances of:

i. Public/Right/Preferential issue of shares/ debentures/ sweat equity, etc.

ii. Redemption / buy-back of securities.

iii. Merger / amalgamation / reconstruction, etc.

iv. Foreign technical collaborations

Place: New Delhi
Date: 3rd May, 2017

For MZ & Associates
Company Secretaries

CS Mohd Zafar
Partner
Membership No: FCS 9184
CP: 13875

ANNEXURE 4

Details of Investments as on 31st March, 2017

Name of Company	Amount (₹)
Havells Holdings Limited	1,87,51,82,602
Jiangsu Havells Sylvania Lighting Limited	16, 20,96,500
Promptec Renewable Energy Solutions Private Limited	39,79,02,960
National Highway Authority of India (Tax-free Bonds)	1,61,65,85,863
Havells Global Limited	5,00,000
Standard Electrical Limited	5,00,000
Total	**4,05,27,67,925**

Notes:

a) The Company has provided for ₹ 62.10 crores as provision for impairment of investment held in Havells Holdings Limited {refer note 32(1) of Standalone Financial Statements}

b) The Company has measured its investment in Joint Venture (Jiangsu Havells Sylvania Lighting Limited) at fair value less cost to sell. {refer note 32(1) of Standalone Financial Statements}

Details of Guarantees as on 31st March, 2017

As at 31st March, 2017, the Company has not given any guarantee.

ANNEXURE 5

FORM NO. AOC-2

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

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

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

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

(a) Name(s) of the related party and nature of relationship: **N.A.**

(b) Nature of contracts/ arrangements/ transactions: **N.A.**

(c) Duration of the contracts/ arrangements/ transactions: **N.A.**

(d) Salient terms of the contracts or arrangements or transactions including the value, if any: **N.A.**

(e) Justification for entering into such contracts or arrangements or transactions: **N.A.**

(f) Date(s) of approval by the Board: **N.A.**

(g) Amount paid as advances, if any: **N.A.**

(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: **N.A.**

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

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

(*As defined under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and adopted by the Board of Directors in the Related Party Transactions Policy of the Company, "Material Related Party Transaction" means a transaction with a related party if the transaction/ transactions to be entered into individually or taken together with previous transactions during a Financial Year, exceeds 10% of the annual consolidated turnover of the company as per the last audited financial statements of the company.)

(a) Name(s) of the related party and nature of relationship: **N.A.**

(b) Nature of contracts/ arrangements/ transactions: **N.A.**

(c) Duration of the contracts/ arrangements/ transactions: **N.A.**

(d) Salient terms of the contracts or arrangements or transactions including the value, if any: **N.A.**

(e) Date(s) of approval by the Board, if any: **N.A.**

(f) Amount paid as advances, if any: **N.A.**

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

Anil Rai Gupta
Chairman and Managing Director

Noida, May 11, 2017

ANNEXURE 6

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

The CSR programmes and pursuits of the Company are illustrated in the Business Review section of the Annual Report on pages 14 & 15.

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

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

   In accordance with the primary CSR philosophy of the group and the specified activities under Schedule VII to the Companies Act, 2013, the CSR activities of the Company cover certain thrust areas such as mid-day meals, sanitation facilities, preservation of heritage monuments, afforestation etc..

   The Corporate Social Responsibility Policy of the Company is available on the website of the Company www.havells.com in the 'Investor Section' under 'Disclosures'.

2. The composition of CSR Committee

   As at 31st March, 2017, the Corporate Social Responsibility Committee comprises of 4 (Four) members of the Board, 2 (Two) of which are Independent Directors and remaining 2 (Two) are Executive. The Chairman of the Committee is an Independent Director.

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

3. Average net profit of the Company for last 3 Financial Year.

   The Average Net Profit of three Financial Years preceding the reporting Financial Year (i.e. 2015-16, 2014-15 and 2013-14) calculated in accordance with section 135 of the Companies Act, 2013 is ₹ 663.10 crores.

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

   The prescribed CSR Expenditure to be incurred during the Financial Year i.e. 2016-17 is ₹ 13.26 crores.

5. Details of CSR spent during the Financial Year
   (a) Total amount to be spent for the Financial Year = ₹ **13.26 crores**
   (b) Amount unspent, if any = **Nil**
   (c) Manner in which the amount spent during the Financial Year is detailed below:

(₹ in Crores)

Sl. No.	CSR project or activity defined	Sector in which the project is covered*	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or program Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative^ expenditure upto the reporting period (^ Financial year 2014-15 onwards)	Amount spent: Direct or through implementing agency
1.	Mid-Day Meal (MDM) programme.	(i)					Through QRG
	- Serving Mid-day Meal to children in schools		Alwar,	6.00	5.58$	14.091	Foundation
	- Impact assessment of MDM		Rajasthan		0.06	0.06	Direct
2.	Providing sanitation facilities.	(i)					
	- Building toilets in schools where mid-day meals are provided.		Alwar, Rajasthan	4.00	3.98	8.964	Direct
	- Impact assessment of Sanitation				0.06	0.06	Direct
	- Conducting sanitation workshop for children and teachers through Macmillan Publishers India Pvt. Ltd				0.14	0.14	Direct

Sl. No.	CSR project or activity defined	Sector in which the project is covered*	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or program Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative^ expenditure upto the reporting period (^ Financial year 2014-15 onwards)	Amount spent: Direct or through implementing agency
3.	Supporting education of underprivileged children.	(ii)					
	- Aid, support and facilitate all activities in connection with and related to the school being run by The Vivekananda Ashrama		Faridabad, Haryana	0.25	0.03	0.66	Through The Vivekananda Ashrama
	- Providing tables and benches to children in government primary schools in Haridwar.		Haridwar		0.04	0.04	Direct
4.	Contributing to eligible institutions, universities etc. for promotion of education- Contributions to Ashoka University promoted by IFRE (a not-for-profit company formed under section 25 of erstwhile Companies Act, 1956, undertaking programs/ projects/ activities pertaining to promotion of education in India with an established track record of more than 3 years.)	(ii)	Sonepat, Haryana	3.00	3.00	10.00	Through Ashoka University
5.	Plantation works	(iv)	Baddi	-	0.26	0.26	Direct
6.	Supporting healthcare	(iii)					
	- Supporting differently abled people in Karnataka		Karnataka	-	0.21	0.35	Direct
7.	Contribution to Relief / Welfare Fund	(viii)	-		0.01	0.01	Direct
	TOTAL				**13.37**	**34.635**	-

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

₹ The amount of ₹ 5.58 crores donated to QRG Foundation towards Mid-day Meal programme is expected to be utilised during the Financial Year 2017-18.

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

   The unspent amount lying with the QRG Foundation, shall continue to be utilised in the Financial Year 2017-18 towards the Company's flagship CSR activity of Mid-day Meal Scheme running in Alwar district of Rajasthan.

7. Responsibility Statement

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

Anil Rai Gupta
Chairman and Managing Director

Surender Kumar Tuteja
Chairman CSR Committee

Date: 11th May, 2017

ANNEXURE 7

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

Relevant clause u/r 5(1)	Prescribed Requirement	Particulars
(i)	Ratio of the remuneration of each director to the median remuneration of the employees of the company for the Financial Year	- Ratio of the remuneration of Shri Anil Rai Gupta, Chairman and Managing Director to the median remuneration of the employees – 232:1 - Ratio of the remuneration of Shri Ameet Kumar Gupta, Whole-time Director to the median remuneration of the employees – 93:1 - Ratio of the remuneration of Shri Rajesh Kumar Gupta, Whole-time Director (Finance) and Group CFO – 110:1

Relevant clause u/r 5(1)	Prescribed Requirement	Particulars
(ii)	Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year	- Shri Anil Rai Gupta, CMD – 11.66% - Shri Ameet Kumar Gupta, WTD – 11.61% - Shri Rajesh Kumar Gupta, WTD (CFO) – 15.36% - Shri Sanjay Kumar Gupta, CS – 7.62%
(iii)	Percentage increase in the median remuneration of employees in the Financial Year	11.29%
(iv)	Number of permanent employees on the rolls of company	4,974 Employees
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	- Average increase in remuneration of Managerial Personnel – 12.56% - Average increase in remuneration of employees other than the Managerial Personnel – 12.34% The top level compensation is linked to Profit Before Tax.
(vi)	Affirmation that the remuneration is as per the remuneration policy of the company	The remuneration is as per the Nomination and Remuneration Policy for the Directors, Key Managerial Personnel and Other Employees of the Company, formulated pursuant to the provisions of section 178 of the Companies Act, 2013.

Note: Remuneration, for the purpose of calculation of ratios, excludes the value of shares exercised during the year under ESPS Plans of the Company.

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

Top 10 Persons and those employed for the full year ended 31st March, 2017 who were in receipt of the remuneration which in the aggregate was not less than ₹ 1,02,00,000/- p.a.

Employee Name Designation Gross Remuneration (₹) Qualification Total Experience in Years Date of Commencement of Employment Age in Years Last Employer & Designation Held

Shri Anil Rai Gupta Chairman and Managing Director 13,92,98,065 MBA 25 30-09-1992 48; Shri Ameet Kumar Gupta Whole-time Director 5,57,05,000 BE, MBA 18 01-01-2015 45; Shri Rajesh Kumar Gupta Director (Finance) and Group CFO 6,60,75,000 (excluding value of shares exercised under the ESPS) CA 36 21-03-1992 60; Shri Rajiv Goel Executive President 4,25,69,223 CA, CS 25 01-04-2009 46 Rosewood Advisors (Director); Shri Vivek Khanna Sr. Vice President – Finance 1,39,03,907 C.A., ISA 29 01-09-1989 53 M/s S.S. Kothari & Co. (Audit Manager); Shri Saurabh Goel Executive Vice President 1,37,78,900 PGDBM 22 01-02-2016 49 Bharti Airtel Limited (Sr. Vice President); Shri Sachin Gupta Sr. Vice President & CIO 1,15,91,525 M.Sc. 28 16-02-2016 49 Times Group (CIO); Shri Cecil Prem Treasure Executive Vice President 1,16,22,322 MBA 24 20-01-2016 55 Jubilant Life Sciences (Director); Shri Vivek Yadav Vice President 90,43,000 M.Tech 27 01-02-2016 51 Schneider Electric India Pvt Ltd (Vice President); Shri Bhagirath Singh Galgat Sr. Vice President 88,23,617 M Tech., Diploma in Management 24 20-05-2002 52 Amtek Auto Ltd. (Dy General Manager)

Persons employed for part of the year ended 31st March, 2017 who were in receipt of the remuneration which in the aggregate was not less than ₹ 8,50,000/- p.m.

Employee Name Designation Gross Remuneration (₹) Qualification Total Experience in Years Tenure of Employment (Date of Commencement Date of Cessation) Age in Years Last Employer & Designation Held

Shri Sachin Sharma Sr. Vice President 21,72,249 C.A. 20 01-06-2016 01-08-2016 45 HT MEDIA LTD (Group Deputy CFO); Shri Dhruv Bhagat Executive Vice President 64,05,157 PGDBM 21 12-10-2016 03-03-2017 47 Bharti Airtel (CEO)

Notes:

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

ANNEXURE 8

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

(A) CONSERVATION OF ENERGY

(i) Steps taken or impact on conservation of energy and the steps taken by the Company for utilising alternate sources of energy;

Energy conservation:

The Company remains conscious of the environmental impact of its business and has improved its energy efficiency through various initiatives that helped the Company in reducing energy cost. Innovative ways and new technologies were constantly explored to bring about alignment with the Government of India's National Action Plan on Climate Change. The main focus of the energy conservation drive has been on reducing energy cost and minimising the environmental impact of its operations. Some of the activities carried out during the year towards environment, energy and water conservation are mentioned as under:

- Energy Efficiency:

  Successfully installed Automatic Power Factor Controller (APFC) thereby optimizing power factor in range 0.96 ~ 0.99 against min standard of 0.95.

- Energy Conservation:

  a. Saving of 220 kWh/month by replacing the high wattage light into low wattage LED in worker canteen at Neemrana plant.

  b. Saving of 86 kWh/month by modifying the control logics of insulating machine of winding through which cycle time reduced at Neemrana plant.

  c. Saving of 436 kWh/month by replacing heaters with less power at Neemrana plant.

  d. Saving 117 kWh/month by change the controlling of hydraulic in a VMC machine at Neemrana plant.

  e. Reduced 444810 kWh/annum in CFL, 34452 kWh/annum in LED section and Replaced H2 gas consumption with PNG for CMI lamps making and Saved ₹1,23,000 at Neemrana plant (Lighting plant).

  f. Reduced 56220 kWh/annum as per 10 key initiatives at Neemrana plant (Lighting plant).

  g. VFD with energy efficient motors implemented in Power presses (Investment ₹ 2.6 lakhs) Energy saving of ₹ 1.38 lakhs per annum at Baddi Plant.

  h. Bio fuel Use resulted in Saving of ₹ 1.33 lakhs per annum as compared to LPG/Fossil fuel at Baddi Plant.

  i. Closed loop VFD system along with FRC fans in cooling tower resulted in Energy saving of 80% as compared to conventional system at Baddi Plant.

  j. Solar Street Light implemented (Investment ₹ 4.26 lakhs) resulted in saving of 10kW as compared to Conventional power at Baddi Plant.

  k. Certification of Energy Management system ISO 50001 has been done at Sahibabad plant.

  l. Linkage of energy consumption with per lakh production has been done with improved value of R2 at Sahibabad plant.

  m. Dispensing with cooling tower fan motor by utilization of natural air draft for cooling water under gravity fall at Sahibabad plant thereby saved ₹ 1.3 Lakhs Annually.

  n. Light Optimization through replacement of T5 FTL lights with LEDs (cost saved ₹ 0.72 Lakhs annually) and replacement of CFL 108W lights with 42W LEDs (cost saved 10 lakhs annually) at Sahibabad plant.

  o. In spot welding/ Molding machine 7.5HP mono block pump has been removed by changing layout of pipe line at Sahibabad plant.

- Optimization / improvement of process:

  a. Online Deflashing/ Deburring of Dough Molding Compound (DMC) housing cover of Miniature Circuit Breaker (MCB).

  b. Ultrasonic welding set to improve efficiency.

  c. Introduction of paper shredder machine to recycle paper waste.

  d. Waste generation minimization through the application of reduce, reuse and recycle principles across units.

- Conservation of water:

  a. Water Conservation by reusing the used water through STP plant 25kL/month and using it for Horticulture at Haridwar Plant.

  b. R.O. Plant Waste Water utilized for use in toilet flushing and saved 1500kL/annum or 187.5 kWh saved required for water pumping at Neemrana plant (Lighting plant).

The main focus of the energy conservation drive has been on reducing energy cost and minimising the environmental impact of its operations. Apart from aforementioned doings, following habits have also been encouraged:

a. Reducing AC temperature by 1 degree.

b. Switching of Monitors during Lunch Break.

c. Compulsory Switching Off Lights while leaving office.

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 at implementation stage and / or implemented for reducing energy consumption:

a. Plan for Thermal paint to be used as Heat Insulation on ovens to reduce heat losses at Neemrana plant (Water Pumps).

b. Installed Biogas Plant to save 22 LPG cylinders (capacity 19kg) per month and YTD saved ₹ 6.8 Lakhs from renewable source at Nemrana plant.

c. Plan for Renewable Source – Roof Top Solar to replace electrical load of day time.

d. Awareness and Practical Training for Energy Saving (Electrical and Thermal) on routine basis.

e. Inclusion of LED and Pumps in Certification of Energy Management System- ISO 50001: 2011 to identify further SAVING Programs.

f. Plan to install Smart Energy meter for Improved Monitoring and Measurements in Energy Management System and Automatic data punching in SAP (requirement of sustainability).

g. One- Power analyzer – make: FLUKE– Cost = ₹ 4.5 lakhs at Neemrana plant.

h. One- thermal Imager camera – Make- FLUKE– Cost = ₹ 1.5 Lakhs at Neemrana plant.

i. Part sensing mechanism to be installed on P2XE machine to save time and energy at Neemrana plant.

j. Planning for Installation of Heat pumps in Paint Shop PT- Line and it will eliminate the use of PNG in Hot water generator unit at Neemrana plant.

k. Planning to implement VFD in power press at Sahibabad plant.

l. Planning to replace Sodium Vapor lamp with LED in ware house & Street light at Sahibabad plant.

m. Exploration of bio-fuel in kitchen for cooking purpose could save 6 cylinders/month at Haridwar Plant.

n. Certification of Environment Management System (ISO 14001: 2015) standard and OHSAS (18001:2007) standard at Haridwar plant.

Impact of measures for reduction of energy consumption:

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

(ii) Capital investment on energy conservation equipments – Approximately ₹ 10.8 crores

(B) TECHNOLOGY ABSORPTION

The Company continues its effort on developing new products and technologies to meet growing customer expectations. The Company has consistently focused to design and develop global products using in-house capability and capacity. The Company's CRI division at Head Office with 220+ engineers and equipped with world class test and evaluation facilities, developed various new models across the segments. The Company has added facilities enabling compliance of regulations and reducing product development time to meet market requirements. The Company has undertaken various programs for development of energy efficient products. The Company has filed 79 IPRs to fuel growth journey.

(i) The efforts made towards technology absorption;

Efforts made towards technology absorption, adaptation and innovation are as follows:

a. Hot Runner mould technology introduced in CFL parts and Electrical Switches manufacturing, resulting in zero wastage on runners and gating system.

b. Lambda Make Power source implemented for MCB Calibration and verification.

c. De-burring and polishing system implemented in sheet metal components.

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

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

a. High localization content in various products resulting in lower costs.

b. Continuous reduction in product cost through VA/VE (value analysis/ value engineering).

c. Significant cost reduction of parts of new SKU's compared to existing, ensuring that the new SKU's are profitable.

d. Productivity and quality enhancement.

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year)

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

Details of Technology Imported	Year of Import	Whether the Technology been fully absorbed	If not fully absorbed, areas where this has not taken place, reasons therefore
Glue Dispensing robot	2016	Yes	Not Applicable
Reliability enhanced Laser marking on Switches	2015	Yes	Not Applicable
Robotic arms Implementation on Molding Machine	2015	Yes	Not Applicable
Switch Assembly Fully Automatic implemented	2016	Yes	Not Applicable
Socket Assembly Fully Automatic	2015	Yes	Not Applicable
Fanuc Robo Drill, for high speed cutting with fine finish	2016	Yes	Not Applicable
Linear Micro Height from Mitutoyo with an accuracy of 0.1 Micron	2015	Yes	Not Applicable

(iv) The expenditure incurred on Research and Development.

(₹ in Crores)

	2016-17	2015-16
a) Capital	3.13	2.30
b) Recurring	45.56	33.42
c) Total	48.69	35.72
d) Total R & D expenditure as a percentage of total turnover	0.74%	0.62%

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

During the Financial Year 2016-17, the Company made Export sales of INR 277.06 crores as against INR 274.15 crores last year. International business grew in spite of weak global sentiments on account of significant currency fluctuation in African countries and decline in oil prices.

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

- Though Sylvania and Nigeria declined due to economic recession, the rest of the markets registered positive growth.
- Overall portfolio augmentation with positive growth across key categories. ECD and Lighting (Havells branded) are well established and poised for higher growth going forward
- Overall distribution expansion with more than 80 new channel partners added across International markets. Seeding into new channel segments like Modern retail, branded stores, and online
- SAARC became the fastest growing region with almost 100% growth across all three markets (Sri Lanka & Bangladesh & Nepal).
- Strengthened the international market product roadmap with 15-20 new, innovative and market specific products developed. Initiative taken to obtain country-specific local certifications/ approvals.
- Strengthening Brand building & other marketing activities like product launch (South Africa), Architect meet (Sri Lanka), Lighting launch (Kenya), Middle East partner meet, Bangladesh (Lighting & fans launch etc.
- Invested in category specialist and on ground sales resources across strategic markets for building higher traction.
- Exploration into newer markets like CIS, East Europe, Latin America & ASEAN.

Total Foreign Exchange used and earned

(₹ in Crores)

	2016-17	2015-16
Foreign exchange earned	276.73	246.53
Foreign exchange used	805.33	530.07

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

Anil Rai Gupta
Noida, May 11, 2017 **Chairman and Managing Director**

BUSINESS RESPONSIBILITY REPORT

Section A: General Information about the Company

1.	Corporate Identity Number (CIN)	L31900DL1983PLC016304
2.	Name of the Company	Havells India Limited
3.	Registered Address	904, 9th Floor, Surya Kiran Building, K G Marg, Connaught Place, New Delhi – 110001
4.	Website	www.havells.com
5.	Email id	investors@havells.com
6.	Financial Year reported	FY 2016-17
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Fast Moving Electrical Goods

Industrial Group	Description
Please refer to Form MGT-9 of annual return in Director's Report on page 39	

This classification is as per National Industrial Classification – Ministry of Statistics and Programme Implementation

8.	List three key products / services that the Company manufactures / provides (as in balance sheet)	1. Industrial and domestic cables 2. Electrical Consumer Durables, comprising of Fans, Water Heaters, Small domestic appliances, pumps, etc. 3. Switchgear 4. Lighting
9.	Total number of locations where business activity is undertaken by the Company	Manufacturing Locations: 7
	Number of International Locations (Provide details of major 5)	Nil
	Number of National Locations	7 Locations; Alwar (Rajasthan), Neemrana (Rajasthan), Baddi (Himachal Pradesh), Faridabad (Haryana), Haridwar (Uttrakhand), Sahibabad (Uttar Pradesh) and Guwahati (Assam)
10.	Markets served by the Company-Local / State / National / International	We have sales presence on over 40 countries

Section B: Financial Details of the Company

1. **Paid up capital (INR)**: 62.49 crores
2. **Total turnover (INR)**: 6,585.96 crores
3. **Total profit after taxes (INR):** 539.04 crores
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):**
   2.48%
5. **List of activities in which expenditure in 4 above has been incurred:**
   Please refer Director's Report.

Section C: Other Details

1. **Does the Company have any Subsidiary Company / Companies?**
   Please refer Director's Report
2. **Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s).**
   No
3. **Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]**
   NA

Section D: BR Information

1. Details of Director / Directors responsible for BR:

a) Details of the Director / Directors responsible for implementation of the BR policy / policies:

DIN Number	:	00002838
Name	:	Shri Ameet Kumar Gupta
Designation	:	Director

b) Details of the BR head:

Name	:	Shri Anil Sharma
Designation	:	Head-Corporate Communications
Telephone no.	:	+91 120 3332464
e-mail id	:	anil.sharma@havells.com

2. Principle-wise (as per NVGs) BR Policy / policies (Reply in Y / N):

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility.

Principle 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
Principle 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
Principle 3	Businesses should promote the well-being of all employees
Principle 4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
Principle 5	Businesses should respect and promote human rights
Principle 6	Businesses should respect, protect, and make efforts to restore the environment
Principle 7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
Principle 8	Businesses should support inclusive growth and equitable development.
Principle 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy / policies for...	Y	Y	Y	Y	Y	Y	N	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Relevant internal and external stakeholders were consulted, as deemed appropriate, during the formulation of the policies.								
3.	Does the policy conform to any national / international standards? If Yes, specify? (50 words)	All the policies have been developed considering relevant national and international standards including but not limited to Companies Act, Factories Act and ISO standards								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD / Owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	NA	Y	Y
5.	Does the Company have a specified committee of the Board/Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y
6.	Indicate the link for the policy to be viewed online?	Refer list of policies below								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
8.	Does the Company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10.	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	NA	Y	Y

List of policies

P1: Code of Conduct for Board Members and Senior Management Personnel, Idea and Satark Policy

http://www.havells.com/en/investor-relations/Codes-and-Policies.html.

P2: EHS Policy – This is an internal policy available on Company's intranet

P3: Human Resources Policies including Recruiting and Employment Policy, Leave Policy, Medical and Hospitalization Policy – These are internal policies, available on Company's intranet

P4: CSR Policy-http://www.havells.com/en/investor-relations/Codes-and-Policies.html.

P5: Human Resource policies, Supplier code of conduct – These are internal policies, available on Company's intranet

P6: EHS Policy- This is an internal policy available on Company's intranet

P7: No specific policy exists for this principal; however Havells actively participate in policy advocacy through its memberships in various industry associations and forums

P8: CSR Policy-http://www.havells.com/en/investor-relations/Codes-and-Policies.html.

P9: Quality Policy- This is an internal policy available on Company's intranet

2a. If answer to Sr. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the principles	NA	NA	NA	NA	NA	NA	NA	NA	NA
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles	NA	NA	NA	NA	NA	NA	NA	NA	NA
3.	The Company does not have financial or manpower resources available for the task	NA	NA	NA	NA	NA	NA	NA	NA	NA
4.	It is planned to be done within next six months	NA	NA	NA	NA	NA	NA	NA	NA	NA
5.	It is planned to be done within next one year	NA	NA	NA	NA	NA	NA	NA	NA	NA
6.	Any other reason (please specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA

3. Governance related to BR:

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

The BR performance is discussed every 3 months

- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes. The report is available at www.havells.com/en/sustainability/Reports.html.

Section E: Principle-wise Performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability)

'Governance' and 'Stakeholder Satisfaction' section in Sustainability Report. Please refer page 31, 35 and 87 of the Sustainability Report

1. *Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?*

   Please refer page 35 of Sustainability Report

2. *How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.*

   Please refer page 31 and 87 of Sustainability Report

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

'Responsible Sourcing', *' Energy', 'Water', 'Waste', 'Raw Materials', 'Product Responsibility' sections in Sustainability Report. Please refer p*age 18, 44-65, 84-86 of the Sustainability Report

1. *List up to three of your products or services whose designs have incorporated social or environmental concerns, risks and/ or opportunities.*

   Please refer page 44-65, 84-86 of Sustainability Report

2. *For each such product, provide the following details in respect of resource use (energy, water, raw material and so on) per unit of product (optional):*

   i. Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain.

   ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

3. *Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Besides, provide details thereof in about 50 words or so.*

   Please refer page 18 of Sustainability Report

4. *Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve the capacity and capability of local and small vendors?*

   Please refer page 18 of Sustainability Report

5. *Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling them(separately as <5%, 5-10%, >10%)? Besides, provide details thereof in about 50 words or so.*

   Please refer page 60 of Sustainability Report

Principle 3: Businesses should promote employee well-being

*'Workforce Profile', 'Employee Recruitment & Turnover', ' Labour Practices & Human Rights', 'Human Capital Development' sections in Sustainability Report. Please refer p*age 71-75 of the Sustainability Report

1. *Please indicate the total number of employees:*

   Please refer page 71 of Sustainability Report

2. *Please indicate the total number of employees hired on temporary / contractual / casual basis*

   Please refer page 71 of Sustainability Report

3. *Please indicate the number of permanent women employees:*

   Please refer page 71 of Sustainability Report

4. *Please indicate the number of permanent employees with disabilities:*

   Please refer page 74 of Sustainability Report

5. *Do you have an employee association that is recognised by the Management?*

   No

6. *What percentage of your permanent employees is member of this recognised employee association?*

   NA

7. *Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as on the end of the financial year.*

   Please refer page 74 of Sustainability Report

8. *How many of your under-mentioned employees were given safety and skill up-gradation training in the last year?*

   Please refer page 75 of Sustainability Report

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

'Stakeholder Engagement & Materiality Analysis,' Labour Practices', 'Corporate Social Responsibility' sections in Sustainability Report. Please refer page 24, 74, and 88 of the Sustainability Report

1. *Has the Company mapped its internal and external stakeholders? Yes / No*

   Please refer page 24 of Sustainability Report

2. *Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised stakeholders?*

   Please refer page 24, 74 and 88 of Sustainability Report

3. *Are there any special initiatives undertaken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.*

   Please refer page 88 of the Sustainability Report

Principle 5: Businesses should respect and promote human rights

'Labour Practices & Human Rights', 'Stakeholder Satisfaction' section in Sustainability Report.

Please refer page 31, 35 and 87 of the Sustainability Report

1. *Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?*

   Please refer page 35 of the Sustainability Report

2. *How many stakeholder complaints were received in the past financial year and what percent was satisfactorily resolved by the Management?*

   Please refer page 31 and 87 of the Sustainability Report

Principle 6: Businesses should respect, protect, and make efforts to restore the environment.

'Precautionary Approach', 'Energy', 'Emissions', 'Water Management', 'Raw Materials', 'Waste' sections in Sustainability Report. Please refer page 19, 42-68 of the Sustainability Report.

1. *Do the policies related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?*

   Please refer page 19, 42 of the Sustainability Report

2. *Does the Company have strategies / initiatives to address global environmental issues, such as climate change, global warming, and others? If yes, please give hyperlink for webpage and so on.*

   Please refer page 44-68 of the Sustainability Report

3. *Does the Company identify and assess potential environmental risks? Y / N*

   Yes.

4. *Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof in about 50 words or so. Besides, if yes, mention whether any environmental compliance report is filed?*

   No

5. *Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy and so on? If yes, please give hyperlink to web page and others.*

   Please refer page 45-57 of the Sustainability Report

6. *Are the emissions/waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year under review?*

   Please refer page 42, 66-68 of the Sustainability Report

7. *Number of show cause / legal notices received from CPCB / SPCB, which are pending (i.e. not resolved to satisfaction) as at the end of the financial year.*

   Please refer page 43 of the Sustainability Report

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

'Awards & Memberships', 'Stakeholder Engagement', sections in Sustainability Report.

Please refer page 22, 24 of the Sustainability Report

1. *Is your Company a member of any trade and chambers or association? If yes, name only those major ones that your business deals with.*

   Please refer page 22 of the Sustainability Report

2. *Have you advocated / lobbied through the above associations for the advancement or improvement of public good? Yes / No; if yes, specify the broad areas (drop box: governance and administration, economic reforms, inclusive development polices, energy security, water, food security, sustainable business principles and others)*

   Please refer page 24 of the Sustainability Report

Principle 8: Businesses should support inclusive growth and equitable development.

Refer 'Economic Performance, 'Precautionary Approach', 'Corporate Social Responsibility' sections in Sustainability Report

Please refer page 41, 43, 88, 93 of the Sustainability Report

1. *Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes, provide details thereof.*

   Please refer page 41, 88 of the Sustainability Report

2. *Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organisation?*

   Please refer page 88 of the Sustainability Report

3. *Have you done any impact assessment of your initiative?*

   Please refer page 90 of the Sustainability Report

4. *What is the Company's direct contribution to community development projects? Provide the amount in INR and the details of the projects undertaken?*

   Please refer Director's Report and page 43 of the Sustainability Report

5. *Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in around 50 words.*

   Please refer page 93 of the Sustainability Report

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Refer 'Product labeling', 'Customer Satisfaction', Section in Sustainability Report

Please refer page 82, 87 of the Sustainability Report

1. *What percentage of customer complaints / consumer cases is pending, as at the end of the financial year?*

   Please refer page 87of the Sustainability Report

2. *Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information).*

   Please refer page 82 of the Sustainability Report

3. *Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as at the end of the financial year? If so, provide details thereof, in about 50 words or so.*

   Please refer page 87 of the Sustainability Report

4. *Did your Company carry out any consumer survey / consumer satisfaction trends?*

   Please refer page 87 of the Sustainability Report

MANAGEMENT DISCUSSION AND ANALYSIS

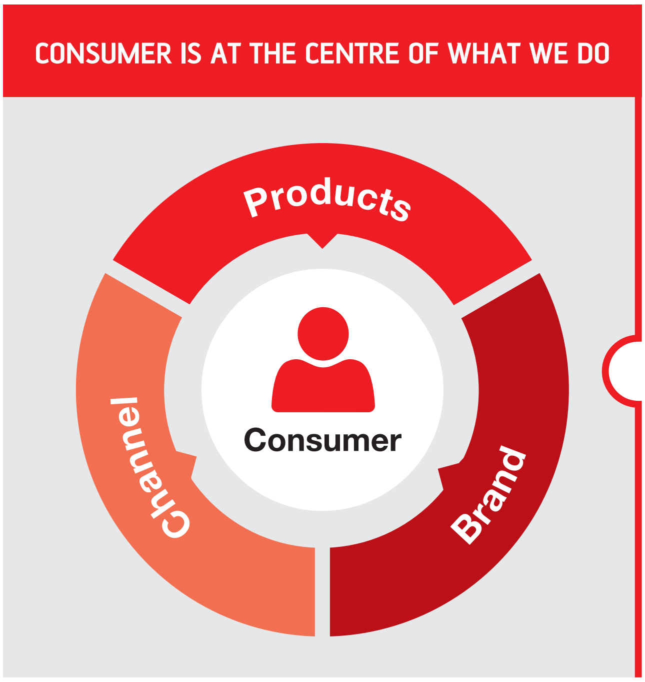
HAVELLS – DEEPER INTO HOMES

With the Indian consumer getting more aspirational, Havells has enhanced engagement with them to move deeper into their hearts and homes. Led by new product innovations and enhancement of the existing product portfolio, the Company has strengthened its brand and channel connect to reach closer to its consumers.

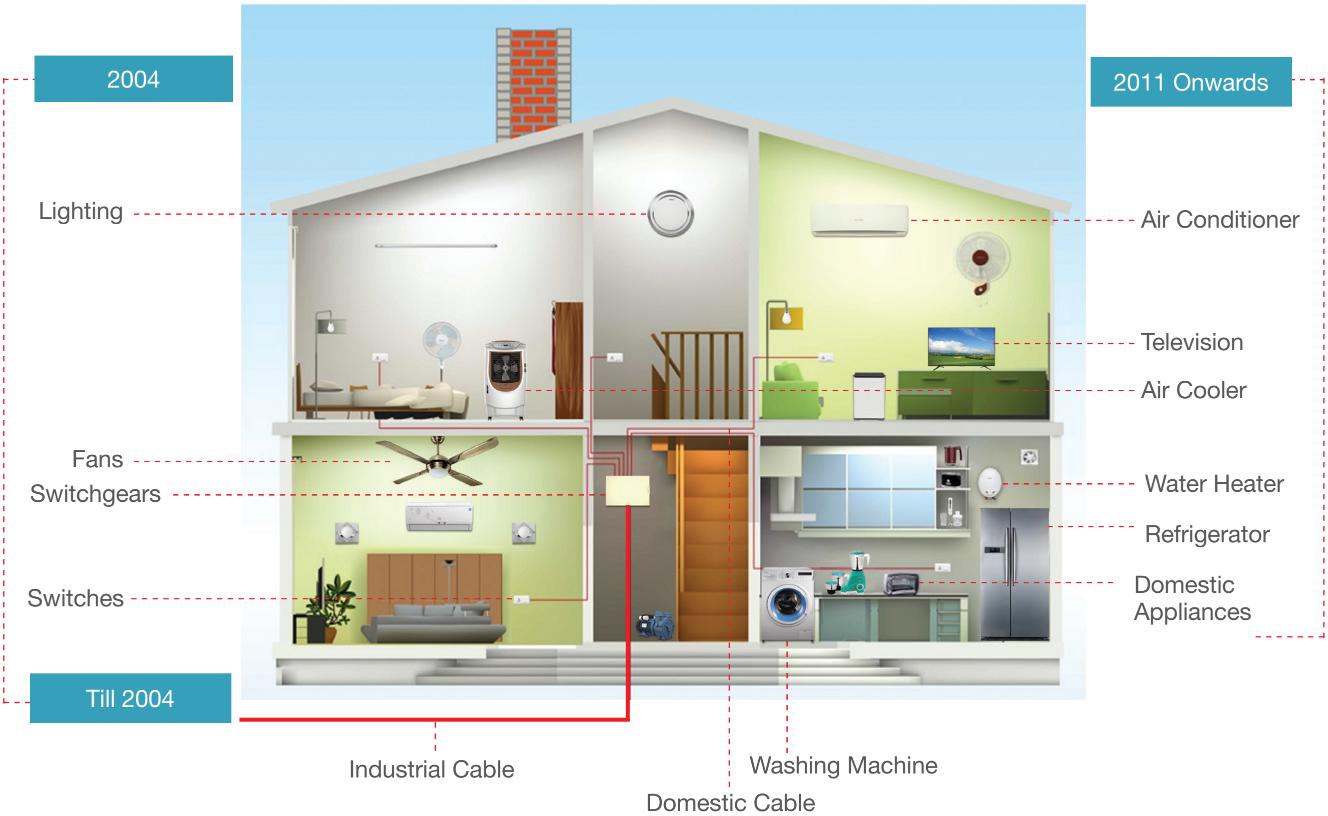
The thrust at Havells is on strengthening its Brand and Channels through:

- Robust manufacturing systems and processes
- Extensive and innovative product development
- Responsive consumer servicing

To improve relative significance in future Indian market, companies are required to venture outside their traditional strongholds and build presence in adjacent categories. We believe that the Company is well-positioned to undertake the transition even while strengthening its hold on existing categories.



DEEPER INTO HOMES



This transformation is steered by the Company's differential and focussed approach, which allows it to give due attention to each of its verticals, enabling them to run as independent businesses, thereby deepening their consumer connect.

With this view, the Company has launched new products under existing portfolio notably:

- Personal Grooming: Havells has launched a range of personal grooming products within the Consumer Durables segment to meet the demands of the younger population.
- Air Coolers: Havells has launched the full range of air coolers, to be manufactured in-house.
- Solar: Havells is now offering a wider gamut of solar solutions, ranging from solar street light solutions, rooftop power generating systems for industries and residential areas customised to the grid availability of the customer, solar lanterns and home lighting systems.

LLOYD

Havells has marked a foray into the large consumer appliances segment with acquisition of 'Lloyd' Consumer durable business. Lloyd is a leading brand in Air Conditioners with extending coverage to Televisions, Washing Machines and other large appliances.

Consumer Durables is a high growth industry driven by urbanisation, low penetration and increasing affluence and aspirations. We are energised with the addition of Lloyd portfolio and enthused with the growth potential to engage as a leading and comprehensive service provider to our esteemed customers.

Lloyd provides a scaled-up platform to Havells to enter a rapidly growing and sizeable industry with:

- Experienced management and operational team
- Pan India distribution network
- Meaningful market share in AC and LED TV segments
- Efficient service network

Havells has marked a foray into the large consumer appliances segment with acquisition of 'Lloyd' Consumer durable business. Lloyd is a leading brand in Air Conditioners with extending coverage to Televisions, Washing Machines and other large appliances.

This acquisition is in sync with our "Deeper into Homes" strategy and would accelerate our expansion into consumer products portfolio.

DEEPENING CHANNEL PARTNERSHIP

We have significantly invested in technology framework to augment our connect with Dealers and Retailers. Demonetisation, a major disruptive event, afforded an opportunity to reinforce our dealer-friendly credentials. During the initial days of demonetisation, we realised that the dealers required clarity on potential nature and implications of such event. We swiftly organised an audio cast with over 5,000 dealers, addressed by Mr. Anil Rai Gupta, and explained how it could be beneficial in the long term, albeit with short-term pains. We gained tremendous goodwill with such outreach plan.

AUGMENTING THE BRAND CONNECT

The Company has successfully nurtured several brands in addition to Havells to address untapped customer segments.

While brand Standard is positioned as "Built for Young Energy" to appeal younger consumers, the brand REO is catering to rapidly emerging affordable housing segment.

CHANNEL EXPANSION

With organised retail playing an important role in bringing the Company closer to the homes of its consumers, Havells is continuously working to strengthen its relations with key retail chains. The Company's efforts are geared towards increasing its presence in this channel and had good traction within the maiden year of launch.

E-retail or e-commerce on the other hand, is still at a nascent stage for the Electrical industry. While its contribution in terms of business is still negligible, it's being focussed to create a suitable platform.

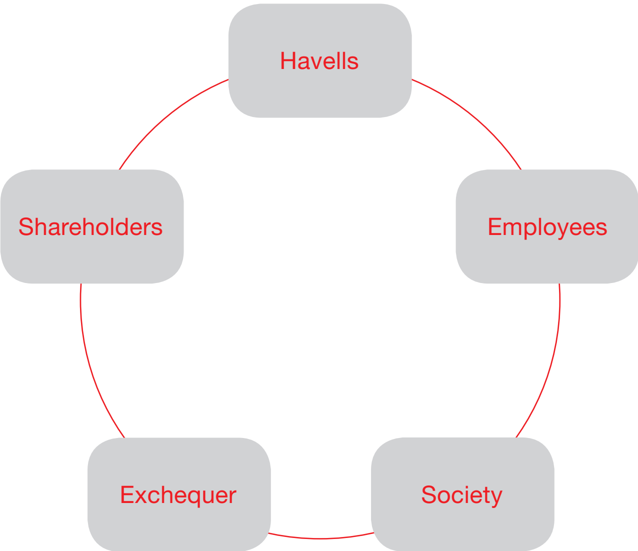
Canteen Stores Department (CSD) and Central Police Canteen (CPC) is another channel where the Company has initiated supply of its products with a decent growth outlook.

PEOPLE AS BRIDGE TO CONSUMERS

Havells continues to invest in qualitative and quantitative strengthening of its manpower across the organisational hierarchy. The Company attracts experienced professionals from MNCs and other large corporates from diverse industries. There was substancial hiring of senior professionals, thereby creating management bandwidth and enabling the Company to be future-ready. Young seasoned professionals with entrepreneurial skills managed the various Strategic Business Units (SBUs) imparting requisite focus and drive.

TOWARDS RESPONSIBLE CONNECT

Havells has been a responsible social participant, actively serving multiple social stakeholders.



- The Company has contributed towards various social causes through its CSR programmes in Rajasthan, Uttarakhand and Himachal Pradesh. It has been providing Mid-day meals in 688 schools, building toilets, donating furniture to the schools, etc.
- The Company recognises the importance of taxation in the development of the nation. During the year under review, it contributed ₹ 1363.40 crores towards exchequer, including the various state and central levies, which is higher by 16.76% over the previous year.

ECONOMIC OVERVIEW

While the world economy remains in a low growth difficult times, India continues to post a strong growth. Consumption was supported by lower energy costs, public sector salary increases, and favourable monsoon rains, which boosted urban and rural incomes. While the unexpected 'demonetisation' weighed on growth in the second half of FY 2017, the recent election outcome have risen hopes for a stable political and regulatory platform.

One of the major tax reforms, The Goods and Services Tax (GST) Amendment Bill passed during the year, aims at streamlining the country's complex tax system, reduce fragmentation in markets, lower business costs, and widen the tax base. Robust implementation of this legislative changes will be key to boost prospects of the organised market.

INDUSTRY OVERVIEW

The Indian Electrical market has grown at a single digit over the last few years. Slowdown in construction activity has been one of the major factors for a sluggish growth. The Central Government's 'Housing for All by 2022' (20mn houses for urban poor and 30mn for rural poor) and Smart Cities (development of 100 cities) missions promise to trigger fast-paced rollout of new homes. This should usher in multi-year growth for electrical products and appliances.

Increasing consumer focus on aesthetics and energy efficiency, has also resulted in notable shift towards branded products. With its ability to offer competitive pricing, superior product range & quality, upgraded technology and innovations, more safety features, and increased brand awareness, Havells is well placed to offer an enriching consumer experience.

HAVELLS INDIA LIMITED (STANDALONE) SEGMENT DISCUSSION

SWITCHGEARS:

The Company strengthened its switchgear range with the launch of several new concepts during the year.

We introduced a novel concept of unified base and independent door in distribution board category, extending flexibility for consumers to choose from a wide range of Distribution board, matching with their living room décor.

We have launched a new category of Reo Armour, to address rural segment as an eminence solution against electrical hazard. Reo Armour ensures a quality protection product for low cost housing with a new demand segment for existing channel partners.

CABLES AND WIRES:

Cables and wires registered strong volume growth. Industrial Cable grew owing to increase in infrastructure projects by Government, Industrial Capex, power infrastructure in the country. Company is looking forward to tap the growth opportunities by way of entering into newer range of cables by foraying into Extra High Voltage Cables segment (EHV) which are in the range of 66 kV and are particularly used for power transmission purpose.

In the Flexible Cables segment, we made some newer launches like 200-metre wires, multicore wires, communication wires such as CCTV, LAN and Speaker wires.

LIGHTING AND FIXTURES:

Lighting segment continues to witness a shift from conventional lighting to energy-efficient LED and Lifestyle-focussed lighting. In sync with market, we have expanded our presence in the new areas of LED application. LED accounts for more than three-fourth of the lighting business.

We also cater to EESL, Municipal Corporations, Offices and Industrial businesses for their requirements of solar street lighting solutions. We are expecting better growth opportunities in the lighting segment, which will be supported by our distribution reach, brand positioning and in-house manufacturing capabilities.

We are connecting ourselves with consultants, architects to tap the growth potential in commercial & industrial sectors. We also substantiated our project team with specialised manpower from leading lighting companies.

ELECTRICAL CONSUMER DURABLE:

Consumer Segment has been the high growth segment across all product categories. In addition to the refreshing existing product basket, we launched Personal Grooming and Air Coolers. Water heater category had an impressive growth, sparred by latest models from our research team and modern manufacturing facility.

Company launched 'Futuro' model, India's first Bluetooth technology fan with LED light, operated through an application from mobile phones or remote. Company also launched new energy-efficient fans which runs on 32 watt of electricity, with BLDC (Brush Less Direct Current) technology instead of traditional coils.

KEY OPPORTUNITIES:

1. Favourable Macro Economic Levers: With focus of Government on electrification and commitment to improve infrastructure and housing, electrical space is self assured of growth in time to come.
2. Demography: Emerging middle-class people aspiring for better and improved standard of living, Company is expecting good growth in future.
3. Distribution: Having pan-India dealer network, Havells is in an advantageous position for better growth. On such a wider base of distribution, Company can leverage it to introduce more new products and enter new geographies.
4. Goods and Services Tax (GST): GST is most likely to be implemented in FY 2018. Company hopes to leverage its brand positioning and distribution network to reap potential benefits of GST.

KEY THREATS:

1. Slowdown in Construction Activities: Given that the Company's Switchgears and Cables segment are dependent on industrial and infrastructure capital expenditure, any delay would affect segmental revenue growth.
2. Increase in Competition: In view of the growth potential in the electrical industry, the space has seen increased number of players entering the segment. Increased competition is likely to put pressure on existing players.
3. Non-availability of Regular and Quality Power: Non-availability of regular and quality electricity supply is an issue as it may impact overall demand for electrical products.

ENTERPRISE RISK MANAGEMENT (ERM)

Havells is committed to virtuous corporate governance, which promotes the long-term interests of all stakeholders, strengthens Board, create self-accountability across its management, and helps build public trust in the Company.

A structured risk management system permits the management to take calibrated risks. This system provides a holistic view of the business, wherein risks are identified in a structured manner at two levels. The bottom-up approach is conducted through workshops with respective team at branch, factory and corporate functions. At another level, the top-down approach enables discussion of all risks and opportunities at the management level, to be included thereafter in the subsequent reporting process.

RECENT ERM HIGHLIGHTS

- Cross-functional team for identification and treatment of emerging business challenges and to overview the progress on agreed milestone.
- Monthly performance rating is done for all plants and branch locations for healthy competition and self-bench marking.
- Risk Control Matrix (RCM) has been prepared for financial and operational functions and their mapping done with ERP and Compliance management system.
- To integrate all risk management and compliance activities across the organisation, SAP GRC (Governance, Risk & Compliance) has been implemented.

INTERNAL CONTROLS SYSTEMS AND ADEQUACY

The Company has a robust internal controls systems (including Internal Financial Controls) that facilitates efficiency, reliability and completeness of accounting records, and timely preparation of reliable financial and management information. The internal control system ensures compliance with all applicable laws and regulations, facilitates in optimum utilisation of resources and protect the Company's assets and investors' interests.

The Company has a clearly defined organisational structure, decision rights, manuals and operating procedures for its business units and verticals to ensure orderly and efficient conduct of its business.

The Company has a whistle blower policy and anti-fraud policy to address fraud risk. The Audit Committee of the Board regularly reviews significant audit findings of the Internal Audit Department covering operational, financial and other areas and provides guidance on further strengthening the internal controls framework.

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

In terms of Regulation 34(3) read with Section C of SCHEDULE V to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Report on Corporate Governance for the year ended 31st March, 2017 is presented below:

(1) A BRIEF STATEMENT ON LISTED ENTITY'S PHILOSOPHY ON CODE OF GOVERNANCE

Who we are is defined by what we do and how we do it.

This simple philosophy underlines our approach to Corporate Governance. So, if profit is our intention, how we achieve this profit is a part of our Corporate Governance. For us, Corporate Governance goes beyond philanthropy and compliance but actually deals with how we manage our triple bottom lines – economic, social and environmental impacts. It monitors our role as well as the quality of our relationships in key spheres of influence including the workplace, the market place, the supply chain, the community and the public policy realm.

As a Company, we distinguish ourselves in the market by offering a portfolio of ecologically responsible electrical products and services that deliver powerful, sustainable and energy efficient solutions that do not compromise on capacity or security.

Our eco-friendly approach is evident in our efforts to develop an alternate energy strategy so as to reduce the environmental impact of our business. We are equally committed to managing a responsible supply chain in a manner that is consistent and compliant with our high standards for environment and business practices.

We recognize that there are barriers that 'constrain innovation, both, in individuals and communities and we work to overcome them.' We build communities and promote the exchange of ideas through assistive technologies; participative programs and standardization that transforms the way people experience our products. Our energy efficient solutions enable people to save money and protect their capital investment while also lowering their energy usage and protecting the environment.

This contributes to our CSR responsibility of sustenance of depleting environmental resources.

Corporate Governance and Ethics

As a Company we have always worked on the side of ethics and have shunned expediency in any form. We believe that if something is important enough to be done, it is important that we do it ethically. We supplement our traditionally held values of ethical behaviour and moral conduct with explicit rules and regulations that guide our efforts in financial, propriety, customer care and business excellence.

We uphold the policy of "Leadership with trust" that has come to play a vital role in how our customers perceive us. This is important, given the climate of unparalleled public distrust of people in positions of power and authority in contemporary business and politics.

(2) BOARD OF DIRECTORS

The Board of Directors has an optimum combination of Executive and Non-Executive Directors with one woman Director and more than fifty per cent of the Board of Directors comprised of Non-Executive Directors. The Chairperson of the Board is an Executive Director and half of the Board of Directors is comprised of Independent Directors. The Board meets at least four times a year and more often if Company needs merit additional oversight and guidance. During the Financial Year 2016-17, the time gap between any two Board Meetings did not exceed one hundred and twenty days. The Board of Directors periodically reviews compliance reports pertaining to all laws applicable to the Company. All statutory and other matters of significance including information as mentioned in Part A of Schedule II to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are tabled before the Board to enable it to discharge its responsibility of strategic supervision of the Company.

(a) Composition and category of Directors (e.g. Promoter, Executive, Non-Executive, Independent Non-Executive, Nominee Director-institution represented and whether as lender or as equity investor):

As at 31st March, 2017, the composition of the Board of Directors of the Company was as follows:

Sr. No.	Name of the Director	Category	
1	Shri Anil Rai Gupta	Promoters	Executive Chairman and Managing Director
2	Shri Surjit Kumar Gupta	Promoters	Non-Executive Director
3	Shri Ameet Kumar Gupta	Promoters	Executive Whole-time Director
4	Shri Rajesh Kumar Gupta	Non-Promoters	Executive Whole-time Director (Finance) and Group CFO
5	Shri Sunil Behari Mathur	Non-Promoters	Independent Director
6	Shri Vijay Kumar Chopra	Non-Promoters	Independent Director
7	Shri Surender Kumar Tuteja	Non-Promoters	Independent Director
8	Dr. Adarsh Kishore	Non-Promoters	Independent Director

Sr. No.	Name of the Director	Category	
9	Smt. Pratima Ram	Non-Promoters	Independent Director
10	Shri T. V. Mohandas Pai		Non-Executive Non-Independent Director
11	Shri Puneet Bhatia		Non-Executive Non-Independent Director
12	Shri Vellayan Subbiah		Independent Director

(b) Attendance of each Director at the Meeting of the Board of Directors and the last Annual General Meeting:

Sr. No.	Name of the Director	Attendance in Board Meetings						
		11 May 16	23 July 16	03 Oct 16	18 Oct 16	17 Jan 17	18 Feb 17	AGM 13 Jul 16
1	Shri Anil Rai Gupta	✓	✓	✓	✓	✓	✓	✓
2	Shri Surjit Kumar Gupta	✓	✓	✓	✓	✓	✓	✓
3	Shri Ameet Kumar Gupta	✓	✓	×	✓	✓	✓	✓
4	Shri Rajesh Kumar Gupta	✓	✓	✓	✓	✓	✓	✓
5	Shri Avinash Parkash Gandhi*	✓	✓	✓	✓	N.A.	N.A.	✓
6	Shri Sunil Behari Mathur	✓	✓	✓	✓	✓	✓	✓
7	Shri Vijay Kumar Chopra	✓	✓	✓	✓	✓	✓	✓
8	Shri Surender Kumar Tuteja	✓	✓	✓	✓	✓	✓	×
9	Dr. Adarsh Kishore	✓	✓	✓	✓	✓	✓	×
10	Smt. Pratima Ram	✓	✓	✓	✓	✓	✓	✓
11	Shri T. V. Mohandas Pai	✓	✓	✓	✓	✓	×	×
12	Shri Puneet Bhatia	✓	×	×	×	✓	×	×
13	Shri Vellayan Subbiah**	N.A.	N.A.	N.A.	×	✓	✓	N.A.

** Resigned as Independent Director w.e.f. 18th October, 2016 (after the Board Meeting dated 18th October, 2016).*

*** Appointed as Additional Director (Independent) w.e.f. 18th October, 2016.*

(c) Number of other Boards or Committees in which a Director is a Member or Chairperson as on 31st March, 2017:

Sr. No.	Name of the Director	Directorships in Other Board of Directors*	Memberships of Committees of Other Boards**	Chairmanships of Committees of Other Boards**
1	Shri Anil Rai Gupta	1	2	1
2	Shri Surjit Kumar Gupta	1	3	0
3	Shri Ameet Kumar Gupta	1	3	0
4	Shri Rajesh Kumar Gupta	1	0	0
5	Shri Sunil Behari Mathur	7	8	5
6	Shri Vijay Kumar Chopra	7	10	6
7	Shri Surender Kumar Tuteja	4	7	4
8	Dr. Adarsh Kishore	1	1	1
9	Smt. Pratima Ram	5	2	1
10	Shri T. V. Mohandas Pai	1	1	0
11	Shri Puneet Bhatia	3	3	0
12	Shri Vellayan Subbiah	3	3	0

** Directorships are reported for listed Companies only including Havells India Limited.*

*** Committee Memberships/ Chairmanships are reported for listed and unlisted public Companies put together including Havells India Limited. Committee Memberships include Chairmanship, if any. Committees considered for the purpose are those prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 viz. Audit Committee and Stakeholders' Relationship Committee.*

(d) Number of Meetings of the Board of Directors held and dates on which held:

During the Financial Year 2016-17, 6 (Six) Board Meetings were held. The dates on which these Meetings were held are given in the Table provided in pt. no. (b) here-in-above.

(e) Disclosure of relationships between directors inter-se:

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

(f) Number of shares and convertible instruments held by Non-Executive Directors:

None of the Non-Executive Directors holds any share in the Company except for Shri Surjit Kumar Gupta who holds 3,26,50,800 and Shri Puneet Bhatia who holds 49,750; Equity Shares of ₹ 1/- each in the Company.

(g) Web link where details of familiarisation programmes imparted to Independent Directors is disclosed:

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

The details regarding Independent Directors' Familiarisation Programmes are given under the "Codes & Policies" in the "Corporate Governance" section on the website of the Company and can be accessed at http://www.havells.com/content/havells/en/about-havells/corporate-governance/policy.html

SEPARATE MEETING OF THE INDEPENDENT DIRECTORS

In terms of the Schedule IV to the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate Meeting of the Independent Directors of the Company is held every year, whereat the following prescribed items are discussed:

a) Review of performance of Non-Independent Directors and the Board as a whole;

b) Review of performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;

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

In respect of calendar year 2017, the Independent Directors met separately on 11th May, 2017 without the presence of any Non-Independent Directors or representatives of Management and discussed the aforesaid Items.

COMPANY'S POLICY ON PROHIBITION OF INSIDER TRADING

The Company has formulated a Code of Conduct to Regulate, Monitor, Report Trading by Insiders to deter the insider trading in the securities of the Company based on the unpublished price sensitive information. The Code envisages procedures to be followed and disclosures to be made while dealing in the securities of the Company. The full text of the Code is available on the website of Company under 'Codes & Policies' in the Corporate Governance section.

SUBSIDIARY

The Company has 11 Subsidiary Companies, out which 8 are incorporated outside India and 3 are incorporated in India.

The Board has approved a Policy Statement for determining 'Material' Subsidiaries of the Company viz. Havells India Limited and the same is available on the website of the Company under 'Codes & Policies' in the Corporate Governance section.

The Audit Committee of the Company reviews the Financial Statements, in particular, the investments made by the unlisted Subsidiary Company.

The Minutes of the Board Meetings of the unlisted Subsidiary Companies are placed at the Board Meeting of the Company.

The Management periodically brings to the attention of the Board of Directors, a statement of all significant transactions and arrangements entered into by the unlisted Subsidiary Companies.

RELATED PARTY TRANSACTIONS

The Board of Directors has approved a Policy on materiality of related party transactions and also on dealing with Related Party Transactions.

The Policy is available on the website of the Company under 'Codes & Policies' in the Corporate Governance section.

The shareholders of the Company vide Special Resolution passed on 9th June, 2014 have approved per annum limits (beginning 1st April, 2014) for certain Related Party Transactions of the Company.

Within the shareholder approved limits, wherever applicable, the Audit Committee and Board affirm the annual limits for related party transactions in the first Meeting of every Financial Year.

Further, a statement on all related party transactions is presented before the Audit Committee on a quarterly basis for its review.

(3) AUDIT COMMITTEE:

(a) Brief description of terms of reference:

The terms of reference of the Audit Committee are as per the governing provisions of the Companies Act, 2013 (section 177) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (specified in Part C of Schedule II).

The Role of the Audit Committee includes the following:

(1) oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(2) recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

(3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(4) reviewing, with the Management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

(a) matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

(b) changes, if any, in accounting policies and practices and reasons for the same;

(c) major accounting entries involving estimates based on the exercise of judgment by Management;

(d) significant adjustments made in the financial statements arising out of audit findings;

(e) compliance with listing and other legal requirements relating to financial statements;

(f) disclosure of any related party transactions;

(g) modified opinion(s) in the draft audit report;

(5) reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;

(6) reviewing, with the Management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;

(7) reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;

(8) approval or any subsequent modification of transactions of the listed entity with related parties;

(9) scrutiny of inter-corporate loans and investments;

(10) valuation of undertakings or assets of the listed entity, wherever it is necessary;

(11) evaluation of internal financial controls and risk management systems;

(12) reviewing, with the Management, performance of statutory and internal auditors, adequacy of the internal control systems;

(13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(14) discussion with internal auditors of any significant findings and follow up there on;

(15) 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;

(16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(18) to review the functioning of the whistle blower mechanism;

(19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

(20) considering such other matters the Board may specify;

(21) reviewing other areas that may be brought under the purview of role of Audit Committee as specified in SEBI Regulations and the Companies Act, as and when amended.

(b) Composition, Name of Members and Chairperson:

The Audit Committee comprises 3 (Three) 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, 2017, is given below:

Sr. No.	Name	Category	Designation
1	Shri Sunil Behari Mathur*	Non-Executive Independent	Chairman
2	Shri Vijay Kumar Chopra	Non-Executive Independent	Member
3	Shri Surjit Kumar Gupta	Non-Executive Non-Independent	Member

** Shri Sunil Behari Mathur ceased to be Member and Chairman of the Audit Committee w.e.f. 4th April, 2017. Thereafter, Shri Surender Kumar Tuteja has been inducted as Member and Chairman of the Committee, w.e.f. 13th April, 2017.*

(c) Meetings and attendance during the year:

Sr. No.	Name	Attendance in Audit Committee Meetings held on				
		10 May 16	23 Jul 16	18 Oct 16	9 Dec 16	17 Jan 17
1	Shri Sunil Behari Mathur	✓	✓	✓	✓	✓
2	*Shri Avinash Parkash Gandhi	✓	✓	✓	N.A.	N.A.
3	Shri Vijay Kumar Chopra	✓	✓	✓	✓	✓
4	Shri Surjit Kumar Gupta	✓	✓	✓	✓	✓

** Resigned as Independent Director w.e.f. 18th October, 2016 (after the Committee Meeting dated 18th October, 2016).*

(4) NOMINATION AND REMUNERATION COMMITTEE:

(a) Brief description of terms of reference:

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

The terms of reference of the Nomination and Remuneration Committee are as per the governing provisions of the Companies Act, 2013 (section 178) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (specified in Part D of Schedule II).

Further, in terms of the SEBI (Share Based Employee Benefits) Regulations, 2014, the Nomination and Remuneration Committee also supervises the ESOP/ ESPS Plans of the Company namely-Havells Employees Long Term Incentive Plan 2014, Havells Employees Stock Purchase Scheme 2015 and Havells Employees Stock Purchase Scheme 2016.

(b) Composition, Name of Members and Chairperson:

The Nomination and Remuneration Committee comprises of 3 (Three) 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, 2017, is given below:

Sr. No.	Name	Category	Designation
1	Shri Surender Kumar Tuteja	Non-Executive Independent	Chairman
2	Shri Vijay Kumar Chopra	Non-Executive Independent	Member
3	Shri Surjit Kumar Gupta	Non-Executive Non-Independent	Member

(c) **Meeting and attendance during the year:**

Sr. No.	Name	Attendance in Nomination and Remuneration Committee Meetings held on		
		11 May 16	18 Oct 16	30 Mar 17
1	Shri Surender Kumar Tuteja	✓	✓	✓
2	*Shri Avinash Parkash Gandhi	✓	✓	N. A.
3	Shri Vijay Kumar Chopra	✓	✓	✓
4	Shri Surjit Kumar Gupta	✓	✓	✓

** Ceased to be Member of the Committee w.e.f. 18th October, 2016 (after the Committee Meeting dated 18th October, 2016).*

(d) **Performance evaluation criteria for Independent Directors:**

The Nomination and Remuneration Committee of the Board has laid out the evaluation criteria for performance evaluation of the Board, its Committees and all the individual Directors, in adherence of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(5) REMUNERATION OF DIRECTORS:

(a) **All pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the listed entity shall be disclosed in the Annual Report:**

None except for the Sitting Fee or the payment of Commission to Independent Directors.

(b) **Criteria of making payments to Non-Executive Directors:**

The Company has adopted a Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other Employees; regulated by the Nomination and Remuneration Committee of the Board. The Policy is also available on the website of the Company www.havells.com in the "Code & Policies" section in Corporate Governance.

The Non-Executive Directors, except for promoter director, are entitled to Sitting fees for attending Meetings of the Board, its Committees and the Shareholders. The Non-Executive Directors, except Promoter Directors, are also paid an annual commission of ₹ 5 lakhs per annum in addition to the fee payable to such Directors for attending the Board and other Meetings or reimbursement of expenses, if any.

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

(c) **Disclosures with Respect to Remuneration:**

(i) **Details of remuneration/ sitting fees paid to Directors during the Financial Year 2016-17 are given below:**

₹ in Lakhs

Sr. No.	Name of Director	Service Term	No. of shares held	Sitting Fee (A)	Salary (B)	Perks# (C)	Commission (D)	Total (A+B+C+D)
1	Shri Anil Rai Gupta* (Chairman and Managing Director)	1-4-14 to 31-3-19	1,17,97,340	-	336.73	-	1,056.25	1,392.98
2	Shri Ameet Kumar Gupta** (Whole-time Director)	1-1-15 to 31-12-19	15,66,160	-	134.55	-	422.50	557.05
3	Shri Rajesh Kumar Gupta** (Whole-time Director (Finance) and Group CFO)	1-4-15 to 31-3-20	13,39,544	-	238.25	-	422.50	660.75
4	Shri Surjit Kumar Gupta	-	3,26,50,800	-	-	-	-	-
5	Shri Sunil Behari Mathur	-	-	7.20	-	-	5.00^	12.20
6	Shri Avinash Parkash Gandhi^^	-	-	5.40	-	-	2.74^	8.14
7	Shri Vijay Kumar Chopra	-	-	6.60	-	-	5.00^	11.60
8	Shri Surender Kumar Tuteja	-	-	5.40	-	-	5.00^	10.40
9	Dr. Adarsh Kishore	-	-	5.70	-	-	5.00^	10.70
10	Smt. Pratima Ram	-	-	4.20	-	-	5.00^	9.20
11	Shri T. V. Mohandas Pai	-	-	3.00	-	-	5.00^	8.00

₹ in Lakhs

Sr. No.	Name of Director	Service Term	No. of shares held	Sitting Fee (A)	Salary (B)	Perks# (C)	Commission (D)	Total (A+B+C+D)
12	Shri Puneet Bhatia	-	49,750	1.20	-	-	5.00^	6.20
13	Shri Vellayan Subbiah^^^	-	-	1.20	-	-	2.26^	3.46

** Entitled to Commission @ 1.25% of the profit before tax.*

*** Entitled to Commission @ 0.50% of the profit before tax*

^ In terms of Shareholders approval dated 13th July, 2016, the Nomination and Remuneration Committee of the Board has decided that all the Non-Executive Directors, except Promoters, of the Company are entitled for a commission of ₹ 5 lakhs per annum w.e.f. 1st April, 2016.

^^ Resigned as Independent Director w.e.f. 18th October, 2016 (after the Board Meeting dated 18th October, 2016).

^^^ Appointed as Additional Director (Independent) w.e.f. 18th October, 2016.

 # Excluding the value of shares i.e. Rs. 345.65 lakhs, exercised during the financial year 2016-17 under the Havells Employees Stock Purchase Scheme 2015.

(ii) Service contracts, notice period, severance fees:

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.

(iii) Stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable:

During the Financial Year 2016-17; 1,00,000 Equity Shares of ₹ 1/- each were allotted to Shri Rajesh Kumar Gupta under Havells Employees Stock Purchase Scheme 2015.

(6) STAKEHOLDERS RELATIONSHIP/ GRIEVANCE REDRESSAL COMMITTEE:

The terms of reference and the ambit of powers of Stakeholders Relationship/ Grievance Redressal Committee are as per the governing provisions of the Companies Act, 2013 (section 178) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (specified in Part D of Schedule II). The status of member correspondences, queries, grievances etc. are endeavored to be addressed instantaneously by the secretarial department and status thereof is also placed before the Stakeholders Relationship/ Grievance Redressal Committee which meets at quarterly intervals.

(a) Name of Non-Executive Director heading the Committee:

Dr. Adarsh Kishore, Non-Executive Independent Director was appointed as the Chairman of the Stakeholders Relationship/ Grievance Redressal Committee w.e.f. 18th October, 2016. Prior to him, Shri Avinash Parkash Gandhi was the Chairman of the Committee who has resigned from directorship w.e.f. 18th October, 2016.

The Stakeholders Relationship/ Grievance Redressal Committee comprises of 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, 2017, is given below:

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

** Appointed as Chairman after the Board Meeting held on 18th October, 2016.*

*** Shri Sunil Behari Mathur ceased to be Member of the Committee w.e.f. 4th April, 2017. Shri Surender Kumar Tuteja has been inducted as Member of the Committee, w.e.f. 13th April, 2017.*

(b) Name and designation of Compliance Officer:

Shri Sanjay Kumar Gupta, Vice President & Company Secretary is the Compliance Officer of the Company.

(c) Number of shareholders' complaints received so far:

The number of shareholder grievances received and resolved during Financial Year 2016-17 is given below:

Nature of Grievance	Received	Resolved	Max. period of Reply (in days)
Non-receipt of Dividend	1	1	1
Transfer of Shares	4	4	2
Total	5	5	

(d) **Number not solved to the satisfaction of shareholders:**

None. All complaints were resolved to the satisfaction of shareholders.

(e) **Number of pending complaints:**

As at 31st March, 2017, no complaint was pending unresolved.

(f) **Meetings and attendance during the year:**

Sr. No.	Name	Attendance in Stakeholders Relationship / Grievance Redressal Committee Meetings held on			
		11 May 16	23 Jul 16	18 Oct 16	17 Jan 17
1	Dr. Adarsh Kishore	✓	✓	✓	✓
2	Shri Avinash Parkash Gandhi*	✓	✓	✓	N.A.
3	Shri Sunil Behari Mathur	✓	✓	✓	✓
4	Shri Surjit Kumar Gupta	✓	✓	✓	✓
5	Shri Anil Rai Gupta	✓	✓	✓	✓

** Ceased to be Chairman and Member w.e.f. 18th October, 2016 (after the Committee Meeting dated 18th October, 2016).*

Besides the above, the Board of Directors has Corporate Social Responsibility Committee, Enterprises Risk Management Committee, Share Allotment and Transfer Committee and an Executive Committee. In respect of these Committees brief details of the role, terms of reference, composition and number of Meetings held etc. are given below:

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

(a) **Brief description of terms of reference:**

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

The Corporate Social Responsibility Policy of the Company is available on the website of the Company under 'Codes & Policies' in the Corporate Governance section.

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

(b) **Composition, Name of Members and Chairperson:**

The Corporate Social Responsibility Committee Comprises of 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, 2017, is given below:

Sr. No.	Name	Category	Designation
1	Shri Surender Kumar Tuteja	Non-Executive Independent	Chairman
2	Dr. Adarsh Kishore	Non-Executive Independent	Member
3	Shri Anil Rai Gupta	Executive	Member
4	Shri Rajesh Kumar Gupta	Executive	Member

(c) **Meeting and attendance during the year:**

Sr. No.	Name	Attendance in Corporate Social Responsibility Committee Meetings held on		
		11 May 16	9 Dec 16	30 Mar 17
1	Shri Surender Kumar Tuteja	✓	✓	✓
2	Dr. Adarsh Kishore	✓	✓	✓
3	Shri Anil Rai Gupta	✓	✓	✓
4	Shri Rajesh Kumar Gupta	✓	✓	✓

ENTERPRISES RISK MANAGEMENT COMMITTEE

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

The Committee is chaired by an Independent Director. 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, 2017, is given below:

Sr. No.	Name	Category	Designation
1	Shri Sunil Behari Mathur*	Non-Executive Independent	Chairman
2	Shri Anil Rai Gupta	Executive	Member
3	Shri Rajesh Kumar Gupta	Executive	Member

** Chairman since 18th October, 2016.*

During the Financial Year 2016-17, the Enterprises Risk Management Committee met once on 17th January, 2017 and the Meeting was attended by all the Members of the Committee.

SHARE ALLOTMENT AND TRANSFER COMMITTEE

The Share Allotment and Transfer Committee meets regularly to consider requests of share transfer(s)/ transmission(s)/ transposition(s)/ split(s)/ consolidation(s)/ sub-division(s)/ duplicate share certificate(s) 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.

The Committee comprises of 1 (One) Non-Executive Director and 2 (Two) Executive Directors. Shri Surjit Kumar Gupta being Non-Executive Director is the Chairman of the Committee. The Company Secretary of the Company acts as Secretary to the Share Allotment and Transfer Committee. The Composition of Share Allotment and Transfer Committee as on 31st March, 2017, is given below:

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

During the Financial Year 2016-17, the Share Allotment and Transfer Committee met 10 (Ten) times.

EXECUTIVE COMMITTEE

The role of the Executive 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. The Committee comprises of 1 (One) Non-Executive Director and 3 (Three) Executive Directors. Shri Surjit Kumar Gupta being Non-Executive Director is the Chairman of the Committee. The Company Secretary of the Company acts as Secretary to the Executive Committee. The Composition of Executive Committee as on 31st March, 2017, is given below:

Sr. No.	Name	Category	Designation
1	Shri Surjit Kumar Gupta	Non-Executive	Chairman
2	Shri Anil Rai Gupta	Executive	Member
3	Shri Ameet Kumar Gupta	Executive	Member
4	Shri Rajesh Kumar Gupta	Executive	Member

During the Financial Year 2016-17, the Executive Committee met 20 (Twenty) times.

(7) General body Meetings:

(a) Location and time, where last three Annual General Meetings held:

Date of AGM	Location	Time
13th July, 2016	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi – 110003	10:00 a.m.
13th July, 2015	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi – 110003	10:00 a.m.
9th July, 2014	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi – 110003	10:00 a.m.

(b) Whether any Special Resolutions passed in the previous three Annual General Meetings:

Date of AGM	Details of Special Resolutions passed, if any
13th July, 2016	1. Approval of Havells Employee Stock Purchase Scheme 2016 and its implementation through Trust. 2. Authorization for Havells Employee Welfare Trust to subscribe to shares for and under the Havells Employees Stock Purchase Scheme 2016. 3. Provisioning of money by the Company to the Havells Employee Welfare Trust/ Trustees for subscription of shares under the Havells Employees Stock Purchase Scheme 2016. 4. Re-appointment of Shri Avinash Parkash Gandhi as an Independent Director of the Company for a Second Term. 5. Re-appointment of Shri Vijay Kumar Chopra as an Independent Director of the Company for a Second Term. 6. Re-appointment of Shri Sunil Behari Mathur as an Independent Director of the Company for a Second Term. 7. Re-appointment of Shri Surender Kumar Tuteja as an Independent Director of the Company for a Second Term. 8. Re-appointment of Dr. Adarsh Kishore as an Independent Director of the Company for a Second Term.
13th July, 2015	1. Amendment of Articles of Association of the Company.
9th July, 2014	1. Change in Period of Office of Shri Qimat Rai Gupta, Chairman and Managing Director, to be liable to determination by retirement of Directors by rotation.

(c) (1) **Special Resolution passed last year through postal ballot – details of voting pattern and procedure thereof:**

No Special Resolution was passed through postal ballot during the last year.

(2) **Special Resolution proposed to be conducted through postal ballot:**

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.

(8) Means of communication:

(a) **Quarterly results:**

The Company publishes limited reviewed un-audited standalone financial results on a quarterly basis. In respect of the fourth quarter, the Company publishes the audited financial results for the complete Financial Year.

(b) **Newspapers wherein results normally published:**

The quarterly/ half-yearly/ annual financial results are published in **Economic Times** in both English and Hindi Daily editions.

(c) **Website, where displayed:**

The financial results and the official news releases are also placed on the Company's website www.havells.com in the investor relations section.

(d) **Official news releases:**

Yes, the Company regularly publishes an information update on its financial results and also displays official news releases in the investor relations section under relevant sections.

(e) **Presentations made to institutional investors or to the analysts:**

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

(9) General shareholder's information:

(a) **Annual General Meeting-Day, Date, Time and Venue:**

Annual General Meeting (in the Financial Year 2017-18)

Day : Friday

Date : 7th July, 2017

Time : 10:00 am

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

(b) **Financial Year:**

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

(c) **Dividend Payment Date:**

The Board of Directors of your Company has recommended a final dividend of ₹ 3.50/- per equity share of ₹ 1/- each i.e. @ 350% for the Financial Year 2016-17. Date of payment of dividend would be within 30 days from 7th July, 2017.

(d) **Name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s):**

The equity shares of the Company are listed at:

- The National Stock Exchange of India Limited (NSE), Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai- 400 051
- BSE Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001

The listing fees for the Financial Year 2017-18 have been paid by the Company within the stipulated time.

(e) **Stock code:**

NSE	BSE	ISIN
HAVELLS	517354	INE176B01034 (Shares)

(f) **Market price data-high, low during each month in last Financial Year:**

Monthly high and low prices and volumes of the equity shares of the Company at the National Stock Exchange of India Limited (Nifty) and BSE Limited (Sensex) during Financial Year 2016-17 are as under:

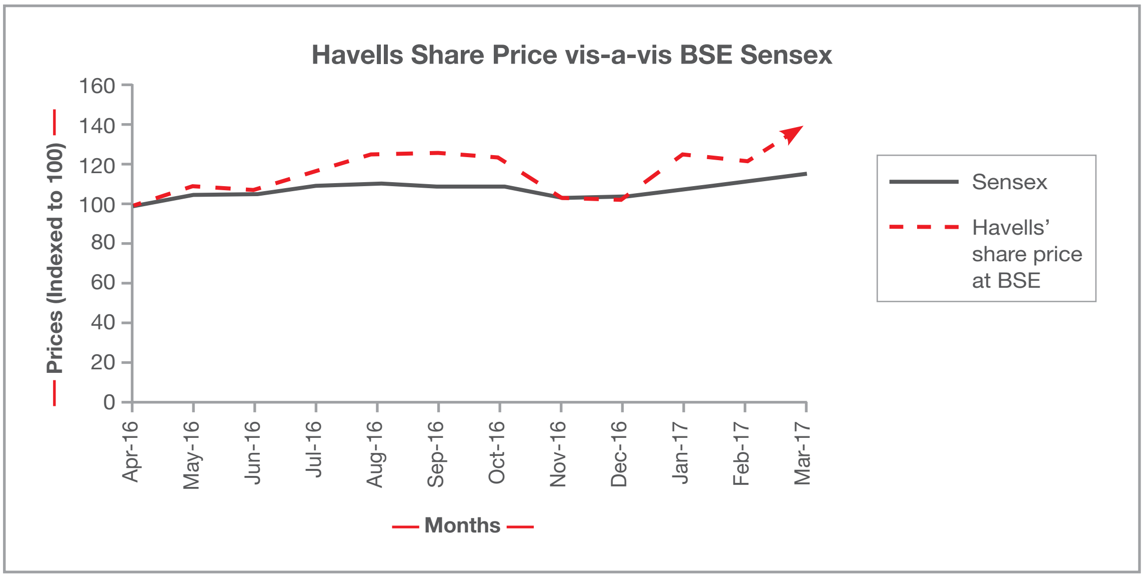
Period	NSE			BSE		
	High	Low	Volume (No. of shares)	High	Low	Volume (No. of shares)
Apr 2016	354.00	312.40	2,73,52,510	355.00	312.05	19,80,778
May 2016	378.40	327.00	7, 20,34,768	378.00	327.20	34,40,099
Jun 2016	370.00	347.55	2,40,69,607	370.25	347.55	15,14,097
Jul 2016	391.75	351.60	3,52,37,371	391.80	351.70	29,14,019
Aug 2016	428.30	385.65	2,79,33,792	428.10	386.00	21,52,264
Sep 2016	433.55	396.50	2,60,67,331	433.00	396.60	23,09,887
Oct 2016	459.40	400.80	3,10,06,296	459.80	401.25	25,22,753
Nov 2016	414.00	302.80	3,38,49,118	413.35	303.60	24,82,552
Dec 2016	354.90	310.55	1,97,89,010	353.30	310.50	41,21,641

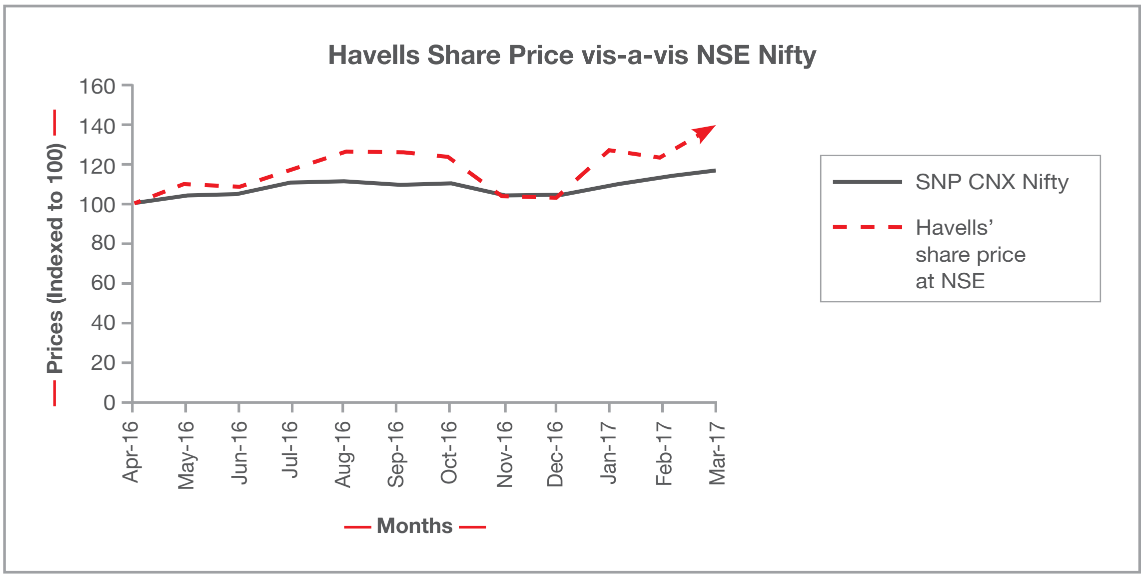
Period	NSE			BSE		
	High	Low	Volume (No. of shares)	High	Low	Volume (No. of shares)
Jan 2017	432.20	337.00	4,38,90,596	432.00	336.85	38,07,127
Feb 2017	446.00	396.25	2,85, 20,186	445.90	396.40	22,07,015
Mar 2017	474.50	405.60	4,82,08,270	475.00	406.00	20,54,697

(Source: NSE and BSE website)

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

(g) Performance in comparison to broad-based indices such as BSE sensex, CRISIL Index etc.:





(h) In case the securities are suspended from trading, the Directors Report shall explain the reason thereof:

Not applicable.

(i) Registrar to an issue and share transfer agents:

Link Intime India Private Limited
44, 2nd Floor, Naraina Community Centre Phase I
Near PVR Cinema, New Delhi – 110028
Telephone: 011-41410592, 011-41410593
Fax: 011-41410591
E-mail: delhi@linkintime.co.in
Website: www.linkintime.co.in

(j) Share transfer system:

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

In case of shares held in physical form, the transferred share certificates duly endorsed are despatched within 15 days from the date of receipt of documents, provided documents are valid and complete in all respects. In compliance of the provisions of Listing Regulations, the share transfer system of the Company is audited every six months by a Practicing Company Secretary and a certificate to that effect is issued by him/her.

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

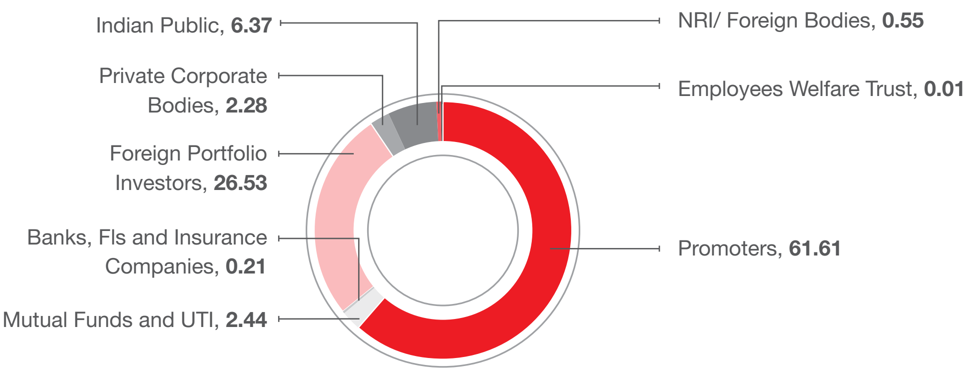
(k) Distribution of shareholding as on 31st March, 2017:

Shareholding of Nominal Value of ₹ 1/- each	Shareholders (Numbers)	% of Total Shareholders	No. of Shares	Nominal Value (in ₹)	% of Nominal Value
Upto 5,000	73,830	97.59	1,96,56,322	1,96,56,322	3.15
5,001-10,000	932	1.23	70,12,606	70,12,606	1.12
10,001-20,000	348	0.46	51,33,282	51,33,282	0.82
20,001-30,000	130	0.17	32,49,067	32,49,067	0.52
30,001-40,000	66	0.09	23,73,861	23,73,861	0.38
40,001-50,000	45	0.06	20,13,964	20,13,964	0.32
50,001-1,00,000	116	0.15	81,78,100	81,78,100	1.31
1,00,001 & Above	195	0.26	57,72,38,140	57,72,38,140	92.38
GRAND TOTAL	**75,662**	**100.00**	**62,48,55,342**	**62,48,55,342**	**100.00**

Ownership Pattern as on 31st March, 2017:

Category	No. of Shareholders	No. of Shares Held	% of Total Shareholding
Promoters			
Indian Promoters	11	38,49,57,920	61.61
Non Promoters			
Institutional Investors			
Mutual Fund and UTI	47	1,52,72,665	2.44
Bank, Financial Institutions and Insurance Companies	7	12,98,909	0.21
Foreign Portfolio Investors	401	16,58,03,640	26.53
Others			
Private Corporate Bodies	892	1,42,30,884	2.28
Indian Public	72, 209	3,97,98,189	6.37
NRI/ Foreign Bodies	2,094	34,51,175	0.55
Non Promoters Non Public			
Employees Welfare Trust	1	41,960	0.01
GRAND TOTAL	**75,662**	**62,48,55,342**	**100.00**

Ownership Pattern as on 31st March, 2017



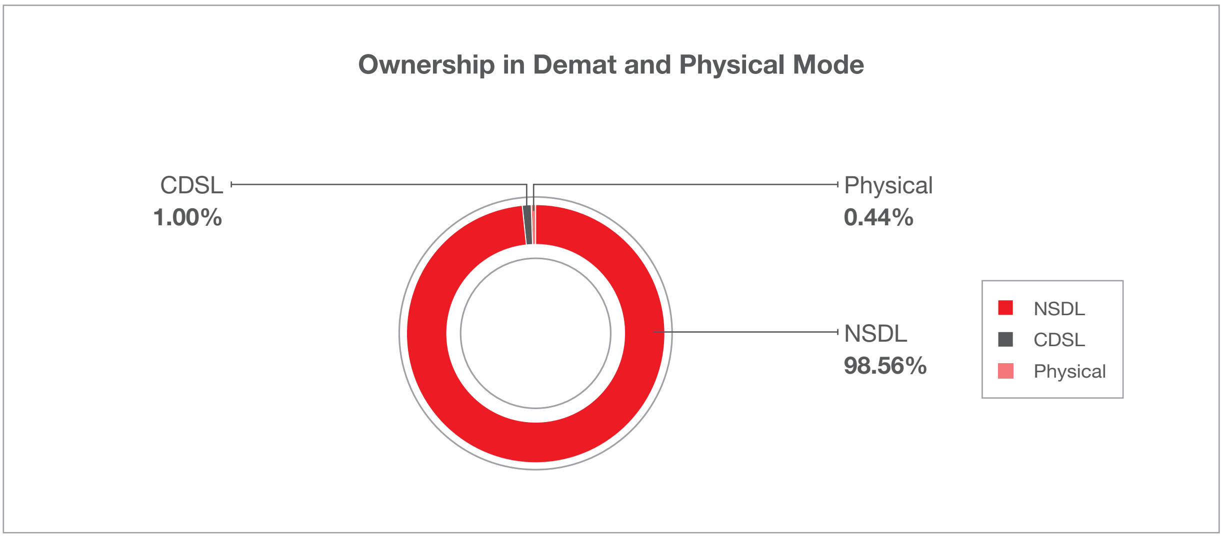
List of Shareholders other than Promoters holding more than 1% as on 31st March, 2017

Sr. No.	Name of Shareholder	No. of Shares held	% of Total Shareholding
1	NALANDA INDIA EQUITY FUND LIMITED	3,30,44,930	5.29
2	GOVERNMENT PENSION FUND GLOBAL	1,67,12,874	2.67
3	SMALLCAP WORLD FUND, INC	1,17,21,266	1.88
4	NEW WORLD FUND INC	79,40,000	1.27
5	TIAA-CREF FUNDS-TIAA CREF INTERNATIONAL EQUITY FUND	67,75,256	1.08
	TOTAL	**7,61,94,326**	**12.19**

(l) Dematerialization of shares and liquidity:

The shares of the Company are in compulsory demat segment and are available for trading in the depository systems of both the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As at 31st March, 2017, 62, 20,99,445 Equity shares out of 62,48,55,342 Equity Shares of the Company, forming 99.56% of the Company's paid-up capital is held in the dematerialized form. Majority of demat shares are with National Securities Depository Limited. The status of shares held in demat and physical format is given below. The Company's shares are liquid and actively traded on the NSE and BSE.

Particulars	As on 31st March, 2017		As on 31st March, 2016	
	Number of Shares	Percentage	Number of Shares	Percentage
Shares in Demat Form	**62, 20,99,445**	**99.56**	**62,16, 20,257**	**99.52**
NSDL	61,58,23,717	98.56	61,52,36,599	98.50
CDSL	62,75,728	1.00	63,83,658	1.02
Shares in Physical Form	**27,55,897**	**0.44**	**29,67,523**	**0.48**
TOTAL	**62,48,55,342**	**100.00**	**62,45,87,780**	**100.00**



(m) Outstanding global depository receipts or american depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity:

There are no GDRs/ ADRs/ Warrants outstanding as on 31st March, 2017.

(n) Commodity price risk or foreign exchange risk and hedging activities:

In order to manage the Company's Foreign Exchange exposure, the Company has in place a Board approved Policy on Foreign Exchange Management for the management of corporate foreign exchange risk by defining its exposures, measuring them and defining appropriate actions to control the risk. The intent of this Policy is to minimize the financial statement impact of fluctuating foreign currency exchange rates.

In terms of the Policy, generally forward contracts are used to cover exposures. However other Hedging techniques may be used like Currency Swaps and Currency options etc.

(o) **Plant locations:**

Sr. 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 - NH-31, Dara Kahara (Bhahkajan) Mouza Madartoal, Kamrup, Assam
	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	SP-181–189 & 191(A) Industrial Area, Phase II, Neemrana, Alwar, Rajasthan
4.	Motor and Pumps	SP-181–189 & 191(A) Industrial Area, Phase II, Neemrana, Alwar, Rajasthan
5.	Cable Division	A/461-462, & SP–215, 204 & 204(A)Matsya Industrial Area, Alwar, Rajasthan
6.	CFL / CMI / Lighting and Fixture / Water Heaters	SP-181–189 & 191(A), Industrial Area, Phase II, Neemrana, Alwar, Rajasthan
7.	Electrical Consumer Durable	Plot No. 2 and 2A, Sector-10, SIDCUL Industrial Area, Haridwar, Uttarakhand
8.	Centre for Research & Innovation (CRI)	- QRG Towers, 2D, Sector –126, Expressway, Noida (U.P.) 201304 - E-1, Sector- 59, Noida (U.P.) 201307

(p) **Address for correspondence:**

The Company Secretary
Havells India Limited
(Secretarial Department)
QRG Towers, 2D, Sector – 126,
Expressway, Noida (U.P.) – 201 304
Telephone No.: 0120 – 3331000
Fax No.: 0120 – 3332000

Address for Correspondence with the Registrar and Transfer Agents

Link Intime India Private Limited
44, 2nd Floor, Naraina Community Centre Phase I,
Near PVR Cinema, New Delhi – 110 028
Telephone No.: 011-41410592, 011-41410593
Fax No.: 011-41410591
Email: delhi@linkintime.co.in

(10) Other Disclosures:

(a) **Disclosures on materially significant Related Party Transactions that may have potential conflict with the interests of listed entity at large:**

During the Financial Year 2016-17, 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 Ind AS–24 are given in Note No. 32(7) of Other Notes on Accounts of the Annual Report.

(b) **Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the Board or any statutory authority, on any matter related to capital markets, during the last three years:**

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

(c) **Details of establishment of vigil mechanism, Whistle Blower Policy and affirmation that no personnel has been denied access to the Audit Committee:**

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

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

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

(d) **Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:**

The Company has fully complied with the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(e) **Web link where policy for determining 'material' subsidiaries is disclosed:**

The policy for determining 'material' subsidiaries is available on the website of the Company under

"Code & Policies" in the Corporate Governance section and can be accessed at http://www.havells.com/content/havells/en/about-havells/corporate-governance/policy.html

(f) **Web link where policy on dealing with related party transactions:**

The policy on dealing with related party transactions is available on the website of the Company under "Code & Policies" in the Corporate Governance section and can be accessed at http://www.havells.com/content/havells/en/about-havells/corporate-governance/policy.html

(g) **Disclosure of commodity price risks and commodity hedging activities:**

In order to manage the Company's Foreign Exchange exposure, the Company has in place a Board approved Policy on Foreign Exchange Management for the management of corporate foreign exchange risk by defining its exposures, measuring them and defining appropriate actions to control the risk. The intent of this Policy is to minimize the financial statement impact of fluctuating foreign currency exchange rates.

In terms of the Policy, generally forward contracts are used to cover exposures. However other Hedging techniques may be used like Currency Swaps and Currency Options etc. The Foreign Currency exposure is given under Note No. 32(11) of Other Notes on Accounts of the Annual Report.

(11) Disclosure of the extent to which the discretionary requirements as specified in Part E of Schedule II have been adopted.

(a) The Board: As the Chairman of the Company is an Executive Chairman, hence the provision on entitlement of Chairperson's office at the expense of the Company in case of a Non-Executive Chairperson is not applicable.

(b) Shareholder Rights: Quarterly financial statements are published in leading newspapers and uploaded on Company's website www.havells.com.

(c) Modified opinion(s) in audit report: The Company already has a regime of un-qualified financial statements. Auditors have raised no qualification on the financial statements.

(d) Separate posts of Chairperson and CEO: Presently, Shri Anil Rai Gupta is the Chairman and Managing Director of the Company. He is also the CEO of the Company.

(e) Reporting of Internal Auditor: The Company has appointed KPMG as the Internal Auditors for conducting the internal audit, representatives whereof report to the Head, Risk Management and Governance Department who reports to the Director (Finance) and Group CFO and has direct access to the Audit Committee.

(12) Disclosures of the compliance with corporate governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-Regulation (2) of Regulation 46

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub – regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Declaration signed by the chief executive officer stating that the members of Board of Directors and Senior Management Personnel have affirmed compliance with the code of conduct of Board of Directors and Senior Management.

The Company is committed to conduct its business in accordance with the applicable laws, rules and regulations and with the highest standards of business ethics. Havells' Code of Ethics is intended to provide guidance and help in recognizing and dealing with ethical issues, mechanisms to report unethical conduct, and to help foster a culture of honesty and accountability.

The Board has adopted a Code of Ethics for Directors, Senior Management and other Employees of the Company.

The Code is available on the website of the Company under "Code & Policies" in the Corporate Governance section and can be accessed at http://www.havells.com/content/havells/en/about-havells/corporate-governance/policy.html

Declaration pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

All Board Members and Senior Management Personnel have affirmed compliance with the code of ethics for the Financial Year ended 31st March, 2017.

Anil Rai Gupta
Chairman and
Noida, May 11, 2017 **Managing Director**

Compliance certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance:

The Certificate from the Statutory Auditors of the Company regarding compliance of conditions of corporate governance is annexed with this Report and forms an integral part of the Annual Report.

Disclosures with respect to demat suspense account/ unclaimed suspense account:

In terms of Regulation 39(4) read with Schedule VI to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which provides the manner of dealing with shares that remain unclaimed with the Company, the Company, during the year ended 31st March, 2017, sent 3 (Three) Reminders to the Shareholders whose Share Certificates of ₹ 1/- were lying undelivered with it. These shares would be transferred to Unclaimed Suspense Account and dematerialised shortly.

OTHER USEFUL INFORMATION FOR SHAREHOLDERS

ECS Facility:

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

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

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

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

The shareholders who have not registered their email addresses with the Company are requested to kindly register their email 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, 2013, 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.

The Company in the past has also made special efforts by engaging its service franchisees to visit the relevant shareholders at their registered addresses to help locate the cause of dividend remaining unpaid/ unclaimed and redress it so that the dividend can be paid to the people entitled to it before it falls due for credit to IEPF.

Unclaimed Dividend in respect of the Financial Year 2009-10 will be due for transfer to Investor Education and Protection Fund on 5th November, 2017 in terms of Section 124 of the Companies Act, 2013. Members who have not encashed their Dividends for the Financial Year ended 31st March, 2010 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, 2010, it will not be possible to entertain claims which are received by the Company after 5th November, 2017. Members are advised that in terms of the provisions of Section 124(5) of the Companies Act, 2013, once unclaimed dividend is transferred to IEPF, no claim shall lie against the Company in respect thereof. However members may apply for refund with the IEPF authority by making an application in the prescribed Form alongwith fee.

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
2013-14	Final	10.00	09.07.2014	15.08.2021
2014-15	Final	3.00*	13.07.2015	19.08.2022
2015-16	Interim	3.00	03.02.2016	12.03.2023
2015-16	Final	3.00	13.07.2016	19.08.2023

* *During the Financial Year 2014-15, the Equity shares of the Company which were of the face value of ₹ 5/- each were sub-divided into 5 Equity shares of ₹ 1/- each.*

Dematerialization of Shares:

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

A separate communication in this regard was also sent during the Financial Year to all those Shareholders of the Company who have not yet dematerialized their physical share certificates, outlining the procedure for dematerialization 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 made it mandatory that a copy of the PAN Card is to be furnished to the Company in the following cases:

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

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

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

Consolidation of Multiple Folios:

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

Nomination Facility:

Provision of Section 72 of the Companies Act, 2013 read with rule 19(1) of the rules made thereunder extends nomination facility to individuals holding shares in the physical form. To help the legal heirs/ successors get the shares transmitted in their favour, shareholder(s) are requested to furnish the particulars of their nomination in the prescribed Nomination Form. Shareholder(s) holding shares in Dematerialized form are requested to register their nominations directly with their respective DPs.

Update your Correspondence Address/ Bank Mandate/ E-mail Id:

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

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

Quote Folio No./ DP ID No.:

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

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

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

Anil Rai Gupta
Noida, May 11, 2017 Chairman and Managing Director

CEO'S/CFO'S CERTIFICATE

We, Anil Rai Gupta, Chairman and Managing Director and Rajesh Kumar 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, 2017 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**

(Anil Rai Gupta)
Chairman and Managing Director

For **Havells India Limited**

(Rajesh Kumar Gupta)
Director (Finance) and Group CFO

Noida, May 11, 2017

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 March 31, 2017, as stipulated in chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to 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 provisions as specified in chapter IV Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to Listing Agreement of the said Company with stock exchange(s).

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
Firm registration number: 301003E/ E300005
Chartered Accountants

per Manoj Kumar Gupta
Partner
Membership No.: 83906

For V.R. Bansal & Associates
ICAI Firm registration number: 016534N
Chartered Accountants

per V.P. Bansal
Partner
Membership No.: 08843

Place: Noida
Date : May 11, 2017

STANDALONE FINANCIAL STATEMENTS

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

V.R. Bansal & Associates
Chartered Accountants
D-94, 9th Floor, Himalaya House,
23, K.G. Marg, Connaught Place,
New Delhi-110001

INDEPENDENT AUDITOR'S REPORT

To the Members of Havells India Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Havells India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 Companies (Indian Accounting Standards) Rules, 2015, as amended;
   (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 31 to the standalone Ind AS financial statements;
      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 20 to the standalone Ind AS financial statements;
      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
      iv. The Company has provided requisite disclosures in Note 32(18) to these standalone Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

For S.R. BATLIBOI & CO LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Manoj Kumar Gupta
Partner
Membership No.: 83906

For V.R. Bansal & Associates
Chartered Accountants
ICAI Firm registration number: 016534N

per V.P. Bansal
Partner
Membership No.: 08843

Place: Noida
Date : May 11, 2017

Annexure-1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Havells India Limited (the Company)

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

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

(b) According to the information and explanations given by the management the title deeds of immovable properties included in property, plant and equipments are held in the name of the Company except for land taken on lease by the Company from its group company duly approved by board of directors for which lease deed is yet to be registered with appropriate authorities. The Company has constructed building on such land which is appearing in the Company's property, plant and equipment having net block of ₹ 14.98 crores. Apart from this, there are four more immovable properties having aggregate net block of ₹ 44.12 crores for which title deed is not in the name of the Company for which the Company is in the process of getting them registered in its name.

(ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2017 and no material discrepancies were noticed in respect of such confirmations.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) 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, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and guarantees and securities given have been complied with by the Company.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of electrical goods, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other 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 of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess which have not been deposited 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.	15.85	AY 2004-05 to AY 2012-13	Income Tax Appellate Tribunal, New Delhi
Income Tax Act, 1961	Disallowances and additions to taxable income.	18.52	AY 2010-11 to AY 2013-14	Commissioner of Income Tax (Appeal) New Delhi
Central Excise Act, 1944	Excise duty demand/ disallowance of Cenvat credit on various items.	2.69	FY 2003-04 to 2011-12	CESTAT, (New Delhi, Chandigarh and Ahmedabad)
Central Excise Act, 1944	Excise duty demand/ disallowance of Cenvat credit on various items.	0.38	FY 2012-13 to FY 2014-15	The Commissioner (Appeals), Delhi-II, LTU, Gurgaon (Excise & Customs)
Sales Tax/ VAT	Sales tax / VAT demand on various matters.	8.91	FY 2001-02 & FY 2010-11 to 2014-15	Joint Commissioner (Appeals)
Sales Tax/ VAT	Sales tax / VAT demand on various matters.	0.92	FY 2012-13	Additional Commissioner (Appeals)
Sales Tax/ VAT	Sales tax / VAT demand on various matters.	0.03	2007-08	Commissioner (Appeals)
Sales Tax/ VAT	Sales tax / VAT demand on various matters.	2.42	FY 2007-08 to FY 2011-12	Tribunal (Commercial Tax Department)
Sales Tax/ VAT	Sales tax / VAT demand on various matters	0.32	FY 2007-08 to FY 2011-12	Deputy Commissioner (Appeals)
Odisha Entry Tax Act, 1999	Demand of entry tax in the state of Orissa on purchase of few items	6.80	Oct 2009 to March 2017	High court of Odisha
The West Bengal tax of entry of goods into local areas Act, 2012	Demand of entry tax in the state of West Bengal on purchase of few items.	9.66	FY 2010-11 to FY 2016-17	High court of Calcutta

(viii) In our opinion and according to the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding dues in respect of a financial institution or debenture holders or government.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer/ further public offer/ debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. BATLIBOI & CO LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Manoj Kumar Gupta
Partner
Membership No.: 83906

For V.R. Bansal & Associates
Chartered Accountants
ICAI Firm registration number: 016534N

per V.P. Bansal
Partner
Membership No.: 08843

Place: Noida
Date : May 11, 2017

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

V.R. Bansal & Associates
Chartered Accountants
D-94, 9th Floor, Himalaya House,
23, K.G. Marg, Connaught Place,
New Delhi-110001

ANNEXURE-2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF HAVELLS INDIA LIMTED

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of Havells India Limited

We have audited the internal financial controls over financial reporting of Havells India Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. BATLIBOI & CO LLP
ICAI Firm registration number: 301003E / E300005
Chartered Accountants

per Manoj Kumar Gupta
Partner
Membership No.: 83906

For V.R. Bansal & Associates
ICAI Firm registration number: 016534N
Chartered Accountants

per V.P. Bansal
Partner
Membership No.: 08843

Place: Noida
Date : May 11, 2017

BALANCE SHEET

as at March 31, 2017

(₹ in Crores)

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
1 Non-current assets				
Property, plant and equipment	3	1,191.67	1,177.25	1,113.54
Capital work in progress	3	11.91	20.49	22.13
Investment property	4	55.92	-	-
Intangible assets	5	18.16	10.82	8.59
Investment in subsidiaries, associates and joint venture	6	227.41	309.61	1,011.76
Financial assets	7			
(i) Investments		161.66	153.10	-
(ii) Other financial assets		13.55	9.97	183.53
Other non-current assets	8	88.59	30.51	27.51
		1,768.87	**1,711.75**	**2,367.06**
2 Current assets				
Inventories	9	928.43	784.36	689.72
Financial assets	10			
(i) Trade receivables		228.50	157.64	132.51
(ii) Cash and cash equivalents		554.96	76.77	126.60
(iii) Other bank balances		1,382.57	1,288.44	405.28
(iv) Other financial assets		6.02	6.02	8.29
Other current assets	11	74.37	63.90	47.90
		3,174.85	**2,377.13**	**1,410.30**
Assets classified as held for sale	12	16.27	0.10	0.39
		3,191.12	**2,377.23**	**1,410.69**
Total Assets		**4,959.99**	**4,088.98**	**3,777.75**
EQUITY AND LIABILITIES				
1 Equity	13			
Equity share capital		62.49	62.46	62.45
Other equity		3,211.09	2,891.21	2,630.89
		3,273.58	**2,953.67**	**2,693.34**
2 Liabilities				
Non-current liabilities				
Financial liabilities	14			
(i) Borrowings		-	-	41.88
(ii) Other Financial Liabilities		2.93	2.88	1.32
Provisions	15	9.08	5.85	4.23
Deferred tax liabilities (Net)	16	113.76	86.26	81.07
Other non current liabilities	17	1.64	-	-
		127.41	**94.99**	**128.50**
Current liabilities				
Financial liabilities	18			
(i) Borrowings		198.05	-	-
(ii) Trade payables		629.56	436.33	394.52
(iii) Other financial liabilities		444.29	354.41	394.24
Other current liabilities	19	110.53	87.46	69.05
Provisions	20	110.19	91.41	72.63
Current tax liabilities (Net)	21	66.38	70.71	25.47
		1,559.00	**1,040.32**	**955.91**
Total Equity and Liabilities		**4,959.99**	**4,088.98**	**3,777.75**
Summary of significant accounting policies	2			
Contingent liabilities, commitments and litigations	31			
Other notes on accounts	32			

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 /E300005

Per Manoj Kumar Gupta
Partner
Membership No. 83906

Noida, May 11, 2017

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

Per V.P. Bansal
Partner
Membership No. 08843

For and on behalf of Board of Directors

Anil Rai Gupta
Chairman and Managing Director
DIN: 00011892

Rajesh Kumar Gupta
Director (Finance) and Group CFO
DIN: 00002842

Surjit Kumar Gupta
Director
DIN: 00002810

Sanjay Kumar Gupta
Company Secretary

Sanjay Johri
Vice President (Finance)

STATEMENT OF PROFIT AND LOSS
for the year ended March 31, 2017

(₹ in Crores)

		Notes	Year ended March 31, 2017	Year ended March 31, 2016
I	**INCOME**			
	Revenue from operations	22	6,585.96	5,775.42
	Other income	23	134.28	69.35
	Total Income		**6,720.24**	**5,844.77**
II	**EXPENSES**			
	Cost of materials consumed	24	3,268.69	2,875.42
	Purchase of traded goods	25	493.30	392.69
	Change in inventories of finished goods, traded goods and work in progress	26	(113.52)	(94.64)
	Excise duty on sale of goods		450.70	397.10
	Employee benefits expense	27	500.40	370.79
	Finance costs	28	12.15	12.73
	Depreciation and amortization expenses	29	119.63	104.91
	Other expenses	30	1,162.25	1,079.13
	Total Expenses		**5,893.60**	**5,138.13**
III	**Profit before exceptional items and tax**		**826.64**	**706.64**
	Add : Exceptional items {(refer note no 32(1)}		(57.81)	202.39
IV	**Profit before tax**		**768.83**	**909.03**
V	**Tax expenses**	16		
	Current tax		202.29	197.63
	Adjustment of tax relating to earlier years		-	(5.82)
	Deferred tax		27.50	5.19
	Income tax expense		**229.79**	**197.00**
VI	**Profit for the year**		**539.04**	**712.03**
VII	**Other comprehensive income**			
	Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
	i) Re-measurement (gains)/ losses on defined benefit plans {refer note 32(5)}		4.21	5.48
	ii) Income tax effect {refer note no 16(b)}		(1.46)	(1.90)
	Other comprehensive income for the year, net of tax		**2.75**	**3.58**
VIII	**Total comprehensive income for the year, net of tax**		**536.29**	**708.45**
IX	**Earnings per equity share {refer note no 32(13)} (nominal value of share ₹ 1/-)**			
	Basic (₹)		8.63	11.40
	Diluted (₹)		8.63	11.40
	Summary of significant accounting policies	2		
	Contingent liabilities, commitments and litigations	31		
	Other notes on accounts	32		

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 /E300005

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. 08843

Noida, May 11, 2017

For and on behalf of Board of Directors

Anil Rai Gupta
Chairman and Managing Director
DIN: 00011892

Rajesh Kumar Gupta
Director (Finance) and Group CFO
DIN: 00002842

Surjit Kumar Gupta
Director
DIN: 00002810

Sanjay Kumar Gupta
Company Secretary

Sanjay Johri
Vice President (Finance)

STATEMENT OF CHANGES IN EQUITY
for the year ended March 31, 2017

A) Equity Share Capital

(₹ in Crores)

Particulars	Nos.	Amount
As at April 1, 2015	624,488,035	62.45
Add: Equity shares issued under ESPP	99,745	0.01
As at March 31, 2016	**624,587,780**	**62.46**
Add: Equity shares issued under ESPP	267,562	0.03
As at March 31, 2017	**624,855,342**	**62.49**

B) Other Equity

Particulars	Reserves and surplus				Total
	Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	
As at April 1, 2015	**7.61**	**11.63**	**677.29**	**1,934.36**	**2,630.89**
Net profit for the year				712.03	712.03
Other comprehensive income for the year					
Remeasurements gain/(loss) on defined benefit plans.	-	-	-	(3.58)	(3.58)
Dividends					
Interim dividend	-	-	-	(187.38)	(187.38)
Final dividend	-	-	-	(187.38)	(187.38)
Corporate dividend tax	-	-	-	(76.29)	(76.29)
Transfer from retained earnings to general reserve	-	-	71.55	(71.55)	-
Addition on equity shares issued under ESPP	-	2.92	-	-	2.92
As At March 31, 2016	**7.61**	**14.55**	**748.84**	**2,120.21**	**2,891.21**
Profit for the year				539.04	539.04
Other comprehensive income for the year					
Remeasurements gain/(loss) on defined benefit plans.	-	-	-	(2.75)	(2.75)
Dividends					
Final dividend	-	-	-	(187.46)	(187.46)
Corporate dividend tax	-	-	-	(38.17)	(38.17)
Addition on equity shares issued under ESPP	-	9.22	-	-	9.22
As At March 31, 2017	**7.61**	**23.77**	**748.84**	**2,430.87**	**3,211.09**

Summary of significant accounting policies	2
Contingent liabilities, commitments and litigations	31
Other notes on accounts	32

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 /E300005

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. 08843

Noida, May 11, 2017

For and on behalf of Board of Directors

Anil Rai Gupta
Chairman and Managing Director
DIN: 00011892

Rajesh Kumar Gupta
Director (Finance) and Group CFO
DIN: 00002842

Surjit Kumar Gupta
Director
DIN: 00002810

Sanjay Kumar Gupta
Company Secretary

Sanjay Johri
Vice President (Finance)

CASH FLOW STATEMENT
for the year ended March 31, 2017

(₹ in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Income tax	768.83	909.03
Adjustments to reconcile profit before tax to net cash flows		
Exceptional Items	57.81	(202.39)
Depreciation and amortisation expense	119.63	104.91
Loss on disposal of Property, Plant and Equipment	1.45	1.35
Unrealised foreign exchange (gain) / loss (net)	0.16	3.27
Impairment allowance for trade receivables considered doubtful	5.42	3.22
Bad debts	2.42	0.58
Interest income	(98.04)	(50.99)
Finance cost	9.11	6.14
Excess provisions no longer required written back	(7.61)	(8.22)
Rental Income	(5.85)	(0.21)
Provision for doubtful receivables written back	(2.60)	(0.61)
Operating Profit before working capital changes	**850.73**	**766.08**
Movement in working capital		
(Increase)/ Decrease in trade receivables	(77.48)	(28.90)
(Increase)/ Decrease in Other financial and non-financial assets	(19.52)	(15.29)
(Increase)/ Decrease in inventories	(144.07)	(94.64)
Increase/ (Decrease) in trade payables	194.76	42.54
Increase/ (Decrease) in other financial, non financial liabilities and provisions	178.57	0.25
Cash generated from/(used) in operations	**982.99**	**670.04**
Income tax paid (net of refunds)	(205.16)	(144.67)
Net Cash flow from/(used) in Operating Activities (A)	**777.83**	**525.37**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment including capital work in progress	(238.63)	(176.58)
Addition to Investment Property	(1.02)	-
Fixed Deposits matured/ (made) during the year	(80.40)	(695.25)
Proceeds from redemption/ sale of equity shares invested in subsidiary companies/Associates	18.95	933.66
Investment in equity shares of Subsidiary Company	(10.77)	(29.12)
Investment in Bonds	-	(150.66)
Proceeds from sale of property, plant and equipment	2.80	2.48
Rental Income	5.85	0.21
Interest income received	75.77	37.08
Net Cash flow from/(used) in Investing Activities (B)	**(227.45)**	**(78.18)**
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share capital issued	0.03	0.01
Proceeds from security premium received	9.22	2.92
Repayment of borrowings	(44.78)	(43.38)
Proceeds of short term borrowings	198.05	-
Interest paid	(9.29)	(6.28)
Dividends paid on equity shares (including Corporate Dividend Tax)	(225.63)	(451.06)
Net Cash Flow from/(used) in Financing Activities (C)	**(72.40)**	**(497.79)**
Net increase /(decrease) in cash and cash equivalents (A+B+C)	**477.98**	**(50.60)**
Cash and cash equivalents at the beginning of the year	76.77	126.60
Effect of exchange differences on cash and cash equivalents held in foreign currency	0.21	0.77
Cash and Cash Equivalents at the end of the year	**554.96**	**76.77**

Notes :

1 The above Cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, "Statement of Cash Flows".

2 Components of cash and cash equivalents :

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016
Cash and cash equivalents		
Balances with banks:		
Current accounts	22.72	4.89
Cash credit accounts	87.07	46.85
Fixed deposits account with a original maturity of less than three months	445.14	25.00
Cash on hand	0.03	0.03
	554.96	**76.77**

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Registration No. 301003E /E300005

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

Per Manoj Kumar Gupta
Partner
Membership No. 83906

Per V.P. Bansal
Partner
Membership No. 08843

Noida, May 11, 2017

For and on behalf of Board of Directors

Anil Rai Gupta
Chairman and Managing Director
DIN: 00011892

Rajesh Kumar Gupta
Director (Finance) and Group CFO
DIN: 00002842

Surjit Kumar Gupta
Director
DIN: 00002810

Sanjay Kumar Gupta
Company Secretary

Sanjay Johri
Vice President (Finance)

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

1. CORPORATE INFORMATION

Havells India Limited ('the Company') is a public limited Company domiciled in India and incorporated on August 08, 1983 under the provisions of the Companies Act, 1956 having its registered office at 904, 9th Floor, Surya Kiran Building, K.G. Marg, Connaught Place, New Delhi-110001. The Company is listed on BSE Limited and National Stock Exchange of India Limited. The Company is electrical and power distribution equipment manufacturer with products ranging from Industrial and Domestic Circuit Protection Switchgears, Cables, Motors, Pumps, Fans, Power Capacitors, CFL Lamps and Luminaries for Domestic, Commercial and Industrial applications, Modular Switches, Water Heaters and Domestic Appliances covering the entire range of household, commercial and industrial electrical needs. The Company's manufacturing facilities are located at Faridabad in Haryana, Alwar and Neemrana in Rajasthan, Haridwar in Uttarakhand, Sahibabad, Noida in Uttar Pradesh, Baddi in Himachal Pradesh and Guwahati in Assam. The research and development facilities are located at Head office, Noida (Uttar Pradesh) and at some of the units which have been approved by Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India, New Delhi. The Financial statements were authorized by the Board of Directors for issue in accordance with resolution passed on May 11, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

2.01 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (IND AS) notified under Companies (Indian Accounting Standards) Rules, 2015. For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 March 2017 are the first financial statements, which have been prepared in accordance with IND AS notified under the Companies (Indian Accounting Standard) Rules, 2015. Refer Note no 32(17) for information on how the Company adopted Ind-AS. The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities:

i) Certain financial assets and liabilities that are measured at fair value

ii) Assets held for sale-measured at fair value less cost to sell

iii) Defined benefit plans-plan assets measured at fair value

The financial statements are presented in Indian Rupees ('INR') and all values are rounded to nearest crore (INR 0,000,000), except when otherwise indicated.

2.02 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non- current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

All other liabilities are classified as non current.

Deferred tax assets and deferred tax liabilities are classified as non- current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.03 Property, plant and equipment

Under the previous GAAP (Indian GAAP), all assets were carried in the balance sheet at cost, less accumulated depreciation and accumulated impairment losses, if any. On the date of transition to IND AS, all tangible assets other than Land and Capital work in progress have been measured at fair value and same has been considered as deemed cost as at April 01, 2015 (date of transition). The Company has applied principles of Ind AS 16 Property, Plant and Equipment retrospectively from date of acquisition in respect of Land and Capital work in progress and considered the same as deemed cost in accordance with Ind AS 101 First Time adoption.

Property, Plant and equipment including capital work in progress are stated at cost, less 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 and VAT credit availed wherever applicable. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their respective useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Capital work- in- progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on property, plant and equipment is provided on prorata basis on straight-line method using the useful lives of the assets estimated by management and in the manner prescribed in Schedule II of the Companies Act 2013. The useful life is as follows:

Assets	Useful life (in years)
Building	30-60
Plant and Equipment	15
Dies and tools	6
Furniture and Fixtures	10
Vehicles	8-10
R &D Equipment	5-15
Office Equipment	3-5
Electric Fans and Installations	10
Laptops	3

Dies and tools and mobile phones are depreciated over the estimated useful lives of 6 years and 3 years, respectively, which are lower than those indicated in Schedule II. On the basis of technical assessment made by

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

the management, it believes that the useful lives as given above best represent the period over which the assets are expected to be used.

Leasehold improvements are depreciated on straight line basis over their initial agreement period.

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

2.04 Investment Properties

Property that is held for long term rental yields or for capital appreciation or for both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction cost and where applicable borrowing costs. Subsequent expenditure is capitalised to assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance cost are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment property consist of leasehold land which is amortised on a straight line basis over the unexpired period of their respective lease over 99 years and building which is depreciated using the straight line method over their estimated useful life of 30 years.

2.05 Intangible assets

Separately acquired intangible assets

The Company has applied principles of Ind AS 38 Intangible Assets retrospectively from date of acquisition and considered the same as deemed cost in accordance with Ind AS 101 First Time adoption. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development cost, are not capitalised and the related expenditure is reflected in statement of Profit and Loss in the period in which the expenditure is incurred. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Research and development cost

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

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

ii) Its intention to complete the asset;

iii) Its ability to use or sale the asset;

iv) How the asset will generate future economic benefits;

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

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

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortised on straight line basis over the estimated useful life. During the period of development, the asset is tested for impairment annually.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the statement of profit and loss in the expense category consistent with the function of the intangible assets.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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.

Intangible assets with finite useful life are amortised on a straight line basis over their estimated useful life of 6 years

2.06 Impairment of non- financial 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) fair value less costs of disposal and its value in use. 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 Company's 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 fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses 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.

2.07 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial Assets

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- Those measured at amortised cost

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in following categories:

- Debt instruments at fair value through profit and loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments at amortised cost
- Equity instruments

Where assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss(i.e. fair value through profit or loss), or recognised in other comprehensive income(i.e. fair value through other comprehensive income). For investment in debt instruments, this will depend on the business model in which the investment is held. For investment in equity instruments, this will depend on

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

whether the Company has made an irrevocable election at the time of initial recognition to account for equity instruments at FVTOCI.

Debt instruments at amortised cost

A Debt instrument is measured at amortised cost if both the following conditions are met:

a) **Business Model Test :** The objective is to hold the debt instrument to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).

b) **Cash flow characteristics test:** The contractual terms of the debt instrument give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

This category is most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. The EIR amortization is included in finance income in profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instruments at fair value through OCI

A Debt instrument is measured at fair value through other comprehensive income if following criteria are met:

a) **Business Model Test :** The objective of financial instrument is achieved by both collecting contractual cash flows and for selling financial assets.

b) **Cash flow characteristics test:** The contractual terms of the debt instrument give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Debt instrument included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI), except for the recognition of interest income, impairment gains or losses and foreign exchange gains or losses which are recognised in statement of profit and loss. On derecognition of asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit & loss. Interest earned whilst holding FVTOCI financial asset is reported as interest income using the EIR method.

Debt instruments at FVTPL

FVTPL is a residual category for financial instruments. Any financial instrument, which does not meet the criteria for amortised cost or FVTOCI, is classified as at FVTPL. A gain or loss on a Debt instrument that is subsequently measured at FVTPL and is not a part of a hedging relationship is recognised in statement of profit or loss and presented net in the statement of profit and loss within other gains or losses in the period in which it arises. Interest income from these Debt instruments is included in other income.

Equity investments of other entities

All equity investments in scope of IND AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which IND AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income all subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Profit and loss.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e, removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement and either;
  - (a) The Company has transferred the rights to receive cash flows from the financial assets or
  - (b) The Company has retained the contractual right to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all the risks and rewards of the ownership of the financial assets. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all the risks and rewards of the ownership of the financial assets, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Impairment of financial assets

In accordance with IND AS 109, the Company applies expected credit losses (ECL) model for measurement and recognition of impairment loss on the following financial asset and credit risk exposure

- Financial assets measured at amortised cost;
- Financial assets measured at fair value through other comprehensive income (FVTOCI);

The Company follows "simplified approach" for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables;
- All lease receivables resulting from the transactions within the scope of IND AS 17

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analyzed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12- months ECL.

(ii) Financial liabilities:

Initial recognition and measurement

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, and payables, net of directly attributable transaction costs. The Company financial liabilities include loans and borrowings including bank overdraft, trade payable, trade deposits, retention money, liabilities towards services, sales incentives and other payables.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

The measurement of financial liabilities depends on their classification, as described below:

Trade Payables

These amounts represents liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 120 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using EIR method.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IND AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of IND AS 109 and the amount recognised less cumulative amortization.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or medication is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments:

Financials assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Reclassification of financial assets:

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

2.08 Investment in Subsidiaries, associates and joint ventures

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not in control or joint control over those policies. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The investment in subsidiary, associate and Joint venture are carried at cost as per IND AS 27. Investment accounted for at cost is accounted for in accordance with IND AS 105 when they are classified as held for sale and Investment carried at cost is tested for impairment as per IND AS 36 . An investor, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is a parent by assessing whether it controls the investee. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, an investor controls an investee if and only if the investor has all the following:

(a) power over the investee;

(b) exposure, or rights, to variable returns from its involvement with the investee and

(c) the ability to use its power over the investee to affect the amount of the investor's returns.

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

2.09 Inventories

a) Basis of valuation:

i) Inventories other than scrap materials are valued at lower of cost and net realizable 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 realizable value is made on an item-by-item basis.

ii) Inventory of scrap materials have been valued at net realizable value.

b) Method of Valuation:

i) **Cost of raw materials** 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** 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. Cost is determined on moving weighted average basis.

iii) **Cost of traded goods** 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.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

iv) **Net realizable 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.

2.10 Non-current assets held for sale

The Company classifies non-current assets as held sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell . Any expected loss is recognised immediately in the statement of profit and loss.

The criteria for held for sale classification is regarded as met only when the sale is highly probable i.e. an active program to locate a buyer to complete the plan has been initiated and the asset is available for immediate sale in its present condition and the assets must have actively marketed for sale at a price that is reasonable in relation to its current fair value. Actions required to complete the sale should indicate that it is unlikely that significant changes to that plan to sale these assets will be made. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised. Assets and liabilities classified as held for sale are presented separately as current items in the balance sheet

2.11 Taxes

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

a) Current Tax

i) Current income tax, assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) 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 Haridwar unit-II in Uttarakand, Baddi unit-II in Himachal Pradesh and under section 80IE of Income Tax Act, 1961 in respect of unit located at Guwahati in Assam.

ii) Current income tax relating to item recognised outside the statement of profit and loss is recognised outside profit or loss (either in other comprehensive income or equity). Current tax items are recognised in correlation to the underlying transactions either in OCI or directly in equity.

b) Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or direct in equity.

Deferred Tax includes Minimum Alternate Tax (MAT) recognizes 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. 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.

2.12 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. 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, regardless of when the payment is being made. Amounts disclosed are inclusive of Excise Duty, and net of returns, trade discounts, rebates, value added taxes and amount collected on behalf of third parties.

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks. The specific recognition criteria described below must also be met before revenue is recognised:

a) Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods and is measured at fair value of consideration received/receivable, net of returns and allowances, discounts, volume rebates and cash discounts. Revenue is usually recognised when it is probable that economic benefits associated with the transaction will flow to the entity, amount of revenue can be measured reliably and entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

b) Rendering of Services

Revenue from service related activities is recognised as and when services are rendered and on the basis of contractual terms with the parties.

c) Rental Income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss due to its non-operating nature.

d) Interest Income

Interest Income is recognised on time proportion basis taking into account the amount outstanding and the applicable interest rates and is disclosed in "other income".

2.13 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employee service upto the end of the reporting period and are measured at the amount expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

(ii) **Other long-term employee benefit obligations**

a) **Gratuity**

The Employee's Gratuity Fund Scheme, which is defined benefit plan, is managed by Trust maintained with Life insurance Corporation 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 Company Gratuity Scheme. The difference, if any, between the actuarial valuation of the gratuity of employees at the year end and the balance of funds is provided for as assets/ (liability) in the books. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation under Employee benefit expense in statement of profit or loss:

1. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
2. Net interest expense or income

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

b) **Provident fund**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable through provident fund scheme as an expense, when an employee renders the related services. If the contribution payable to scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excesses recognised as an asset to the extent that the prepayment will lead to, for example, a reduction in future payment or a cash refund.

c) **Compensated Absences**

Accumulated leaves which is expected to be utilised within next 12 months is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement and is discharge by the year end.

d) **Other employee benefits**

The Company provides long term incentive plan to employees via share based payments as enumerated below:

(i) Employees Stock option plan: The fair value of options granted under this option plan is recognised as an employee benefit expense with corresponding increase in equity in accordance with recognition and measurement principles as prescribed in IND AS 102 Share Based Payments. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At end of the reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with corresponding adjustment to equity.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

(ii) Employee Stock Purchase Plan : These are in nature of employee benefit wherein employees (including senior executives) of the Company purchase shares of the Company at fair value on the grant cum allotment date and receives remuneration in the form of ex-gratia equivalent to predefined percentage of purchase price paid by designated employee subject to serving of relevant period of service after the grant cum allotment date. These are recognised using measurement principles as prescribed in IND AS 19-‘’Employee Benefits”’.

2.14 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements into prior to April 1, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with Company’s general policy on the borrowing cost.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit or loss account on straight line basis over the lease term, unless the payments are structured to increase in line with the expected general inflation to compensate for the lessor in expected inflationary cost increase.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

2.15 Government Grants

Government Grants are recognised at their fair value when there is reasonable assurance that the grant will be received and all the attached conditions will be complied with.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

2.16 Segment accounting:

Operating segments are reported in a manner consistent with the internal reporting provided to the management. The Management monitors the operating results of all strategic business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss and is measured consistently with profit and loss in the financial statements.

The operating segments have been identified on the basis of the nature of products/services. Further:

1 Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.

2 Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under unallocable expenditure.

3 Income which relates to the Company as a whole and not allocable to segments is included in unallocable income.

4 Segment results includes margins on inter-segment sales which are reduced in arriving at the profit before tax of the Company.

5 Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

6 Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated business.

2.17 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

2.18 Borrowing Costs

Borrowing cost includes interest and other costs incurred in connection with the borrowing of funds and charged to Statement of Profit & Loss on the basis of effective interest rate.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

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.

2.19 Exceptional Items

Exceptional items are transactions which due to their size or incidence are separately disclosed to enable a full understanding of the Company's financial performance. Items which may be considered exceptional are significant restructuring charges, gains or losses on disposal of investments of subsidiaries, associate and joint ventures and impairment losses/write down in the value of investment in subsidiaries, associates and joint ventures and significant disposal of fixed assets.

2.20 Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

2.21 Foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's financial statements are presented in Indian rupee (₹) which is also the Company's functional and presentation currency.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate prevailing at the date of transaction.

Measurement of foreign currency items at the balance sheet date

Foreign currency monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognised as income or expense in the period in which they arise with the exception of exchange differences on gain or loss arising on translation of non-monetary items measured at fair value which is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

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.

2.22 Provisions and Contingent Liabilities

Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) 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. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty Provisions

Provision for warranty-related costs are recognised when the product is sold or service is provided to customer. Initial recognition is based on historical 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 recognize a contingent liability but discloses its existence in the financial statements unless the probability of outflow of resources is remote.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

2.23 Dividend Distributions

The Company recognizes a liability to make payment of dividend to owners of equity when the distribution is authorized and is no longer at the discretion of the Company and is declared by the shareholders . A corresponding amount is recognised directly in equity.

2.24 Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for asset or liability, or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non- financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1-Quoted(unadjusted) market prices in active markets for identical assets or liabilities

Level 2-Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

NOTES TO FINANCIAL STATEMENTS
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Level 3-Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.25 Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and has amended the following standard:

Amendments to Ind AS 7, Statement of Cash Flow

The amendments to Ind AS 7 requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 April 2017. Application of this amendments will not have any recognition and measurement impact. However, it will require additional disclosure in the financial statements.

Amendments to Ind AS 102, Share-based payment

The MCA has issued amendments to Ind AS 102 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, the classification of a share-based payment transaction with net settlement features for withholding tax obligations, and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. The amendments are effective for annual periods beginning on or after 1 April 2017. The Company is assessing the potential effect of the amendments on its financial statements.

The Company will adopt these amendments, if applicable from their applicability date.

2.26 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

(a) Operating lease commitments — Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, and that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

(b) Operating lease commitments — Company as lessee

The Company has taken various commercial properties on leases. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, and that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(c) Assessment of lease contracts

Significant judgement is required to apply lease accounting rules under Appendix C to IND AS 17: determining whether an Arrangement contains a Lease. In assessing the applicability to arrangements entered into by the Company, management has exercised judgement to evaluate the right to use the underlying assets, substance of the transaction including legally enforced arrangements and other significant terms and conditions of the arrangement to conclude whether the arrangements meet the criteria under Appendix C to IND AS 17.

(d) Bonds held till maturity

The Company has determined classification of quoted bonds invested with National Highway Authority of India as subsequently measured at amortised cost since the Company expect to hold the investment upto maturity and receive the principal and interest amount as defined under the term of investment. The fair values of the quoted bonds are based on price quotations near to the reporting date.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

(b) Gratuity benefit

The cost of defined benefit plans (i.e. Gratuity benefit) is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of long term government bonds with extrapolated maturity corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about the assumptions used, including a sensitivity analysis, are given in Note 32(5).

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

(c) Fair value measurement of financial instrument

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(d) Impairment of Financial assets

The impairment provisions of financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(e) Impairment of non-Financial 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 assets recoverable amount is the higher of an assets's CGU'S fair value less cost of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's 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 fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, or other fair value indicators.

(f) Warranty provision

Warranty Provisions are measured at discounted present value using pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. Warranty provisions is determined based on the historical percentage of warranty expense to sales for the same types of goods for which the warranty is currently being determined. The same percentage to the sales is applied for the current accounting period to derive the warranty expense to be accrued. It is adjusted to account for unusual factors related to the goods that were sold, such as defective inventory lying at the depots. It is very unlikely that actual warranty claims will exactly match the historical warranty percentage, so such estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence.

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for the year ended March 31, 2017

3. PROPERTY, PLANT AND EQUIPMENT

(₹ in Crores)

	Freehold Land	Leasehold Land	Buildings	Leasehold Improvements	Plant and Equipment	Dies and tools	Furniture and fixtures	Vehicles	R & D Equipment's	Office Equipment's	Electrical Fans and Installation	Total	Capital Work in progress	Grand Total
At cost														
Deemed cost as at April 01, 2015	27.42	76.80	583.55	2.00	313.94	44.85	14.64	6.85	7.76	18.79	19.94	1,116.54	22.13	1,138.67
Additions	-	-	40.25	3.50	79.28	23.39	5.45	0.48	1.57	9.01	6.15	169.08	19.79	188.87
Disposals	-	-	(1.03)	-	(1.31)	(0.88)	(0.02)	(0.05)	-	(0.58)	-	(3.87)	(21.43)	(25.30)
At March 31, 2016	27.42	76.80	622.77	5.50	391.91	67.36	20.07	7.28	9.33	27.22	26.09	1,281.75	20.49	1,302.24
Additions	-	24.40	11.76	5.85	79.80	30.24	5.77	2.80	1.37	22.77	4.13	188.89	11.42	200.31
Disposals	(0.01)	-	-	-	(4.13)	(3.32)	(0.08)	(0.13)	(0.03)	(0.62)	-	(8.32)	-	(8.32)
Transfers (refer note iii below)	-	(8.86)	(48.81)	-	(1.38)	-	(0.94)	-	4.10	(1.27)	(2.69)	(59.85)	(20.00)	(79.85)
At March 31, 2017	27.41	92.34	585.72	11.35	466.20	94.28	24.82	9.95	14.77	48.10	27.53	1,402.47	11.91	1,414.38
Depreciation														
At April 01, 2015	-	3.00	-	-	-	-	-	-	-	-	-	3.00	-	3.00
Charge for the year	-	1.00	23.30	0.36	43.99	15.51	2.59	1.59	1.13	8.89	3.49	101.85	-	101.85
Disposals	-	-	(0.02)	-	(0.05)	(0.17)	(0.01)	(0.01)	-	(0.09)	-	(0.35)	-	(0.35)
At March 31, 2016	-	4.00	23.28	0.36	43.94	15.34	2.58	1.58	1.13	8.80	3.49	104.50	-	104.50
Charge for the year	-	1.02	23.23	1.01	51.62	17.56	3.00	1.25	1.58	9.48	3.45	113.20	-	113.20
Disposals	-	-	-	-	(2.04)	(1.58)	(0.05)	(0.08)	(0.03)	(0.33)	-	(4.11)	-	(4.11)
Transfers (refer note iii below)	-	(0.41)	(1.42)	-	(0.23)	-	(0.30)	-	1.34	(0.96)	(0.81)	(2.79)	-	(2.79)
At March 31, 2017	-	4.61	45.09	1.37	93.29	31.32	5.23	2.75	4.02	16.99	6.13	210.80	-	210.80
												-		-
Net carrying amount												-		-
At April 01, 2015	27.42	73.80	583.55	2.00	313.94	44.85	14.64	6.85	7.76	18.79	19.94	1,113.54	22.13	1,135.67
At March 31, 2016	27.42	72.80	599.49	5.14	347.97	52.02	17.49	5.70	8.20	18.42	22.60	1,177.25	20.49	1,197.74
At March 31, 2017	27.41	87.73	540.63	9.98	372.91	62.96	19.59	7.20	10.75	31.11	21.40	1,191.67	11.91	1, 203.58

Notes:

(i) All property, plant and equipment are held in name of the Company, except

(a) Building amounting to ₹ 14.98 Crores constructed on the land taken on lease by the Company from its group company for which lease deed is yet to be registered with the appropriate authority.

(b) Freehold land amounting to ₹ 0.10 Crore located at Narela Industrial Area in respect of which possession has not been given by the authority.

(c) Freehold land amounting to ₹ 15.89 Crores and building constructed on such land amounting to ₹ 3.84 Crores which is pending for registration with the appropriate authority located at Samaypur Badli in Delhi.

(d) Leasehold Land at Tumakuru, Karnataka amounting to ₹ 24.40 Crores in respect of which lease deed is yet to be executed.

(ii) "Leasehold Land" represents land obtained on long term lease from various Government authorities and considered as finance lease.

(iii) Transfers during the year include:-

(a) A warehouse in Greater Noida, Uttar Pradesh has been given on long term lease and accordingly the gross value and accumulated depreciation has been transferred to investment property (Gross value ₹ 59.85 Crores, Accumulated depreciation ₹ 2.79 Crores and Net value ₹ 57.06 Crores)."

(b) Various assets have been transferred to R&D equipments (Gross value ₹ 4.10 Crores, Accumulated depreciation ₹ 1.34 Crores and Net value ₹ 2.76 Crores).

(c) Refer note 31(C) for property plant and equipment pledged as security by the company.

(d) Various assets appearing in Capital work in progress and capitalised during the year amounting to ₹ 20 crores have been shown in additions in respective class of Property Plant and Equipments

(iv) Capital work in progress as at March 31, 2017 includes assets under construction at various plants including cable and wires, switch gears etc.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

4. INVESTMENT PROPERTY (At cost)

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Gross Block			
Opening balance as at April 1, 2015	-	-	-
Closing balance as at March 31, 2016	-	-	-
Transfers (Refer note 1 below)	59.85	-	-
Addition during the year	1.02	-	-
Closing balance as at March 31, 2017	**60.87**	**-**	**-**
Depreciation			
Opening balance as at April 1, 2015	-	-	-
Closing balance as at March 31, 2016	-	-	-
Accumulated depreciation transfer (Refer note 1 below)	2.79	-	-
Depreciation for the year	2.16	-	-
Closing balance as at March 31, 2017	**4.95**	**-**	**-**
Net Block			
as at April 1, 2015	-	-	-
as at March 31, 2016	-	-	-
as at March 31, 2017	**55.92**	**-**	**-**
Amount recognised in profit or loss for Investment property			
Rental income derived from investment properties	5.85	-	-
Direct operating expenses (including repairs and maintenance) generating rental income	-	-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(0.43)	-	-
Profit arising from investment properties before depreciation	**5.42**	**-**	**-**
Less: Depreciation for the year	2.16	-	-
Profit arising from investment properties	**3.26**	**-**	**-**
Fair value of Investment Property (refer note 2 below)	**87.13**	**-**	**-**

Notes:

1 During the year, land and building being a warehouse in Greater Noida, Uttar Pradesh has been given on lease w.e.f May 12, 2016 on long term basis and accordingly gross block and accumulated depreciation has been transferred from the “Property, Plant and Equipment” to “Investment Property”. In the earlier years, the same was recognised as part of “Property Plant and Equipments”.

2 The Company has obtained independent valuation for its investment property as at March 31, 2017 and has reviewed the fair valuation based on best evidence of fair value determined using replacement cost of an asset of equivalent utility, depreciation and obsolescence. Fair market value is the amount expressed in terms of money that may reasonably be expected to be exchanged between a willing buyer and a willing seller, with equity or both. The valuation by the valuer assumes that Company shall continue to operate and run the assets to have economic utility. The fair value is on ‘as is where’ basis. All resulting fair value estimates for investment property are included in Level 3. Refer Note 32 (10).

3 There are no contractual obligations to purchase,construct or develop investment properties or for repairs, maintenance and enhancements thereof and there are no restriction on remittance of income and proceeds of disposal.

4 The investment Property is a leasehold property and realisability of Investment property is subject to terms and conditions as mentioned under the lease deed entered on November 20, 2009 with Greater Noida Industrial Development Authority, District-Gautam Budha Nagar.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

5. INTANGIBLE ASSETS

(₹ in Crores)

	Computer Software	Technical Knowhow	R & D Software	Total
Gross Block (At Cost)				
At April 01, 2015	**18.74**	**0.51**	**1.74**	**20.99**
Additions	4.52	-	0.78	5.30
Disposals	(0.01)	-	-	(0.01)
At March 31, 2016	**23.25**	**0.51**	**2.52**	**26.28**
Additions	9.85	-	1.76	11.61
Disposals	-	-	-	-
Transfers (Refer Note (i) below)	(0.68)	-	0.68	-
At March 31, 2017	**32.42**	**0.51**	**4.96**	**37.89**
Amortization				
At April 01, 2015	**11.38**	**0.50**	**0.52**	**12.40**
Charge for the year	2.73	-	0.33	3.06
Disposals	-	-	-	-
At March 31, 2016	**14.11**	**0.50**	**0.85**	**15.46**
Charge for the year	3.73	-	0.54	4.27
Disposals	-	-	-	-
Transfers (Refer Note (i) below)	(0.59)	-	0.59	-
At March 31, 2017	**17.25**	**0.50**	**1.98**	**19.73**
Net carrying amount				
At April 01, 2015	**7.36**	**0.01**	**1.22**	**8.59**
At March 31, 2016	**9.14**	**0.01**	**1.67**	**10.82**
At March 31, 2017	**15.17**	**0.01**	**2.98**	**18.16**

(i) Transfers during the year include:

(a) R&D equipments (Gross value ₹ 0.68 Crores, Accumulated depreciation ₹ 0.59 Crores and Net value ₹ 0.09 Crores).

6. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

(₹ in Crores)

		As at March 31, 2017		As at March 31, 2016		As at April 1, 2015
Investments in equity instruments (unquoted) (valued at cost, unless stated otherwise)						
(a) Investments in subsidiaries						
Havells Holdings Limited {refer note no. 32(1)}	249.62		249.62		980.89	
3,17,61,072 (March 31, 2016 : 3,17,61,072) (April 01, 2015 : 12,48,11,912) ordinary shares of 1 GBP each fully paid up						
Less: Provision for impairment	62.10	**187.52**	-	**249.62**	-	**980.89**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

(₹ in Crores)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Promptec Renewable Energy Solutions Private Limited {refer note no. 32(2)(b)}	39.79	29.12	-
	18,16,943 (March 31, 2016: 13,49, 206) (April 1, 2015 : Nil) equity shares of ₹ 10/- each fully paid up			
	Standard Electrical Limited {Refer Note 32(2)(b)}	0.05	-	-
	50,000 (March 31, 2016 : Nil) (April 1, 2015 : Nil) equity shares of ₹ 10/- each fully paid up			
	Havells Global Limited {Refer Note 32(2) (b)}	0.05	-	-
	50,000 (March 31, 2016 : Nil) (April 1, 2015 : Nil) Equity Shares of ₹ 10/- each fully paid up			
	Feilo Exim Limited (erstwhile Havells Exim Limited) {refer note no. 32(1)}			
	Nil (March 31, 2016 : Nil) (April 1, 2015: 1000) equity shares of 1 Hong Kong Dollars each fully paid up	-	-	0.00
	Havells Guangzhou International Limited Nil (March 31, 2016 : Nil) (April 1, 2015: Nil) equity shares {Refer note 32(2)(b)}	-	-	-
(b)	**Investments in joint venture**			
	Jiangsu Havells Sylvania Lighting Co. Limited {refer note no. 32(1) and 32(2)(c)}	-	30.87	30.87
	(50% contribution paid up capital)			
	Aggregate amount of unquoted investments	**227.41**	**309.61**	**1,011.76**
	Aggregate amount of provision for impairment {refer note no. 32(1)}	**62.10**	**-**	**-**

7. NON-CURRENT FINANCIAL ASSETS

(₹ in Crores)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(A)	**Investments in bonds (quoted) (valued at amortised cost)**			
	(Unsecured, considered good) 15,00,000, 7.35% 15 year Tax Free, Secured Redeemable Non Convertible Bonds of face value ₹ 1000/- each of National Highway Authority of India	161.66	153.10	-

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(Aggregate market value of quoted Investment - ₹ 164.70 crores) (March 31, 2016 : ₹ 156.00 crores) (April 1, 2015: Nil)			
Aggregate book value of quoted investments {refer note no. 32(10)}	**161.66**	**153.10**	**-**
(B) Others financial assets (valued at amortised cost)			
(Unsecured, considered good)			
Fixed deposits with banks having maturity period of more than twelve months	-	-	175.04
Earnest money and Security Deposits	13.55	9.97	8.49
	13.55	**9.97**	**183.53**

8. OTHER NON-CURRENT ASSETS

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(Unsecured, considered good)			
Capital advances	62.74	10.15	5.84
Others			
Prepaid expenses	0.79	1.61	0.80
Other deposits with Statutory/ Government authorities	25.06	18.75	20.87
	88.59	**30.51**	**27.51**

9. INVENTORIES

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(Valued at lower of cost and Net Realisable value unless otherwise stated) (refer accounting policies 2.09)			
Raw materials and components	210.10	180.30	182.50
Work-in-progress	77.33	64.89	44.39
Finished goods	489.35	403.94	319.50
Traded goods	124.14	107.41	117.03
Stores and spares	10.69	11.60	9.55
Loose Tools	1.24	0.81	1.02
Packing materials	13.23	12.00	11.64
Scrap materials	2.35	3.41	4.09
	928.43	**784.36**	**689.72**

Notes:

(a) The above includes goods in transit as under:

Raw Materials	16.94	22.65	12.06
Finished goods	67.20	49.19	14.35
Traded goods	4.04	2.05	3.73

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

(c) Inventories are hypothecated with the bankers against working capital limits. {Refer note 31(C)}

(d) During the year ended 31 March 2017, (₹ 2.46 crores) (31 March 2016: ₹ 6.51 crores) was recognised as an expense/ (income) for inventories carried at net realisable value.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

10. CURRENT FINANCIAL ASSETS

(₹ in Crores)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(A)	**TRADE RECEIVABLES**			
	Unsecured (refer note no. 31 (A) (i) (a))			
	Trade receivables- considered good	226.92	156.40	114.80
	Trade receivables- considered doubtful	11.67	8.84	6.19
	Receivables from related parties -considered good (refer note 32(7))	1.58	1.24	17.71
	Trade receivables (gross)	**240.17**	**166.48**	**138.70**
	Less: Impairment allowance for trade receivables considered doubtful	11.67	8.84	6.19
		(A) 228.50	**157.64**	**132.51**

Notes:

a) Trade receivables are usually non-interest bearing and are on trade terms of 30 to 60 days.

b) No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

(₹ in Crores)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(B)	**CASH AND CASH EQUIVALENTS**			
	Balances with banks:			
	Current accounts	22.72	4.89	12.30
	Cash credit accounts {refer note no.31(C)}	87.07	46.85	55.79
	Fixed deposits account with an original maturity of less than three months* {refer note below}	445.14	25.00	58.47
	Cash on hand	0.03	0.03	0.04
		(B) 554.96	**76.77**	**126.60**

Note: There are no restriction with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

(₹ in Crores)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(C)	**OTHER BANK BALANCES**			
	Fixed deposits account with original maturity of more than three months but less than twelve months {refer note (a)}	686.09	1, 205.14	404.29
	Fixed deposits account with original maturity of more than twelve months {refer note (b)}	694.03	80.86	-
	Unpaid dividend account {refer note (c)}	2.45	2.44	0.99
		(C) 1,382.57	**1,288.44**	**405.28**
		(B+C) 1,937.53	**1,365.21**	**531.88**

Notes:

(a) The deposits maintained by the Company with banks comprise of the time deposits which may be withdrawn by the Company at any point of time without prior notice and are made of varying periods between one day to twelve months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

(b) Fixed deposit with original maturity of more than twelve months but remaining maturity of less than twelve months have been disclosed under other bank balances.

(c) The Company can utilise the balance towards settlement of unclaimed dividend.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(D) OTHERS FINANCIAL ASSETS			
Unsecured, considered good			
Earnest money and Security deposits	3.03	3.29	3.96
Retention money	1.94	1.94	2.27
Other advances	1.05	0.79	2.06
	6.02	**6.02**	**8.29**

11. OTHER CURRENT ASSETS

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good			
Advances other than capital advances			
Advances for materials and services	29.48	10.09	7.96
Others			
Prepaid expenses	13.76	10.21	10.02
Duty free licenses in hand	3.55	2.53	3.32
Claims and other receivables	6.53	6.54	5.29
Balance with Statutory/ Government authorities:			
Excise duty	1.10	2.65	0.86
Service tax	1.49	1.79	4.60
VAT	1.13	1.33	-
Other deposits with Statutory/ Government authorities	17.33	28.76	15.85
	74.37	**63.90**	**47.90**

12. ASSETS CLASSIFIED AS HELD FOR SALE

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Property, plant and equipment			
Plant and machinery retired from active use	0.06	0.10	0.39
Investment in associate Company (unquoted)			
Feilo Exim Limited (erstwhile Havells Exim Limited) {refer note no. 32(1)}	-	0.00*	-
Nil (March 31, 2016 : 200) (April 1, 2015: Nil) Equity Shares of 1 Hong Kong dollar each fully paid up *carrying value of investment is ₹ 1,160			
Investment in joint venture			
Jiangsu Havells Sylvania Lighting Co., Limited {refer note no. 32(1)} (50% contribution paid in capital)	16.21	-	-
	16.27	**0.10**	**0.39**

Note:

(a) On March 31, 2017, the Company classified certain plant and machinery retired from active use and held for sale recognised and measured in accordance with Ind-AS 105 "Non Current Assets Held For Sale and Discontinued Operations" at lower of its carrying amount and fair value less cost to sell. The Company expects to complete the sale by 30th September 2017 by selling it in the open market.

(b) Refer to note 32(1) for information of investment in associate and joint venture held for sale.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

13. EQUITY

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(A) Equity share capital			
(a) Authorized			
100,05,00,000 equity shares of ₹ 1/- each(March 31, 2016:100,05,00,000 equity shares of ₹ 1/- each) (April 1, 2015 : 100,05,00,000 equity shares of ₹ 1/- each)	100.05	100.05	100.05
Issued, subscribed and fully paid-up			
62,48,55,342 equity shares of ₹ 1/- each (March 31, 2016: 62,45,87,780 equity shares of ₹ 1/- each) (April 01, 2015: 62,44,88,035 equity shares of ₹ 1/- each)	62.49	62.46	62.45

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

(₹ in Crores)

	March 31, 2017		March 31, 2016		April 1, 2015	
	No. of shares	₹ in crores	No. of shares	₹ in crores	No. of shares	₹ in crores
At the beginning of the year	624,587,780	62.46	624,488,035	62.45	624,488,035	62.45
Add: Equity shares issued under ESPP	267,562	0.03	99,745	0.01	-	-
	624,855,342	**62.49**	**624,587,780**	**62.46**	**624,488,035**	**62.45**

(c) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 1/- per share (March 31, 2016 : ₹ 1/- per share) (April 1, 2015: ₹ 1/- per share). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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)

Name of Shareholders	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares	% holding	No. of shares	% holding	No. of shares	% holding
Smt. Vinod Gupta*	53,034,240	8.49	66,354,240	10.63	66,354,240	10.63
Shri Surjit Kumar Gupta	32,650,800	5.23	32,650,800	5.23	32,650,800	5.23
QRG Enterprises Limited	189,858,880	30.38	189,858,880	30.40	189,858,880	30.40
QRG Investments and Holdings Limited (formerly known as Ajanta Mercantile Limited)	68,741,660	11.00	68,741,660	11.01	68,741,660	11.01
Nalanda India Equity Fund Limited	33,044,930	5.29	33,044,930	5.29	33,044,930	5.29

* Shareholding of Smt. Vinod Gupta includes Nil equity shares of ₹ 1/- each (March 31, 2016 :1,33, 20,000) (April 1, 2015 :1,33, 20,000) for and behalf of M/s Guptajee & Company, a firm in which she is a partner and 1,35,84,000 (March 31, 2016 :1,35,84,000) (April 1, 2015 :1,35,84,000) equity shares of ₹ 1/- each as a legal heir, which are under process of transmission.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

(e) **Shares reserved for issue under Stock Option**

Nil (March 31, 2016: Nil) (April 01, 2015: 90,550) equity shares are reserved for the issue under Employees Stock Option Plan (ESOP) of the Company.

(f) **Aggregate number of shares bought back, or 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:**

(₹ in Crores)

	March 31, 2017 No. of shares	March 31, 2016 No. of shares	April 1, 2015 No. of shares
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash.	-	11,095,000	11,095,000
Equity shares allotted as fully paid up bonus shares by capitalisation of securities premium account and general reserve.	-	311,937,030	311,937,030
Equity shares issued under the Employee Stock Option Plan/ Employee Stock Purchase Plan as part consideration for services rendered by employees	505, 200	332,969	233,130

(B) OTHER EQUITY

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital Reserve	7.61	7.61	7.61
Securities Premium Account	23.77	14.55	11.63
General Reserve	748.84	748.84	677.29
Retained Earnings	2430.87	2,120.21	1,934.36
	3211.09	**2,891.21**	**2,630.89**

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016
a) **Capital Reserve**	7.61	7.61
b) **Securities Premium Account**		
Opening balance	14.55	11.63
Add: Addition on equity shares issued under ESPP	9.22	2.92
	23.77	**14.55**
c) **General Reserve**		
Opening balance	748.84	677.29
Add: Transfer from surplus as per statement of profit and loss	-	71.55
	748.84	**748.84**
d) **Retained Earnings**		
Opening balance	2120.21	1,934.36
Net profit for the year	539.04	712.03
Items of other comprehensive income recognised directly in retained earnings		
Remeasurement of post employment benefit obligation, net of tax (Item of OCI)	(2.75)	(3.58)

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016
Dividends		
Interim (Special) dividend ₹ Nil (March 31, 2016 ₹ 3/- per share of Re.1/- each)	-	(187.38)
Final Dividend of ₹ 3/- per share of Re.1/- each (March 31, 2016 ₹ 3/- per share)	(187.46)	(187.38)
Corporate dividend tax paid on final dividend	(38.17)	(76.29)
Transfer to other reserves		
Transfer to general reserve	-	(71.55)
	2430.87	**2120.21**

14. NON CURRENT FINANCIAL LIABILITIES

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(A) BORROWINGS			
Term loans from banks (secured)			
External Commercial Borrowings {refer note (a)}	-	-	41.88
	-	-	**41.88**

Notes:

a) External commercial borrowing was availed from HSBC Bank (Mauritius) Limited in the year 2014. The same has been repaid and the charge created has been satisfied during the year. The borrowings were 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, Uttrakhand.

b) Current maturities of long term borrowings are ₹ Nil (March 31, 2016 : ₹ 44.40 crores) (April 1, 2015 : ₹ 41.85 crores).

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(B) OTHER FINANCIAL LIABILITIES			
Retention money and security deposits	2.01	2.57	0.68
Employee stock purchase plan compensation payable	0.92	0.31	0.64
	2.93	**2.88**	**1.32**

15. NON CURRENT PROVISIONS

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Product warranties (Refer note .20(a))	9.08	5.85	4.23
	9.08	**5.85**	**4.23**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

16. INCOME TAXES

(₹ in Crores)

		As at March 31, 2017	As at March 31, 2016
(a)	**Income tax expense in the statement of profit and loss comprises :**	202.29	197.63
	Current income tax charge	-	(5.82)
	Adjustment of tax relating to earlier years		
	Deferred Tax		
	Relating to origination and reversal of temporary differences	27.50	5.19
	Income tax expense reported in the statement of profit or loss	**229.79**	**197.00**
(b)	**Other Comprehensive Income**		
	Re-measurement (gains)/ losses on defined benefit plans (refer note: 32(5))	(1.46)	(1.90)
	Income tax related to items recognised in OCI during the year	**(1.46)**	**(1.90)**
(c)	**Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate :**		
	Accounting Profit before tax	768.83	909.03
	Applicable tax rate	34.608%	34.608%
	Computed Tax Expense	**266.08**	**314.60**
	Income on sale of investment resulting in capital loss for tax purpose (refer note (a) below)	(6.61)	(70.04)
	Difference in tax rate	(2.50)	-
	Income not considered for tax purpose	(3.82)	(0.95)
	Expense not allowed for tax purpose.	34.36	4.74
	Additional allowances for tax purpose	(57.72)	(45.53)
	Tax relating to earlier years	-	(5.82)
	Income tax charged to Statement of Profit and Loss at effective rate of 27.80% (March 31, 2016: 27.88%) (refer point (c) below)	**229.79**	**197.00**

(d) Deferred tax liabilities comprises :

(₹ in Crores)

	Balance Sheet			Statement of profit and loss	
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	**Year Ended March 31, 2017**	Year Ended March 31, 2016
Accelerated Depreciation for Tax purposes	140.45	136.05	130.73	4.40	5.32
Expenses allowable on payment basis	(13.73)	(6.04)	(32.55)	(7.69)	26.51
Allowance for doubtful debts	(4.07)	(3.06)	(2.17)	(1.01)	(0.89)
Others	(8.89)	(8.49)	(4.85)	(0.40)	(3.64)
	113.76	118.46	91.16	(4.70)	27.30
MAT credit entitlement	-	(32.20)	(10.09)	32.20	(22.11)
	113.76	**86.26**	**81.07**	**27.50**	**5.19**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

Reconciliation of deferred tax liabilities(net)

(₹ in Crores)

	Year Ended March 31, 2017	Year Ended March 31, 2016
Opening balance as per last balance sheet	86.26	81.07
Tax expense recognised in profit and loss account during the year	27.50	5.19
Closing balance	**113.76**	**86.26**

Notes:

a) There was unabsorbed capital loss of ₹ 265.54 crores as on April 1, 2016 with expiry in financial year 2023-24. During the year there was a capital gain of ₹ 19.06 crores on sale of shares of Feilo Exim Limited (erstwhile Havells Exim Limited) and acquisition of part of land at Faridabad. No deferred tax asset has been created on net capital loss of ₹ 246.48 crores by the management due to lack of probability of future capital gain against which such deferred tax assets can be realised. If the Company were able to recognise all unrecognised deferred tax assets, the profit would have increased by ₹ 56.87 crores.

b) During the year the Company has paid dividend to its shareholders for the year ended March 31, 2016, This has resulted in payment of corporate dividend tax (CDT) to the taxation authorities. The Company believes that CDT represents additional payment to taxation authority on behalf of the shareholders. Hence CDT paid is charged to equity.

c) Effective tax rate has been calculated on profit before tax and exceptional items.

17. OTHER NON CURRENT LIABILITIES

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance Rent received	1.64	-	-
	1.64	**-**	**-**

18. CURRENT FINANCIAL LIABILITIES

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(A) BORROWINGS			
Loans repayable on demand (secured)			
Working Capital demand loan from bank (refer note (a))	50.02	-	-
Other loans (unsecured)			
Commercial Paper (refer note (b))	148.03	-	-
	198.05	**-**	**-**

(a) Working capital demand loan has been availed from Canara bank for a minimum period of 7 days and maximum period upto 1 year and the same is secured by way of:

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

ii) Pari-passu first charge with consortium banks by way of equitable mortgage of land and building at 14/3, Mathura Road, Faridabad.

iii) Pari-passu second charge with other consortium lenders by way of hypothecation of plant and machinery, generators, furniture and fixtures, electric fans and installations on which first charge was held by HSBC Bank (Mauritius) Limited against External Commercial Borrowings.

(b) The Company has issued commercial papers of ₹ 150 crores in favour of Yes Bank Ltd, which are due for repayment on 16th June 2017. The same have been shown at amortised cost.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(B) TRADE PAYABLES			
Total outstanding dues of creditors other than micro and small enterprises	555.31	403.93	362.96
Total outstanding dues of micro and small enterprises	74.25	32.40	31.56
	629.56	**436.33**	**394.52**

* Trade Payables include due to related parties ₹ 12.85 crores (March 31, 2016 : ₹ 8.67 crores) (April 1, 2015 : ₹ 19.46 crores)

* The amounts are unsecured and are usually paid within 120 days of recognition.

* Trade payables are usually non- interest bearing. In few cases, where the trade payables are interest bearing, the interest is settled on quarterly basis.

* For terms and conditions with related parties, refer to Note 32(7)

a) Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for the year ended March 31, 2017 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)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
i) Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act:			
Principal	74.25	32.40	31.56
Interest	-	-	-
ii) The amount of interest paid by the buyer in terms of section16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-	-
iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	-	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-	-
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 are Nil (March 31, 2016 : ₹ Nil) (April 1, 2015 : ₹ Nil)

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

(₹ in Crores)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(C)	**OTHER FINANCIAL LIABILITIES**			
	Current maturities of long-term borrowings {refer note no. 14(A)(b)}	-	44.40	41.85
	Unpaid dividend {refer note (a)}	2.45	2.44	0.99
	Other payables			
	ESPP compensation payable	0.73	1.80	1.90
	Creditors for capital goods	19.85	13.97	13.49
	Trade deposits and Retention money	36.38	32.45	30.61
	Claims payable	-	-	69.69
	Other liabilities			
	Payable for services	48.87	27.31	40.42
	Payable to banks against receivable buyout facilities (refer note (b))	111.77	91.74	74.72
	Sales incentives payable	224.24	140.30	120.57
		444.29	**354.41**	**394.24**

a) Investor Education and Protection Fund is being credited by the amount of unclaimed dividend after seven years from the due date. The Company has transferred ₹ 0.06 crore (March 31, 2016 ₹ 0.04 crore) (April 01, 2015: ₹ 0.03 crore) out of unclaimed dividend pertaining to the financial year 2008-09 and 2009-10 to Investor Education and Protection Fund of Central Government in accordance with the provisions of section 205C of the Companies Act,1956.

b) Monies collected on behalf of banks and remitted after the balance sheet date.

19. OTHER CURRENT LIABILITIES

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Revenue received in advance			
Advances and progress payments from customers	14.33	9.49	9.53
Rent received in advance	-	1.25	-
Others			
Excise duty payable {refer note (a) below}	17.91	15.65	12.12
Other statutory dues payable	78.29	61.07	47.40
	110.53	**87.46**	**69.05**

a) The Company has made a provision of excise duty payable amounting to ₹ 17.91 crores (March 31, 2016 : ₹ 15.65 crores) (April 1, 2015 : ₹ 12.12 crores) on stocks of finished goods and scrap material at the end of the year except units which are exempt from excise duty. Excise duty is considered as an element of cost at the time of manufacture of goods.

20. CURRENT PROVISIONS

(₹ in Crores)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
i)	**Provision for employee benefits**			
	Gratuity {refer note no. 32(5)}	13.06	11.72	10.78
		13.06	**11.72**	**10.78**
ii)	**Other provisions**			
	Product warranties {refer note (a)}	72.14	59.40	48.16
	Litigations {refer note (b)}	24.99	20.29	13.69
		97.13	**79.69**	**61.85**
		110.19	**91.41**	**72.63**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

a) **Provision for warranties**

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

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At the beginning of the year	65.25	52.39	41.45
Arising during the year	99.98	95.34	80.81
Utilised during the year	(83.59)	(82.27)	(69.32)
Unwinding of discount	(0.42)	(0.21)	(0.55)
At the end of the year	**81.22**	**65.25**	**52.39**
Current portion	72.14	59.40	48.16
Non-current portion (refer note no. 15)	9.08	5.85	4.23

b) **Provision for litigations**

i) During the financial year 2010-11, the Central Excise Department, Jalandhar raised a penalty demand for ₹ 0.10 crore (March 31, 2016 : ₹ 0.10 crore) (April 1, 2015 : ₹ 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 (March 31, 2016: ₹ 0.10 crore) (April 1, 2015 : ₹ 0.10 crore) has been made towards the liability on this account.

ii) During the year the Company has made a provision of ₹ 3.97 crores including interest of ₹ 0.98 crore on account of disallowance of input tax credit on consumables and packing material in respect of financial years 2008-09 to 2016-17 for ongoing litigation in the state of Uttarakhand.

iii) During the year the Company has made a provision of ₹ 3.48 crores towards disputed credit taken in respect of entry tax for the period from 2008-09 to 2015-16 for ongoing litigation in the state of Bihar.

iv) The Company has challenged the constitutional validity of levy of entry tax in few states which are pending before the respective high courts. During the year a provision of ₹ 5.84 crore (March 31, 2016: ₹ 6.66 Crores) (April 1, 2015 ₹ 6.32 Crores) has been made on this account and the liability as on March 31, 2017 is ₹ 17.42 Crores (March 31, 2016: ₹ 20.17 Crores) (April 1, 2015: ₹ 13.51 Crores)

v) A demand of ₹ 0.06 crore (March 31, 2016 : ₹ 0.06 crore) (April 1, 2015 : ₹ 0.06 crore) was raised by the Income Tax Department for the financial year 2003-04. The same is being contested before the ITAT, New Delhi. However, the Company expects the liability of ₹ 0.02 crore (March 31, 2016 : ₹ 0.02 crore) (April 1, 2015 : ₹ 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, 2017	As at March 31, 2016	As at April 1, 2015
At the beginning of the year	20.29	13.69	7.39
Arising during the year	13.29	6.66	6.32
Utilised during the year	(8.59)	-	(0.02)
Unused amount reversed	-	(0.06)	-
At the end of the year	**24.99**	**20.29**	**13.69**
Current portion	24.99	20.29	13.69
Non-current portion	-	-	-

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

21. CURRENT TAX LIABILITIES

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Income Tax (net of advance tax and Tax Deducted at Source)	66.38	70.71	25.41
Wealth Tax	-	-	0.06
	66.38	**70.71**	**25.47**

22. REVENUE FROM OPERATIONS

(₹ in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
Sale of products (Including excise duty)	6,531.34	5,733.56
Sale of Services	6.65	0.12
	6,537.99	**5,733.68**
Other operating revenues		
Scrap sales (including excise duty)	39.75	34.12
Export Incentive	8.22	7.62
Revenue from operations (gross)	**6,585.96**	**5,775.42**

Note: Excise duty collected from customers included in sale of products amounted to ₹ 448.31 crores (March 31, 2016: ₹ 394.83 crores) and scrap sales amounts to ₹ 2.39 crores (March 31, 2016: ₹ 2.27 crores). Sales of product net of excise duty is ₹ 6,083.03 crores (March 31, 2016: ₹ 5,338.73 crores) and scrap sale net of excise duty is ₹ 37.36 crores (March 31, 2016: ₹ 31.85 crores)

23. OTHER INCOME

(₹ in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
Interest received on financial assets carried at amortised cost:		
Bank deposits	87.02	48.61
Bonds	11.02	2.38
Others	1.09	1.75
Other non-operating income		
Exchange fluctuations (net)	13.72	-
Excess provisions no longer required written back	7.61	8.22
Provision for doubtful receivables written back	2.60	0.61
Miscellaneous income (net)	4.48	7.35
Rental income	5.85	0.21
Government assistance for refund of sales tax	0.32	-
Measurement of Financial assets/liabilities at amortised cost	0.15	0.01
Discounting of non current provisions	0.42	0.21
	134.28	**69.35**

24. COST OF MATERIALS CONSUMED

(₹ in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
Copper	933.16	900.73
Aluminum	518.77	431.32
General plastic	172.85	171.50
Paints and chemicals	261.20	204.87

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

(₹ in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
Steel	138.27	113.84
Engineering plastic	53.97	54.79
Packing materials	166.62	149.60
Others	1,023.85	848.77
	3,268.69	**2,875.42**

25. PURCHASE OF TRADED GOODS

(₹ in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
Switchgears	58.37	39.52
Lighting and fixtures	211.43	181.33
Electrical consumer durables	223.50	171.84
	493.30	**392.69**

26. CHANGE IN INVENTORIES OF FINISHED GOODS, TRADED GOODS AND WORK-IN-PROGRESS

(₹ in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016	(Increase) / Decrease
Inventories at the end of the year			
Finished goods	489.35	403.94	(85.41)
Traded goods	124.14	107.41	(16.73)
Work in progress	77.33	64.89	(12.44)
Scrap materials	2.35	3.41	1.06
	693.17	**579.65**	**(113.52)**
	March 31, 2016	April 01, 2015	(Increase) / Decrease
Inventories at the beginning of the year			
Finished goods	403.94	319.50	(84.44)
Traded goods	107.41	117.03	9.62
Work in progress	64.89	44.39	(20.50)
Scrap materials	3.41	4.09	0.68
	579.65	**485.01**	**(94.64)**
Change in inventories of finished goods, traders goods and work in progress {(Increase)/Decrease}	**(113.52)**	**(94.64)**	**-**

27. EMPLOYEE BENEFITS EXPENSES

(₹ in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, wages, bonus, commission and other benefits	448.69	333.50
Contribution towards PF, Family Pension and ESI	22.62	17.59
Employee stock option expense {refer note no. 32(8)(b & c)}	6.96	1.70
Gratuity expense {refer note no. 32(5)}	8.85	6.24
Staff welfare expenses	13.28	11.76
	500.40	**370.79**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

28. FINANCE COSTS

(₹ in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
Interest expense	9.11	6.14
Exchange difference to the extent considered as an adjustment to borrowing cost	0.56	4.19
Bank charges	2.32	2.35
Miscellaneous financial expenses	0.16	0.05
	12.15	**12.73**

29. DEPRECIATION AND AMORTISATION EXPENSES

(₹ in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation of tangible assets {refer note 3}	113.20	101.85
Amortization of intangible assets {refer note 5}	4.27	3.06
Depreciation of Investment property {refer note 4}	2.16	-
	119.63	**104.91**

30. OTHER EXPENSES

(₹ in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
Consumption of stores and spares	35.92	36.67
Power and fuel	75.27	68.26
Job work and Installation charges	178.01	154.97
Increase / (Decrease) in excise duty on inventory of finished goods and scrap	6.69	6.67
Rent	45.92	42.40
Repairs and maintenance:		
Plant and machinery	12.77	14.77
Buildings	2.97	2.94
Others	22.26	17.06
Rates and taxes	3.19	1.71
Insurance	11.12	9.57
Trade mark fee and royalty	0.37	40.34
Travelling and conveyance	78.81	65.86
Communication expenses	11.44	9.91
Legal and professional charges	13.05	6.94
Payment to Auditors		
As Auditors:		
Audit fee	1.20	1.20
Tax audit fee	0.05	0.05
In other capacity	0.71	0.13
Reimbursement of expenses	0.07	0.07
Contribution towards Corporate Social Responsibility (CSR) {refer note no. 32(9)}	13.37	11.48
Directors sitting fees	0.39	0.32
Exchange fluctuations (net)	-	1.38
Freight and forwarding expenses	221.54	191.67

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

(₹ in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
Service tax and custom duty paid	25.52	18.85
Advertisement and sales promotion	190.60	178.83
Commission on sales	52.60	47.46
Product warranties and after sales services (net of reversals)	99.98	95.34
Trade receivables factoring charges	28.59	29.42
Loss on sale/ discard of fixed assets (net)	1.45	1.35
Bad debts written off	2.42	0.58
Impairment allowance for trade receivables considered doubtful	5.42	3.22
Miscellaneous expenses	20.55	19.71
	1,162.25	**1,079.13**

31. COMMITMENTS AND CONTINGENCIES

(₹ in Crores)

		As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
A	**Contingent liabilities (to the extent not provided for)**			
a	Claims / Suits filed against the Company not acknowledged as debts	5.68	5.61	5.21
b	Liability towards banks against receivable buyout facilities {refer point (i)}	-	132.50	106.30
c	Bonds to excise department against export of excisable goods / purchase of goods without payment of duty (to the extent utilised)	0.69	0.53	3.30
d	Disputed tax liabilities in respect of pending cases before appellate authorities {Amount deposited under protest ₹ 22.08 crores (March 31, 2016: ₹ 19.05 crores) (April 1, 2015: ₹ 20.65 crores)} {refer point (ii)}	67.73	100.42	100.80
e	Demand raised by Uttarakhand Power Corporation Limited contested before Hon'ble High Court of Uttarakhand, Nainital {Amount deposited under protest ₹ 1 crore (March 31, 2016: ₹ 1.00 crore) (April 1, 2015 : ₹ 1 crore)}	1.00	1.00	1.00
f	Custom duty payable against export obligation {refer point (iii)}	8.57	8.88	12.14

Notes:

i) a) The Company has availed Receivable Buyout facility from banks against which a sum of ₹ 445.38 crores (March 31, 2016: ₹ 438.35 crores) (April 1, 2015 : ₹ 418.77 crores) has been utilised as on the date of Balance Sheet. The Company has assigned all its rights and privileges to the bank and there is no recourse on the Company. Accordingly the amount of utilization has been reduced from trade receivables. A sum of ₹ 28.59 crores (March 31, 2016: 29.42 crores) on account of charges paid for this facility has been debited to the trade receivables factoring charges account.

b) The Company has arranged Channel Finance facility for its customers from banks against which a sum of ₹ 424.13 crores (March 31, 2016: ₹ 370.64 crores) (April 1, 2015 : ₹ 371.94 crores) has been utilised as on the date of Balance Sheet and correspondingly, the trade receivables stand reduced by the said amount as there is no recourse on the Company.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

ii) The various disputed tax litigations are as under :

(₹ in Crores)

Sl.	Description	Period to which relates	Disputed Amount As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
a)	**Excise / Customs / Service Tax**				
	Show cause notices / demands raised by Excise and Custom department pending before various appellate authorities.	2003-04 to 2014-15	3.65	19.41	30.21
b)	**Income Tax**				
	Disallowances / additions made by the income tax department pending before various appellate authorities.	2004-05 to 2013-14	45.27	40.26	42.33
c)	**Sales Tax / VAT**				
	Show cause notices / demands raised by Sales tax / VAT department pending before various appellate authorities	2005-06 to 2015-16	18.66	40.48	28.11
d)	**Others**				
	Demand of local area development tax by the concerned authorities.	2001-02	0.12	0.12	0.12
	Demand of octroi along with penalty in the state of Maharashtra by the concerned authorities.	2010-11	0.03	0.03	0.03
	Demand of Advertisement Tax by Municipal Corporation of Indore, M.P.	2014-15	-	0.12	
			67.73	**100.42**	**100.80**

The Company is contesting the demands and the management, including its tax advisors, believe that its position will likely to be upheld in the appellate process and accordingly no provision has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.

iii) a) The Company has fulfilled its 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 yet to file Export Obligation Discharge Certificates (EODC) worth ₹ 64.05 crores (March 31, 2016: ₹ 64.05 crores) (April 1, 2015: ₹ 68.39 crores) with the Director General Foreign Trade (DGFT) within the stipulated time. Custom duty payable against said obligation is ₹ 8.00 crores (March 31, 2016: ₹ 8.00 crores) (April 1, 2015: ₹ 8.55 crores).

b) The Company has fulfilled its obligation to export goods in respect of duty free imports made by the Company against Advance Licenses. As on the date of balance sheet, the Company is yet to file Export Obligation Discharge Certificates (EODC) worth ₹ 9.76 crores (March 31, 2016: ₹ 13.23 Crores) (April 1, 2015: ₹ 55.48 crores) with the Director General Foreign Trade (DGFT) within the stipulated time. Custom duty payable against said obligation is ₹ 0.57 crore (March 31, 2016: ₹ 0.88 crore) (April 1, 2015: ₹ 3.59 crores).

B Commitments

(₹ in Crores)

		March 31, 2017	March 31, 2016	April 1, 2015
a)	Estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	20.73	20.67	62.65
b)	Corporate Social Responsibility commitment to Ashoka University, Haryana.	-	3.00	6.00
		20.73	**23.67**	**68.65**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

C Undrawn committed borrowing facility

(a) The Company has availed working capital limits amounting to ₹ 200 crores 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 Hong Kong and Shanghai Banking Corporation Limited. An amount of ₹ 150 crores remain undrawn as at March 31, 2017.

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

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

ii) pari-passu first charge with consortium banks by way of equitable mortgage of land and building at 14/3, Mathura Road, Faridabad.

iii) pari-passu second charge with other consortium lenders by way of hypothecation of plant and machinery, generators, furniture and fixtures, electric fans and installations on which first charge was held by HSBC bank (Mauritius) Limited against external commercial borrowings.

(c) The Company has a debit balance in cash credit accounts as on the date of Balance Sheet except in case of Canara bank where the company has availed working capital demand loan of ₹ 50 crores represented under borrowings {refer note no. 18(A)}.

D Other Litigations

The Company has some entry tax and other tax related litigation of ₹ 24.99 crores (March 31, 2016: ₹ 20.29 crores) (April 1, 2015 : ₹ 13.69 crores) against which liability has been assessed as probable and adequate provisions have been made with respect to the same. {refer note no. 20(b)}

E Leases

Operating lease commitments-Company as lessee

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. The annual increments are expected to be in line with the expected general inflation to compensate the lessor for the expected inflationary cost increase.

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)

	March 31, 2017	March 31, 2016	April 1, 2015
(i) not later than one year	11.81	6.64	2.34
(ii) later than one year and not later than five years	11.25	8.21	2.27
(iii) later than five years	-	-	-
Total minimum lease payments	**23.06**	**14.85**	**4.61**
Lease payments recognised in the statement of profit and loss as rent expense for the year	45.92	42.40	

Operating lease commitments-Company as lessor

a) During the year, the Company has entered into a sub lease agreement to sublet a property situated at Kasna, Noida which is considered as "Investment Property". The lease agreement was executed on May 12, 2016.

b) The said lease is for a term of four years nine months and 18 days w.e.f 12.05.2016 upto 28.02.2021 for the purpose of setting up its manufacturing unit and the annual increments are expected to be in line with the expected general inflation to compensate the lessor for the expected inflationary cost increase.. The lease include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The total rent recognised as income during the year is ₹ 5.85 crores (March 31, 2016 : ₹ Nil).

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

Present value of minimum rentals receivable under non-cancellable operating leases as at March 31, 2017 are as follows:

(₹ in Crores)

	March 31, 2017	March 31, 2016	April 1, 2015
(i) Within one year	6.38	-	-
(ii) After one year but not more than five years	17.41	-	-
(iii) More than five years	-	-	-
Present Value of minimum lease payments	**23.79**	**-**	**-**

c) Unearned finance income **5.33**

d) As per the terms of the agreement, the lessee shall restore the leased premise to its original custodian on termination of the agreement.

F Contingent Assets

The Government of India vide its office memorandum dated April 01, 2007 has announced fiscal incentives and concessions for North East Region viz. the NEIIP 2007. Incentives were available to all industrial units commencing their operations in this area by specified date. The Company has set up a plant in Guwahati and started production during the year. A subsidy of 30% of total investment in Plant and equipment was available as capital investment subsidy. Subsidy will be disbursed after fulfilment of specified conditions and submission of application to the Government. Subsidy will be granted once the agency appointed by Government completes its verification and issues order in this regard. The Company has invested total sum of ₹ 5.85 crores (Excluding Pre-Operative expenses) in Plant and equipment and is accordingly eligible for subsidy. The Company is in process of making an application for claim of subsidy and expects that an amount of ₹ 1.76 crores will be sanctioned by Government in this regard on submission of application and approval accorded by the competent authority.

32. OTHER NOTES ON ACCOUNTS

Divestment of interest in Subsidiaries, Joint Ventures and Associate

1. (a) Pursuant to the shareholders agreement entered on January 18, 2016 between INESA UK Limited and Havells Holding Limited (a Company's subsidiary) for divestment of stake in Feilo Malta Limited (earlier known as Havells Malta Limited); both the parties have reached to a consensus to divest remaining stake of 20% in Feilo Malta Limited (FML) and accordingly the Board of Directors of the Company have approved the following transaction:

(i) Divest the remainder 20% stake of FML for a consideration of Euro 34.5 million (₹ 238.90 crores)

(ii) Divest 100% stake in Havells Sylvania Thailand Limited for a consideration aggregating to Euro 1.6 Million (₹ 11.08 crores)

(iii) Terminate joint venture agreement with Jiangsu Havells Sylvania Lighting Company (JV) Limited, a 50:50 joint venture of the Company and Shanghai Yaming Lighting Company Limited, an affiliate of FEILO and liquidation of its business as agreed between both partners, it is expected that liquidation of JV would realise Euro 2.3 Million (₹ 16.21 crores) for 50% of Company share.

(iv) An orderly closure of its remaining international operations of Sylvania business.

Consequently, the recoverable amount of Company's investment in wholly owned subsidiary; Havells Holdings Limited (HHL) stands reduced to ₹ 187.52 crores as against the book value of ₹ 249.62 crores representing closure cost of international operations, estimated by the management on best effort basis taking into account observable fair value of the residual investments held through HHL in worlwide Sylvania business in respect of which both parties have reached a consensus to conclude the sale of the remaining 20% equity stake. Accordingly, the Company has recognized impairment loss of ₹ 62.10 crores on its investments in Havells Holdings Limited and disclosed in "Exceptional Items" in Statement of profit and loss . Further, consequent to above, the Company has also recognized loss of ₹ 14.66 crores being difference between carrying value and fair value less cost to sell (being agreed sale price between both the parties) on account of termination of JV agreement in Jiangsu Havells Sylvania Lighting Company.

(b) During the current year, the Company completed the sale of 100% stake in its wholly owned subsidiary Feilo Exim Limited (erstwhile Havells Exim Limited), Hong Kong for a total sale consideration of ₹ 94.84 crores to Shanghai Feilo Acoustics Co. Ltd. (FEILO), of which 80% was completed during the year ended March 31, 2016. Pursuant to aforesaid sale of shares, the Company has recorded a profit on sale of Long term Investment as aforesaid, amounting to ₹ 18.95 crores during current year (March 31, 2016: ₹ 75.81 crores) being the difference

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

between consideration received (net of expenses) and historical cost of investments which has been disclosed as an exceptional item in accordance with the requirement of Ind AS-1 – "Presentation of Financial Statements" (specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015).

c) Resultant from above, the total exceptional items disclosed in the statement of Profit and Loss are as under:

(₹ in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
i) Profit on the redemption of equity shares of Havells Holdings Limited	-	126.58
ii) Profit on the disposal of stake in Feilo Exim Limited (erstwhile Havells Exim Limited)	18.95	75.81
iii) Provision for impairment on Investments held in Havells Holdings Limited on account of orderly closure of international sylvania operations	(62.10)	-
iv) Measurement of Investment in Joint Venture (Jiangsu Havells Sylvania Lighting Co., Limited) at fair value less cost to sell classified as held for sale	(14.66)	-
	(57.81)	**202.39**

2. **Investment in subsidiaries, associates and joint ventures**

(a) These financial statement are separate financial statements prepared in accordance with Ind AS-27 " Separate Financial Statements".

(b) The Company's investments in direct subsidiaries are as under:

(₹ in Crores)

Name of the subsidiaries	Country of incorporation	**Portion of ownership interest as at March 31, 2017**	Portion of ownership interest as at March 31, 2016	Portion of ownership interest as at April 1, 2015	Method used to account for the investment
Havells Holding Ltd	Isle of Man	100%	100%	100%	At cost
Feilo Exim Limited (erstwhile Havells Exim Limited) (Refer note 2(d))	Hong Kong	-	20%	100%	At cost
Havells Guangzhou International Limited (Refer note (ii) below)	China	100%	-	-	At cost
Promptec Renewable Energy Solutions Private Limited (refer point (i) below)	India	68.92%	51.18%	51.18%	At cost
Standard Electrical Limited (Refer note (iii) below)	India	100%	-	-	At cost
Havells Global Limited (Refer note (iv) below)	India	100%	-	-	At cost

(i) During the year, the Company has further acquired 4,67,737 number of shares in Promptec Renewable Energy Solutions Private Limited, having its registered office at Bengaluru, Karnataka for a consideration of ₹ 10.67 crores (March 31, 2016 : ₹ 29.12 crores) as per the share subscription cum purchase agreement dated June 08, 2016 . The said Company is engaged in marketing and manufacturing of LED products including street lighting, office lighting and solar lighting.

(ii) During the year, Havells Guangzhou International Limited was incorporated on October 17, 2016. The said Company is engaged in wholesale business of electrical goods. The Company is yet to make investment in share capital as per laws prevailing in The Republic of China.

(iii) During the year, Standard Electrical Limited was incorporated on September 12, 2016. The said Company is engaged in business of electrical goods.

(iv) During the year, Havells Global Limited was incorporated on July 04, 2016. The said Company is engaged in business of export of electrical goods.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

(c) The Company's investment in Joint Venture is as under:

Name of the Joint venture	Country of incorporation	**Portion of ownership interest as at March 31, 2017**	Portion of ownership interest as at March 31, 2016	Portion of ownership interest as at April 1, 2015	Method used to account for the investment
Jiangsu Havells Sylvania Lighting Co., Limited	China	50%	50%	50%	At cost

The Company had entered into a Joint Venture agreement with 'Shanghai Yaming Lighting Co., Ltd., Shanghai, China' on December 26, 2011 for forming a Joint Venture Company for production of lighting lamps and lighting accessories and sales / services of related products. Accordingly, the Company 'Jiangsu Havells Sylvania Lighting Co., Ltd.' a Jointly Controlled Entity was formed vide certificate of approval dated February 13, 2012 issued by the People's Government of Jiangsu Province, China. The Company has an investment of ₹ 30.87 crores (RMB 33.00 millions) {April 1, 2015: ₹ 30.87 crores (RMB 33.00 millions)} towards 50% of capital contribution in the said Joint Venture Company as on the date of balance sheet. During the current year, both the parties have agreed to liquidate operations of the JV and accordingly, the same has been valued at fair value less cost to sell at ₹ 16.21 crores and shown as 'Asset classified as held for sale' in note 12.

(d) The Company's investment in Associates is as under:

Name of the associate	Country of incorporation	**Portion of ownership interest as at March 31, 2017**	Portion of ownership interest as at March 31, 2016	Portion of ownership interest as at April 1, 2015	Method used to account for the investment
Feilo Exim Limited (erstwhile Havells Exim Limited) {refer note 32(1)(b)}	Hong Kong	Nil	20%	100%	At cost

3. During the year, the Company has capitalised the following pre operative expenses to the cost of tangible fixed assets, being expenses related to projects and development of Dies and Fixtures. Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

(₹ in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
Cost of material consumed	9.09	5.79
Employee benefits expense	3.12	2.14
Other expenses	1.84	1.34
	14.05	**9.27**

4. The Company has incurred following expenditure on Research and Development:

(₹ in Crores)

		Year ended March 31, 2017	Year ended March 31, 2016
a)	**Revenue Expenditure**		
	Cost of materials consumed	7.96	3.41
	Employee benefits expense	29.58	22.06
	Rent	2.16	2.16
	Travelling and conveyance	3.75	2.82
	Legal and professional	-	0.04
	Other expenses	2.11	2.93

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

(₹ in Crores)

		Year ended March 31, 2017	Year ended March 31, 2016
		45.56	**33.42**
b)	**Capital Expenditure**		
	Property, plant and equipment	1.37	1.52
	Intangible Assets	1.76	0.78
		3.13	**2.30**
	Total (a+b)	**48.69**	**35.72**

The Research and Development facilities are located at the Head office, Noida and some other units of the Company and are approved by Department of Scientific and Industrial Research, Ministry of Science and Technology, Govt. of India. The Company is entitled to a weighted deduction of 200% of the expenditure incurred at these units under section 35 (2AB) of the Income Tax Act, 1961.

5. Disclosures pursuant to Ind AS-19 "Employee Benefits"(specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015) are given below :

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

(₹ in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
Employer's Contribution towards Provident Fund (PF)	22.19	17.18
Employer's Contribution towards Employee State Insurance (ESI)	0.43	0.41
	22.62	**17.59**

Defined Benefit Plan

The employees' Gratuity Fund Scheme, which is a defined benefit plan, is managed by the trust maintained with Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Limited. Under the gratuity plan, every employee who has completed at least five years of service usually gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The following tables summaries the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

(₹ in Crores)

		Year ended March 31, 2017	Year ended March 31, 2016
a)	**Reconciliation of opening and closing balances of Defined Benefit obligation**		
	Present value of Defined Benefit obligation at the beginning of the year	44.60	31.94
	Interest Expense	3.46	2.51
	Current Service Cost	8.19	5.80
	Benefit paid	(2.70)	(1.23)
	Remeasurement of (Gain)/loss recognised in other comprehensive income		
	Actuarial changes arising from changes in demographic assumptions	-	-
	Actuarial changes arising from changes in financial assumptions	4.86	4.55
	Actuarial changes arising from changes in experience adjustments	0.10	1.03
	Defined Benefit obligation at year end	**58.51**	**44.60**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

(₹ in Crores)

		Year ended March 31, 2017	Year ended March 31, 2016
b)	**Reconciliation of opening and closing balances of fair value of plan assets**		
	Fair value of plan assets at beginning of the year	32.88	21.16
	Expected return on plan assets	2.80	2.07
	Employer contribution	11.72	10.78
	Remeasurement of (Gain)/loss in other comprehensive income		
	Return on plan assets excluding interest income	0.75	0.10
	Benefits paid	(2.70)	(1.23)
	Fair value of plan assets at year end	**45.45**	**32.88**
c)	**Net defined benefit asset/ (liability) recognised in the balance sheet**		
	Fair value of plan assets	45.45	32.88
	Present value of defined benefit obligation	(58.51)	(44.60)
	Amount recognised in Balance Sheet- Asset / (Liability)	**(13.06)**	**(11.72)**
d)	**Net defined benefit expense (Recognised in the Statement of profit and loss for the year)**		
	Current Service Cost	8.19	5.80
	Net Interest Cost	0.66	0.44
	Net defined benefit expense debited to statement of profit and loss	**8.85**	**6.24**
e)	**Remeasurement (gain)/ loss recognised in other comprehensive income**		
	Actuarial changes arising from changes in demographic assumptions	-	-
	Actuarial changes arising from changes in financial assumptions	4.86	4.55
	Actuarial changes arising from changes in experience adjustments	0.10	1.03
	Return on Plan assets excluding interest income	(0.75)	(0.10)
	Recognised in other comprehensive income	**4.21**	**5.48**
f)	**Broad categories of plan assets as a percentage of total assets**		
	Insurer managed funds	100%	100%

		March 31, 2017	March 31, 2016
g)	**Principal assumptions used in determining defined benefit obligation**		
	Mortality Table (LIC)	2006-08 (Ultimate)	2006-08 (Ultimate)
	Discount rate (per annum)	7.50%	8.00%
	Salary Escalation	8.50%	8.00%
	Attrition Rate	5.00%	5.00%

(₹ in Crores)

		March 31, 2017	March 31, 2016
h)	**Quantitative sensitivity analysis for significant assumptions is as below:**		
	Increase / (decrease) on present value of defined benefits obligations at the end of the year		

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

(₹ in Crores)

	March 31, 2017	March 31, 2016
Discount Rate		
Increase by 0.50%	(2.65)	(1.95)
Decrease by 0.50%	2.86	2.09
Salary Increase		
Increase by 0.50%	2.54	1.83
Decrease by 0.50%	(2.37)	(1.80)
Attrition Rate		
Increase by 0.50%	(0.36)	(0.07)
Decrease by 0.50%	0.23	0.05
i) **Maturity profile of defined benefit obligation**		
Within the next 12 months (next annual reporting period)	3.40	2.73
Between 2 and 5 years	20.54	20.17
Between 5 and 10 years	82.12	109.60
Total expected payments	**106.06**	**132.50**

j) The average duration of the defined benefit plan obligation at the end of the reporting period is 24.09 years (March 31, 2016: 24.27 years)

k) The plan assets are maintained with Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Limited.

l) The Company expects to contribute ₹ 13 crores (March 31, 2016 : ₹ 12 crores) to the plan during the next financial year.

m) 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.

n) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

o) The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

6. Segment Reporting

The segment reporting of the Company has been prepared in accordance with Ind AS-108, "Operating Segment" (specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015). For management purposes, the company is organized into business units based on its products and services and has four reportable segments as follows:

a) Operating Segments

Switchgears	: Domestic and Industrial switchgears, electrical wiring accessories, industrial motors, pumps and capacitors.
Cables	: Domestic cables and Industrial underground cables.
Lighting and Fixtures	: Energy Saving Lamps (CFL, LED), Solar and luminaries.
Electrical Consumer Durables	: Fans, water heaters, coolers, personal grooming and domestic appliances

No operating segments have been aggregated to form above reportable operating segments.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

b) **Identification of Segments:**

The Board of Directors monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segments have been identified on the basis of the nature of product / services and have been identified as per the quantitative criteria specified in the Ind AS.

c) 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 "Others".

d) 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 "Others".

e) There is no transfer of products between operating segments.

f) There are no customers having revenue exceeding 10% of total revenues.

Summary of Segmental Information

(₹ in Crores)

		March 31, 2017	March 31, 2016
A.	**Revenue**		
	Segment Revenue		
	Switchgears	1,467.68	1,334.61
	Cables	2,675.61	2,459.46
	Lighting and fixtures	894.47	837.71
	Electrical consumer durables	1,419.87	1,143.64
	Other Segment	128.33	-
		6,585.96	**5,775.42**
	Inter Segment Sale	-	-
	Total Revenue	**6,585.96**	**5,775.42**
B.	**Results**		
	Segment Profit		
	Switchgears	561.03	500.64
	Cables	325.63	308.90
	Lighting and fixtures	235.70	190.86
	Electrical consumer durables	349.37	286.42
	Other Segment	29.36	-
	Segment operating profit	**1,501.09**	**1,286.82**
	Reconciliation of segment operating profit to operating profit		
	Unallocated:		
	Employee benefits expense	(399.38)	(290.11)
	Other expenses	(347.15)	(310.08)
	Other miscellaneous expenses net of income (refer note 30)	84.23	32.74
	Operating Profit	**838.79**	**719.37**
	Finance Costs	(12.15)	(12.73)
	Profit before tax and Exceptional Item	**826.64**	**706.64**
	Exceptional Items	(57.81)	202.39
	Profit before tax after Exceptional Item	**768.83**	**909.03**
	Income tax expense	(229.79)	(197.00)
	Profit after tax	**539.04**	**712.03**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

(₹ in Crores)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
C.	**Reconciliation to Amounts Reflected in the Financial Statements**			
	Segment Assets			
	Switchgears	624.06	620.23	592.77
	Cables	748.64	634.39	518.69
	Lighting and fixtures	371.13	363.16	357.15
	Electrical consumer durables	488.15	413.88	383.08
	Other Segment	75.47	-	-
	Segment Operating Assets	2,307.45	2,031.66	1,851.69
	Reconciliation of Segment operating Assets to Total assets			
	Cash and cash equivalent {refer note 10(B) and (C)}	1,937.53	1,365.21	531.88
	Investment (refer note 6 and 7)	389.07	462.71	1,186.80
	Assets classified as held for sale (refer note 12)	16.21	-	-
	Others	309.73	229.40	207.38
	Total Assets	**4,959.99**	**4,088.98**	**3,777.75**
	Segment Liabilities			
	Switchgears	252.68	177.14	257.93
	Cables	254.05	196.66	166.52
	Lighting and fixtures	201.63	145.52	129.72
	Electrical consumer durables	275.09	176.56	142.95
	Other Segment	11.31	-	-
	Segment Operating Liabilities	**994.76**	**695.88**	**697.12**
	Reconciliation of Segment operating liabilities to total liabilities			
	Borrowings {refer note 14(A), 18(A) and 18(C)}	198.05	44.40	83.73
	Deferred tax liability {refer note 16(d)}	113.76	86.26	81.07
	Others	379.84	308.77	222.49
	Total Liabilities	**1,686.41**	**1,135.31**	**1,084.41**

(₹ in Crores)

Non Current Assets Other than Financial Assets	**March 31, 2017**	March 31, 2016	April 1, 2015
Switchgears	5.18	1.10	1.10
Cables	0.04	0.28	4.22
Lighting and fixtures	2.44	0.03	0.04
Electrical consumer durables	1.05	1.30	0.28
	8.71	2.71	5.64
Others	79.88	27.80	21.87
	88.59	**30.51**	**27.51**

(₹ in Crores)

	March 31, 2017	March 31, 2016
Capital Expenditure		
Switchgears	40.08	31.01
Cables	70.79	93.15
Lighting and fixtures	15.59	10.19
Electrical consumer durables	23.82	17.55
	150.28	151.90
Others	42.66	20.85
	192.94	**172.75**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

(₹ in Crores)

	March 31, 2017	March 31, 2016
Depreciation and Amortization Expenses		
Switchgears	39.87	38.26
Cables	41.28	31.61
Lighting and fixtures	18.77	18.86
Electrical consumer durables	19.71	16.18
	119.63	**104.91**
Non-cash expenses other than depreciation		
Switchgears	0.93	0.72
Cables	2.94	1.42
Lighting and fixtures	0.64	0.45
Electrical consumer durables	0.91	0.63
	5.42	3.22
Provision for diminution in value of investment	76.76	-
	82.18	**3.22**
Segment Revenue by location of customers		
The following is the distribution of Company's revenue by geographical market, regardless of where the goods were produced.		
Revenue-Domestic Market	6,308.90	5,501.27
Revenue-Overseas Market:	277.06	274.15
	6,585.96	**5,775.42**

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Geographical Segment assets			
Within India	4,705.31	3,760.57	2,726.41
Outside India	254.68	328.41	1,051.34
	4,959.99	**4,088.98**	**3,777.75**

(₹ in Crores)

	March 31, 2017	March 31, 2016
Geographical Capital Expenditure		
Within India	192.94	172.75
Outside India	-	-
	192.94	**172.75**

7. **Related party transactions**

The related parties as per the terms of Ind AS-24,"Related Party Disclosures", (specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015) 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	Wholly Owned Subsidiary (WOS)
2. Promptec Renewable Energy Solutions Private Limited	Subsidiary
3. Standard Electrical Limited	WOS
4. Havells Global Limited	WOS
5. Havells Guanzhou International Limited	WOS

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

	Step Down Subsidiary Companies	
1.	Havells International Limited	WOS of Havells Holdings Limited
2.	Havells Sylvania (Thailand) Limited	49% held by Havells International Limited and 51% held by Thai Lighting Asset Co. Ltd.
3.	Havells Sylvania Brazil Illuminacao Ltd.	WOS of Havells International Limited
4.	Havells Sylvania Iluminacion (Chile) Ltd.	WOS of Havells Holdings Limited
5.	Havells USA Inc.	WOS of Havells Holdings Limited
6.	Thai Lighting Asset Co. Ltd.#	49% held by Havells International Limited #
(ii)	**Related party where control exists upto December 31, 2015 (ceased to be Subsidiary Company w.e.f. January 1, 2016) (Refer Note 32(1))**	
1.	Feilo Exim Limited (erstwhile Havells Exim Limited)	WOS
2.	FEILO Malta Limited (earlier known as Havells Malta Limited)	WOS

Havells International Limited (WOS of Havells Holding Limited) hold 49% equity interest in Thai Lighting Assets Co. Ltd. However the said Company has majority representation on Board of Directors of the entity and approval of the said Company is required for all major operational decision and the operations are solely carried out for the benefit of the Group. Based on facts and circumstances, management determine that in substance the Group control this entity and therefore reported the same as controlled entities.

(iii)	**Joint Venture**	
	Jiangsu Havells Sylvania Lighting Co., Ltd	50% ownership interest held by Company.

(B) Names of other related parties with whom transactions have taken place during the year :

(i) Enterprises in which directors are interested

QRG Enterprises Limited

QRG Foundation

Guptajee & Company

QRG Investments and Holdings Limited (formerly known as Ajanta Mercantile Limited)

The Vivekananda Ashrama

(ii) Associates (w.e.f. 01-01-2016)

Feilo Exim Limited (erstwhile Havells Exim Limited)

FEILO Malta Limited (earlier known as Havells Malta Limited)

(iii) Post employee benefit plan for the benefitted employees

Havells India Limited Employees Gratuity Trust

(iv) Key Management Personnel

Shri Anil Rai Gupta, Chairman and Managing Director

Shri Rajesh Kumar Gupta, Director (Finance) and Group CFO

Shri Ameet Kumar Gupta, Director

Shri Sanjay Kumar Gupta, Company Secretary

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

(v) **Non Executive Directors**

Shri Vijay Kumar Chopra

Shri Avinash Parkash Gandhi

Dr. Adarsh Kishore

Shri Sunil Behari Mathur

Shri Surender Kumar Tuteja

Smt. Pratima Ram

Shri Vellayan Subbiah

Shri Puneet Bhatia

Shri T V Mohandas Pai

Shri Surjit Kumar Gupta

(C) **Transactions during the year**

(₹ in Crores)

		2016-17	2015-16
(i)	**Purchase of traded goods and stores and spares**		
	Subsidiaries / Step down Subsidiaries		
	Feilo Exim Limited (erstwhile Havells Exim Limited)	-	133.97
	Promptec Renewable Energy Solutions Private Limited	54.93	22.90
	Others	-	0.31
	Joint Venture		
	Jiangsu Havells Sylvania Lightning Co.,Ltd	1.51	2.12
	Associates		
	Feilo Exim Limited (erstwhile Havells Exim Limited)	-	25.10
		56.44	**184.40**
(ii)	**Sale of products**		
	Subsidiaries / Step down Subsidiaries		
	Feilo Exim Limited (erstwhile Havells Exim Limited)	-	58.57
	Promptec Renewable Energy Solutions Private Limited	0.20	0.22
	Havells Sylvania (Thailand) Limited	3.17	3.13
	Associates		
	Feilo Exim Limited (erstwhile Havells Exim Limited)	-	1.63
		3.37	**63.55**
(iii)	**Commission on sales**		
	Enterprises in which directors are interested		
	Guptajee and Company	8.02	7.50
(iv)	**Rent / Usage Charges Paid**		
	Enterprises in which directors are interested		
	QRG Enterprises Limited	19.34	19.34
(v)	**Miscellaneous Income (Service charges received)**		
	Subsidiaries / Step down Subsidiaries		
	Feilo Exim Limited (erstwhile Havells Exim Limited)	-	0.28
	Associates		
	Feilo Exim Limited (erstwhile Havells Exim Limited)	0.03	0.10
		0.03	**0.38**

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for the year ended March 31, 2017

(₹ in Crores)

		2016-17	2015-16
(vi)	**Trade mark fee and Royalty**		
	Enterprises in which directors are interested		
	QRG Enterprises Limited	-	40.00
(vii)	**CSR Contribution**		
	Enterprises in which directors are interested		
	QRG Foundation	5.58	8.05
	The Vivekananda Ashrama	0.03	0.33
		5.61	**8.38**
(viii)	**Warranty Expenses**		
	Subsidiaries / Step down Subsidiaries		
	Feilo Exim Limited (erstwhile Havells Exim Limited)	-	0.97
(ix)	**Reimbursement of Expenses received**		
	Subsidiaries / Step down Subsidiaries		
	Promptec Renewable Energy Solutions Private Limited	1.01	0.84
	Enterprises in which directors are interested		
	Guptajee & Company	0.08	0.64
		1.09	**1.48**
(x)	**Reimbursement of Expenses paid**		
	Subsidiaries / Step down Subsidiaries		
	Promptec Renewable Energy Solutions Private Limited	1.12	-
		1.12	**-**
(xi)	**Rent received**		
	Enterprises in which directors are interested		
	QRG Enterprises Limited	-	0.03
(xii)	**Contribution to post employee benefit plan**		
	Havells India Limited Employees Gratuity Trust	11.72	10.78
(xiii)	**Investments in equity shares**		
	Subsidiaries / Step down Subsidiaries		
	Havells Holdings Limited	-	0.15
	Promptec Renewable Energy Solutions Private Limited	10.67	29.12
	Standard Electrical Limited	0.05	-
	Havells Global Limited	0.05	-
		10.77	**29.27**
(xiv)	**Sale/Redemption of Investment**		
	Subsidiaries / Step down Subsidiaries		
	Havells Holdings Limited	-	858.37
(xv)	**Managerial remuneration**		
	Key Management Personnel		
	Salaries, wages, bonus, commission and other benefits	25.89	22.96
	Contribution towards PF, Family Pension and ESI	0.77	0.75
	ESPP expense	3.46	0.02
	Non Executive Directors		
	Director sitting fees	0.39	0.32
	Commission	0.40	0.30

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

(D) Balances at the year end

(₹ in Crores)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i)	**Amount Receivables**			
	Subsidiaries / Step down Subsidiaries			
	Havells Sylvania Europe Limited	-	-	0.30
	Havells Sylvania (Thailand) Limited	1.26	-	-
	Promptec Renewable Energy Solutions Private Limited	0.32	-	-
	Feilo Exim Limited (erstwhile Havells Exim Limited)	-	-	17.17
	Others	-	1.24	0.24
		1.58	**1.24**	**17.71**
(ii)	**Amount Payables**			
	Enterprises in which directors are interested			
	Guptajee & Company	2.11	0.38	-
	Subsidiaries / Step down Subsidiaries			
	Feilo Exim Limited (erstwhile Havells Exim Limited)	-	-	18.39
	Promptec Renewable Energy Solutions Private Limited	10.46	8.12	-
	Others	-	-	0.12
	Joint Venture			
	Jiangsu Havells Sylvania Lightning Co.,Ltd	0.28	0.17	0.95
		12.85	**8.67**	**19.46**

a) The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties .This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

b) All the liabilities for post retirement benefits being 'Gratuity' are provided on actuarial basis for the Company as a whole, the amount pertaining to Key management personnel are not included above.

8. Share based payments

(a) The Company, vide special resolution passed by way of postal ballot on January 23, 2013, had approved "Havells Employees Stock Option Plan 2013" (ESOP 2013 or Plan) for granting Employees Stock Options in the form of Equity Shares to eligible employees. The plan is administered by Havells Employees Welfare Trust ("EW Trust") under the supervision of the Nomination and Remuneration Committee of the Board of Directors of the Company ("Committee") in compliance with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 and 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. Under the said scheme, the Company had granted 45,939 options at ₹ 677/- per share and exercise price was ₹ 338.50 per share of ₹ 5 each (₹ 67.70 per share of ₹ 1 each) which was sub-divided into equity shares from ₹ 5 to ₹ 1 per share. As of March 31, 2016 and as at March 31, 2017, there are no outstanding options in respect of this scheme.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

Set out below is a summary of options granted under the plan:

	Year ended March 31, 2017		Year ended March 31, 2016	
	Total No. of Stock Options	**Weighted average exercise price**	Total No. of Stock Options	Weighted average exercise price
Options outstanding at beginning of year	-	-	90,550	67.70
Options granted during the year	-	-	-	-
Options forfeited/lapsed during the year	-	-	2,285	67.70
Options exercised during the year	-	-	88,265	67.70
Options outstanding at end of year	-	-	-	-
Options vested but not exercised during the year	-	-	-	-

No options were granted during the year

Share options outstanding at the end of the year have following expiry dates and exercise prices

Grant Date	Expiry Date	Exercise Price (₹)	**Share options March 31, 2017**	Share options March 31, 2016	Share options April 1, 2015
April 8, 2013	April 8, 2015	₹ 67.70 per share	-	-	90,550
Weighted average remaining contractual life of options outstanding at end of period			-	-	0.05

The weighted average remaining contractual life for the stock option outstanding as at March 31, 2017 is Nil (March 31 2016 is Nil) (April 1, 2015: 0.05 year).

There were no options granted during year ended March 31, 2017 and March 31, 2016 and accordingly disclosures as required under Ind AS 102 w.r.t weighted average fair value of stock option granted during the year is not applicable.

(b) The Company had, vide special resolution passed by way of postal ballot on June 9, 2014 and by way of amendment to the "Havells Employees Stock Option Plan 2013" (ESOP 2013 or Plan) included Part B-"Havells Employees Stock Purchase Plan 2014 and renamed the plan as "Havells Employees Long Term Incentive Plan 2014" for granting Employees Stock Options in the form of Equity Shares to eligible employees. The purchase price of the options was approved on May 11, 2016 under the supervision of the Nomination and Remuneration Committee of the Board of Directors of the Company. The options were Granted and vested as on May 16, 2016. In accordance with the terms and conditions of the plan, the said options were exercisable within a period of 30 days from the date of vesting were settled by way of issue of equity shares. During the year 1,17,562 (March 31, 2016: 99,745 Equity Shares) of Re. 1/- each were allotted to eligible employees under the said scheme at price of ₹ 345.65 (March 31, 2016: ₹ 293.90) per share (being market price of shares at close of business day immediately preceding the date of Nomination and Remuneration Committee meeting). As per the scheme, 50% of shares are under lock-in-period of one year and remaining 50% are under a lock-in-period of two years.

Further, as per the scheme, the Company shall pay 50% of issue price for differential bonus shares on issue of shares and 50% of employee contribution to eligible employees over a period of two years. Accordingly a sum of ₹ 1.78 crores has been recognised as employee stock option expense during the Financial Year. (Previous Year ₹ 1.70 crores).

(c) The Company had, vide special resolution passed by way of postal ballot on December 4, 2015 "Havells Employees Stock Purchase Plan 2015" for granting Employees Stock Options in the form of Equity Shares to eligible employees. The purchase price of the options was approved on May 11, 2016 under the supervision of the Nomination and Remuneration Committee of the Board of Directors of the Company. The options were Granted and vested as on May 16, 2016. In accordance with the terms and conditions of the plan, the said options were exercisable within a period of 30 days from the date of vesting and settled by way of issue of equity shares. During

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

the year 1,50,000 (March 31, 2016: Nil Equity Shares) of Re. 1/- each were allotted to eligible employees under the said scheme at ₹ 345.65 (March 31, 2016: ₹ Nil) per share (being market price of shares at close of business day immediately preceding the date of Nomination and Remuneration Committee meeting). As per the scheme, 78% of shares are under lock-in-period of 13 months and remaining 22% are under a lock-in-period of two years. Further, as per the scheme, the Company shall pay 100% of issue price to the eligible employees on issue of shares. Accordingly a sum of ₹ 5.18 crores has been recognised as employee stock option expense during the Financial year. (Previous Year ₹ Nil)

9. Corporate Social Responsibility

As per provisions of section 135 of the Companies Act, 2013, the Company has to incur at least 2% of average net profits of the preceding three financial years towards Corporate Social Responsibility ("CSR"). Accordingly, a CSR committee has been formed for carrying out CSR activities as per the Schedule VII of the Companies Act, 2013. The Company has contributed a sum of ₹ 13.37 crores (March 31, 2016: ₹ 11.48 crores) towards this cause and debited the same to the Statement of Profit And Loss. The funds are primary allocated to QRG foundation, a society registered under section 12A of the Income Tax Act, 1961 for undertaking Mid-Day meal scheme, Ashoka University, sponsored by International Foundation for Research and Education (IFRE) which is a "Not for Profit" Company incorporated under the provisions of section 25 of the erstwhile Companies Act, 1956 for the promotion of education and to the Vivekananda Ashramaa for providing free education to underprivileged students.

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016
Details of CSR Expenditure:		
a) Gross amount required to be spent by the Company during the year	13.26	**11.48**

b) Amount spent during year ended March 31, 2017

	Amount spent		**Yet to be spent**		**Total**	
	2017	2016	**2017**	2016	**2017**	2016
(i) Construction/ acquisition of assets	8.61	0.04	-	-	8.61	0.04
(ii) Contribution to trust/ universities	4.28	11.44	-	-	4.28	11.44
(iii) On purpose other than above	0.48	-	-	-	0.48	-
Total amount spent	**13.37**	**11.48**	**-**	**-**	**13.37**	**11.48**

10. Fair value measurements

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Investment property valued at cost	**Carrying Value**			**Fair Value**		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Investment property	55.92	-	-	87.13	-	-

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

Financial instruments by category	Carrying Value			Fair Value		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Financial assets at amortised cost						
Cash and bank balances	1,937.53	1,365.21	531.88	1,937.53	1,365.21	531.88
Other Financial assets (current)	6.02	6.02	8.29	6.02	6.02	8.29
Other Financial assets (non-current)	13.55	9.97	183.53	13.55	9.97	183.53
Investments in quoted bonds	161.66	153.10	-	164.70	156.00	-
Trade Receivables	228.50	157.64	132.51	228.50	157.64	132.51
	2,347.26	**1,691.94**	**856.21**	**2,350.30**	**1,694.84**	**856.21**
Financial Liabilities at amortised cost						
Trade Payables	629.56	436.33	394.52	629.56	436.33	394.52
Borrowings	198.05	-	41.88	198.05	-	41.88
Other financial liabilities (non-current)	2.93	2.88	1.32	2.93	2.88	1.32
Other financial liabilities (current)	444.29	354.41	394.24	444.29	354.41	394.24
	1,274.83	**793.62**	**831.96**	**1,274.83**	**793.62**	**831.96**

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

1. The Company has determined classification of quoted bonds invested with National Highway Authority of India as subsequently measured at amortised cost since the Company expect to hold the investment upto maturity and receive the principal and interest amount as defined under the term of investment. The fair values of the quoted bonds are based on price quotations near to the reporting date.

2. The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

3. The fair values of the Company's interest-bearing borrowings and loans are determined by using Discounted cash flow method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2017 was assessed to be insignificant.

4. Long-term receivables/payables are evaluated by the Company based on parameters such as interest rates, risk factors, individual creditworthiness of the counterparty and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

5. The Company has obtained independent valuation for its investment property as at March 31, 2017 and has reviewed the fair valuation based on best evidence of fair value determined using replacement cost of an asset of equivalent utility, depreciation and obsolescence. Fair market value is the amount expressed in terms of money that may be reasonably be expected to be exchanged between a willing buyer and a willing seller, with equity or both. The valuation by the valuer assumes that Company shall continue to operate and run the assets to have economic utility. The fair value is on as is where basis. All resulting fair value estimates for investment property are included in Level 3.

6. The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2017, are as shown below

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Quantitative disclosures of fair value measurement hierarchy for assets as on March 31, 2017

	Carrying Value	Fair Value		
	March 31, 2017	Level 1	Level 2	Level 3
Assets carried at cost for which fair value are disclosed				
Investment property	55.92	-	-	87.13
Assets carried at amortised cost for which fair value are disclosed				
Cash and bank balances	1,937.53	-	-	1,937.53
Other Financial assets (non-current)	13.55	-	-	13.55
Other Financial assets (current)	6.02	-	-	6.02
Investments in quoted bonds	161.66	164.7	-	-
Trade Receivables	228.50	-	-	228.50
Liabilities carried at amortised cost for which fair value are disclosed				
Trade payables	629.56	-	-	629.56
Borrowings	198.05	-	-	198.05
Other financial liabilities (non-current)	2.93	-	-	2.93
Other financial liabilities (current)	444.29	-	-	444.29

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

Quantitative disclosures of fair value measurement hierarchy for assets as on March 31, 2016

	Carrying Value	Fair Value		
	March 31, 2016	Level 1	Level 2	Level 3
Assets carried at amortised cost for which fair value are disclosed				
Cash and bank balances	1,365.21	-	-	1365.21
Other Financial assets (non-current)	9.97	-	-	9.97
Other Financial assets (current)	6.02	-	-	6.02
Investments in quoted bonds	153.10	156.00	-	-
Trade Receivables	157.64	-	-	157.64
Liabilities carried at amortised cost for which fair value are disclosed				
Trade payables	436.33	-	-	436.33
Borrowings	-	-	-	-
Other financial liabilities (non-current)	2.88	-	-	2.88
Other financial liabilities (current)	354.41	-	-	354.41

Quantitative disclosures of fair value measurement hierarchy for assets as on April 1, 2015

	Carrying Value	Fair Value		
	April 1, 2015	Level 1	Level 2	Level 3
Assets carried at amortised cost for which fair value are disclosed				
Cash and bank balances	531.88	-	-	531.88
Other Financial assets (non-current)	183.53	-	-	183.53
Other Financial assets (current)	8.29	-	-	8.29
Investments in quoted bonds	-	-	-	-
Trade Receivables	132.51	-	-	132.51
Liabilities carried at amortised cost for which fair value are disclosed				
Trade payables	394.52	-	-	394.52
Borrowings	41.88	-	-	41.88
Other financial liabilities (non-current)	1.32	-	-	1.32
Other financial liabilities (current)	394.24	-	-	394.24

Note: The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

11. Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables and cash and cash equivalents that are derived directly from its operations.

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Company are accountable to the Board of Directors and Audit Committee. This process provides assurance to Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Company policies and Company risk objective.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized as below:

(a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include loans and borrowings, deposits, investments and foreign currency receivables and payables. The sensitivity analyses in the following sections relate to the position as at March 31 2017. The analyses exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2017.

(i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in foreign currency). Foreign currency exchange rate exposure is partly balanced by purchasing of goods from the respective countries. The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

Foreign currency risk sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR, AED, NPR, JPY and GBP exchange rates, with all other variables held constant. The impact on the Company profit before tax is due to changes in the fair value of monetary assets and liabilities. Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise are as under:

Currency	Currency Symbol		March 31, 2017		Gain/ (loss) Impact on profit before tax and equity	
			Foreign Currency	Indian Rupees	1% increase	1% decrease
Nepalese Rupee	NPR	NPR	(0.03)	(0.02)	(0.00)	0.00
United States Dollar	USD	$	0.04	2.71	0.03	(0.03)
EURO	EUR	€	(0.07)	(5.10)	(0.05)	0.05
Arab Emirates Dirham	AED	AED	(0.02)	(0.31)	(0.00)	0.00

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

Currency	Currency Symbol		March 31, 2016		Impact on profit before tax and equity	
			Foreign Currency	Indian Rupees	1% increase	1% decrease
Great Britain Pounds	GBP	£	(0.00)	(0.05)	(0.00)	0.00
United States Dollar	USD	$	(0.59)	(38.65)	(0.39)	0.39
EURO	EUR	€	(0.06)	(4.30)	(0.04)	0.04
Japanese Yen	JPY	¥	(0.42)	(0.25)	(0.00)	0.00

Currency	Currency Symbol		April 1, 2015		Impact on profit before tax and equity	
			Foreign Currency	Indian Rupees	1% increase	1% decrease
Great Britain Pounds	GBP	£	-	-	0.00	0.00
United States Dollar	USD	$	(1.22)	(76.42)	(0.76)	0.76
EURO	EUR	€	(0.01)	(0.60)	(0.01)	0.01
JPY	JPY	¥	(0.27)	(0.14)	(0.00)	0.00

Note: Figures in bracket represents payables

(ii) Interest Rate Risk

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligation at floating interest rates. The Company's borrowings outstanding as at March 31, 2017 comprise of fixed rate loans and accordingly, are not expose to risk of fluctuation in market interest rate.

Interest rate Sensitivity of Borrowings

With all other variables held constant, the following table demonstrates the sensitivity to a reasonably possible change in interest rates on floating rate portion of loans and borrowings.

	As on March 31, 2016	
	Increase/ decrease in basis points	Impact on profit before tax
External Commercial Borrowing	+0.50	(0.33)
	-0.50	0.33

(iii) Commodity Price Risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing manufacture of industrial and domestic cable and other electronic items and therefore require a continuous supply of copper and Aluminium being the major input used in the manufacturing. Due to the significantly increased volatility of the price of the Copper and aluminium, the Company has entered into various purchase contracts for these material for which there is an active market The Company's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. The Company partly mitigated the risk of price volatility by entering into the contract for the purchase of these material based on average price of for each month.

(b) Credit Risk

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

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(i) Trade Receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by Trade Receivable buyout facility without recourse, letters of credit and other forms of security. As at March 31, 2017, the Company had 66.37 % (March 31, 2016: 73.54%) of its trade receivable discounted from banks under Trade Receivable buyout facility. Out of the remaining debtors, the Company has 10 customers that owed the Company approx. ₹ 166.90 crores and accounted for 73% (March 31, 2016 : 58.33%) of remaining trade receivables.

An impairment analysis is performed at each reporting date on trade receivables by lifetime expected credit loss method based on provision matrix. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

(ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made in bank deposits and other risk free securities. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counter party's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2017 is the carrying amounts . The Company's maximum exposure relating to financial is noted in liquidity table below. Trade Receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the Company.

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial assets for which allowance is measured using 12 months Expected Credit Loss Method (ECL)			
Investments in bonds	161.66	153.10	-
Cash and cash equivalents	554.96	76.77	126.60
Other bank balances	1,382.57	1,288.44	405.28
Others Non Current financial assets	13.55	9.97	183.53
Others Current financial assets	6.02	6.02	8.29
	2,118.76	**1,534.30**	**723.70**
Financial assets for which allowance is measured using Life time Expected Credit Loss Method (ECL)			
Trade Receivables	228.50	157.64	132.51
	228.50	**157.64**	**132.51**

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks.

The ageing analysis of trade receivables has been considered from the date the invoice falls due

(₹ in Crores)

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Neither past due nor impaired	92.19	77.44	85.30
0 to 180 days due past due date	107.56	70.45	43.96
More than 180 days past due date	28.75	9.75	3.25
Total Trade Receivables	**228.50**	**157.64**	**132.51**

NOTES TO FINANCIAL STATEMENTS
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The following table summarizes the change in loss allowance measured using the life time expected credit loss model:

(₹ in Crores)

Particulars	As at March 31, 2017	As at March 31, 2016
At the beginning of year	8.84	6.19
Provision during the year	5.42	3.22
Bad debts written off	0.01	0.04
Reversal of provision	(2.60)	(0.61)
At the end of year	**11.67**	**8.84**

(c) **Liquidity risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of short term bank deposits and cash credit facility. Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows. The Company assessed the concentration of risk with respect to its debt and concluded it to be low.

Maturity profile of financial liabilities

The table below provides the details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

As at March 31, 2017	Less than 1 year	1 to 5 years	Total
Borrowings	198.05	-	198.05
Other non current financial liabilities	-	2.93	2.93
Trade payables	629.56	-	629.56
Other current financial liabilities	444.29	-	444.29
As at March 31, 2016	**Less than 1 year**	**1 to 5 years**	**Total**
Borrowings	44.40	-	44.40
Other non current financial liabilities	-	2.88	2.88
Trade payables	436.33	-	436.33
Other current financial liabilities	310.01	-	310.01
As at April 1, 2015	**Less than 1 year**	**1 to 5 years**	**Total**
Borrowings	41.85	41.88	83.73
Other non current financial liabilities	-	1.32	1.32
Trade payables	394.52	-	394.52
Other current financial liabilities	352.39	-	352.39

12. **Capital Management**

For the purposes of Company's capital management, Capital includes equity attributable to the equity holders of the Company and all other equity reserves. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and maximize shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2017, March 31, 2016 and as at April 1, 2015.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

The Company monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 0% to 20%

(₹ in Crores)

	March 31, 2017	March 31, 2016	March 31, 2015
Particulars			
loans and borrowings (Net of Cash and Cash Equivalents)	(356.91)	(32.37)	(42.87)
Net Debt	**(356.91)**	**(32.37)**	**(42.87)**
Equity	3,273.58	2,953.67	2,693.34
Total Capital	**3,273.58**	**2,953.67**	**2,693.34**
Capital and Net Debt	**2,916.67**	**2,921.30**	**2,650.47**
Gearing ratio (Net Debt/Capital and Net Debt)	**(12.24%)**	**(1.11%)**	**(1.62%)**

13. Earnings per share

(₹ in Crores)

			Year ended March 31, 2017	Year ended March 31, 2016
(a)	**Basic Earnings per share**			
	Numerator for earnings per share			
	Profit after taxation		**539.04**	**712.03**
	Denominator for earnings per share			
	Weighted number of equity shares outstanding (Nos.) during the year		624,808,427	624,576,061
	Earnings per share-Basic (one equity share of ₹ 1/- each)	₹	**8.63**	**11.40**
(b)	**Diluted Earnings per share**			
	Numerator for earnings per share			
	Profit after taxation		**539.04**	**712.03**
	Denominator for earnings per share			
	Weighted number of equity shares outstanding during the year	(Nos.)	624,808,427	624,576,061
	Earnings per share- Diluted (one equity share of ₹ 1/- each)	₹	**8.63**	**11.40**

Note: There are no instruments issued by the Company which have effect of dilution of basic earning per share

14. Dividend Paid And Proposed

(₹ in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
Dividend declared and paid during the year:		
Final Dividend paid for the year ended March 31, 2016 ₹ 3/- per share (March 31, 2015 : ₹ 3/- per share)	187.46	187.38
Corporate Dividend Tax on Final Dividend	38.17	38.15
Interim Dividend for the year ended March 31, 2017 : ₹ Nil (March 31, 2016: ₹ 3/- per share)	-	187.38
Corporate Dividend Tax on Interim Dividend	-	38.15
	225.63	**451.06**
Proposed Dividends on equity shares:		
Final Dividend for the year ended March 31, 2017 ₹ 3.50 per share (March 31, 2016: ₹ 3/- per share)	218.70	187.38
Corporate Dividend Tax on proposed dividend	44.52	38.15
	263.22	**225.53**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

15. Disclosure required under Section 186 (4) of the Companies Act, 2013.

Particulars of Investments made:

(₹ in Crores)

Sr. No	Name of the Investee	2016-17 Investment made	2016-17 Outstanding Balance	2015-16 Investment made	2015-16 Outstanding Balance
1	Havells Holdings Limited	-	187.52	0.15	249.62
2	Jiangsu Havells Sylvania Lighting Limited (Refer note no. 32(i)(a))	-	16.21	-	30.87
3	Feilo Exim Limited (erstwhile Havells Exim Limited)	-	-	-	0.00
4	Promptec Renewable Energy Solutions Private Limited	10.67	39.79	29.12	29.12
5	Standard Electrical Limited	0.05	0.05	-	-
6	Havells Global Limited	0.05	0.05	-	-
7	Havells Employees Welfare Trust	-	0.57	-	0.57

16. Events occurring after balance sheet date

Acquisition of Consumer durable business of Lloyd Electric and Engineering Limited and brand of Fedders Lloyd Corporation Limited

Subsequent to the year end, the Company has completed acquisition of Consumer durable business of Lloyd Electric and Engineering Limited, a listed Company and trade mark "Lloyd" from Fedders Lloyd Corporation Limited, a Company incorporated under the Companies Act 1956. The Consumer durable business of Lloyd consist of business of importing, trading, marketing, exporting, distribution, sale of air conditioners, televisions, washing machines and other household appliances and assembling of televisions, which has been acquired by the Company on slump sale basis at an enterprise value of ₹ 1600 crores on free cash and free debt basis.

17. Disclosures as required by Indian Accounting Standard (Ind AS 101) first time adoption of Indian Accounting Standards

These are Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet as at April 1, 2015 (The Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

A.1 Ind-AS optional exemptions :

Ind AS 101 allows first time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

A.1.1 Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Company has availed the said exemption and elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Accordingly business combinations occurring prior to the transition date have not been restated.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

A.1.2 Deemed cost

Ind AS 101 permits a first time adopter to elect to fair value of its property, plant and equipment as recognised in financial statements as at the date of transition to Ind AS, measured as per previous GAAP and use that as its deemed cost as at the date of transition or apply principles of Ind AS retrospectively. Ind AS 101 also permits the first time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS. This exemption can be also used for intangible assets covered by Ind-AS 38.

The Company has elected to consider fair value of its property, plant and equipment other than land and capital work in progress as its deemed cost on the date of transition to Ind AS. The Company has used depreciated replacement cost technique to compute the fair value on the date of transition. For Land and CWIP and Intangible assets the Company has applied principles of Ind AS 16 and Ind AS 38 retrospectively from the date of acquisition of tangible and intangible assets respectively.

A.1.3 Share based payment transactions

Ind AS 101 permits a first time adopter to elect not to apply principles of Ind AS 102 to liabilities arising from share based payment transactions that were settled before the date of transition.

The Company has elected not to apply Ind AS 102- “Share based payment” on stock options that vested before date of transition.

A.1.4 Leases

Appendix C to Ind AS 17-” Leases” requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind-AS except where the effect is expected to be not material.

The Company has elected to apply this exemption for such contracts/arrangements.

A.1.5 Investments in subsidiaries, associates and joint ventures

Ind AS 101 permits the first time adopter to measure investment in subsidiaries, joint ventures and associates in accordance with Ind AS 27 at one of the following:

a) cost determined in accordance with Ind AS 27 or

b) Deemed cost:

   (i) fair value at date of transition

   (ii) previous GAAP carrying amount at that date.

The Company has elected to consider previous GAAP carrying amount of its investments in Subsidiaries, Joint ventures and Associates on the date of transition to Ind AS as its deemed cost for the purpose of determining cost in accordance with principles of IND AS 27- “Separate financial statements”.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

Ind AS estimates at April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

(i) Investments in debt instruments carried at amortised cost; and

(ii) Impairment of financial assets based on expected credit loss model.

A.2.2 Derecognition of financial assets and financial liabilities

Ind AS 101 requires a first time adopter to apply the derecognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. Accordingly, the Company has applied the derecognition requirement for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after date of transition to Ind AS.

A.2.3 Classification of financial assets and liabilities

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of facts and circumstances that exist on the date of transition to Ind AS. Accordingly, the Company has applied the above requirement prospectively.

A.2.4 Impairment of financial assets

Ind AS 101 requires an entity to assess and determine the impairment allowance on financial assets as per Ind AS 109 using the reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments which were initially recognised and compare that to the credit risk at the date of transition to Ind AS. The Company has applied this exception prospectively.

B. Reconciliations of Balance Sheet as at March 31, 2016 and April 01, 2015

(₹ in Crores)

Particulars	Reference	As at March 31, 2016			As at April 1, 2015		
		Previous GAAP	GAAP Adjustment	As per IND AS	Previous GAAP	GAAP Adjustment	As per IND AS
ASSETS							
Non-current assets							
Property, plant and equipment	A	1050.64	126.61	1,177.25	976.21	137.33	1,113.54
Capital work in progress		20.49	-	20.49	22.13	-	22.13
Intangible assets		10.82	-	10.82	8.59	-	8.59
Investment in subsidiaries, associates and joint ventures		309.61	-	309.61	1,011.76	-	1,011.76
Financial assets							
(i) Investments	B	150.66	2.44	153.10	-	-	-
(ii) Other financial assets	B	11.70	(1.73)	9.97	184.85	(1.32)	183.53
Other non-current assets	B	29.23	1.28	30.51	27.21	0.30	27.51
		1,583.15	**128.60**	**1,711.75**	**2,230.75**	**136.31**	**2,367.06**
Current assets							
Inventories		784.36	-	784.36	689.72	-	689.72
Financial Assets							
(i) Trade receivables		157.64	-	157.64	132.51	-	132.51
(ii) Cash and cash equivalents	B	76.77	-	76.77	123.78	2.82	126.60
(iii) Other bank balances	B	1,267.44	21.00	1,288.44	398.56	6.72	405.28
(iv) Other financial assets	B	5.09	0.93	6.02	6.23	2.06	8.29
Other current assets	B	87.38	(23.48)	63.90	56.82	(8.92)	47.90
		2,378.68	**(1.55)**	**2,377.13**	**1,407.62**	**2.68**	**1,410.30**
Assets classified as held for sale	M	0.10	-	0.10	0.39	-	0.39
		2,378.78	**(1.55)**	**2,377.23**	**1,408.01**	**2.68**	**1,410.69**
Total Assets		**3,961.93**	**127.05**	**4,088.98**	**3,638.76**	**138.99**	**3,777.75**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

(₹ in Crores)

Particulars	Reference	As at March 31, 2016 Previous GAAP	As at March 31, 2016 GAAP Adjustment	As at March 31, 2016 As per IND AS	As at April 1, 2015 Previous GAAP	As at April 1, 2015 GAAP Adjustment	As at April 1, 2015 As per IND AS
EQUITY AND LIABILITIES							
Equity							
Equity share capital		62.46	-	62.46	62.44	0.01	62.45
Other equity		2,581.72	309.49	2,891.21	2,313.35	317.54	2,630.89
		2,644.18	**309.49**	**2,953.67**	**2,375.79**	**317.55**	**2,693.34**
Non-current liabilities							
Financial Liabilities							
(i) Borrowings	B	-	-	-	41.73	0.15	41.88
(ii) Others financial liabilities	B	4.13	(1.25)	2.88	1.36	(0.04)	1.32
Provisions	C	6.61	(0.76)	5.85	4.78	(0.55)	4.23
Deferred tax liabilities (Net)	D	42.22	44.04	86.26	33.28	47.79	81.07
Other non-current liabilities		-	-	-	-	-	-
		52.96	**42.03**	**94.99**	**81.15**	**47.35**	**128.50**
Current liabilities							
Financial Liabilities							
(i) Borrowings		-	-	-	-	-	-
(ii) Trade payables		436.33	-	436.33	394.52	-	394.52
(iiI) Other financial liabilities	B	354.42	(0.01)	354.41	394.34	(0.10)	394.24
Other current liabilities	B	86.39	1.07	87.46	69.37	(0.32)	69.05
Provisions	E	316.94	(225.53)	91.41	298.12	(225.49)	72.63
Current Tax Liabilities (Net)		70.71	-	70.71	25.47	-	25.47
		1,264.79	**(224.47)**	**1,040.32**	**1,181.82**	**(225.91)**	**955.91**
Total equity and Liabilities		**3,961.93**	**127.05**	**4,088.98**	**3,638.76**	**138.99**	**3,777.75**

Note: The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

C. Reconciliation of Total Comprehensive Income for the year ended March, 31, 2016

Particulars	Reference	Indian GAAP	GAAP Adjustment	As per IND AS
INCOME				
Revenue from operations (gross)	G	5,833.98	(58.56)	5,775.42
Less: Excise duty	F	397.10	(397.10)	-
Revenue from operations (net)		**5,436.88**	**338.54**	**5,775.42**
Other income	B, C, G	68.74	0.61	69.35
Total Revenue		**5,505.62**	**339.15**	**5,844.77**
EXPENSES				
Cost of materials consumed		2,875.42	-	2,875.42
Purchase of traded goods		392.69	-	392.69
Change in inventories of finished goods, traded goods and work in progress		(94.64)	-	(94.64)
Excise duty on sale of goods	F	-	397.10	397.10
Employee benefits expenses	H	376.27	(5.48)	370.79
Finance costs	B	12.60	0.13	12.73
Depreciation and amortization expenses	A	92.22	12.69	104.91
Other expenses	B, G	1,139.24	(60.11)	1,079.13
Total Expenses		**4,793.80**	**344.33**	**5,138.13**
Profit before tax and Exceptional Items		**711.82**	**(5.18)**	**706.64**
Add : Exceptional Items		202.39	-	202.39
Profit before tax		**914.19**	**(5.17)**	**909.03**
Tax expenses				
Current tax	H	195.73	1.90	197.63
Income tax for earlier years		(5.82)	-	(5.82)
Deferred tax	D	8.94	(3.75)	5.19
Total tax expense		**198.85**	**(1.85)**	**197.00**
Profit for the year		**715.36**	**(3.33)**	**712.03**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

Particulars	Reference	Indian GAAP	GAAP Adjustment	As per IND AS
Other comprehensive income				
Items that will not be reclassified to profit or loss in subsequent periods				
i) Re-measurement (gains)/ losses on defined benefit plans (refer note)	H	-	5.48	5.48
ii) Income tax effect	H	-	(1.90)	(1.90)
Other comprehensive income for the year, net of tax	**J**	**-**	**3.58**	**3.58**
Total comprehensive income for the year, net of tax		**715.36**	**(6.91)**	**708.45**

Note: The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Notes to the reconciliation of Balance Sheet as at April 1, 2015 and March 31, 2016 and the total comprehensive income for the year ended March 31, 2016.

A. Property, Plant and Equipment (PPE)

The Company has elected the option of fair value as deemed cost for property, plant & equipment other than Land and Capital work in progress and intangible assets on the date of transition to Ind AS. This has resulted in increase of ₹ 137.33 crores as at April 01, 2015 and ₹ 126.61 crores as at March 31, 2016 in the value of PPE with corresponding in deferred tax liability of ₹ 47.53 crores.

This lead to additional depreciation of ₹ 12.69 crores during the year ended March 31, 2016. Further, the Company has sold some of the assets which were fair valued as on the transition date. Under Ind AS, such sale has resulted into reduction of loss on sale of assets by ₹ 1.97 crores. The Company has also separately disclosed the non-current held for sale amounting to ₹ 0.39 crores as on April 1, 2015 and ₹ 0.10 crores as on March 31, 2016 which were shown in the schedule of Property, plant & equipment in the previous GAAP.

B Amortised cost of financial assets and financial liabilities

(i) Under the previous GAAP, interest free security deposit (that are refundable in cash on completion of lease term) are recorded at their transaction value. Under Ind AS all financial assets are required to be recognised at fair value. Accordingly the Company has fair valued the security deposit retrospectively. Difference between the transaction value and fair value is recognised as prepaid rent as on the date of transition. Due to this security deposit is decreased by ₹ 1.42 crores and ₹ 1.80 crores, prepaid rent is increased by ₹ 1.32 crores and ₹ 1.68 crores as at April 1, 2015 and March 31, 2016 respectively with corresponding decrease in total equity by ₹ 0.08 crores as on transition date. Profit for the year ended March 31, 2016 is decreased by ₹ 0.04 crores due to amortisation of prepaid rent by ₹ 0.43 crores which is partially set off with the notional interest income of ₹ 0.39 crores. {refer note (b), (c), (f), and (g)}

(ii) Under the previous GAAP, interest free retention money (that are refundable in cash on completion of lease term) are recorded at their transaction value. Under Ind AS all financial liabilities are required to be recognised at fair value. Accordingly the Company has fair valued the security deposit received during the year. Difference between the transaction value and fair value is recognised as rent received in advance during the year ended March 31, 2016. Due to this security deposit is decreased by ₹ 0.26 crores and ₹ 1.44 crores as on April 1, 2015 and March 31, 2016 respectively and rent received in advance is increased by 1.25 crores as at March 31, 2016 with corresponding increase in equity by ₹ 0.26 crores on transition date. Profit for the year ended March 31, 2016 is decreased by ₹ 0.06 due to amortisation of rent in advance by ₹ 0.02 crores which is set off with the notional interest expense of ₹ 0.08. crores. (refer note (j), (k) and (l)}

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

(iii) Under the previous year, interest accrued on investment in NHAI bonds was shown as interest accrued in other current assets. Under Ind AS investment in Bonds are financial assets and are qualified to be recognised at amortised cost at reporting date as per Ind AS 109. Accordingly the Company has measured investment in bonds at amortised cost at reporting date. Due to this investment is increased by ₹ 2.44 crores with corresponding decrease in interest accrued by same amount as at March 31, 2016. There is no impact on total equity and profit. {refer note (a) and (g)}

(iv) Under the previous GAAP, transaction costs incurred in connection with borrowings are amortized upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method. Accordingly long term borrowing is increased by ₹ 0.15 crore and ₹ Nil, current maturities of long term borrowing is increased by 0.12 crores and ₹ 0.18 crores with the corresponding decrease in interest accrued on borrowing by ₹ 0.32 crores and ₹ 0.18 crores as at date of transition and as at March 31, 2016 respectively. The profit the year ended March 31, 2016 is reduced by ₹ 0.05 crores as a result of additional interest expense. {refer note (i), (k) and (l)}

(v) Under the previous year, interest accrued on Fixed deposit was shown as interest accrued in other current assets. Under Ind AS fixed deposits are financial assets and are qualified to be recognised at amortised cost at reporting date as per Ind AS 109. Accordingly the Company has measured them at amortised cost at reporting date. Accordingly amortised cost of fixed deposit is increased by ₹ 9.94 crores and ₹ 21.44 crores as at the date of transition and March 31, 2016 respectively with the corresponding decrease in interest accrued on fixed deposit. There is no impact on total equity and profit. {refer note ((b), (d), (e), and (g)}

(₹ in Crores)

		March 31, 2016	April 1, 2015
(a)	**Impact on non-current investment due to :**		
	Measurement of NHAI bonds at amortised cost	2.44	-
		2.44	**-**
(b)	**Impact on Other non-current financial assets**		
	Measurement of fixed deposit at amortised cost	-	0.04
	Measurement of Security deposit (Rent) at amortised cost	(1.73)	(1.36)
		(1.73)	**(1.32)**
(c)	**Impact on Other non-current assets**		
	Increase in prepaid rent on account of measurement of security deposit at amortised cost	1.28	0.30
		1.28	**0.30**
(d)	**Impact on Cash and cash equivalents**		
	Measurement of fixed deposits with a original maturity of less than three months at amoritsed cost	-	2.82
		-	**2.82**
(e)	**Impact on Other Bank balance**		
	Measurement of fixed deposits with original maturity of more than three months but less than twelve months at amortised cost	15.14	6.72
	Measurement of fixed deposits account with original maturity of more than twelve months at amortised cost	5.86	-
		21.00	**6.72**
(f)	**Impact on Other current financial assets**		
	Measurement of of Security deposit (Rent) at amortised cost	(0.07)	(0.06)
	Measurement of Security deposit (Others) and Earnest Money deposit at amortised cost	0.44	0.36
	Others	0.56	1.76
		0.93	**2.06**
(g)	**Impact on Other current assets**		
	Decrease in interest accrued on fixed deposit on account of Measurement of fixed deposit at amortised cost	(21.44)	(9.94)
	Decrease in interest accrued on Bonds Measurement of NHAI bonds at amortised cost	(2.44)	-
	Increase in prepaid rent on account of measurement of security deposit at amortised cost	0.40	1.02
		(23.48)	**(8.92)**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

(h)	**Impact on non-current borrowing**		
	Measurement of long term borrowing at amortised cost	-	0.15
		-	**0.15**
(i)	**Impact on Other non-current financial liabilities**		
	Measurement of retention money at amortised cost	(1.25)	(0.04)
		(1.25)	**(0.04)**
(j)	**Impact on Other current financial liabilities**		
	Measurement of current maturities of long term borrowing at amortised cost	0.18	0.12
	Measurement of retention money at amortised cost	(0.19)	(0.22)
		(0.01)	**(0.10)**
(k)	**Impact on Other current liabilities**		
	Decrease in interest accursed on account of Measurement of borrowing at amortised cost	(0.18)	(0.32)
	Increase in Rent in advance on account of Measurement of retention money at amortised cost	1.25	-
		1.07	**(0.32)**

C Provision

Under the previous GAAP, the Company has accounted for provisions, including long-term provision, at the undiscounted amount. In contrast, Ind AS 37 requires that where the effect of time value of money is material, the amount of provision should be the present value of the expenditures expected to be required to settle the obligation. The discount rate should not reflect risks for which future cash flow estimates have been adjusted. Ind AS 37 also provides that where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as borrowing cost. Discounting of provisions led to decrease in warranty provision by ₹ 0.55 crores as at the date of transition and by ₹ 0.76 crores as on March 31, 2016. Profit for the year ended March 31, 2016 has been increased by ₹ 0.21 crores.

D Deferred Tax

Under the previous GAAP, deferred tax is calculated using the income statement approach, which focuses on difference between taxable profits and accounting profits for the period. Ind AS 12-" Income tax" requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Transition to Ind AS has resulted in increase of net Deferred tax liabilities by ₹ 47.79 crores as at April 01, 2015 and ₹ 44.04 crores as at March 31, 2016 which is explained as below:

(₹ in Crores)

	April 1, 2015
Impact on deferred tax on date of transition:	
Deferred tax liability recognised on fair valuation of PP&E as on transition date	47.53
Deferred tax liability recognised on other Ind AS adjustment as on transition date	0.26
	47.79

(₹ in Crores)

	March 31, 2016
Impact on deferred tax during the year ended March 31, 2016:	
Deferred tax liability recognised on fair valuation of PP&E as on transition date has been reversed to the extent of additional depreciation	3.71
Deferred tax liability recognised on other Ind AS adjustment reversed to the extent of change in their carrying value	0.04
	3.75
Net Impact on deferred tax liability as at March 31, 2016	**44.04**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

E Proposed Dividend

Under the previous GAAP, proposed dividend including corporate dividend tax (CDT), are recognised as liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, proposed dividend is recognised as liability in the period in which it is declared by the Company, usually when approved by the shareholders in a general meeting, or paid.

Proposed Dividend, including corporate dividend (CDT) tax liability as on April 1, 2015 amounting to ₹ 225.49 crores was derecognised on the transition date with corresponding increase in retained earning. The same has been recognised in retained earnings during the year ended March 31, 2016 as declared and paid. Proposed dividend including corporate dividend tax (CDT) liability as on March 31, 2016 amounting to ₹ 225.53 crores is also derecognised on that date with the corresponding increase in the retained earnings.

F Excise Duty

Under the previous GAAP, revenue from sale to goods was presented exclusive of excise duty. Under Ind AS revenue from sales of goods is presented inclusive of excise duty. Excise duty paid is presented on face of statement of profit and loss account as a part of expense. This change has resulted in increase in total revenue and total expense for the year ended March 31, 2016 by ₹ 397.10 crores. There is no impact on total equity and profit.

G Cash Discount

Under the previous GAAP, cash discount was presented under other expenses. Under Ind AS revenue from sales of goods is recognised at fair value of consideration expected to be received. Accordingly revenue for the year ended March 31, 2016 is presented net of excise duty. This change has resulted in decrease in total revenue and total expense for the year ended March 31, 2016 by ₹ 58.56 crores. There is no impact on total equity and profit.

H Remeasurement of Defined Benefit Obligation

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements (comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined liability) are recognised in balance sheet through other comprehensive income. Thus, employee benefits expense is reduced by ₹ 5.48 crores and is recognised in other comprehensive income during the year ended March 31, 2016. The related current tax expense of ₹ 1.90 crores has also been reclassified from Profit and loss account to other comprehensive income.

I Assets classified as held for sales

Under Ind AS 105, “Non-current assets held for sales and discountinued operation” requires assets to be idenfied as held for sales if carrying amount will be recovered principally through sale transaction rather than continuing use and sale is considered highly probable. Consequently assets held for sales have been presented separately from other asset. There is no impact on total equity and profit as a result of this adjustment.

J Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit to profit as per Ind AS. Further, Indian GAAP profit is reconciled to total comprehensive income as per Ind AS.

K Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2017

L Reconciliation of equity as at March 31, 2016 and April, 2015 between previous GAAP and Ind AS:

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016
Other Equity as per Previous GAAP	2,581.72	2,313.35
Add/(Less):		
Reversal of proposed dividend and recognition in the year of declaration and payment	225.53	225.49
Impact of fair valuation of property, plant and equipment considered as deemed cost	126.61	137.33
Impact of income tax including deferred tax	(44.04)	(47.79)
Other GAAP differences	1.39	2.51
Net Other Equity as per Ind AS	2,891.21	2,630.89

18. Pursuant to notification of Ministry of Corporate Affairs dated March 30, 2017, disclosure of specified bank notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016 is provided in table below:

(₹ in Crores)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	0.02	0.03	0.05
(+)Permitted receipts	-	0.13	0.13
(-) Permitted Payments	-	0.13	0.13
(-) Amount deposited in Banks	0.02	-	0.02
Closing cash in hand as on 30.12.2016	-	0.03	0.03

19. The figures have been rounded off to the nearest crore of rupees upto two decimal places. The figure 0.00 wherever stated represents value less than ₹ 50,000/-.

20. Figures relating to April 1, 2015 (date of transition) has been regrouped/reclassified wherever necessary to make them comparable with the current year figures.

21. Note No.1 to 32 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 /E300005

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. 08843

Noida, May 11, 2017

For and on behalf of Board of Directors

Anil Rai Gupta
Chairman and Managing Director
DIN: 00011892

Rajesh Kumar Gupta
Director (Finance) and Group CFO
DIN: 00002842

Surjit Kumar Gupta
Director
DIN: 00002810

Sanjay Kumar Gupta
Company Secretary

Sanjay Johri
Vice President (Finance)

CONSOLIDATED FINANCIAL STATEMENTS

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

V.R. Bansal & Associates
Chartered Accountants
D-94, 9th Floor, Himalaya House,
23, K.G. Marg, Connaught Place,
New Delhi-110001

INDEPENDENT AUDITOR'S REPORT

To the Members of Havells India Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Havells India Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and joint venture, comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors are responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its Associates and Joint Venture in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and of its associates and joint venture and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint venture, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in

India of the consolidated state of affairs of the Group, its associates and joint venture as at March 31, 2017, their consolidated profit including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associates and joint ventures, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standard) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate companies and joint venture incorporated in India, none of the directors of the Group's companies, its associates and joint venture incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, associate companies and joint ventures incorporated in India, refer to our separate report in "Annexure 1" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associates and joint venture, as noted in the 'Other matter' paragraph:

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and joint ventures– Refer Note 31 to the consolidated Ind AS financial statements;

   ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 20 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group, its associates and joint venture;

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associates and joint ventures incorporated in India during the year ended March 31, 2017.

   iv. The Holding Company, subsidiaries, its associates and joint ventures incorporated in India, have provided requisite disclosures in Note 32(22) to these consolidated Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation of the Holding Company regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Group including its associates and joint venture and as produced to us by the Management of the Holding Company.

Other Matter

We did not audit the financial statements and other financial information, in respect of 4 subsidiaries whose Ind AS financial statements include total assets of Rs 343.79 crores and net assets of ₹ 176.44 crores as at March 31, 2017, and total revenues of ₹ 151.05 crores for the year ended on that date and net cash outflows/(inflows) of ₹ 62.10 crores for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net loss of ₹ 4.77 crores for the year ended March 31, 2017, as considered in the consolidated Ind AS financial statements, in respect of 1 joint venture, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion, in so far as it relates to the affairs of such subsidiaries and joint venture is based solely on the report of other auditors. Our opinion is not modified in respect of this matter.

Certain of these subsidiaries, associates and joint venture are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries, associates and joint venture located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries, associates and joint venture located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

For S.R. BATLIBOI & CO LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Manoj Kumar Gupta
Partner
Membership No.: 83906

For V.R. Bansal & Associates
Chartered Accountants
ICAI Firm registration number: 016534N

per V.P. Bansal
Partner
Membership No.: 08843

Place: Noida
Date : May 11, 2017

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HAVELLS INDIA LIMITED

Report on the Internal Financial Controls over financial reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Havells India Limited as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Havells India Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding Company, its subsidiary companies, its associate companies and joint venture, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary companies which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. BATLIBOI & CO LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Manoj Kumar Gupta
Partner
Membership No.: 83906

For V.R. Bansal & Associates
Chartered Accountants
ICAI Firm registration number: 016534N

per V.P. Bansal
Partner
Membership No.: 08843

Place: Noida
Date : May 11, 2017

CONSOLIDATED BALANCE SHEET
as at March 31, 2017

(₹ in Crores)

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
1 Non-current assets				
Property, plant and equipment	3	1,198.68	1,185.97	1,288.48
Capital work in progress	3	11.94	20.49	36.75
Investment property	4	55.92	-	-
Goodwill	32(2)	13.68	13.68	358.06
Other Intangible assets	5	31.87	24.50	38.19
Investment in joint venture	6	-	35.62	34.05
Financial Assets	7			
(i) Investments		161.66	153.10	-
(ii) Other financial assets		14.00	16.63	193.18
Deferred tax assets (net)	16	1.55	0.58	49.47
Other non-current assets	8	88.76	30.78	27.51
		1,578.06	**1,481.35**	**2,025.69**
2 Current assets				
Inventories	9	945.34	834.31	1,364.96
Financial Assets	10			
(i) Trade receivables		230.68	235.73	623.11
(ii) Cash and cash equivalents		591.88	142.00	370.69
(ii) Other bank balances		1,382.59	1,326.00	405.52
(iv) Other financial assets		6.32	14.00	12.00
Other Current Assets	11	77.62	82.39	172.33
		3,234.43	**2,634.43**	**2,948.61**
Assets classified as held for sale	12	356.79	271.81	0.39
		3,591.22	**2,906.24**	**2,949.00**
Total Assets		**5,169.28**	**4,387.59**	**4,974.69**
EQUITY AND LIABILITIES				
1 Equity				
Equity Share Capital	13	62.49	62.46	62.45
Other Equity		3,214.33	2,965.21	2,098.15
Equity attributable to equity holders of the parent Company		**3,276.82**	**3,027.67**	**2,160.60**
Non-controlling interests		9.05	14.88	0.09
		3,285.87	**3,042.55**	**2,160.69**
2 Liabilities				
Non-current liabilities				
Financial liabilities	14			
(i) Borrowings		-	1.67	223.89
(ii) Other financial liabilities		2.93	2.88	3.92
Provisions	15	9.96	12.67	418.20
Deferred tax liabilities (Net)	16	118.43	90.93	79.30
Other non-current liabilities	17	1.64	-	-
		132.96	**108.15**	**725.31**

(₹ in Crores)

	Notes	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Current liabilities				
Financial liabilities	18			
(i) Borrowings		208.33	83.92	69.66
(ii) Trade payables		633.45	500.53	1,058.22
(iii) Other financial liabilities		445.40	377.12	637.56
Other current liabilities	19	111.20	91.57	168.57
Provisions	20	110.41	112.70	113.80
Current tax liabilities (Net)	21	66.38	71.05	40.88
		1,575.17	**1,236.89**	**2,088.69**
Liabilities directly associated with the assets classified as held for sale	32(3)	175.28	-	-
Total Equity and Liabilities		**5,169.28**	**4,387.59**	**4,974.69**
Summary of significant accounting policies	2			
Contingent liabilities, commitments and litigations	31			
Other Notes on Accounts	32			

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 /E300005

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

Anil Rai Gupta
Chairman and Managing Director
DIN: 00011892

Rajesh Kumar Gupta
Director (Finance) and Group CFO
DIN: 00002842

Surjit Kumar Gupta
Director
DIN: 00002810

Per Manoj Kumar Gupta
Partner
Membership No. 83906

Per V.P. Bansal
Partner
Membership No. 08843

Sanjay Kumar Gupta
Company Secretary

Sanjay Johri
Vice President (Finance)

Noida, May 11, 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2017

(₹ in Crores)

		Notes	Year ended March 31, 2017	Year ended March 31, 2016
CONTINUING OPERATIONS				
I	**INCOME**			
	Revenue from operations	22	6,612.96	8,014.35
	Other income	23	138.18	86.64
	Total income		**6,751.14**	**8,100.99**
II	**EXPENSES**			
	Cost of materials consumed	24	3,328.62	3,211.23
	Purchase of traded goods	25	438.17	1,236.66
	Change in inventories of finished goods, traded goods and work in progress	26	(113.57)	(72.96)
	Excise duty on sale of goods		457.20	401.79
	Employee benefits expense	27	509.01	896.00
	Finance costs	28	13.34	54.37
	Depreciation and amortisation expenses	29	120.51	134.40
	Other expenses	30	1,175.36	1,583.63
	Total expenses		**5,928.64**	**7,445.12**
III	**Profit/ (loss) before share of profit /(loss) of an associate and joint venture, exceptional items and tax**		**822.50**	**655.87**
	Share of profit/ (loss) of joint venture, associates (net of tax)		(4.77)	1.75
IV	**Profit/ (loss) before exceptional items and tax**		**817.73**	**657.62**
	Exceptional items {refer note no 32(1)(d)}		(106.80)	862.10
V	**Profit/ (loss) before tax**		**710.93**	**1,519.72**
VI	**Tax expenses**	16		
	Current tax		202.29	218.12
	Adjustment of tax relating to earlier years		(0.05)	(5.77)
	Deferred tax		26.52	6.92
	Income tax expense		**228.76**	**219.27**
VII	**Profit for the year from continuing operations**		**482.17**	**1,300.45**
DISCONTINUED OPERATIONS				
	Profit/ (loss) before tax from discontinued operations		11.94	-
	Tax Income/ (expense) of discontinued operations		-	-
VIII	**Profit/ (loss) for the year discontinued operations**		**11.94**	**-**
IX	**Profit/ (loss) for the year**		**494.11**	**1,300.45**
X	**Other comprehensive income**			
	Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
	Re-measurement (gains)/ losses on defined benefit plans {refer note 32(10)}		2.43	(39.05)
	Income tax effect		(1.45)	12.69
	Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**0.98**	**(26.36)**
	Other comprehensive income that will be reclassified to profit or loss in subsequent periods			
	Mark to Market on Interest rate swap		-	(2.72)
	Income tax effect		-	-
	Exchange difference on translation of foreign operations		22.76	13.69
	Income tax effect		-	-
	Share of other comprehensive income of joint venture accounted for using equity method		-	0.18

(₹ in Crores)

		Notes	Year ended March 31, 2017	Year ended March 31, 2016
	Net other comprehensive (income)/loss to be reclassified to profit or loss in subsequent periods		**22.76**	**11.15**
	Other comprehensive (income)/loss for the year, net of tax		**23.74**	**(15.21)**
XI	**Total comprehensive income for the year, net of tax**		**470.37**	**1,315.66**
	Profit for the year attributable to			
	Equity shareholders of parent company		494.53	1,300.11
	Non controlling interests		(0.42)	0.34
			494.11	**1,300.45**
	Total Comprehensive income for the year attributable to			
	Equity shareholders of parent company		470.79	1,315.32
	Non controlling interests		(0.42)	0.34
			470.37	**1,315.66**
XII	**Earnings per equity share from continuing operations attributable to equity holder of parent {refer note no. 32(18)} (nominal value of share ₹ 1/-)**			
	Basic (₹)		7.72	20.82
	Diluted (₹)		7.72	20.82
	Earnings per equity share from discontinued operations attributable to equity holder of parent {refer note no. 32(18)} (nominal value of share ₹ 1/-)			
	Basic (₹)		0.19	-
	Diluted (₹)		0.19	-
	Earnings per equity share from continuing and discontinued operations attributable to equity holder of parent {refer note no. 32(18)} (nominal value of share ₹ 1/-)			
	Basic (₹)		7.91	20.82
	Diluted (₹)		7.91	20.82
	Summary of significant accounting policies	2		
	Contingent liabilities, commitments and litigations	31		
	Other Notes on Accounts	32		

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 /E300005

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

Anil Rai Gupta
Chairman and Managing Director
DIN: 00011892

Rajesh Kumar Gupta
Director (Finance) and Group CFO
DIN: 00002842

Surjit Kumar Gupta
Director
DIN: 00002810

Per Manoj Kumar Gupta
Partner
Membership No. 83906

Per V.P. Bansal
Partner
Membership No. 08843

Sanjay Kumar Gupta
Company Secretary

Sanjay Johri
Vice President (Finance)

Noida, May 11, 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2017

A) Equity Share Capital

(₹ in Crores)

Particulars	Nos.	Amount
As at April 1, 2015	624,488,035	62.45
Add: Equity shares issued under ESPP	99,745	0.01
As at March 31, 2016	**624,587,780**	**62.46**
Add: Equity shares issued under ESPP	267,562	0.03
As at March 31, 2017	**624,855,342**	**62.49**

B) Other Equity

(₹ in Crores)

Particulars	Attributable to Equity Shareholders of Parent Company							Non Controlling Interest	Total Equity
	Reserves and surplus				Items of OCI		Total		
	Capital Reserve	Securities Premium Account	General Reserve	Retained Earnings	Foreign Currency translation reserve	Cash flow hedge reserve			
As at April 1, 2015	**7.61**	**11.63**	**677.29**	**1,404.34**	**-**	**(2.72)**	**2,098.15**	**0.09**	**2,098.24**
Net profit for the year	-	-	-	1,300.11	-	-	1,300.11	0.34	1,300.45
Other comprehensive income for the year									
Remeasurements gain/(loss) on defined benefit plans	-	-	-	26.36	-	-	26.36	-	26.36
Movement of Cash flow hedge reserve	-	-	-	-	-	2.72	2.72	-	2.72
Exchange difference on translation of foreign operations	-	-	-	-	(13.87)	-	(13.87)	-	(13.87)
Dividends									
Interim dividend	-	-	-	(187.38)	-	-	(187.38)	-	(187.38)
Final dividend	-	-	-	(187.38)	-	-	(187.38)	-	(187.38)
Corporate dividend tax	-	-	-	(76.29)	-	-	(76.29)	-	(76.29)
Transfer from retained earnings to general reserve	-	-	71.55	(71.55)	-	-	-	-	-
Addition of equity shares issued under ESPP	-	2.92	-	-	-	-	2.92	-	2.92
Acquisition of Subsidiary	-	-	-	-	-	-	-	14.73	14.73
Transaction cost for issue of shares	-	-	-	(0.13)	-	-	(0.13)	(0.13)	(0.26)
Adjustment on account of subsidiaries								(0.15)	(0.15)
As At March 31, 2016	**7.61**	**14.55**	**748.84**	**2, 208.08**	**(13.87)**	**-**	**2,965.21**	**14.88**	**2,980.09**
Profit for the year	-	-	-	494.53	-	-	494.53	(0.42)	494.11
Other comprehensive income for the year									
Remeasurements gain/(loss) on defined benefit plans	-	-	-	(0.98)	-	-	(0.98)	-	(0.98)
Exchange difference on translation of foreign operations	-	-	-	-	(22.76)	-	(22.76)	-	(22.76)

(₹ in Crores)

Particulars	Attributable to Equity Shareholders of Parent Company							Non Controlling Interest	Total Equity
	Reserves and surplus				Items of OCI		Total		
	Capital Reserve	Securities Premium Account	General Reserve	Retained Earnings	Foreign Currency translation reserve	Cash flow hedge reserve			
Dividends									
Final dividend	-	-	-	(187.46)	-	-	(187.46)	-	(187.46)
Corporate dividend tax	-	-	-	(38.17)	-	-	(38.17)	-	(38.17)
Transaction of acquisition of Non controlling interest in a subsidiary company	-	-	-	(5.26)	-	-	(5.26)	(5.41)	(10.67)
Addition of equity shares issued under ESPP	-	9.22	-	-	-	-	9.22	-	9.22
As At March 31, 2017	**7.61**	**23.77**	**748.84**	**2,470.74**	**(36.63)**	**-**	**3,214.33**	**9.05**	**3,223.38**

Summary of significant accounting policies	2
Contingent liabilities, commitments and litigations	31
Other notes on accounts	32

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 /E300005

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. 08843

For and on behalf of Board of Directors

Anil Rai Gupta
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Surjit Kumar Gupta
Director
DIN: 00002810

Sanjay Kumar Gupta
Company Secretary

Sanjay Johri
Vice President (Finance)

Noida, May 11, 2017

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2017

(₹ in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from Continuing Operations	710.93	1,519.72
Profit before tax from Discontinued Operations	11.94	-
Adjustments to reconcile profit before tax to net cash flows		
Exceptional Items	106.80	(895.80)
Share in (Profit)/Loss of Joint Venture	4.77	(1.75)
Depreciation and amortisation expense	121.63	134.40
Loss/ (profit) on sale of property, plant & equipment	1.49	1.45
Unrealised foreign exchange (gain) / loss (net)	0.16	3.27
Exchange difference on translation of foreign operations	(8.90)	(9.41)
Impairment allowance for trade receivables considered doubtful	11.33	33.96
Interest income	(98.10)	(51.07)
Finance cost	10.23	44.93
Excess provisions no longer required written back	(7.69)	(8.27)
Rental income	(5.85)	-
Bad debt	2.68	1.81
Provision for doubtful receivables written back	(2.63)	(1.16)
Operating Profit before working capital changes	**858.79**	**772.08**
Movement in working capital		
(Increase)/ Decrease in trade receivables	(57.43)	79.47
(Increase)/ Decrease in Other financial and non-financial assets	(45.34)	(6.61)
(Increase)/ Decrease in inventories	(135.39)	39.94
Increase/ (Decrease) in trade payables	157.66	(135.82)
Increase/ (Decrease) in other liabilities and provisions	193.98	(55.37)
Cash generated from/(used) in operations	**972.27**	**693.69**
Income tax paid (net of refunds)	(205.19)	(180.26)
Net Cash flow from/(used) in Operating Activities (A)	**767.08**	**513.43**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment including capital work in progress	(241.66)	(217.12)
Addition to investment property	(1.02)	-
Fixed Deposits/Escrow matured/ (made) during the year	(66.58)	(692.21)
Proceeds from redemption/ sale of equity shares invested in subsidiary/ associates companies	18.95	1,086.94
Acquisition of Non Controlling Interest in subsidiary Company	(10.67)	-
Purchase of investment in subsidiary Company	-	(29.12)
Investment in Bonds	-	(150.66)
Proceeds from sale of property, plant and equipment	3.45	3.10
Rental income received	5.85	-
Interest income received	75.68	34.34
Net Cash flow from/(used) in Investing Activities (B)	**(216.00)**	**35.27**
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from share capital issued	0.03	0.01
Proceed from security premium received	9.22	2.92
Repayment of borrowings including interest thereon	(60.84)	(390.82)
Proceeds of long term borrowings	-	180.62
Proceeds of short term borrowings	179.68	37.04
Dividends paid on equity shares (including Corporate Dividend Tax)	(225.63)	(451.05)
Net Cash Flow from/(used) in Financing Activities (C)	**(97.54)**	**(621.28)**

(₹ in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
Net increase / decrease in cash and cash equivalents (A+B+C)	453.54	(72.58)
Cash and cash equivalents at the beginning of the year	142.00	370.69
Effect of exchange differences on cash and cash equivalents held in foreign currency	0.21	0.77
Cash and cash equivalent transferred on disposal of subsidiary	-	(156.88)
Cash associated with Discontinued operations (Part of Assets held for Sale)	(3.87)	-
Cash and Cash Equivalents at the end of the year	**591.88**	**142.00**

Notes :

1 The above Cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, "Statement of Cash Flows".

2 Components of cash and cash equivalents :

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016
Cash and cash equivalents		
Balances with banks:		
Current accounts	59.64	70.12
Cash credit accounts	87.07	46.85
Fixed deposits account with a original maturity of less than three months	445.14	25.00
Cash on hand	0.03	0.03
	591.88	**142.00**

As per our report of even date

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ICAI Registration No. 016534N

Per Manoj Kumar Gupta
Partner
Membership No. 83906

Per V.P. Bansal
Partner
Membership No. 08843

Noida, May 11, 2017

For and on behalf of Board of Directors

Anil Rai Gupta
Chairman and Managing Director
DIN: 00011892

Rajesh Kumar Gupta
Director (Finance) and Group CFO
DIN: 00002842

Surjit Kumar Gupta
Director
DIN: 00002810

Sanjay Kumar Gupta
Company Secretary

Sanjay Johri
Vice President (Finance)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

1 CORPORATE INFORMATION

"Havells India Limited ('the Company') is a public limited Company domiciled in India and incorporated on August 08, 1983 under the provisions of the Companies Act, 1956 having its registered office at 904, 9th Floor, Surya Kiran Building, K.G. Marg, Connaught Place, New Delhi-110 001. The Company is listed on BSE Limited and NSE of India Limited. The Company is electrical and power distribution equipment manufacturer with products ranging from Industrial and Domestic Circuit Protection Switchgears, Cables, Motors, Pumps, Fans, Power Capacitors, CFL Lamps and Luminaries for Domestic, Commercial and Industrial applications, Modular Switches, Water Heaters and Domestic Appliances covering the entire range of household, commercial and industrial electrical needs. The Company's manufacturing facilities are located at Faridabad in Haryana, Alwar and Neemrana in Rajasthan, Haridwar in Uttarakhand, Sahibabad, Noida in Uttar Pradesh, Baddi in Himachal Pradesh and Guwahati in Assam. The research and development facilities are located at Head office, Noida (Uttar Pradesh) and at some of the units which have been approved by Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India, New Delhi.

The Consolidated Financial statements were authorized by the Board of Directors for issue in accordance with resolution passed on May 11, 2017.

The Company along with its subsidiaries its associates and its joint venture has been collectively hereinafter referred to as "the Group".

2 SIGNIFICANT ACCOUNTING POLICIES

2.01 Basis of Preparation

The Consolidated financial statements of the Company, its subsidiaries, associates and its joint venture have been prepared in accordance Indian Accounting standards (Ind AS) notified under Companies (Indian Accounting standards) Rules, 2015 as amended. For all periods up to and including the year ended 31 March 2016, the Group has prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These consolidated financial statements for the year ended 31 March 2017 are the first consolidated financial statements, which have been prepared in accordance with Ind AS . Refer to note 32(21) for information on how the Group adopted to Ind AS. The consolidated financial statements have been prepared on historical cost basis except for the following assets and liabilities which have been measured at fair value or revalued amount:

i) Derivative financial instruments; and

ii) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The consolidated financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest crores (INR 0,000,000), except when otherwise indicated.

2.02 Current/Non-Current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for purpose of trading

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and deferred tax liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

2.03 Basis of Consolidation

The consolidated financial statements comprises the financial statement of Havells India Limited ('the Company'), its subsidiaries, its associates and joint venture as at March 31, 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

(ii) Exposure, or rights, to variable returns from its involvement with the investee, and

(iii) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) The contractual arrangement with the other vote holders of the investee

(ii) Rights arising from other contractual arrangements

(iii) The Group's voting rights and potential voting rights

(iv) The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

2.04 Consolidation Procedure

(A) Subsidiaries:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS-12 "Income Taxes" applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

(i) Derecognises the assets (including goodwill) and liabilities of the subsidiary

(ii) Derecognises the carrying amount of any non-controlling interests

(iii) Derecognises the cumulative translation differences recorded in equity

(iv) Recognises the fair value of the consideration received

(v) Recognises the fair value of any investment retained

(vi) Recognises any surplus or deficit in profit or loss

(vii) Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

(B) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss

The group discontinue the use of equity method from the date the investment is classified as held for sale in accordance with Ind AS 105-Non-current Assets Held for Sale and Discontinued Operations and measures the interest in associate and joint venture held for sale at the lower of its carrying amount and fair value less cost to sell.

(C) Business combination and goodwill

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from April 1, 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward with minimal adjustment {please refer note 32(21)}. The same first time adoption exemption is also used for associates and joint ventures

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. In respect to the business combination for acquisition of subsidiary, the Group has opted to measure the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated as mentioned hereinafter: (i) Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively. (ii) Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date. (iii) Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard. (iv) Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

(D) Change in ownership interest

The group treats transaction with non-controlling interests that do not result in a loss of control as transaction with the equity owners of the group. A change in ownership interest results in adjustment between the carrying amounts of the controlling and non-controlling interest to reflect their relative interest in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

(E) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is 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 its carrying amount, 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 based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

2.05 Property, Plant and Equipment

Under the previous GAAP (Indian GAAP), all assets were carried in the balance sheet at cost, net of accumulated depreciation and accumulated impairment losses, if any. On the date of transition to IND AS, the Group has elected to adopt fair value as deemed cost for its assets for its holding Group other than Land and Capital work in progress. For rest of the entities, the group has applied principles of Ind AS 16 Property, Plant and Equipment retrospectively from date of acquisition and the considered as deemed cost as at April 01, 2015 (date of transition).

On the date of transition to Ind AS, the Group has opted the exemption given in Ind AS 101 of not reinstating any past business combination, accordingly after the business combination, the carrying amount in accordance with previous GAAP of assets acquired and liabilities assumed in that business combination has been fair valued and considered as their deemed cost in accordance with Ind AS 16 and Ind AS 101 First time adoption.

Property, Plant and equipment including capital work in progress are stated at cost, less 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 and VAT credit availed wherever applicable. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their respective useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Capital work- in- progress includes cost of property,plant and equipment under installation / under development as at the balance sheet date.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on property, plant and equipment is provided on prorata basis on straight-line method using the useful lives of the assets estimated by management and in the manner prescribed in Schedule II of the Companies Act 2013. The useful life is as follows:

Assets	Useful life (in Years)
Building	20-60
Plant and machinery	5-15
Dies and tools	6
Furniture and Fixtures	3-10
Vehicles	3-10
R &D Equipments	5-15
Office Equipments	3-5
Laptops	3
Electric Fans and Installations	3-10

On the basis of technical assessment, the management believes that the useful lives as given above best represent the period over which the assets are expected to be used.

Lease hold improvements are depreciated on straight line basis over their initial agreement period.

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

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2.06 Investment Properties

Property that is held for long term rental yields or for capital appreciation or for both, and that is not occupied by the Group, is classified as investment property. Investment property is measured initially at its cost, including related transaction cost and where applicable borrowing costs. Subsequent expenditure is capitalized to assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance cost are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are depreciated using the straight line method over their estimated useful life of 30 years.

2.07 Intangible Assets

Separately acquired intangible assets

The Group has applied principles of Ind AS 38 Intangible Assets retrospectively from date of acquisition and considered the same as deemed cost in accordance with Ind AS 101 First Time adoption. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses,if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

a) 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 Group can demonstrate all the following:

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

ii) Its intention to complete the asset;

iii) Its ability to use or sale the asset;

iv) How the asset will generate future economic benefits;

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

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

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on straight line basis over the estimated useful lives. During the period of development, the asset is tested for impairment annually.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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 recognized in the statement of profit and loss when the assets are disposed off.

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b) **Brands and customer contracts and relationships**

Brands and customer contracts acquired as part of the acquisition of Sylvania Group and Promptec Renewable Energy Solutions Private Limited are measured in accordance with Ind AS-103 "Business Combination" and Ind AS-38 "Intangible Assets". These Brands and customer contracts and relationships have been in existence for considerable period and Group intends to continue use these intangible assets. Consequently it is believed that these have an indefinite life and are not amortised. Instead impairment testing is performed annually and whenever a triggering event has occurred to determine whether the carrying value exceeds the recoverable amount.

c) **Amortisation of Intangible Assets having definite life:**

Intangible assets being computer software, technical know how and R&D software is considered as intangible asset with finite useful life and are amortized on a straight line basis over their estimated useful life of 6 years

2.08 Impairment of non-financial 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 Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. 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. When 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 fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses including impairment on inventories, are recognized 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.

2.09 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) **Financial Assets**

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- Those measured at amortized cost

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in following categories:

- Debt instruments at fair value through profit and loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments at amortized cost
- Equity instruments

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Where assets are measured at fair value,gains and losses are either recognised entirely in the statement of profit and loss(i.e fair value through profit or loss),or recognised in other comprehensive income(i.e fair value through other comprehensive income). For investment in debt instruments, this will depend on the business model in which the investment is held. For investment in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for equity instruments at FVTOCI.

Debt instruments at amortized cost

A debt instrument is measured at amortized cost if both the following conditions are met:

a) **Business Model Test :** The objective is to hold the debt instrument to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).

b) **Cash flow characteristics test:** The contractual terms of the Debt instrument give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

This category is most relevant to the Group .After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. The EIR amortisation is included in finance income in profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instruments at fair value through OCI

A Debt instrument is measured at fair value through other comprehensive income if following criteria are met:

a) **Business Model Test :** The objective of financial instrument is achieved by both collecting contractual cash flows and for selling financial assets.

b) **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Financial Asset included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognized the interest income, impairment losses and reversals and foreign exchange gain or loss in the P&L. On derecognition of asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using teh EIR method.

Debt instruments at FVTPL

FVTPL is a residual category for financial instruments. Any financial instrument, which does not meet the criteria for amortized cost or FVTOCI, is classified as at FVTPL.A gain or loss on a debt instrument that is subsequently measured at FVTPL and is not a part of a hedging relationship is recognized in profit or loss and presented net in the statement of profit and loss within other gains or losses in the period in which it arises. Interest income from these Debt instruments is included in other income.

Equity investments of other entities

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income all subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e removed from the Groups statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement and either;
  (a) The Group has transferred the rights to receive cash flows from the financial assets or
  (b) The Group has retained the contractual right to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients .

Where the Group has transferred an asset, the Group evaluates whether it has transferred substantially all the risks and rewards of the ownership of the financial assets. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all the risks and rewards of the ownership of the financial assets, the financial asset is not derecognised.

Where the Group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit losses(ECL) model for measurement and recognition of impairment loss on the following financial asset and credit risk exposure

- Financial assets measured at amortised cost;
- Financial assets measured at fair value through other comprehensive income(FVTOCI);

The Group follows "simplified approach" for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables;
- All lease receivables resulting from the transactions within the scope of Ind AS 17

Under the simplified approach,the Group does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date,right from its initial recognition. The Group uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly,lifetime ECL is used.If, in subsequent period,credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Group reverts to recognising impairment loss allowance based on 12- months ECL.

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(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, and payables, net of directly attributable transaction costs. The Group's financial liabilities include loans and borrowings including trade payables,trade deposits,retention money,liability towards services,sales incentive, other payables and derivative financial instruments.

The measurement of financial liabilities depends on their classification, as described below:

Trade Payables

These amounts represents liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 120 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using EIR method.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind As 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

Borrowings are initially recognized at fair value, net of transaction cost incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the

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derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

2.10 Derivative Financial Instruments

The Group utilises derivative financial instruments to reduce fluctuation in interest rates to hedge its interest rate risk. 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. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

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.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

Amounts accumulated in equity are recycled in the statement of profit and loss 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 statement of profit and loss within 'Finance Cost'.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of profit and loss. 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 statement of profit and loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss income statement as other operating expenses.

Amounts recognised as cash flow hedge reserve in OCI 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 OCI 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 statement of profit and loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in reserve equity until the forecast transaction occurs or foreign currency firm commitment affects profit or loss.

2.11 Inventories

a) **Basis of valuation**

i) Inventories other than scrap materials are valued at lower of cost and net realizable 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 realizable 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 raw materials 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 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. Cost is determined on moving weighted average basis.

iii) Cost of traded goods 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.

iv) Net realizable 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.

2.12 Non-current assets held for sale

The Group classifies non-current assets as held sale if their carrying amounts will be recovered principally through its sale rather than through continuing use. Such non-current assets classified as held sale are measured at the lower of their carrying amount and fair value less costs to sell . Any expected loss is recognised immediately in the statement of profit and loss.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal Group is available for immediate sale in its present condition and the assets must have actively marketed for sale at a price that is reasonable in relation to its current fair value. Actions required to complete the sale should indicate that it is unlikely that significant changes to the plan to sale these assets will be made. Management must be committed to the sale,which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the balance sheet

2.13 Taxes on Income

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

a) Current Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries, associates and joint venture operate and generate taxable income.

b) Deferred Tax

Deferred tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at time of transaction affects neither accounting profit nor taxable profit or loss.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax base of investment in subsidiaries, associates and joint venture where the group is able to control the timing of reversal of temporary differences and it is probable that the differences will not reverse in foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

2.14 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Amounts disclosed are inclusive of Excise Duty, and net of returns, trade discounts, rebates, value added taxes and amount collected on behalf of third parties. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks. The specific recognition criteria described below must also be met before revenue is recognized:

a) Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods and is measured at fair value of consideration received/ receivable, net of returns and allowances, discounts, volume rebates and cash discounts. Revenue is usually recognized when it is probable that economic benefits associated with the transaction will flow to the entity, amount of revenue can be measured reliably and entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

b) Rendering of Services

Revenue from service related activities is recognized as and when services are rendered and on the basis of contractual terms with the parties.

c) Rental Income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss due to its non-operating nature.

d) Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and applicable interest rate and is included in “other income’.

2.15 Employee Benefits

i) Short-term obligations

Liabilities for wages and salaries, including non monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employee service upto the end of the reporting period and are measured at the amount expected to be paid when the liabilities are settled. the liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

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 Group 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 Group 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 Group Limited is provided for as assets/ (liability) in the books. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under Employee benefit expense in statement of profit or loss:

a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements

b) Net interest expense or income

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

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b) Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related services. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

c) Compensated Absences

Accumulated leaves which is expected to be utilized within next 12 months is treated as short term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement and discharge at the year end.

d) 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.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight line basis over the vesting period.

For defined contribution plans, the Group companies pay contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group companies have no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when employees rendered related services. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

e) 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. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return

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on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. These obligations are valued annually by independent qualified actuaries.

g) Other employee benefits

The Holding Company (''Havells India Limited") provides long term incentive plan to employees via share based payments as enumerated below:

(i) Havells Employees Stock options plan : The fair value of options granted under this option plan is recognised as an employee benefit expense with corresponding increase in equity in accordance with recognition and measurement principles as prescribed in Ind AS 102 Share Based Payments. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At end of the reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with corresponding adjustment to equity.

(ii) Havells Employee Stock Purchase Plans: These are in nature of employee benefit wherein employees (including senior executives) of the Company purchase shares of the Company at fair value on the grant cum allotment date and receives remuneration in the form of ex-gratia equivalent to predefined percentage of purchase price paid by designated employee subject to serving of relevant period of service after the grant cum allotment date. These are recognised using measurement principles as prescribed in Ind AS 19-''Employee Benefits"

iii) 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.

2.16 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements into prior to April 1, 2015, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Operating lease payments are recognized as an expense in the statement of profit or loss account on straight line basis over the lease term, unless the payments are structured to increase in line with the expected general inflation to compensate for the lessor in expected inflationary cost increase.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

2.17 Government Grants

Government Grants are recognized at their fair value when there is reasonable assurance that the grant will be received and all the attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

2.18 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Management. Management monitors the operating results of all strategic business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss and is measured consistently with profit and loss in the financial statements.

The operating segments have been identified on the basis of the nature of products/services. Further:

1 Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.

2 Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Expenses which relate to the Group as a whole and not allocable to segments are included under unallocable expenditure.

3 Income which relates to the Group as a whole and not allocable to segments is included in unallocable income.

4 Segment results includes margins on inter-segment and sales which are reduced in arriving at the profit before tax of the Group.

5 Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Group as a whole and not allocable to any segment.

6 Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated business.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2.19 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

2.20 Borrowing Costs

“Borrowing cost includes interest and ancillary costs incurred in connection with the arrangement of borrowings and charged to Statement of Profit & Loss on the basis of effective interest rate (EIR) method .Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing 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.

2.21 Exceptional Items

Exceptional items are transactions which due to their size or incidence are separately disclosed to enable a full understanding of the Group’s financial performance. Items which may be considered exceptional are significant restructuring charges, gains or losses on disposal of investments of subsidiaries, write down of inventories and significant disposal of fixed assets.

2.22 Cash and Cash Equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and on hand and short-term investments deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

2.23 Foreign Currencies

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The Group’s consolidated financial statements are presented in INR, which is also the parent Group’s functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. For the purpose of consolidation into the financial statement of ultimate parent Group, these financial statements are presented in INR, being the functional and presentation currency of ultimate parent Group i.e. Havells India Limited. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Measurement of Foreign Currency items at the Balance Sheet date

“Foreign currency monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognized as income or expense in the period in which they arise with the exception of exchange differences on gain or loss arising on translation of non-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

monetary items measured at fair value which is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

Group Companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated to the presentation currency in the following manner:

a) assets and liabilities are translated at closing rate at the date of that balance sheet

b) income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rate prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions) and

c) All resulting exchange differences are recognised in other comprehensive income.

d) Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at closing rate.

2.24 Provisions and Contingent Liabilities

a) Provisions

A provision is recognised when the Group has a present obligation (legal or constructive) 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. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

b) Warranty Provisions

Provision for warranty-related costs are recognized when the product is sold or service is provided to customer. Initial recognition is based on historical 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 with in one to two years.

c) Restructuring provisions

The provision for restructuring relates to the estimated costs of initiated reorganisation that have been approved by the Board of Management, and which involve the realignment of certain parts of the manufacturing, selling and administration organization. When such reorganisation require discontinuance and/or closure of lines of activities, the anticipated costs of closure or discontinuance are included in restructuring provisions. A liability is recognised for those costs only when the Group has a detailed formal plan for the restructuring and has raised a valid expectation with those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

d) Contingent liabilities

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

Provisions, contingent liabilities,contingent assets and commitments are reviewed at each balance sheet date.

2.25 Dividend Distributions

The Group recognizes a liability to make payment of dividend to owners of equity when the distribution is authorized and is no longer at the discretion of the Group and is declared by the shareholders . A corresponding amount is recognized directly in equity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

2.26 Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for asset or liability, or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1-Quoted(unadjusted) market prices in active markets for identical assets or liabilities

Level 2-Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3-Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.27 Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and has amended the following standard:

Amendments to Ind AS 7, Statement of Cash Flow

The amendments to Ind AS 7 requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 April 2017. Application of this amendments will not have any recognition and measurement impact. However, it will require additional disclosure in the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

Amendments to Ind AS 102, Share-based payment

The MCA has issued amendments to Ind AS 102 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, the classification of a share-based payment transaction with net settlement features for withholding tax obligations, and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. The amendments are effective for annual periods beginning on or after 1 April 2017. The Group is assessing the potential effect of the amendments on its financial statements.

The Group will adopt these amendments, if applicable from their applicability date.

2.28 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(i) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

a) Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

b) Operating lease commitments — Group as lessee

The Group has taken various commercial properties on leases. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, and that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

c) Assessment of lease contracts

Significant judgement is required to apply lease accounting rules under Appendix C to Ind AS 17: determining whether an Arrangement contains a Lease. In assessing the applicability to arrangements entered into by the Group,management has exercised judgement to evaluate the right to use the underlying assets, substance of the transaction including legally enforced arrangements and other significant terms and conditions of the arrangement to conclude whether the arrangements meet the criteria under Appendix C to Ind AS 17.

d) Consolidation of entities in which the Group holds less than a majority of voting rights (de facto control)

Havells International Limited (WOS of Havells Holdings Limited) holds 49% equity interest in Thai Lighting Asset Co. Ltd. However the said Group has majority representation on Board of Directors of the entity and and approval of the said Group is required for all major operational decisions and the operations are solely carried out for the benefit of the Group. Based on facts and circumstances, management determine that in substance the Group control this entity and therefore reported the same as controlled entities.

e) Bonds held till maturity

The Group has determined classification of quoted bonds invested with National Highway Authority of India as subsequently measured at amortized cost since the Group expect to hold the investment upto maturity and receive the principal and interest amount as defined under the term of investment. The fair values of the quoted bonds are based on price quotations near to the reporting date.

(ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

The losses which relate to sale of investment in subsidiaries, that do not expire and may not be used to offset against planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward. If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by 67.84 crores. Further details on taxes are disclosed in Note 16.

b) Defined benefit plans

The cost of defined benefit plans (i.e. Gratuity benefit) is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of long term government bonds with extrapolated maturity corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about the assumptions used, including a sensitivity analysis, are given in Note no 32(10).

c) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

d) Impairment of Financial assets

The impairment provisions of financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

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e) **Impairment of non-Financial 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 Group estimates the assets's recoverable amount. An assets recoverable amount is the higher of an assets's or CGU'S fair value less cost of disposal and its value in use. It 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 fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, or other fair value indicators.

f) **Warranty provision**

Warranty Provision is measured at discounted present value using pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. Warranty provisions is determined based on the historical percentage of warranty expense to sales for the same types of goods for which the warranty is currently being determined. The same percentage to the sales is applied for the current accounting period to derive the warranty expense to be accrued. It is adjusted to account for unusual factors related to the goods that were sold, such as defective inventory lying at the depots. It is very unlikely that actual warranty claims will exactly match the historical warranty percentage, so such estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence.

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3. PROPERTY, PLANT AND EQUIPMENT

(₹ in Crores)

	Freehold Land	Leasehold Land	Leasehold Building	Freehold Building	Leasehold Improvements	Plant and Equipment	Dies and tools	Furniture and fixtures	Vehicles	R & D Equipment's	Office Equipment's	Electrical Fans and Installation	Total	Capital Work in progress	Grand Total
At Cost															
Deemed cost as at April 01, 2015	**57.85**	**76.80**	**12.09**	**904.11**	**2.00**	**1,292.91**	**122.00**	**68.08**	**12.88**	**7.76**	**65.11**	**87.39**	**2,708.98**	**36.75**	**2,745.73**
Additions	-	-	8.97	49.26	3.50	93.81	28.52	9.28	1.51	2.45	11.44	8.10	216.84	24.48	241.32
Adjustment on account of acquisition of subsidiary {refer note 32(2)}	-	-	-	0.88	-	2.18	-	0.12	0.16	-	0.08	-	3.42	-	3.42
Disposals	-	-	(0.02)	(23.66)	-	(5.35)	(8.31)	(2.27)	(0.09)	-	(3.29)	(0.39)	(43.38)	(36.27)	(79.65)
Adjustment on account of disposal of subsidiary	(31.63)	-	(21.51)	(325.48)	-	(1,019.55)	(80.26)	(48.69)	(7.28)	-	(39.97)	(73.84)	(1,648.21)	(5.26)	(1,653.47)
Transfers (refer point (vi) below)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange impact	1.84	-	0.47	20.93	-	31.11	5.41	2.13	0.41	-	1.41	4.92	68.63	0.79	69.42
At March 31, 2016	**28.06**	**76.80**	**-**	**626.04**	**5.50**	**395.11**	**67.36**	**28.65**	**7.59**	**10.21**	**34.78**	**26.18**	**1,306.28**	**20.49**	**1,326.77**
Additions	-	24.40	-	11.93	5.85	80.75	31.15	5.91	2.80	1.49	23.05	4.13	191.46	12.21	203.67
Disposals	(0.01)	-	-	(2.01)	-	(4.73)	(3.17)	(1.76)	(0.22)	(0.03)	(2.46)	-	(14.39)	-	(14.39)
Transfers (refer point (vi) below)	-	(8.86)	-	(48.81)	-	(1.86)	0.43	(0.94)	-	4.05	(1.17)	(2.69)	(59.85)	(20.00)	(79.85)
Assets included in a disposal group classified as held for sale	(0.63)	-	-	(0.08)	-	(0.05)	-	(6.59)	(0.17)	-	(5.43)	-	(12.95)	(0.77)	(13.72)
Exchange impact	(0.01)	-	-	0.01	-	-	-	0.27	0.02	-	0.24	-	0.53	0.01	0.54
At March 31, 2017	**27.41**	**92.34**	**-**	**587.08**	**11.35**	**469.22**	**95.77**	**25.54**	**10.02**	**15.72**	**49.01**	**27.62**	**1,411.08**	**11.94**	**1,423.02**
Depreciation															
At April 01, 2015	**0.01**	**3.00**	**7.29**	**266.50**	**-**	**935.29**	**65.89**	**44.47**	**4.60**	**-**	**37.61**	**55.84**	**1,420.50**	**-**	**1,420.50**
Charge for the year	-	1.00	3.50	29.00	0.36	52.70	19.23	4.83	1.93	1.17	11.97	5.15	130.84	-	130.84
Disposals	-	-	(0.01)	(22.65)	-	(3.87)	(7.63)	(2.01)	(0.01)	-	(2.37)	(0.28)	(38.83)	-	(38.83)
Adjustment on account of disposal of subsidiary	(0.01)	-	(11.24)	(265.08)	-	(968.95)	(67.40)	(39.84)	(5.12)	-	(32.72)	(61.35)	(1,451.71)	-	(1,451.71)
Exchange impact	-	-	0.46	17.19	-	29.46	5.22	1.94	0.26	-	0.85	4.13	59.51	-	59.51
At March 31, 2016	**-**	**4.00**	**-**	**24.96**	**0.36**	**44.63**	**15.31**	**9.39**	**1.66**	**1.17**	**15.34**	**3.49**	**120.31**	**-**	**120.31**
Charge for the year	-	1.02	-	23.27	1.01	52.01	17.64	3.06	1.27	1.69	9.61	3.46	114.04	-	114.04
Disposals	-	-	-	(1.62)	-	(2.39)	(1.54)	(1.72)	(0.10)	(0.03)	(2.05)	-	(9.45)	-	(9.45)
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers (refer point (vi) below)	-	(0.41)	-	(1.42)	-	(0.50)	0.26	(0.30)	-	1.32	(0.93)	(0.81)	(2.79)	-	(2.79)
Assets included in a disposal group classified as held for sale	-	-	-	(0.05)	-	(0.01)	-	(5.14)	(0.07)	-	(4.83)	-	(10.10)	-	(10.10)
Exchange impact	-	-	-	-	-	-	-	0.15	0.01	-	0.23	-	0.39	-	0.39
At March 31, 2017	**-**	**4.61**	**-**	**45.14**	**1.37**	**93.74**	**31.67**	**5.44**	**2.77**	**4.15**	**17.37**	**6.14**	**212.40**	**-**	**212.40**
Net carrying amount															
At April 01, 2015	**57.84**	**73.80**	**4.80**	**637.61**	**2.00**	**357.62**	**56.11**	**23.61**	**8.28**	**7.76**	**27.50**	**31.55**	**1,288.48**	**36.75**	**1,325.23**
At March 31, 2016	**28.06**	**72.80**	**-**	**601.08**	**5.14**	**350.48**	**52.05**	**19.26**	**5.93**	**9.04**	**19.44**	**22.69**	**1,185.97**	**20.49**	**1, 206.46**
At March 31, 2017	**27.41**	**87.73**	**-**	**541.94**	**9.98**	**375.48**	**64.10**	**20.10**	**7.25**	**11.57**	**31.64**	**21.48**	**1,198.68**	**11.94**	**1,210.62**

Notes:

(i) All property, plant and equipment are held in name of the Group, except

(a) Building amounting to ₹ 14.98 Crores constructed on the land taken on lease by the holding Company from its group company for which lease deed is yet to be registered with the appropriate authority.

(b) Freehold land amounting to ₹ 0.10 Crore located at Narela Industrial Area in respect of which possession has not been given by the authority.

(c) Freehold land amounting to ₹ 15.89 Crores and building constructed on such land amounting to ₹ 3.84 Crores which is pending for registration with the appropriate authority located at Samaypur Badli in Delhi.

(d) Leasehold Land at Tumakuru, Karnataka amounting to ₹ 24.40 Crores in respect of which lease deed is yet to be executed.

(ii) Leasehold Land" represents land obtained on long term lease from various Government authorities and considered as finance lease.

(iii) Transfers during the year include:-

(a) A warehouse in Greater Noida, Uttar Pradesh has been given on long term lease and accordingly the gross value and accumulated depreciation has been transferred to investment property (Gross value ₹ 59.85 Crores, Accumulated depreciation ₹ 2.79 Crores and Net value ₹ 57.06 Crores).

(b) Various assets have been transferred to R&D equipment (Gross value ₹ 4.05 Crores, Accumulated depreciation ₹ 1.32 Crores and Net value ₹ 2.73 Crores).

(c) Refer note 31(C) for property plant and equipment pledged as security by the company.

(d) Various assets appearing in Capital work in progress and capitalized during the year amounting to ₹ 20 Crores (March 31, 2016: ₹ 36.27 Crores) have been shown in additions in respective class of Property Plant and Equipment

(iv) Capital work in progress as at March 31, 2017 includes assets under construction at various plants including cable and wires, switch gears etc.

(v) During the year ended March 31, 2016, the Group has acquired 51% stake in equity share capital of Promptec Renewable Energy Solutions Private Limited. Accordingly, the assets in respect of said subsidiary have been shown as "Additions on account of acquisition of Subsidiary" {refer note no. 32(2)}.

(vi) On December 31, 2015, the Group has divested 80% stake in capital of Feilo Malta Limited (earlier known as Havells Malta Limited). Accordingly, the assets in respect of said subsidiary have been shown as "Adjustment on account of disposal of Subsidiary" {refer note no. 32(1)}.

(vii) Subsidiaries at Brazil, USA, Chile and Thailand have been classified as disposal group had for distribution and as discontinuing operation accordingly the assets in respect of said subsidiary have been transferred to discontinued operations {refer note no. 32(3)}

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

4. INVESTMENT PROPERTY (At cost)

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Gross Block			
Opening balance at April 1, 2015	-	-	-
Closing balance at March 31, 2016	-	-	-
Transfers (Refer note 1 below)	59.85	-	-
Addition during the year	1.02	-	-
Closing balance at March 31, 2017	60.87	-	-
Depreciation			
Opening balance at 1 April 2015	-	-	-
Closing balance at 31 March 2016	-	-	-
Accumulated depreciation transfer (Refer note 1 below)	2.79	-	-
Depreciation for the period	2.16	-	-
Closing balance at 31 March 2017	4.95	-	-
Net Block			
as at April 1, 2015	-	-	-
as at March 31, 2016	-	-	-
as at March 31, 2017	**55.92**	**-**	**-**
Amount recognised in profit or loss for Investment property			
Rental income derived from investment properties	5.85	-	-
Direct operating expenses (including repairs and maintenance) generating rental income	-	-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income	0.43	-	-
Profit arising from investment properties before depreciation	5.42	-	-
Less: Depreciation for the year	2.16	-	-
Profit arising from investment properties	3.26	-	-
Fair value of Investment Property (refer point 2 below)	87.13	-	-

Notes:

1. During the year, land and building being a warehouse in Greater Noida, Uttar Pradesh has been given on lease w.e.f May 12, 2016 on long term basis and accordingly gross block and accumulated depreciation has been transferred from the “Property, Plant and Equipment” to “Investment Property”. In the earlier years, the same was recognised as part of “Property Plant and Equipments”.

2. The Group has obtained independent valuation for its investment property as at March 31, 2017 and has reviewed the fair valuation based on best evidence of fair value determined using replacement cost of an asset of equivalent utility, depreciation and obsolescence. Fair market value is the amount expressed in terms of money that may reasonably be expected to be exchanged between a willing buyer and a willing seller, with equity or both. The valuation by the valuer assumes that Group shall continue to operate and run the assets to have economic utility. The fair value is on as is where basis. All resulting fair value estimates for investment property are included in Level 3 (Refer note 32 (15)).

3. There are no contractual obligations to purchase,construct or develop investment properties or for repairs, maintenance and enhancements thereof and there are no restriction on remittance of income and proceeds of disposal.

4. The investment Property is a leasehold property and realisability of Investment property is subject to terms and conditions as mentioned under the lease deed entered on November 20, 2009 with Greater Noida Industrial Development Authority, District-Gautam Budha Nagar.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

5 INTANGIBLE ASSETS

(₹ in Crores)

	Computer Software	Technical Knowhow	R & D Software	Customer contract and relation ship	Brand	Total
Gross Block (At cost)						
At April 01, 2015	**73.41**	**20.04**	**1.74**	**-**	**27.50**	**122.69**
Additions	7.25	-	0.78	-	-	8.03
Disposals	(0.08)	-	-	-	-	(0.08)
Additions on account acquisition of subsidiary {refer note 32(2)}	-	-		6.46	7.02	13.48
Adjustment on account of disposal of subsidiaries	(60.53)	(22.27)	-	-	(29.54)	(112.34)
Exchange impact	3.41	2.74	-	-	2.04	8.19
At March 31, 2016	**23.46**	**0.51**	**2.52**	**6.46**	**7.02**	**39.97**
Additions	9.94	-	1.76	-	-	11.70
Disposals	-	-	-	-	-	-
Transfers (refer point (i) below)	(0.68)	-	0.68	-	-	-
Assets included in a disposal group classified as held for sale	(0.92)	-	-	-	-	(0.92)
Exchange impact	-	-	-	-	-	-
At March 31, 2017	**31.80**	**0.51**	**4.96**	**6.46**	**7.02**	**50.75**
Amortization						
At April 01, 2015	**68.54**	**15.44**	**0.52**	**-**	**-**	**84.50**
Charge for the year	3.23	-	0.33	-	-	3.56
Disposals	(0.07)	-	-	-	-	(0.07)
Adjustment on account of disposal of subsidiaries	(56.50)	(22.04)	-	-	-	(78.54)
Exchange impact	(1.08)	7.10	-	-	-	6.02
At March 31, 2016	**14.12**	**0.50**	**0.85**	**-**	**-**	**15.47**
Charge for the year	3.77	-	0.54	-	-	4.31
Disposals	-	-	-	-	-	-
Transfers (refer point (i) below)	(0.59)	-	0.59	-	-	-
Assets included in a disposal group classified as held for sale	(0.90)	-	-	-	-	(0.90)
Exchange impact	-	-	-	-	-	-
At March 31, 2017	**16.40**	**0.50**	**1.98**	**-**	**-**	**18.88**
Net carrying amount						
At April 01, 2015	**4.87**	**4.60**	**1.22**	**-**	**27.50**	**38.19**
At March 31, 2016	**9.34**	**0.01**	**1.67**	**6.46**	**7.02**	**24.50**
At March 31, 2017	**15.40**	**0.01**	**2.98**	**6.46**	**7.02**	**31.87**

Notes:

(i) During the year Various assets have been transferred to R&D equipment's (Gross value ₹ 0.68 Crores, Accumulated depreciation ₹ 0.59 Crores and Net value ₹ 0.09 Crores).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

6. INVESTMENTS IN JOINT VENTURE

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investments in Equity Instrument (unquoted) (valued at cost, unless otherwise stated)			
Investments in joint venture			
Jiangsu Havells Sylvania Lighting Co., Limited {refer note no. 32(1) (a) (3)} (50% contribution in paid in capital)	-	34.05	34.05
Add: Share in current year profit	-	1.75	-
Add: Share in current year other comprehensive income	-	(0.18)	-
Aggregate amount of unquoted investments	**-**	**35.62**	**34.05**

7. NON-CURRENT FINANCIAL ASSETS

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(A) Investments in bonds (quoted) (valued at amortised cost) (Unsecured, considered good)			
15,00,000, 7.35% 15 year Tax Free, Secured Redeemable Non Convertible Bonds of face value ₹ 1000/- each of National Highway Authority of India	161.66	153.10	-
(Aggregate market value of quoted Investment is ₹ 164.70 crores) (March 31, 2016 : ₹ 156.00 crores) (April 1, 2015 : Nil)			
Aggregate book value of quoted Investments {refer note no. 32(15)}	**161.66**	**153.10**	**-**
(B) Others financial assets (valued at amortised cost)			
(Unsecured, considered good)			
Fixed deposits with banks having maturity period of more than twelve months	-	-	175.04
Earnest money and security deposits	14.00	16.63	18.14
	14.00	**16.63**	**193.18**

8. OTHER NON-CURRENT ASSETS

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(Unsecured, considered good)			
Capital advances	62.85	10.39	5.84
Others			
Prepaid expenses	0.79	1.61	0.80
Other deposits with Statutory/ Government authorities	25.12	18.78	20.87
	88.76	**30.78**	**27.51**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

9. INVENTORIES

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(Valued at lower of cost and net realisable value unless otherwise stated) (refer accounting policy 2.11)			
Raw materials and components	222.27	191.33	285.45
Work-in-progress	79.91	67.06	54.80
Finished goods	491.37	405.84	451.27
Traded goods	123.58	142.06	547.12
Stores and spares	11.39	11.80	9.55
Loose Tools	1.24	0.81	1.04
Packing materials	13.23	12.00	11.64
Scrap materials (valued at Net Realisable Value)	2.35	3.41	4.09
	945.34	**834.31**	**1,364.96**

Notes:

(a) The above includes goods in transit as under:

Raw Materials	17.03	22.73	19.81
Finished goods	67.41	49.45	14.35
Traded goods	4.04	6.32	142.20

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

(c) Inventories are hypothecated with the bankers against working capital limits. {Refer note 31(C)}

(d) During the year ended 31 March 2017, (₹ 2.15) crores (31 March 2016: ₹ 42.34 crores) was recognised as an expense/(income) for inventories carried at net realisable value.

10. CURRENT FINANCIAL ASSETS

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(A) TRADE RECEIVABLES			
Unsecured {refer note no.31(A) (i) (a)}			
Trade receivables-considered good	230.68	235.73	623.11
Trade receivables-considered doubtful	12.25	44.47	58.16
Trade receivables (gross)	**242.93**	**280.20**	**681.27**
Less: Impairment allowance for trade receivables considered doubtful	12.25	44.47	58.16
(A)	**230.68**	**235.73**	**623.11**

Notes:

(a) Trade receivables are usually non-interest bearing and are on trade terms of 30 to 90 days.

(b) No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(B) CASH AND CASH EQUIVALENTS			
Balances with banks:			
Current accounts	59.64	70.12	253.80
Cash credit accounts {refer note no.31(C)}	87.07	46.85	55.79
Fixed deposits account with a original maturity of less than three months {refer note below}	445.14	25.00	60.64
Cash on hand	0.03	0.03	0.46
(B)	**591.88**	**142.00**	**370.69**

Note: There are no restriction with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(C) OTHER BANK BALANCES			
Fixed deposits account with original maturity of more than three months but less than twelve months {refer note (a)}	686.10	1, 205.15	404.53
Fixed deposits account with original maturity of more than twelve months {refer point (b)}	694.04	80.86	-
Unpaid dividend account {refer point (c)}	2.45	2.44	0.99
Escrow account {refer point (d)}	-	37.55	-
(C)	**1,382.59**	**1,326.00**	**405.52**
(B+C)	**1,974.47**	**1,468.00**	**776.21**

Notes:

a) The deposits maintained by the Group with banks comprise of the time deposits which may be withdrawn by the Group at any point of time without prior notice and are made of varying periods between one day to twelve months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

b) Fixed deposit with original maturity of more than twelve months but remaining maturity of less than twelve months have been disclosed under other bank balances under current financial assets.

c) The Group can utilise the balance towards settlement of unclaimed dividend.

d) Escrow account as at March 31, 2016 represents ₹ 37.55 crores (Euro 5 million) with Citi bank, London held as per the terms of the Share Purchase Agreement with Shanghai Feilo Acoustics Co. Limited for any general claim against the representations and warranties given by Havells Holdings Limited with respect to Feilo Malta Limited (earlier known as “Havells Malta Limited”) or its erstwhile subsidiaries of the Group which was settled and realised in current year.

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(D) OTHER FINANCIAL ASSETS			
Unsecured, considered good			
Earnest money and security deposits	3.03	3.29	7.67
Loan to employee welfare trust	0.56	0.56	1.76
Retention money	1.94	1.94	2.27
Other advances	0.79	0.73	0.30
Intercorporate advances	-	7.48	-
(D)	**6.32**	**14.00**	**12.00**

11. OTHER CURRENT ASSETS

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good			
Advances other than capital advances			
Advances for materials and services	29.56	13.35	53.19

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Others			
Prepaid expenses	13.91	10.34	37.25
Duty free licenses in hand	3.55	2.53	3.32
Claims and other receivables	6.53	6.54	5.29
Balance with Statutory/ Government authorities:			
Excise duty	2.67	2.81	0.86
Service tax	2.04	1.98	4.60
VAT	1.89	16.03	46.54
Other deposits with Statutory/ Government authorities	17.47	28.81	21.28
	77.62	**82.39**	**172.33**

12. ASSETS CLASSIFIED AS HELD FOR SALE

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Property, plant and equipment			
Plant and machinery retired from active use {refer note (a)}	0.06	0.10	0.39
Investment in associate company (unquoted)			
Feilo Malta Limited (formerly known as Havells Malta limited) {refer note no. 32(1) (a) (i)}	238.90	252.76	-
2,82,51,603 (March 31, 2016 : 2,82,51,603) (April 1, 2015: Nil) Equity Shares of Euro 1 each fully paid up			
Feilo Exim Limited (erstwhile Havells Exim Limited) {refer note no. 32(1) (b)}	-	18.95	-
Nil (March 31, 2016 : 200) (April 1, 2015: Nil) Equity Shares of 1 Hong Kong dollar each fully paid up			
Investment in joint venture (unquoted)			
Jiangsu Havells Sylvania Lighting Co., Limited {refer note no. 32(1) (a) (iii)}	16.19	-	-
(50% contribution in paid in capital)			
Disposal group {refer note no. 32(3)}	101.64	-	-
	356.79	**271.81**	**0.39**

Note:

(a) On March 31, 2017, the Group classified certain plant and machinery retired from active use and held for sale recognized and measured in accordance with Ind-AS 105 “Non Current Assets Held for Sale and Discontinued Operations” at lower of its carrying amount and fair value less cost to sell. The Group expects to complete the sale by 30th September 2017 by selling it in the open market.

(b) Refer to note 32(3) for information about assets and liabilities of disposal group that were classified as held for sale at March 31, 2017.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

13. EQUITY

(A) Equity share capital

(₹ in Crores)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
a)	**Authorized**			
	100,05,00,000 equity shares of ₹ 1/- each (March 31, 2016 :100,05,00,000 equity shares of ₹ 1/- each) (April 1, 2015: 100,05,00,000 equity shares of ₹ 1/- each)	100.05	100.05	100.05
	Issued, subscribed and fully paid-up			
	62,48,55,342 equity shares of ₹ 1/- each (March 31, 2016 :62,45,87,780 equity shares of ₹ 1/- each) (April 1, 2015 : 62,44,88,035 equity shares of ₹ 1/- each)	62.49	62.46	62.45

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

(₹ in Crores)

	March 31, 2017		March 31, 2016		April 1, 2015	
	No. of shares	**₹ in crores**	No. of shares	₹ in crores	No. of shares	₹ in crores
At the beginning of the year	624,587,780	62.46	624,488,035	62.45	624,488,035	62.45
Add: Equity shares issued under ESPP	267,562	0.03	99,745	0.01	-	-
	624,855,342	**62.49**	**624,587,780**	**62.46**	**624,488,035**	**62.45**

(c) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 1/- per share (March 31, 2016 : ₹ 1/- per share) (April 1, 2015: ₹ 1/- per share). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the board of Directors is subject to the approval of the shareholders in 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)

Name of Shareholders	**As at March 31, 2017**		As at March 31, 2016		As at April 1, 2015	
	No. of shares	**% holding**	No. of shares	% holding	No. of shares	% holding
Smt. Vinod Gupta*	53,034,240	8.49	66,354,240	10.63	66,354,240	10.63
Shri Surjit Kumar Gupta	32,650,800	5.23	32,650,800	5.23	32,650,800	5.23
QRG Enterprises Limited	189,858,880	30.38	189,858,880	30.40	189,858,880	30.40
QRG Investments and Holdings Limited (formerly known as Ajanta Mercantile Limited)	68,741,660	11.00	68,741,660	11.01	68,741,660	11.01
Nalanda India Equity Fund Limited	33,044,930	5.29	33,044,930	5.29	33,044,930	5.29

* Shareholding of Smt. Vinod Gupta includes Nil equity shares of ₹ 1/- each (March 31, 2016 :1,33, 20,000) (April 1, 2015 :1,33, 20,000) for and behalf of M/s Guptajee & Company, a firm in which she is a partner and 1,35,84,000 (March 31, 2016 :1,35,84,000) (April 1, 2015 :1,35,84,000) equity shares of ₹ 1/- each as a legal heir which are under process of transmission.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

(e) Shares reserved for issue under Stock Option

Nil (March 31, 2016: Nil) (April 01, 2015: 90,550) equity shares are reserved for the issue under Employees Stock Option Plan (ESOP) of the Company.

(f) Aggregate number of shares bought back or 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:

(₹ in Crores)

	March 31, 2017 No. of shares	March 31, 2016 No. of shares	April 1, 2015 No. of shares
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash.	-	11,095,000	11,095,000
Equity shares allotted as fully paid up bonus shares by capitalisation of securities premium account and general reserve.	-	311,937,030	311,937,030
Equity shares issued under the Employee Stock Option Plan/ Employee Stock Purchase Plan as part consideration for services rendered by employees	505, 200	332,969	233,130

(B) OTHER EQUITY

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital reserve	7.61	7.61	7.61
Securities premium account	23.77	14.55	11.63
General reserve	748.84	748.84	677.29
Retained earnings	2,470.74	2, 208.08	1,404.34
Currency transaltion reserve	(36.63)	(13.87)	-
Cash flow hedge reserve	-	-	(2.72)
	3,214.33	**2,965.21**	**2,098.15**

(₹ in Crores)

		As at March 31, 2017	As at March 31, 2016
a)	**Capital Reserve**	**7.61**	**7.61**
b)	**Securities Premium Account**		
	Opening balance	14.55	11.63
	Add: Addition on equity shares issued under ESPP	9.22	2.92
		23.77	**14.55**
c)	**General Reserve**		
	Opening balance	748.84	677.29
	Add: Transfer from surplus as per the statement of profit and loss	-	71.55
		748.84	**748.84**
d)	**Retained Earnings**		
	Opening balance	2, 208.08	1,404.34
	Net profit for the year	494.53	1,300.11

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

(₹ in Crores)

		As at March 31, 2017	As at March 31, 2016
	Items of other comprehensive income recognised directly in retained earnings		
	Remeasurement of post employment benefit obligation, net of tax (Item of OCI)	(0.98)	26.36
	Currency translation reserve (Item of OCI)	-	-
	Dividends		
	Interim (Special) dividend ₹ Nil (March 31, 2016 ₹ 3/-) per share of ₹ 1/- each	-	(187.38)
	Final Dividend of ₹ 3/- per share of ₹ 1/- each (March 31, 2016 ₹ 3/- per share)	(187.46)	(187.38)
	Corporate dividend tax paid on final dividend	(38.17)	(76.29)
	Transfer to other reserves		
	Transfer to general reserve	-	(71.55)
	Transactions with owners in their capacity as owners		
	Transaction of acquisition of Non controlling interest in a subsidiary company (refer note no. 32(2) (g))	(5.26)	-
	Transaction cost for issue of shares	-	(0.13)
		2,470.74	**2, 208.08**
f)	**Currency translation reserves**		
	Opening balance	(13.87)	-
	Add: Addition during the year	(22.76)	(13.87)
		(36.63)	**(13.87)**
e)	**Cash flow hedge reserve**		
	Opening balance	-	(2.72)
	Arising during the year	-	2.72
		-	-

14. NON CURRENT FINANCIAL LIABILITIES

(₹ in Crores)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(A)	**BORROWINGS**			
	Term loans from banks (secured)			
	External Commercial Borrowings {refer point (a)}	-	-	41.88
	From Bank {refer point (b) to (e)}	-	1.67	181.93
	Long term maturity of Finance lease obligation	-	-	0.08
		-	**1.67**	**223.89**

Notes:

a) External commercial borrowing was availed from HSBC Bank (Mauritius) Limited in the year 2014. The same has been repaid during the year and secured by following for which the charge created has been satisfied during the year:

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, Uttrakhand.

b) Term loan from banks includes Loan from Itau Bank, Brazil amounting to ₹ Nil (March 31, 2016 : ₹1.67 crores) (April1, 2015 : ₹ 17.12 crores) secured by Trade receivables of Havells Sylvania Brasil Illuminacao Ltda., Brazil repayable in 36 instalments ending 30th September, 2017. Current maturities of said loan is ₹ 0.98 crores which has been shown under liability directly associated with assets held for sale. {refer note no. 32(3)}

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

c) Term loan from banks includes Loan from Standard Chartered Bank amounting to ₹ Nil (March 31, 2016 : ₹ Nil) (April 1, 2015 : ₹ 60.76 crores) secured by pledge of Central warehousing building located in France.

d) Term loan from banks includes secured facility agreement with HSBC Bank Plc, Standard Chartered Bank and ICICI Bank UK Plc for ₹ Nil (March 31, 2016 : ₹ Nil) (April1, 2015: ₹ 104.05 crores) {including revolving facility for ₹ Nil (March 31, 2016 : ₹ Nil) (April 1, 2015: ₹ 16.88 crores)} secured by Plant and property, trade receivables and inventories in France, Germany, Belgium, UK, Netherlands, Argentina, Ecuador, Dubai, Greece, Thailand, Mexico, US, Brazil and Colombia as pledged security against the aforesaid facility. The said loan has been repaid during the year ended March 31, 2016.

e) Term loan from banks includes Loan from State Bank of Mysore amounting to Nil (March 31, 2016 : ₹ Nil), (April 1, 2015 : ₹ Nil) and secured against the hypothecation of motor car. The said loan is repayable in next 10 monthly instalments.

f) Assets acquired under lease are secured by way of respective assets taken on lease carrying an interest rate of 4.96% per annum.

g) Current maturities of above borrowings have been shown under current financial liability (refer note no. 18) as follows :

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
External Commercial Borrowings {refer point (a)}	-	44.40	41.85
From Bank {refer point (b) to (e)}	-	4.00	74.26
Long term maturity of Finance lease obligation	-	-	4.73
	-	**48.40**	**120.84**

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(B) OTHER FINANCIAL LIABILITIES			
Retention money and security deposits	2.01	2.57	0.68
Employee stock purchase plan compensation payable	0.92	0.31	0.64
Provision for derivative instruments	-	-	2.60
	2.93	**2.88**	**3.92**

15. NON CURRENT PROVISIONS

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
i) Provision for employee benefits {refer note no. 32 (10)}			
Gratuity {refer note no. 32 (10) (i)}	0.37	0.34	-
Defined pension benefit and early retirement {refer note no. 32 (10) (ii)}	-	5.30	389.21
Post retirement medical benefit	-	-	5.41
	0.37	**5.64**	**394.62**
ii) Other provisions			
Product warranties {refer note 20 (a)}	9.59	5.96	14.91
Environmental liabilities {refer note 20 (c)}	-	1.07	8.67
	9.59	**7.03**	**23.58**
	9.96	**12.67**	**418.20**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

16. INCOME TAXES

(₹ in Crores)

		As at March 31, 2017	As at March 31, 2016
(a)	**Income tax expense in the statement of profit and loss comprises :**		
	Current income tax charge	**202.29**	218.12
	Adjustment of tax relating to earlier years	(0.05)	(5.77)
	Deferred Tax		
	Relating to origination and reversal of temporary differences	26.52	6.92
	Income tax expense reported in the statement of profit or loss	**228.76**	**219.27**
(b)	**Other Comprehensive Income**		
	Current income tax charge related to Re-measurement (gains)/ losses on defined benefit plans	(1.45)	(1.90)
	Deferred tax charge related to Re-measurement (gains)/ losses on defined benefit plans	-	14.59
	Tax expense related to items recognized in OCI during the year	**(1.45)**	**12.69**
(c)	**Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate :**		
	Accounting Profit before tax from continuing operations	710.93	1,519.72
	Applicable tax rate	34.608%	34.608%
	Computed Tax Expense	**246.04**	**525.94**
	Income on sale of investment resulting in capital loss for tax purpose (refer note below)	-	(310.13)
	Income not considered for tax purpose	(3.82)	(23.89)
	Difference in tax rates in different jurisdictions	(2.59)	(59.03)
	Tax exempt jurisdictions	7.41	(26.39)
	Utilisation of previsously unrecognised losses	-	(25.30)
	Current year unrecognised tax losses	0.57	197.43
	Expense not allowed for tax purpose.	39.44	72.29
	Additional allowances for tax purpose	(58.24)	(125.88)
	Tax relating to earlier years	(0.05)	(5.77)
	Income tax charged to Statement of Profit and Loss at the effective rate of 27.98% (March 31, 2016: 33.34%) (refer point (k) below)	**228.76**	**219.27**

(d) **Deferred tax liabilities comprises :**

(₹ in Crores)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Accelerated Depreciation for Tax purposes		145.12	140.72	130.73
Expenses allowable on payment basis		(13.73)	(6.04)	(32.55)
Allowance for doubtful debts		(4.07)	(3.06)	(2.17)
MAT credit entitlement		-	(32.20)	(10.09)
Others		(8.89)	(8.49)	(6.62)
	(A)	**118.43**	**90.93**	**79.30**

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(e) Deferred tax assets comprises :

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Accelerated Depreciation for Tax purposes	(0.75)	(0.68)	(6.67)
Expenses allowable on payment basis	(0.30)	0.22	6.17
Provision for Loss Allowance	-	-	3.64
Unabsorbed Depreciation and carry forward losses	2.60	0.96	37.80
MAT credit entitlement	-	0.06	6.75
Others	-	0.02	1.78
(B)	**1.55**	**0.58**	**49.47**

(f) Reconciliation of deferred tax liabilities (net)

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016
Opening balance (A-B)	90.36	29.83
(Charged)/ credited during the year		
-to Profit and loss account	26.52	6.92
-to Other comprehensive income	-	14.59
Adjustment on account of acquisition of subsidiary	-	(0.60)
Adjustment on account of deletion of subsidiary	-	39.62
Closing balance	**116.88**	**90.36**

(g) The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

(h) There was unabsorbed capital loss of ₹ 265.54 crores in holding company as on April 1, 2016 with expiry in financial year 2023-24. During the year there was a capital gain of ₹ 19.06 crores on sale of shares of Feilo Exim Limited (erstwhile Havells Exim Limited) and acquisition of part of land at Faridabad. No deferred tax asset has been created on net capital loss of ₹ 246.48 crores by the management due to lack of probability of future capital gain against which such deferred tax assets can be realised. If the Company were able to recognise all unrecognised deferred tax assets, the profit would have increased by ₹ 56.87 crores.

(i) Certain subsidiaries of the group have accumulated losses of ₹ 333.60 crores (March 31, 2016 : ₹ 290.41 crores). The group has not created deferred tax on such carried forward losses since there is no reasonability of recoverability in the near future. If the Group were able to recognise all unrecognised deferred tax assets, the profit would increase by ₹ 103.82 crores {March 31, 2016 : ₹ 88.27 crores}. Further the holding company has unabsorbed capital losses of ₹ 246.48 crores expiring in 2023-24 on account of disposal of interest in subsidiaries on which no deferred tax has been recognised due to lack of probability of future capital gain against which such deferred tax assets can be realised.

(j) During the year the Company has paid dividend to its shareholders for the ended March 31, 2016, This has resulted in payment of corporate dividend tax (CDT) to the taxation authorities. The Company believes that CDT represents additional payment to taxation authority on behalf of the shareholders. Hence CDT paid is charged to equity.

(k) Effective tax rate has been calculated on profit before tax and exceptional items.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

17. OTHER NON CURRENT LIABILITIES

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advanced Rent received	1.64	-	-
	1.64	**-**	**-**

18. CURRENT FINANCIAL LIABILITIES

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(A) BORROWINGS			
Loans repayable on demand (from banks)			
Cash credit/Working Capital Limits (Unsecured)	-	11.31	57.60
Working capital limits(secured) {refer point (a), (b) and (c)}	60.30	9.58	12.06
Other loans (unsecured)			
Commercial paper {refer point (d)}	148.03	-	-
Intercorporate loans {refer point (e)}		63.03	-
	208.33	**83.92**	**69.66**

(a) Working capital demand loan has been availed from Canara bank for a minimum period of 7 days and maximum period upto 1 year and the same is secured by way of:

i) Pari-passu first charge with consortium banks by way of hypothecation on entire stocks of raw materials, semi-finished goods, finished goods, stores and spares, bill receivables, book debts and all movable and other current assets of Havells India Limited.

ii) Pari-passu first charge with consortium banks by way of equitable mortgage of land and building at 14/3, Mathura Road, Faridabad.

iii) Pari-passu second charge with other consortium lenders by way of hypothecation of plant and machinery, generators, furniture and fixtures, electric fans and installations on which first charge was held by HSBC Bank (Mauritius) Limited against External Commercial Borrowings in respect of Havells India limited

(b) Loan availed from Yes Bank Limited amounting to ₹ 10. 28 crores (March 31, 2016 : ₹ 9.58 crores) (April 1, 2015 ₹ Nil) secured against first charge on all the current assets and movable fixed assets of the Promptec Renewable Energy Solutions Private Limited (both present and future) and non-disposable undertaking from Havells India limited to maintain 51% shareholding.

(c) Loan from Banco de Costa Rica of ₹ Nil (March 31, 2016 : ₹ Nil) (April 1, 2015 : 12.06 crores) secured by way of mortgage against land and building in Costa Rica which was paid during the year ended March 31, 2016

(d) The Group has issued commercial papers of ₹ 150 crores in favour of Yes Bank Ltd, which are due for repayment on 16th June 2017. The same has been shown at amortised cost.

(e) Intercorporate loans of ₹ 46.42 crores (March 31, 2016 : ₹ 63.03 crores) (April 1, 2015 : ₹ Nil) are repayable in 1 to 2 years from the closing date of the sale of worldwide sylvania business by Havells Holdings Limited or till date when purchaser completes acquisition of Havells International Limited (within 24 month after closing date), whichever is earlier. These loans are secured by way of a corporate guarantee given by Havells Holding Limited. As at March 31, 2017, these loans have been transferred to liabilities directly associated with the assets classified as held for sale.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

(₹ in Crores)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(B)	**TRADE PAYABLES**			
	Total outstanding dues of creditors other than micro and small enterprises	558.07	467.24	1,026.66
	Total outstanding dues of micro and small enterprises	75.38	33.29	31.56
		633.45	**500.53**	**1,058.22**

* Trade Payables include due to related parties ₹ 2.39 crores (March 31, 2016 : ₹ 0.55 crore) (April 1, 2015 : ₹ 0.95 crore)

* The amounts are unsecured and are usually paid within 120 days of recognition.

* Trade payables are usually non- interest bearing. In few cases, where the trade payables are interest bearing, the interest is settled on quarterly basis.

*For terms and conditions with related parties, refer to Note 32(12)

a) Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for the year ended March 31, 2017 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)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
i)	Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act:			
	Principal	75.38	33.29	31.56
	Interest	-	-	-
ii)	The amount of interest paid by the buyer in terms of section16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-	-
iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	-	-	-
iv)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-	-
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 are Nil (March 31, 2016 : ₹ Nil) (April 1, 2015 : ₹ Nil)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(C) OTHER FINANCIAL LIABILITIES			
Current maturities of long-term borrowings {refer note no. 14(A) (g)}	-	48.40	116.11
Current maturities of finance lease obligation	-	-	4.73
Unpaid dividend {refer point (a)}	2.45	2.44	0.99
Other payables			
ESPP compensation payable	0.73	1.80	1.90
Creditors for capital goods	20.17	14.00	13.49
Trade deposits and retention money	36.58	32.58	30.61
Claims payable	-	-	69.69
Other liabilities			
Payable for services	49.46	45.50	115.39
Payable to banks against receivable buyout facilities (refer point (b))	111.77	91.74	74.72
Sales incentives payable	224.24	140.66	209.93
	445.40	**377.12**	**637.56**

a) Investor Education and Protection Fund is being credited by the amount of unclaimed dividend after seven years from the due date. The Company has transferred ₹ 0.06 crore (March 31, 2016: ₹ 0.04 crore) (April 1, 2015: ₹ 0.03 crore) out of unclaimed dividend pertaining to the financial year 2008-09 and 2009-10 to Investor Education and Protection Fund of Central Government in accordance with the provisions of section 205C of the Companies Act,1956.

b) Monies collected on behalf of banks and remitted after the balance sheet date.

19. OTHER CURRENT LIABILITIES

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Revenue received in advance			
Advances and progress payments from customers	14.70	9.78	9.53
Rent received in advance	-	1.25	-
Others			
Excise duty payable (refer point below)	18.08	15.83	12.12
Other statutory dues payable	78.42	64.71	146.92
	111.20	**91.57**	**168.57**

Note: The Group has made a provision of excise duty payable amounting to ₹ 18.08 crores (March 31, 2016 : ₹ 15.83 crores) (April 1, 2015 : ₹ 12.21 crores) on stocks of finished goods and scrap material at the end of the year except units which are exempt from excise duty. Excise duty is considered as an element of cost at the time of manufacture of goods.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

20. CURRENT PROVISIONS

(₹ in Crores)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
i)	**Provision for employee benefits**			
	Gratuity {refer note no. 32(10)}	13.18	11.83	10.78
		13.18	**11.83**	**10.78**
ii)	**Other provisions**			
	Product warranties {refer point (a)}	72.24	59.76	57.35
	Litigations {refer point (b)}	24.99	41.11	43.53
	Other provisions	-	-	1.08
	Environmental Liabilities {refer point (c)}	-	-	1.06
		97.23	**100.87**	**103.02**
		110.41	**112.70**	**113.80**

a) Provision for warranties

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

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At the beginning of the year	65.72	72.26	54.04
Arising during the year	100.37	115.52	94.31
Utilized during the year	(83.84)	(94.52)	(71.24)
Transfer on account of disposal of subsidiaries/ assets held for sale	-	(20.37)	-
Unwinding of discount	(0.42)	0.71	(1.47)
Exchange loss/(gain) during the year	-	(7.88)	(3.38)
At the end of the year	**81.83**	**65.72**	**72.26**
Current portion	72.24	59.76	57.35
Non-current portion (refer note no. 15)	9.59	5.96	14.91

b) Provision for litigations

i) During the financial year 2010-11, the Central Excise Department, Jalandhar raised a penalty demand for ₹ 0.10 crore (March 31, 2016 : ₹ 0.10 crore) (April 1, 2015 : ₹ 0.10 crore) towards differential excise duty on finished goods sold by the branches at higher selling price. The Group is contesting the same before the Central Excise and Service Tax Appellate Tribunal (CESTAT). A provision of ₹ 0.10 crore (March 31, 2016 : ₹ 0.10 crore) (April 1, 2015 : ₹ 0.10 crore) has been made towards the liability on this account.

ii) During the year the Group has made a provision of ₹ 3.97 crores (March 31, 2016: ₹ Nil) including interest of ₹ 0.98 crore on account of disallowance of input tax credit on consumbales and packing material in respect of financial years 2008-09 to 2016-17 for ongoing litigation in the state of Uttrakhand.

iii) During the year the Group has made a provision of ₹ 3.48 crores (March 31, 2016: ₹ Nil) towards disputed credit taken in respect of entry tax for the period from 2008-09 to 2015-16.

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iv) The Group has challenged the constitutional validity of levy of entry tax in few states which are pending before the respective high courts. During the year a provision of ₹ 5.84 crores (March 31, 2016: ₹ 6.66 Crores) (April 1, 2015 ₹ 6.32 Crores) has been made on this account and the liability as on March 31, 2017 is ₹ 17.42 Crores (March 31, 2016: ₹ 20.17 Crores) (April 1, 2015: ₹ 13.51 Crores)

v) A demand of ₹ 0.06 crore (March 31, 2016 : ₹ 0.06 crore) (April 1, 2015 : ₹.06 crore) was raised by the Income Tax Department for the financial year 2003-04. The same is being contested before the ITAT, New Delhi. However, the Group expects the liability of ₹ 0.02 crore (March 31, 2016 : ₹ 0.02 crore) (April 1, 2015 : ₹ 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, 2017	As at March 31, 2016	As at April 1, 2015
At the beginning of the year	41.11	43.53	60.62
Arising during the year	19.52	9.18	6.32
Utilized during the year	(9.78)	(4.46)	(17.21)
Transfer on account of disposal of subsidiaries/ assets held for sale	(25.86)	(10.22)	-
Exchange (gain)/ loss during the year	-	3.08	(6.20)
At the end of the year	**24.99**	**41.11**	**43.53**
Current portion	24.99	41.11	43.53

vi) In case of Group companies, litigations provisions, are related to Labour claim and Sales Tax dispute in Brazil. The liability as on date is ₹ 25.86 crores (March 31, 2016 : 20.82 crores) (April 1, 2015 : ₹ 29.84 crores) which has been transferred to liabilities held for sale. {refer note 32(3)}

c) Environmental Liabilities

The environment liabilities relate to clean up and remediation cost of water contamination for the factory located in Belgium and for the site located in Mullins, US. As at March 31, 2017, the balance environmental liabilities relate to site located in US only and has been transferred to liabilities directly associated with Assets held for sale. {refer note 32(3)}

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At the beginning of the year	1.07	9.73	13.14
Arising during the year	5.33	-	-
Utilized during the year	-	(1.12)	(1.25)
Transfer on account of disposal of subsidiaries/ assets held for sale	(6.40)	(8.34)	-
Exchange loss/(gain) during the year	-	0.80	(1.43)
Unwinding of discount	-	-	(0.73)
At the end of the year	**-**	**1.07**	**9.73**
Current portion	-	-	1.06
Non-current portion (refer note no. 15)	-	1.07	8.67

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

d) **Other Provisions**

The group has incurred restructuring costs of ₹ 33.70 crores during the previous year in Germany and Colombia to rationalize the workforce at these locations.

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At the beginning of the year	-	1.08	1.43
Arising during the year	-	33.70	2.12
Utilized during the year	-	(20.41)	(2.21)
Transfer on account of disposal of subsidiaries/ assets held for sale	-	(15.01)	-
Exchange loss/(gain) during the year	-	0.64	(0.26)
At the end of the year	**-**	**-**	**1.08**

21. CURRENT TAX LIABILITIES

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Income Tax (net of advance tax and Tax Deducted at Source)	66.38	71.05	40.82
Wealth Tax		-	0.06
	66.38	**71.05**	**40.88**

22. REVENUE FROM OPERATIONS

(₹ in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
Sale of products (Including excise duty)	6558.02	7,972.42
Sale of Services	6.85	0.12
	6,564.87	**7,972.54**
Other operating revenues		
Scrap sales (including excise duty)	39.87	34.15
Export Incentive	8.22	7.66
Revenue from operations (gross)	**6,612.96**	**8,014.35**

Note: Excise duty collected from customers included in sale of products amounted to ₹ 454.80 crores (March 31, 2016 : ₹ 399.52 crores) and scrap sales amounts to ₹ 2.40 crores (March 31, 2016: ₹ 2.27 crores). sales of products net of excise duty ₹ 6,103.22 crores (March 31, 2016: ₹ 7,572.90 crores) and scrap sale net of excise duty ₹ 37.47 crores (March 31, 2016: ₹ 31.88 crores).

23. OTHER INCOME

(₹ in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
Interest received on financial assets carried at amortised cost		
Bank deposits	87.08	48.69
Bonds	11.02	2.38
Others	1.09	2.06
Other non-operating income		
Exchange fluctuations (net)	17.38	-
Excess provisions no longer required written back	7.69	8.27
Provision for doubtful receivables written back	2.63	1.16
Miscellaneous income (net)	4.55	23.86

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(₹ in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
Rental Income	5.85	-
Government assistance for refund for sales tax	0.32	-
Measurement of Financial assets/liabilities at amortised cost	0.15	0.01
Discounting of non current provisions	0.42	0.21
	138.18	**86.64**

24. COST OF MATERIALS CONSUMED

(₹ in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
Copper	933.16	901.37
Aluminium	518.77	464.13
General plastic	172.85	180.09
Paints and chemicals	261.20	209.11
Steel	138.27	130.64
Engineering plastic	53.97	63.29
Packing materials	166.62	164.25
Others	1,083.78	1,098.35
	3,328.62	**3,211.23**

25. PURCHASE OF TRADED GOODS

(₹ in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
Switchgears	58.37	58.32
Lighting and fixtures	156.31	953.94
Electrical consumer durables	223.49	224.40
	438.17	**1,236.66**

26. CHANGE IN INVENTORIES OF FINISHED GOODS, TRADED GOODS AND WORK-IN-PROGRESS

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	(Increase)/ Decrease
Inventories at the end of the year			
Finished goods	491.37	405.84	(85.53)
Traded goods	123.58	142.06	18.48
Work in progress	79.91	67.06	(12.85)
Scrap materials	2.35	3.41	1.06
	697.21	**618.37**	**(78.84)**
Less : Inventories directly associated with disposal group			(34.73)
Net Change in inventories of finished goods, traded goods and work-in-progress {(Increase)/ Decrease}			**(113.57)**

(₹ in Crores)

	March 31, 2016	April 1, 2015	(Increase)/ Decrease
Inventories at the beginning of the year			
Finished goods	405.84	451.27	45.43
Traded goods	142.06	547.12	405.06
Work in progress	67.06	54.80	(12.26)
Scrap materials	3.41	4.09	0.68

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(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	(Increase)/ Decrease
	618.37	**1,057.28**	**438.91**
Add : Adjustment on account of acquisition of subsidiary (refer note no. 32(2))			1.80
Less : Adjustment on account of disposal of subsidiary (refer note no. 32(1))			(513.67)
Net Change in inventories of finished goods, traded goods and work-in-progress {(Increase)/ Decrease}			**(72.96)**

27. EMPLOYEE BENEFITS EXPENSES

(₹ in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, wages, bonus, commission and other benefits	456.52	718.83
Contribution towards PF, Family Pension and ESI	23.04	136.59
Employee stock option expense {refer note no. 32(13) (b) & (c)}	6.96	1.70
Gratuity & Pension expense {refer note no. 32(10)}	9.00	14.92
Staff welfare expenses	13.49	23.96
	509.01	**896.00**

28. FINANCE COSTS

(₹ in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
Interest expense	10.23	44.93
Bank charges	2.39	5.12
Interest expense on Financial Liability valued at amortised cost	-	0.08
Exchange difference to the extent considered as an adjustment to borrowing cost	0.56	4.19
Miscellaneous financial expenses	0.16	0.05
	13.34	**54.37**

29. DEPRECIATION AND AMORTISATION EXPENSES

(₹ in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation of tangible assets {refer note 3}	114.04	130.84
Amortisation of intangible assets {refer note 5}	4.31	3.56
Depreciation of Investment Property {refer note 4}	2.16	-
	120.51	**134.40**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

30. OTHER EXPENSES

(₹ in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
Consumption of stores and spares	37.73	41.30
Power and fuel	75.52	80.87
Job work and installation charges	181.84	167.12
Increase / (Decrease) in excise duty in inventory of finished goods and scrap	6.68	6.78
Rent	46.33	75.76
Repairs and maintenance:		
Plant and machinery	13.11	26.20
Buildings	3.05	13.73
Others	22.43	24.44
Rates and taxes	3.23	35.60
Insurance	11.16	19.53
Trade mark fee and royalty	0.37	40.34
Travelling and conveyance	79.66	107.98
Communication expenses	11.61	21.77
Legal and professional charges	13.92	45.69
Payment to Auditors		
As Auditors:		
Audit fee	1.63	9.05
Tax audit fee	0.06	0.05
In other capacity	0.71	0.07
Reimbursement of expenses	0.07	2.41
Contribution towards Corporate Social Responsibility (CSR) {refer note no. 32(14)}	13.37	11.48
Directors sitting fees	0.39	0.32
Exchange fluctuations (net)	-	38.84
Freight and forwarding expenses	222.72	252.13
Service tax and custom duty paid	25.60	18.89
Advertisement and sales promotion	190.70	245.02
Commission on sales	52.79	58.84
Product warranties and after sales services (net of reversals)	100.37	115.52
Claims and damages	-	-
Trade receivables factoring charges	28.59	36.64
Loss on sale/ discard of fixed assets (net)	1.45	1.45
Bad debts written off	2.68	1.81
Impairment allowance for trade receivables considered doubtful	6.00	33.96
Miscellaneous expenses	21.59	50.04
	1,175.36	**1,583.63**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

31. COMMITMENTS AND CONTINGENCIES

(₹ in Crores)

		As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
A	**Contingent liabilities (to the extent not provided for)**			
a	Claims / Suits filed against the Group not acknowledged as debts	5.68	5.61	5.21
b	Liability towards banks against receivable buyout facilities {refer point (i)}	-	132.50	106.30
c	Bonds to excise department against export of excisable goods / purchase of goods without payment of duty (to the extent utilised)	0.69	0.53	3.30
d	Disputed tax liabilities in respect of pending cases before appellate authorities {Amount deposited under protest ₹ 22.08 crores (March 31, 2016: ₹ 19.05 crores) (April 1, 2015: ₹ 20.65 crores)} {refer point (ii)}	68.10	100.55	100.80
e	Demand raised by Uttarakhand Power Corporation Limited contested before Hon'ble High Court of Uttarakhand, Nainital {Amount deposited under protest ₹ 1.00 crore (March 31, 2016: ₹ 1.00 crore) (April 1, 2015 : ₹ 1 crore)}	1.00	1.00	1.00
f	Custom duty payable against export obligation {refer point (iii)}	8.57	8.88	12.14

Notes:

i) a) The holding company has availed Receivable Buyout facility from banks against which a sum of ₹ 445.38 crores (March 31, 2016: ₹ 438.35 crores) (April 1, 2015 : ₹ 418.77 crores) has been utilized as on the date of Balance Sheet. The holding company has assigned all its rights and privileges to the bank and there is no recourse on the holding company. Accordingly the amount of utilization has been reduced from trade receivable. A sum of ₹ 28.59 crores (March 31, 2016: ₹ 29.42 crores) on account of charges paid for this facility has been debited to the trade receivables factoring charges account.

b) The Group has arranged Channel Finance facility for its customers from banks against which a sum of ₹ 424.13 crores (March 31, 2016: ₹ 370.64 crores) (April 1, 2015 : ₹ 371.94 crores) has been utilized as on the date of Balance Sheet and correspondingly, the trade receivables stand reduced by the said amount as there is no recourse on the Group.

ii) The various disputed tax litigations are as under :

(₹ in Crores)

Sl.	Description	Period to which relates	Disputed amount March 31, 2017	Disputed amount March 31, 2016	Disputed amount April 1, 2015
a)	**Excise / Customs / Service Tax**				
	Show cause notices / demands raised by Excise and Custom department pending before various appellate authorities.	2003-04 to 2014-15	3.65	19.41	30.21
b)	**Income Tax**				
	Disallowances / additions made by the income tax department pending before various appellate authorities.	2004-05 to 2013-14	45.27	40.28	42.33

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

(₹ in Crores)

Sl.	Description	Period to which relates	Disputed amount March 31, 2017	March 31, 2016	April 1, 2015
c)	**Sales Tax / VAT**				
	Show cause notices / demands raised by Sales tax / VAT department pending before various appellate authorities	2005-06 to 2015-16	19.03	40.59	28.11
d)	**Others**				
	Demand of local area development tax by the concerned authorities.	2001-02	0.12	0.12	0.12
	Demand of octroi alongwith penalty in the state of Maharashtra by the concerned authorities.	2010-11	0.03	0.03	0.03
	Demand of Advertisement Tax by Municipal Corporation of Indore, M.P.	2014-15	-	0.12	-
			68.10	**100.55**	**100.80**

The Group is contesting the demands and the management, including its tax advisors, believe that its position will likely to be upheld in the appellate process and accordingly no provision has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Group's financial position and results of operations.

iii) a) The Group has fulfilled its 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 Group is yet to file Export Obligation Discharge Certificates (EODC) worth ₹ 64.05 crores (March 31, 2016: ₹ 64.05 crores) (April 1, 2015: ₹ 68.39 crores) with the Director General Foreign Trade (DGFT) within the stipulated time. Custom duty payable against said obligation is ₹ 8.00 crores (March 31, 2016: ₹ 8.00 crores) (April 1, 2015: ₹ 8.55 crores).

b) The Group has fulfilled its obligation to export goods in respect of duty free imports made by the Group against Advance Licenses. As on the date of balance sheet, the Group is yet to file Export Obligation Discharge Certificates (EODC) worth ₹ 9.76 crores (March 31, 2016: ₹ 13.23 Crores) (April 1, 2015: ₹ 55.48 crores) with the Director General Foreign Trade (DGFT) within the stipulated time. Custom duty payable against said obligation is ₹ 0.57 crore (March 31, 2016: ₹ 0.88 crore) (April 1, 2015: ₹ 3.59 crores).

B Commitments

(₹ in Crores)

		March 31, 2017	March 31, 2016	April 1, 2015
a)	Estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	20.77	21.21	63.87
b)	Corporate Social Responsibility commitment to Ashoka University, Haryana.	-	3.00	6.00
		20.77	**24.21**	**69.87**

C Undrawn committed borrowing facility

(a) The Havells India Ltd has availed working capital limits amounting to ₹ 200 crores 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 Hong Kong and Shanghai Banking Corporation Limited. An amount of ₹ 150 crores remain undrawn as at March 31, 2017. Working capital limit availed is secured by way of:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

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

ii) pari-passu first charge with consortium banks by way of equitable mortgage of land and building at 14/3, Mathura Road, Faridabad.

iii) pari-passu second charge with consortium lenders by way of hypothecation of plant and machinery, generators, furniture and fixtures, electric fans and installations on which first charge was held by HSBC bank (Mauritius) Limited against External Commercial Borrowings.

(b) The Havells India Limited has a debit balance in cash credit accounts as on the date of balance sheet except in case of Canara Bank where the company has availed a working capital demand loan of ₹ 50 crores represented under borrowing. (refer note no. 18(A))

(c) The Promptec Renewable Energy Solutions Private Limited has availed working capital limits amounting to ₹ 10.28 crores from Yes Bank Limited. An amount of ₹ 9.72 crores remain undrawn as at March 31, 2017. The Working capital limit from Yes Bank is secured by way of:

i) Whole of the Current Assets of the Company's stocks including raw material, semi-finished and finished goods, stores and spares relating to plant and machinery (consumable stores and spares), Bills receivables and book debts and all other receivables and movables (both present and future).

ii) Whole of the Moveable Fixed Assets of the Company.

iii) All the book debts and receivables (both present and future) of the Company including outstanding monies receivable claims and bills which are now due and owing or which may at any time hereafter during the continuance of this security become due and owing to the Company in the course of its business. Non-disposable undertaking from Havells India Limited to maintain 51% shareholding in the Company.

D Other Litigations

(i) The Group has some entry tax and other tax related litigation of ₹ 50.85 crores (March 31, 2016: ₹ 41.11 crores) (April 1, 2015 : ₹ 43.53 crores) against which liability has been assessed as probable and adequate provisions have been made with respect to the same. Out of this liability, ₹ 25.86 crores pertaining to Brazil has been classified to disposal group {refer note no. 20(b) and 32(3)}.

(ii) Various litigation claims are ongoing against the Group as on March 31, 2017 out of which claim amounting to ₹ 50.63 crores (March 31, 2016 : ₹ 46.42 crores) (April 1, 2015 : ₹ 45.34 crores) are considered remote by the group. Accordingly the same are not considered in the above contingent liability disclosure.

E Leases

Operating lease commitments-Group as lessee

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 Group by entering into these leases and there are no subleases. The Annual increments are expected to be in line with the expected general inflation to compensate the lessor for the expected inflationary cost increase.

b) The Group has also taken few commercial premises under non-cancellable operating leases. There are no restrictions placed upon the Group 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:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(₹ in Crores)

	March 31, 2017	March 31, 2016	April 1, 2015
(i) not later than one year	11.81	6.64	30.18
(ii) later than one year and not later than five years	11.25	8.21	50.05
(iii) later than five years	-	-	49.57
Total Minimum Lease Payments	**23.06**	**14.85**	**129.80**
Lease payments recognised in the statement of profit and loss as rent expense for the year	46.33	75.76	

c) The Group has taken land and building on finance lease in Germany. The Lease have terms of renewal and bargain purchase option. The lease have been transferred on disposal of subsidiaries. The future Minimum Lease Payments (MLP) under finance lease together with the present value of the net MLP are as follows:

(₹ in Crores)

	March 31, 2017		March 31, 2016		April 1, 2015	
	MLP	Present Value of MLP	**MLP**	Present Value of MLP	**MLP**	Present Value of MLP
(i) not later than one year	-	-	-	-	5.14	4.72
(ii) later than one year and not later than five years	-	-	-	-	0.09	0.08
(iii) later than five years	-	-	-	-	-	-
Total Minimum Lease Payments	**-**	**-**	**-**	**-**	**5.23**	**4.80**
Less: amounts representing finance charges	-	-	-	-	0.43	-
Present value of Minimum Lease Payments	**-**	**-**	**-**	**-**	**4.80**	**4.80**

(d) During the previous year, the sublease of Germany was transferred on disposal of subsidiary. The sublease had expired on 28th February, 2016. Annual amount receivable under sublease are as follows:

(₹ in Crores)

	March 31, 2017	March 31, 2016	April 1, 2015
(i) not later than one year	-	-	2.01
(ii) later than one year and not later than five years	-	-	-
(iii) later than five years	-	-	-
	-	**-**	2.01

Amount recognised in income statement for the year ended March 31, 2017 is ₹ Nil (March 31, 2016 is ₹ 1.46 crores) (April 1, 2015 is ₹ 2.51 crores).

Operating lease commitments-Group as lessor

a) During the year, the Group has entered into a sub-lease agreement to sublet a property situated at Kasna, Noida, which is considered as “Investment Property”. The lease agreement is executed on May 12, 2016.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

b) The said lease is for a term of four years nine months and 18 days w.e.f May 12, 2016 upto February 28, 2021 for the purpose of setting up its manufacturing unit and the annual increments are expected to be in line with the expected general inflation to compensate the lessor for the expected inflationary cost increase. The lease include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The total rent recognised as income during the year is ₹ 5.85 crores (March 31, 2016 : ₹ Nil).

Present value of minimum rentals receivable under non-cancellable operating leases as at March 31, 2017 are, as follows:

(₹ in Crores)

	March 31, 2017	March 31, 2016	April 1, 2015
(i) Within one year	6.38	-	-
(ii) After one year but not more than five years	17.41	-	-
(iii) More than five years	-	-	-
Present Value of Minimum Lease Payments	**23.79**	-	-

(c) Unearned Finance Income 5.33

(d) As per the terms of the agreement, the lessee shall restore the leased premise to its original condition on termination of the agreement.

F Contingent Assets

The Government of India vide its office memorandum dated April 01, 2007 has announced fiscal incentives and concessions for North East Region viz. the NEIIP 2007. Incentives were available to all industrial units commencing their operations in this area by specified date. The Group has set up a plant in Guwahati and started production during the year. A subsidy of 30% of total investment in Plant and Machinery was available as capital investment subsidy. Subsidy will be disbursed after fulfilment of specified conditions and submission of application to the Government. Subsidy will be granted once the agency appointed by Government completes its verification and issues order in this regard. The Group has invested total sum of ₹ 5.85 crores (Excluding Pre-Operative expenses) in Plant and Machinery and is accordingly eligible for subsidy. The company is in process of making an application for claim of subsidy and expects that an amount of ₹ 1.76 crores will be sanctioned by Government in this regard on submission of application and approval accorded by the competent authority.

32. OTHER NOTES ON ACCOUNTS

1 Divestment of Interest in Subsidiaries, Joint Ventures and Associates

a) Pursuant to the shareholders agreement entered on 18th January 2016 between INESA UK Limited and Havells Holding Limited (a company's subsidiary) for divestment of stake in Feilo Malta Limited (earlier known as Havells Malta Limited); both the parties have reached to a consensus to divest remaining stake of 20% in Feilo Malta Limited (FML) and accordingly the Board of Directors of the Company have approved the following transaction:

(i) Divest the remainder 20% stake of FML for a consideration of Euro 34.5 million (₹ 238.90 crores)

(ii) Divest 100% stake in Havells Sylvania Thailand Limited for a consideration aggregating to Euro 1.6 Million (₹ 11.08 crores)

(iii) Terminate joint venture agrement with Jiangsu Havells Sylvania Lighting Company (JV) Limited, a 50:50 joint venture of the Company and Shanghai Yaming Lighting Company Limited, an affiliate of FEILO and liquidation of its business as agreed between both partners, it is expected that liquidation of JV would realise Euro 2.3 Million (₹16.21 crores) for 50% of Company share.

(iv) An orderly closure of its remaining international operations of Sylvania business.

(b) During the current year, the Group completed the sale of 100% stake in its wholly owned subsidiary Feilo Exim Limited (erstwhile Havells Exim Limited), Hong Kong for a total sale consideration of ₹ 94.84 crores to Shanghai Feilo Acoustics Co. Ltd. (FEILO), of which 80% was completed during the year ended March 31, 2016.

(c) The Group has incurred restructuring costs of ₹ Nil (March 31, 2016 : ₹ 33.70 crores (Euro 4.76 million)) in Germany and Columbia to rationalize the workforce at these locations and the same has been treated as exceptional item.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

(d) Resultant from above, the total exceptional items disclosed in the statement of Profit and Loss is as under:

(₹ in Crores)

		Year ended March 31, 2017	Year ended March 31, 2016
i)	Gain associated with loss of control in Feillo Malta Limited (earlier known as Havells Malta Limited)	-	828.91
ii)	Gain associated with loss of control in Feilo Exim Limited (erstwhile Havells Exim Limited)	-	66.89
iii)	Restructuring cost incurred	-	(33.70)
iv)	JV (Jiangsu Havells Sylvania Lighting Co., Limited) classified as held for sale measured at fair value less cost to sell	(14.66)	-
v)	Loss on account of closure of international business	(92.14)	-
		(106.80)	**862.10**

2. Business combinations and acquisition of non-controlling interests

(a) The Group had entered into a share subscription cum purchase agreement dated April 21, 2015 to acquire 51.18 % stake in 'Promptec Renewable Energy Solutions Private Limited' having its registered office at Bengaluru, Karnataka for a consideration of ₹ 29.12 crores. The said Company is engaged in marketing and manufacturing of LED products including street lighting, office lighting and solar lighting. By virtue of this, the Promptec Renewable Energy Solutions Private Limited has become a subsidiary of the Group with effect from April 21, 2015.

(b) The Group has elected to measure the non-controlling interests in the acquiree at propotionate share in net assets on acquisition date.

Assets acquired and liability assumed

The fair values of the identifiable assets and liabilities of Promptec Renewable Energy Solutions Private Limited as at the date of acquisition were:

(₹ in Crores)

	April 1, 2015
Assets	
Property, Plant and Equipment	3.42
Intangibles Assets (Branch and Customer contracts)	13.48
Financial assets	
(i) Trade receivables	8.20
(ii) Cash and bank balance	12.61
(iii) Others financial assets	0.42
Inventories	11.57
Deferred tax assets {refer note (c)}	0.60
Other assets	0.75
	51.05
Liabilities	
Financial Liabilities	
(i) Borrowings	10.82
(ii) Trade payables	8.02
(ii) Other financial liabilities	0.94
Provisions	0.31
Other liabilities	0.79
	20.88

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

(₹ in Crores)

	April 1, 2015
Total identifiable net assets at fair value	30.17
Non-controlling interests measured at propotionate share in net assets on the date of acquisition	14.73
Goodwill arising on acquisition	13.68
Purchase consideration	29.12
Analysis of cash flows on acquisition	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	12.61
Transaction costs attributable to issuance of shares (included in cash flows from financing activities, net of tax)	(0.26)
Net cash flow on acquisition	**12.35**

(c) The deferred tax liability mainly comprises the tax effect of the accelerated depreciation for tax purposes of tangible assets and deferred tax assets created on Unabsorbed Depreciation and carried forwarded tax losses.

(d) The goodwill of ₹ 13.68 comprises the value of expected synergies arising from the acquisition. Goodwill is allocated entirely to the Lighting segment. None of the goodwill recognised is expected to be deductible for income tax purposes.

(e) The Consideration for acquisition was discharged by way of cash.

(f) The attributable costs of the issuance of the shares of ₹ 0.26 crores have been charged directly to equity.

g) **Acquisition of additional interest in Promptec Renewable Energy Solutions Private Limited**

On June 16, 2016, the Group acquired an additional 17.75% interest in Promptec Renewable Energy Solutions Private Limited increasing its ownership interest to 68.92%. Cash consideration of ₹ 10.67 crores (Including stamp duty of ₹ 0.03 crore) was paid to Non controlling shareholders. The carrying value of the total non-controlling interest at the date of further acquisition was ₹ 14.88 crores, while carrying value of additional interest acquired was ₹ 5.41 crores.

(₹ in Crores)

Cash Consideration paid to non-controlling shareholders	10.67
Carrying value of the additional interest in Promptec Renewable Energy Solutions Private Limited	5.41
Difference recognized in Capital reserve with in Equity	**5.26**

3. **Discontinued operations**

(a) Group had retained four subsidiaries located in Brazil, USA, Chile and Thailand after sale of 80% of its shareholding in Feilo Malta Limited (earlier known as Havells Malta Ltd) to Shanghai Feilo Acoustics Co. Ltd. (FEILO) on Dec. 10, 2015 and Interest in a joint venture. In order to continue its focus in Indian territory, Group decided to discontinue its operations for these four subsidiaries and joint venture and accordingly same were classified as a disposal group held for distribution and as discontinuing operations. The results of these discontinued operations for the year are presented as below:

(b) (i) The financial performance and cash flow information for Disposal group is given as below :

(₹ in Crores)

Particulars	Year ended March 31, 2017
Revenue	174.66
Expenses	162.72
Profit before income tax	11.94
Income tax expense	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

(₹ in Crores)

Particulars	Year ended March 31, 2017
Profit after income tax	11.94
Add: Profit/ (loss) from share of joint venture (net of tax)	-
Profit from discontinued operation	**11.94**
Re-measurement (gains)/ losses on defined benefit plans	1.76
Exchange difference on translation of foreign operations	(3.36)
Other comprehensive income from discontinued operation	**(1.60)**
Total comprehensive income from discontinued operation	**10.34**
Net Cash inflow (outflow) from Operating activities	1.06
Net Cash inflow (outflow) from Investing activities	(0.90)
Net Cash inflow (outflow) from Financing activities	(2.49)
Net Cash used in discontinued operations	**(2.33)**

(ii) The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation are given below:

(₹ in Crores)

Particulars		Year ended March 31, 2017
Property, plant and equipment		
Plant and machinery retired from active use		0.06
Investment in associate company (unquoted)		
Feilo Malta Limited (formerly known as Havells Malta limited) {refer note no. 32(1)(a)} 2,82,51,603 (March 31, 2016 : 2,82,51,603) (April 1, 2015: Nil) Equity Shares of Euro 1 each fully paid up		238.90
Investment in joint venture (unquoted)		
Jiangsu Havells Sylvania Lighting Co., Limited {refer note no. 32(1)(a)(3)} (50% contribution in paid in capital)		16.19
Disposal group		
Property, plant and equipment (net)	0.79	
Trade receivables	49.76	
Other current assets	51.09	
Total Assets of disposal group held for sale		**101.64**
Liabilities directly associated with assets classifeid as held for sale		
Trade payables	23.21	
Other current liabilities	152.07	
Total liabilities of disposal group held for sale		**175.28**

4. **Individually Immaterial Joint Venture**

Group has interest in the following individually immaterial Joint Venture

(₹ in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016	Year ended April 1, 2015
Aggregate carrying amount of individually immaterial Joint Venture	16.19	35.62	34.05
Aggregate amounts of the groups's share of			
Profit/(loss) from continuing operations	(4.77)	1.75	NA
Post-tax profit or loss from discontinued operations	-	-	NA
Other comprehensive Income	-	(0.18)	NA
Total Comprehensive Income	**(4.77)**	**1.57**	**-**

Post sale of 80% equity stake in Feilo Malta Limited (earlier known as Havells Malta Limited) and Feilo Exim Limited (erstwhile Havells Exim Limited) on December 31, 2016, the group hold the remaining stake of 20% in these entities as investment in associate accounted in accordance with IND AS 28 “Investments in Associates and Joint Ventures” and classified as held for sale in accordance with IND AS 105 “Non-current Assets Held for Sale and Discontinued Operations”.

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5. **Statutory Group information**

The Consolidated financial statement of the group includes subsidiaries, associates and joint venture are mentioned below :

(₹ in Crores)

S. No.	Name of the entity	Country of incorporation	Nature	Ownership interest held by the group	Year Ended	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other Comprehensive Income		Share in Total Comprehensive income	
						As % of consolidated Net Assets	Amount (₹ in crores)	As % of consolidated profit or loss	Amount (₹ in crores)	As % of consolidated comprehensive Income	Amount (₹ in crores)	As % of consolidated comprehensive Income	Amount (₹ in crores)
(I)	**Parent**												
1	Havells India Limited	India	Parent Company		Mar 31, 2017	92.47%	3038.52	117.72%	581.69	11.58%	-2.75	123.08%	578.94
					Mar 31, 2016	97.95%	2980.27	108.14%	1406.34	-23.54%	-3.58	106.62%	1402.76
					April 01, 2015	78.61%	1698.49						
(II)	**Foreign Subsidiaries having no minority interests**												
1	Havells Holdings Limited	Isle of Man	WOS	100%	Mar 31, 2017	8.22%	270.22	-4.33%	-21.4	18.11%	-4.3	-5.46%	-25.70
				100%	Mar 31, 2016	1.29%	39.32	-0.14%	-1.77	-93.43%	-14.21	-1.21%	-15.98
				100%	April 01, 2015	0.01%	0.16						
2	Havells International Limited	Malta	WOS	100%	Mar 31, 2017	0.16%	5.21	-2.17%	-10.74	63.61%	-15.1	-5.49%	-25.84
				100%	Mar 31, 2016	-0.01%	-0.18	-0.02%	-0.20	0.00%	0	-0.02%	-0.20
				100%	April 01, 2015	0.00%	0.00						
3	Havells Sylvania Iluminacion (Chile) Ltda	Chile	WOS of Havells Holdings Limited	100%	Mar 31, 2017	0.00%	0.00	-0.01%	-0.04	-0.17%	0.04	0.00%	0.00
				100%	Mar 31, 2016	-0.13%	-3.88	-1.68%	-21.80	22.35%	3.4	-1.40%	-18.40
				100%	April 01, 2015	1.25%	26.93						
4	Havells USA Inc.	USA	WOS of Havells Holdings Limited	100%	Mar 31, 2017	-0.26%	-8.44	-0.14%	-0.67	-1.18%	0.28	-0.08%	-0.39
				100%	Mar 31, 2016	-0.42%	-12.81	-3.04%	-39.52	-70.94%	-10.79	-3.82%	-50.31
				100%	April 01, 2015	2.24%	48.37						
5	Havells Sylvania (Thailand) Limited	Thailand	49% held by Havells International Limited and 51% held by Thai Lighting Assets Co Ltd	100%	Mar 31, 2017	0.38%	12.34	1.38%	6.80	-6.70%	1.59	1.78%	8.39
				100%	Mar 31, 2016	0.19%	5.77	-2.76%	-35.92	-4.73%	-0.72	-2.78%	-36.64
				100%	April 01, 2015	1.33%	28.78						
6	Havells Sylvania Brasil Illuminacao Ltda.	Brazil	WOS of Havells International Limited	100%	Mar 31, 2017	-2.34%	-76.97	-11.20%	-55.35	14.66%	-3.48	-12.51%	-58.83
				100%	Mar 31, 2016	-1.10%	-33.43	-3.44%	-44.71	57.13%	8.69	-2.74%	-36.02
				100%	April 01, 2015	0.22%	4.80	0.00%	-				
7	Feilo Exim Limited (erstwhile Havells Exim Limited)	Hong Kong	Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.36%	4.62	0.00%	0	0.35%	4.62
				100%	April 01, 2015	0.37%	7.92	0.00%	-	-6.23%	1.48		1.48
8	Feilo Malta Limited (earlier known as Havells Malta Limited)	Malta	Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.24%	3.11	12.23%	1.86	0.38%	4.97
				100%	April 01, 2015	0.30%	6.39	0.00%	-				
9	Havell's Netherlands Holding B.V.	Netherlands	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	1.59%	20.70	0.00%	0	1.57%	20.70
				100%	April 01, 2015	-3.66%	-79.13	0.00%	-				

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(₹ in Crores)

S. No.	Name of the entity	Country of incorporation	Nature	Ownership interest held by the group	Year Ended	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other Comprehensive Income		Share in Total Comprehensive income	
						As % of consolidated Net Assets	Amount (₹ in crores)	As % of consolidated profit or loss	Amount (₹ in crores)	As % of consolidated comprehe-nsive Income	Amount (₹ in crores)	As % of consolidated comprehe-nsive Income	Amount (₹ in crores)
10	Havell's Netherlands B.V.	Netherlands	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	-2.74%	-35.60	0.00%	0	-2.71%	-35.60
				100%	April 01, 2015	-0.08%	-1.72	0.00%	-				
11	SLI Europe B.V.	Netherlands	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	-0.07%	-0.92	0.00%	0	-0.07%	-0.92
				100%	April 01, 2015	0.00%	0.08	0.00%	-				
12	Havells Sylvania Holdings (BVI-1) Ltd	British Virgin Islands	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.00%	0.00	0.00%	0	0.00%	0.00
				100%	April 01, 2015	0.00%	0.00	0.00%	-				
13	Flowil International Lighting (Holding) B.V.	Netherlands	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	1.00%	13.01	0.00%	0	0.99%	13.01
				100%	April 01, 2015	3.73%	80.56	0.00%	-				
14	Sylvania Lighting International B.V.	Netherlands	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	-0.41%	-5.30	0.00%	0	-0.40%	-5.30
				100%	April 01, 2015	0.05%	1.04	0.00%	-				
15	Guangzhou Havells Sylvania Enterprise Limited	China	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.38%	4.95	0.00%	0	0.38%	4.95
				100%	April 01, 2015	0.50%	10.83	0.00%	-				
16	Havells Sylvania Asia Pacific Limited	Hong Kong	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.20%	2.65	0.00%	0	0.20%	2.65
				100%	April 01, 2015	0.40%	8.70	0.00%	-				
17	Havells Sylvania Sweden A.B.	Sweden	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.01%	0.15	0.00%	0	0.01%	0.15
				100%	April 01, 2015	0.02%	0.40	0.00%	-				
18	Havells Sylvania Finland OY	Finland	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.02%	0.30	0.00%	0	0.02%	0.30
				100%	April 01, 2015	-0.04%	-0.76	0.00%	-				
19	Havells Sylvania Norway A.S.	Norway	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.00%	0.02	0.00%	0	0.00%	0.02
				100%	April 01, 2015	0.00%	-0.04						
20	Havells Sylvania Fixtures Netherlands B.V.	Netherlands	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	-0.09%	-1.15	0.00%	0	-0.09%	-1.15
				100%	April 01, 2015	-0.06%	-1.32						
21	Havells Sylvania Lighting Belgium N.V.	Belgium	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	1.10%	14.28	0.00%	0	1.09%	14.28
				100%	April 01, 2015	-0.99%	-21.39						
22	Havells Sylvania Belgium B.V.B.A.	Belgium	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.02%	0.20	0.00%	0	0.02%	0.20
				100%	April 01, 2015	-0.25%	-5.42						
23	Havells Sylvania Lighting France S.A.S	France	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.40%	5.24	0.00%	0	0.40%	5.24
				100%	April 01, 2015	-0.23%	-5.07						

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						As % of consolidated Net Assets	Amount (₹ in crores)	As % of consolidated profit or loss	Amount (₹ in crores)	As % of consolidated comprehe-nsive Income	Amount (₹ in crores)	As % of consolidated comprehe-nsive Income	Amount (₹ in crores)
24	Havells Sylvania France S.A.S.	France	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.16%	2.09	3.16%	0.48	0.20%	2.57
				100%	April 01, 2015	1.88%	40.64						
25	Havells Sylvania Italy S.P.A.	Italy	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.03%	0.42	0.53%	0.08	0.04%	0.50
				100%	April 01, 2015	-1.13%	-24.39						
26	Havells Sylvania Portugal Lda	Portugal	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.01%	0.09	0.00%	0	0.01%	0.09
				100%	April 01, 2015	0.01%	0.17						
27	Havells Sylvania Greece A.E.E.E.	Greece	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.02%	0.28	0.00%	0	0.02%	0.28
				100%	April 01, 2015	0.36%	7.86						
28	Havells Sylvania Spain S.A.	Spain	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.05%	0.59	0.00%	0	0.04%	0.59
				100%	April 01, 2015	-0.09%	-1.98						
29	Havells Sylvania Germany Gmbh	Germany	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	-0.56%	-7.25	195.20%	29.69	1.71%	22.44
				100%	April 01, 2015	-13.11%	-283.35						
30	Havells Sylvania Switzerland A.G	Switzerland	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.04%	0.52	0.00%	0	0.04%	0.52
				100%	April 01, 2015	-0.21%	-4.62						
31	Havells Sylvania Argentina S.A.	Argentina	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	-0.04%	-0.48	0.00%	0	-0.04%	-0.48
				100%	April 01, 2015	4.77%	103.02						
32	Havells Sylvania N.V.	Dutch Antilles	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	1.48%	19.20	0.00%	0	1.46%	19.20
				100%	April 01, 2015	4.44%	95.98						
33	Havells Sylvania Colombia S.A.	Colombia	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.28%	3.61	0.00%	0	0.27%	3.61
				100%	April 01, 2015	7.04%	152.22						
34	Havells Mexico S.A. de C.V.	Mexico	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	-0.24%	-3.17	0.00%	0	-0.24%	-3.17
				100%	April 01, 2015	5.30%	114.55						
35	Havells Mexico Servicios Generales S.A.de CV	Mexico	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.00%	0.00	0.00%	0	0.00%	0.00
				100%	April 01, 2015	0.47%	10.17						
36	Havells Sylvania El Salvador S.A. de C.V.	El Salvador	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.11%	1.46	0.00%	0	0.11%	1.46
				100%	April 01, 2015	1.30%	28.01						
37	Havells Sylvania Guatemala S.A.	Guatemala	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.13%	1.73	0.00%	0	0.13%	1.73
				100%	April 01, 2015	0.94%	20.27		-				
38	Havells Sylvania Costa Rica S.A.	Costa Rica	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.77%	9.98	0.00%	0	0.76%	9.98
				100%	April 01, 2015	6.48%	140.01		-				

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						As % of consolidated Net Assets	Amount (₹ in crores)	As % of consolidated profit or loss	Amount (₹ in crores)	As % of consolidated comprehe-nsive Income	Amount (₹ in crores)	As % of consolidated comprehe-nsive Income	Amount (₹ in crores)
39	Havells Sylvania Panama S.A.	Panama	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.11%	1.46	0.00%	0	0.11%	1.46
				100%	April 01, 2015	1.48%	32.01		-				
40	Havells Sylvania Venezuela C.A.	Venezuela	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.01%	0.17	0.00%	0	0.01%	0.17
				100%	April 01, 2015	0.28%	6.04		-				
41	Havells Sylvania Europe Limited	United Kingdom	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	-3.11%	-40.50	0.00%	0	-3.08%	-40.50
				100%	April 01, 2015	1.54%	33.23		-				
42	Havells Sylvania UK Limited	United Kingdom	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.10%	1.35	3.48%	0.53	0.14%	1.88
				100%	April 01, 2015	-1.49%	-32.29		-				
43	Havells Sylvania Fixtures UK Limited	United Kingdom	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.44%	5.73	0.00%	0	0.44%	5.73
				100%	April 01, 2015	0.97%	21.06		-				
44	Havells Sylvania Tunisia S.A.R.L.	Tunisia	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	-0.07%	-0.93	0.00%	0	-0.07%	-0.93
				100%	April 01, 2015	0.26%	5.60		-				
45	Havells Sylvania Export N.V.	Dutch Antilles	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.00%	0.00	0.00%	0	0.00%	0.00
				100%	April 01, 2015	0.00%	0.00		-				
46	Havells Sylvania Holdings (BVI-2) Ltd	British Virgin Islands	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.00%	0.00	0.00%	0	0.00%	0.00
				100%	April 01, 2015	0.00%	0.00		-				
47	Havells Sylvania Dubai FZCO	Dubai	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.24%	3.14	0.00%	0	0.24%	3.14
				100%	April 01, 2015	0.54%	11.76						
48	Havells Sylvania (Shanghai) Ltd	China	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.09%	1.22	0.00%	0	0.09%	1.22
				100%	April 01, 2015	-0.07%	-1.57						
49	Havells Sylvania Peru S. A. C.	Peru	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	-0.02%	-0.26	0.00%	0	-0.02%	-0.26
				100%	April 01, 2015	0.04%	0.97						
50	Havells Sylvania (Malaysia) Sdn. Bhd	Malaysia	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	-0.05%	-0.68	0.00%	0	-0.05%	-0.68
				100%	April 01, 2015	0.02%	0.34						
51	Panama Americas Trading Hub SA	Panama	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.99%	12.84	0.00%	0	0.98%	12.84
				100%	April 01, 2015	-7.50%	-162.14						
52	Havells Sylvania Poland S.P.Z.O.O	Poland	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	0.00%	-0.02	0.00%	0	0.00%	-0.02
				100%	April 01, 2015	0.00%	0.10						
53	Havells Sylvania TR Elektrik Ürünleri Ticaret Limited Şirketi	Turkey	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	-0.05%	- 0.59	0.00%	0	-0.04%	-0.59
				100%	April 01, 2015	0.05%	1.14						
54	PT Havells Sylvania Indonesia	Indonesia	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	-0.14%	-1.85	0.00%	0	-0.14%	-1.85
				100%	April 01, 2015	-0.01%	-0.16						

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						As % of consolidated Net Assets	Amount (₹ in crores)	As % of consolidated profit or loss	Amount (₹ in crores)	As % of consolidated comprehensive Income	Amount (₹ in crores)	As % of consolidated comprehensive Income	Amount (₹ in crores)
55	Havells Sylvania South Africa Proprietary Limited	South Africa	WOS of Associate Company*	100%	Mar 31, 2016	0.00%	0.00	-0.06%	-0.78	0.00%	0	-0.06%	-0.78
				100%	April 01, 2015	0.15%	3.31						
56	Havells Guangzhou International Limited	China	WOS	100%	Mar 31, 2016	0.00%	-	0.00%	-	0.00%	0	0.00%	0.00
57	Standard Electrical Limited	India	WOS	100%	Mar 31, 2017	0.00%	0.05	0.00%	-	0.00%	0	0.00%	0.00
58	Havells Global Limited	India	WOS	100%	Mar 31, 2016	0.00%	0.05	0.00%	-	0.00%	0	0.00%	0.00
(III)	**Foreign Subsidiaries having non-controlling interests**												
1	Thai Lighting Asset Co. Ltd. {refer note (ii) below}	Thailand	49% held by Havells International Limited	49%	Mar 31, 2017	0.02%	0.69	-0.01%	-0.06	0.13%	-0.03	-0.02%	-0.09
				49%	Mar 31, 2016	0.00%	-0.13	0.00%	-0.04	-1.78%	-0.27	-0.02%	-0.31
				49%	Apr 1, 2015	0.00%	-0.01						
(IV)	**Indian Subsidiary having non-controlling interests {to the extent of control 68.93% (March 31, 2016 : 51.18%}**												
1	Promptec Renewable Energy Solutions Private Limited	India	Subsidiary Copany	68.93%	Mar 31, 2017	0.58%	18.96	-0.19%	-0.93	-0.04%	0.01	-0.20%	-0.92
				51.18%	Mar 31, 2016	0.56%	17.12	0.03%	0.35	-0.85%	-0.13	0.02%	0.22
				0.00%	April 01, 2015	0.00%	0.00						
(V)	**Interest in Foreign Joint Venture (Accounted for using equity method)**												
1	Jiangsu Havells Sylvania Lighting Co., Ltd		Joint Venture	50%	Mar 31, 2017	0.53%	16.19	-0.97%	-4.77	0.00%	0	0.00%	
				50%	Mar 31, 2016	1.17%	35.62	0.13%	1.75	1.18%	0.18	0.15%	1.93
				50%	April 01, 2015	1.58%	34.05						
(VI)	**Non-controlling Interest in all subsidiaries**				Mar 31, 2017	0.28%	9.05	-0.09%	-0.42	0.00%	0	0.00%	
					Mar 31, 2016	0.49%	14.88	0.03%	0.34	0.00%	0	0.00%	0.00
					April 01, 2015	0.00%	0.09						
	Other consolidation adjustment				Mar 31, 2017	0.00%	0.00	0.00%	0.00				
					Mar 31, 2016	0.00%	0.00	0.00%	0.00			-46.01%	-605.38
					April 01, 2015	**0.00%**	**0.00**		**0.00**				
	Total-March 31, 2017					**100%**	**3285.87**	**100%**	**494.11**	**100%**	**-23.74**		**470.37**
	Total-March 31, 2016					**100%**	**3042.55**	**100%**	**1300.45**	**100%**	**15.21**		**1315.66**
	Total-April 1, 2015					**100%**	**2160.69**	**0%**	**0.00**				

Notes:

i) WOS refers to 'Wholly Owned Subsidiary'

ii) Havells International Limited (WOS of Havells Holdings Limited) holds 49% equity interest in Thai Lighting Asset Co. Ltd. However the said Company has majority representation on Board of Directors of the entity and and 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 facts and circumstances, management determine that in substance the Group control this entity and therefore reported the same as controlled entities.

(iii) In the consolidated financial statements, the figures of subsidiary Company 'Havells Holdings Limited (including step down subsidiaries),and 'Havells International Limited (including step down subsidiaries)' have been incorporated based on the audited financial statements as at March 31, 2017 and March 31, 2016 and of Joint Venture 'Jiangsu Havells Sylvania Lighting Co., Ltd.' on the basis of the audited financial statements ended on 31st December, 2016 and December 31, 2015. The figures of Feilo Malta Limited (earlier known as Havells Malta Limited) has been incorporated based on the audited financial statements for 9 months period ended December 31, 2015, subsequent to which investment in Feilo Malta Limited (earlier known as Havells Malta Limited) has been classified as held for sale.

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6. During the year, the Group has capitalized the following pre operative expenses to the cost of tangible fixed assets, being expenses related to projects and development of Dies and Fixtures. Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Group.

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016
Cost of material consumed	9.09	5.79
Employee benefits expense	3.12	2.14
Other expenses	1.84	1.34
	14.05	**9.27**

7. The Group has incurred following expenditure on Research and Development:

(₹ in Crores)

	March 31, 2017	March 31, 2016
A. Revenue Expenditure		
Cost of materials consumed	8.38	6.35
Employee benefits expense	30.59	47.93
Rent	2.16	2.27
Travelling and conveyance	3.75	3.72
Legal and professional	-	1.36
Other expenses	2.26	7.91
	47.14	**69.54**
B. Capital Expenditure		
Property, plant and equipment	1.49	**2.45**
Intangible Assets	1.76	0.78
	3.25	**3.23**
Total (a+b)	**50.39**	**77.77**

The Research and Development facilities are located at the Head office, Noida and some other units of the group and are approved by Department of Scientific and Industrial Research, Ministry of Science and Technology, Govt. of India. The Group is entitled to a weighted deduction of 200% of the expenditure incurred at these units under section 35 (2AB) of the Income Tax Act, 1961

8 **Impairment tests for Goodwill**

a) For the year ended March 31, 2016, the group had disposed off 80% of its net assets in Feillo Malta Limited (earlier known as Havells Malta Limited) along with its subsidiaries (excluding subsidiaries in Havells Sylvania Brasil Illuminacao Ltd., Havells USA Inc., Havells Sylvania(Thailand) Ltd., Havells Sylvania Iluminacion(Chile) Ltd., Thai Lighting Asset Co. Ltd.) resulting in transfer of goodwill amounting to ₹ 384.53 crores to statement of profit and loss. Further the Group has acquired Promptec Renewable Energy Solutions Private Limited for aggregate consideration of ₹ 29.12 crores resulting in goodwill on consolidation of ₹ 13.68 crores

b) 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.

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Key assumptions used in value in use calculation

The key assumptions used for each of the above CGU's value-in-use calculations are terminal growth rate of 1% (March 31, 2016: 1%, March 31, 2015 1%) and discount rate of 7.5% (March 31, 2016 8.04%, March 31, 2015 7.43%).

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.

Sensitivity to changes in assumptions

With regard to the assessment of impairment in value of goodwill, management believes that a reasonable possible change in any of the above key assumptions would not cause any material change in the carrying value of brand

c) Goodwill has been determined on the basis of excess of cost to the parent over identifiable net asset acquired valued at acquisition date fair value in subsidiary company. Movement of Goodwill is as follows:

(₹ in Crores)

	March 31, 2017	March 31, 2016
Balance at the beginning of the year	13.68	358.06
Add: Addition on account of acquisition of subsidiary	-	13.68
Less: Adjustment on account of disposal of subsidiaries	-	(384.53)
Realignment effect of Foreign exchange fluctuation	-	26.47
Balance at the end of the year	**13.68**	**13.68**

9 Impairment tests for Brands

The key assumptions used for brand impairment testing are a terminal growth rate of 1% (March 31, 2016: 1%) and an average discount rate of 7.50% (March 31, 2016: 8.04 %). The pre tax average discount rates reflect specific risk attached to relevant business. The calculations performed indicate that there is no impairment of brands.

Sensitivity to changes in assumptions

With regard to the assessment of impairment in value of brand, management believes that a reasonable possible change in any of the above key assumptions would not cause any material change in the carrying value of brand

10 Gratuity and other post-employment benefit plans

i) The disclosures pursuant to Ind AS-19 "Employee Benefits"(specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015) are given below :

The Group has defined benefit gratuity plan covering eligible employees in Havells India Limited and Promptec Renewable Energy Solutions Private Limited. The measurement date for the Group defined benefit gratuity plan is 31st March of each year.

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016
Contribution to Defined Contribution Plan, recognised as expense for the year is as under:		
Employer's Contribution towards Provident Fund (PF)	22.54	17.49
Employer's Contribution towards Employee State Insurance (ESI)	0.50	0.51
Other pension plan for group entities	-	118.59
	23.04	**136.59**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

Defined Benefit Plan

The employees' Gratuity Fund Scheme, which is a defined benefit plan, in Havells India Ltd is managed by the trust maintained with Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Limited. Under the gratuity plan, every employee who has completed atleast five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

This plan is governed by Gratuity Act 1972, which requires that each employee who has completed 5 years of service shall be entitled to Gratuity which is equal to salary of 15 days for each completed year of service. The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

(₹ in Crores)

		As at March 31, 2017	As at March 31, 2016
(a)	**Reconciliation of opening and closing balances of Defined Benefit obligation**		
	Present value of defined Benefit obligation at the beginning of the year	45.05	31.94
	Adjustment on account of acquisition of subsidiary	-	0.19
	Interest Expense	3.49	2.52
	Current Service Cost	8.31	5.87
	Benefit paid	(2.78)	(1.23)
	Remeasurement of (Gain)/loss in other comprehensive income		
	Actuarial changes arising from changes in demographic assumptions	-	(0.03)
	Actuarial changes arising from changes in financial assumptions	4.87	4.54
	Actuarial changes arising from changes in experience adjustments	0.06	1.25
	Defined Benefit obligation at year end	**59.00**	**45.05**
(b)	**Reconciliation of opening and closing balances of fair value of plan assets**		
	Fair value of plan assets at beginning of the year	32.88	21.16
	Expected return on plan assets	2.80	2.07
	Employer contribution	11.72	10.78
	Remeasurement of (Gain)/loss in other comprehensive income	-	-
	Return on plan assets excluding interest income	0.75	0.10
	Benefits paid	(2.70)	(1.23)
	Fair value of plan assets at year end	**45.45**	**32.88**
(c)	**Net defined benefit asset/ (liability) recognised in the balance sheet**		
	Fair value of plan assets	45.45	32.88
	Present value of defined benefit obligation	(59.00)	(45.05)
	Amount recognised in Balance Sheet- Asset / (Liability)	**(13.55)**	**(12.17)**
(d)	**Net defined benefit expense (Recognised in the Statement of profit and loss for the year)**		
	Current Service Cost	8.31	5.87
	Net Interest Cost	0.69	0.45
	Net defined benefit expense debited to statement of profit and loss	**9.00**	**6.32**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

(₹ in Crores)

		As at March 31, 2017	As at March 31, 2016
(e)	**Remeasurement (gain)/ loss recognised in other comprehensive income**		
	Actuarial changes arising from changes in demographic assumptions	-	(0.03)
	Actuarial changes arising from changes in financial assumptions	4.87	4.54
	Actuarial changes arising from changes in experience adjustments	0.06	1.25
	Return on Plan assets excluding interest income	(0.75)	(0.10)
	Recognised in other comprehensive income	**4.18**	**5.66**
(f)	**Broad categories of plan assets as a percentage of total assets**		
	Insurer managed funds (Havells India Limited)	100%	100%
	Insurer managed funds (Promptec Renewable Energy Solutions Private Limited)	NA	NA
(g)	**Principal assumptions used in determining defined benefit obligation**		
	Mortality Table (LIC)		
		2006-08 (Ultimate)	**2006-08 (Ultimate)**
	Discount rate (per annum)	6.65% to 7.50%	7.60% to 8.00%
	Salary Escalation	8.50% to 9.00%	8.00% to 9.00%
	Attrition Rate	5.00% to 28.00%	5.00% to 28.00%
(h)	**Quantitative sensitivity analysis for significant assumptions is as below:**		
	Increase / (decrease) on present value of defined benefits obligations at the end of the year		
	Discount Rate		
	Increase by 0.50%	(2.66)	(1.96)
	Decrease by 0.50%	2.87	2.10
	Salary Increase		
	Increase by 0.50%	2.55	1.84
	Decrease by 0.50%	(2.38)	(1.81)
	Attrition Rate		
	Increase by 0.50%	(0.37)	(0.08)
	Decrease by 0.50%	0.24	0.06
(i)	**Maturity profile of defined benefit obligation**		
	Within the next 12 months (next annual reporting period)	3.52	2.84
	Between 2 and 5 years	20.84	20.48
	Between 5 and 10 years	82.27	109.72
	Total expected payments	**106.63**	**133.04**
(j)	The average duration of the defined benefit plan obligation at the end of the reporting period is:		
	Havells India Limited	24.09 Years	24.27 Years
	Promptec Renewable Energy Solutions Private Limited	27.05 Years	27.17 Years

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

k) The plan assets are maintained with Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Limited in Havells India Ltd.

l) The Group expects to contribute ₹ 13.5 crores (March 31, 2016 : ₹ 12.00 crores) to the plan during the next financial year.

m) 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.

n) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

o) The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

ii) For Group companies, the disclosures of Employee benefits as required by Ind AS-19 "Employee Benefits"(specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015) are given below :

The Group had 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 had 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. However in case of Germany, France, Italy and U.K defined pension plan is till December 31, 2015 since these companies ceased to be subsidiary as at December 31, 2016.

(₹ in Crores)

		Defined benefit plans and early retirement plans 2016-17	Post retirement medical plan 2016-17	Total 2016-17	Defined benefit plans and early retirement plans 2015-16	Post retirement medical plan 2015-16	Total 2015-16
(a)	**Reconciliation of opening and closing balance of obligations are as follows:**						
	Present value of obligation at beginning of the year	5.30	-	5.30	939.48	5.41	944.89
	Exchange differences	0.25	-	0.25	64.11	0.16	64.27
	Current service cost	0.39	-	0.39	3.64	-	3.64
	Interest cost	0.20	-	0.20	19.19	-	19.19
	Remeasurement of (Gain)/ loss in other comprehensive income	(1.76)	-	(1.76)	(84.59)	-	(84.59)
	Benefits paid	(0.22)	-	(0.22)	(27.83)	(0.49)	(28.32)
	Transfer on account of disposal of subsidiaries/ Discontinued Operations	(4.16)	-	(4.16)	(908.70)	(5.08)	(913.78)
	As at end of the year	**-**	**-**	**-**	**5.30**	**-**	**5.30**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

(₹ in Crores)

		2016-2017	2015-16
(b)	**Reconciliation of opening and closing balance of fair value of plan assets**		
	As at beginning of the year	-	550.28
	Exchange differences	-	36.67
	Expected return on plan assets	-	14.40
	Remeasurement of Gain/(loss) recognised in other comprehensive income	-	(39.55)
	Employer contributions	-	11.80
	Benefits paid	-	(14.57)
	Transfer on account of disposal of subsidiaries	-	(559.03)
	As at end of the year	**-**	**-**

(₹ in Crores)

		31 March, 2017	31 March, 2016
(c)	**The amounts recognised in the balance sheet are determined:**		
	Present value of defined benefits plans		
	- Funded obligations	-	-
	- Unfunded obligations	-	5.30
	Total defined benefit obligation	-	**5.30**
	Fair value of plan assets	**-**	**-**
	Present value of other unfunded obligations	**-**	**5.30**

(₹ in Crores)

		Year ended March 31, 2017			Year ended March 31, 2016		
		Defined benefit plans	Post retirement medical plan	Total	Defined benefit plans	Post retirement medical plan	Total
(d)	**The amounts recognised in the statement of profit or loss are :**						
	Current service cost	0.39	-	0.39	3.59	-	3.59
	Interest cost	0.20	-	0.20	5.01	-	5.01
	Transfer to discontinued operations	(0.59)	-	(0.59)	-	-	-
	Net defined benefit expense debited to statement of profit and loss	**-**	**-**	**-**	**8.60**	**-**	**8.60**
(e)	**Remeasurement (gain)/ loss recognised in other comprehensive income**						
	Remeasurement (gain)/ loss on obligation	1.76	-	1.76	(84.59)	-	(84.59)
	Remeasurement gain/ (loss) on plan assets	-	-	-	39.55	-	39.55
	Net remeasurement (gain)/ loss recognised in other comprehensive income	**1.76**	**-**	**1.76**	**(45.04)**	**-**	**(45.04)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

(₹ in Crores)

		2016-17	2015-16
(f)	**Quantitative sensitivity analysis for significant assumptions is as below:**		
	Increase / (decrease) on present value of defined benefits obligations at the end of the year		
	Discount Rate		
	Increase by 0.25%	0.08	(0.10)
	Decrease by 0.25%	(0.08)	0.10
	Salary Increase		
	Increase by 0.50%	0.08	0.10
	Decrease by 0.50%	(0.08)	(0.10)
(g)	**Maturity profile of defined benefit obligation**		
	Within the next 12 months (next annual reporting period)	NA	0.05
	Between 1 and 5 years	NA	0.21
	Between 5 and 10 years	NA	0.27
	Total expected payments	**-**	**0.53**

(₹ in Crores)

		2016-17	2015-16	2014-15
(h)	**Where relevant and available principal actuarial assumptions used on the defined benefit plans for current year are as follows:**			
	Discount rate	3.80%	2.00%-3.80%	1.50%-3.80%
	Future salary increases	5.00%	2.50%-5.00%	2.50%-5.00%
	Inflation rate	0.00%	1.75%-2.10%	1.75%-1.90%
	Future pension increases	0.00%	1.75%-2.10%	1.75%-1.90%
	Expected return on plan assets	0.00%	3.25%-4.50%	3.75%-4.50%

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.

(₹ in Crores)

	2016-17	2015-16	2014-15
Life expectancy rates as at balance sheet date for scheme members aged 65			
Male	NA	18.50-21.20	18.50-21.20
Female	NA	22.60-23.40	22.60-23.40
Life expectancy rates 20 years after the balance sheet date for scheme members aged 65			
Male	NA	21.20-22.60	21.20-22.60
Female	NA	24.90-25.10	24.90-25.10
Overall withdrawal rates (%)	1%	2.60-8.31	2.60-8.31

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

11. **Segment Reporting**

The segment reporting of the Group has been prepared in accordance with Ind AS-108, “Operating Segment” (specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015). For management purposes, the Group is organised into business units based on its products and services and has four reportable segments as follows:

a) **Operating Segments**

Switchgears	:	Domestic and Industrial switchgears, electrical wiring accessories, industrial motors, pumps and capacitors.
Cables	:	Domestic cables and Industrial underground cables.
Lighting and Fixtures	:	Energy Saving Lamps (CFL, LED), Solar and luminaries.
Electrical Consumer Durables	:	Fans, water heaters, Coolers, personal grooming and domestic appliances

No operating segments have been aggregated to form above reportable operating segments.

b) **Identification of Segments:**

The Board of Directors monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segments have been identified on the basis of the nature of product / services and have been identified as per the quantitative criteria specified in the Ind AS.

c) 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 “Others”.

d) 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 “Others”.

e) There is no transfer of products between operating segments.

f) There are no customers having revenue exceeding 10% of total revenue.

(₹ in Crores)

	March 31, 2017	March 31, 2016
Summary of Segmental Information		
A. Revenue		
Segment Revenue		
Switchgears	1,467.68	1,334.61
Cables	2,675.61	2,459.46
Lighting and fixtures	921.47	3,076.64
Electrical consumer durables	1,419.87	1,143.64
Other Segment	128.33	-
	6,612.96	**8,014.35**
Inter Segment Sale	-	-
Total Revenue	**6,612.96**	**8,014.35**
B. Results		
Segment Results		
Switchgears	561.03	500.81
Cables	325.63	308.90
Lighting and fixtures	225.86	186.78
Electrical consumer durables	349.37	286.90
Other Segment	29.36	-
Segment Operating Profit	**1,491.25**	**1,283.39**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

(₹ in Crores)

	March 31, 2017	March 31, 2016
Reconciliation of segment operating profit to operating profit		
Employee benefits expense (refer note 27)	(399.38)	(290.11)
Other expenses	(347.15)	(310.08)
Other miscellaneous expenses net of income (refer note 30)	86.35	28.79
Operating Profit	**831.07**	**711.99**
Finance Costs	13.34	54.37
Profit before tax and Exceptional Item	**817.73**	**657.62**
Exceptional Items	(106.80)	862.10
Profit before tax after Exceptional Item	**710.93**	**1,519.72**
Income tax expense	228.76	219.27
Profit after tax	**482.17**	**1,300.45**

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
C. Reconciliations to amounts reflected in the financial statements			
Segment Assets			
Switchgears	624.06	620.23	592.77
Cables	748.64	634.39	518.69
Lighting and fixtures	403.78	553.65	2,531.58
Electrical consumer durables	488.15	413.88	383.08
Other Segment	75.47	-	-
Segment Operating Assets	**2,340.10**	**2,222.15**	**4,026.12**
Reconciliation of segment operating assets to total assets			
Cash and cash equivalent {refer note 10(B) and (C)}	1,974.47	1,468.00	776.21
Others	854.71	697.44	172.36
Total Assets	**5,169.28**	**4,387.59**	**4,974.69**
Segment Liabilities			
Switchgears	252.68	177.14	257.93
Cables	254.05	196.66	166.52
Lighting and fixtures	219.18	154.12	1,859.35
Electrical consumer durables	275.09	176.56	142.95
Other Segment	11.31	-	-
Segment Operating Liabilities	**1,012.31**	**704.48**	**2,426.75**
Reconciliation of segment operating liabilities to total liabilities			
Deferred tax liability {refer note 16(d)}	118.43	90.93	79.30
Others	752.67	549.63	307.95
Total Liabilities	**1,883.41**	**1,345.04**	**2,814.00**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Non-current assets other than financial assets, deferred tax assets and property, plant and equipment			
Switchgears	5.18	1.10	1.10
Cables	0.04	0.28	4.22
Lighting and fixtures	2.61	0.30	0.04
Electrical consumer durables	1.05	1.30	0.28
	8.88	**2.98**	**5.64**
Others	79.88	27.80	21.87
	88.76	**30.78**	**27.51**

(₹ in Crores)

	March 31, 2017	March 31, 2016
Capital Expenditure		
Switchgears	40.08	31.01
Cables	70.79	93.15
Lighting and fixtures	19.04	51.73
Electrical consumer durables	23.82	17.55
	153.73	**193.44**
Others	42.66	19.64
	196.39	**213.08**
Depreciation and Amortisation Expenses		
Switchgears	39.87	38.26
Cables	41.28	31.61
Lighting and fixtures	19.65	48.35
Electrical consumer durables	19.71	16.18
	120.51	**134.40**
Non-cash expenses other than depreciation		
Switchgears	0.93	0.72
Cables	2.94	1.42
Lighting and fixtures	1.22	31.19
Electrical consumer durables	0.91	0.63
	6.00	33.96
Others	82.94	-
	88.94	**33.96**
Segment Revenue by location of customers		
The following is the distribution of Group's revenue by geographical market, regardless of where the goods were produced.		
Revenue-Domestic Market	6,335.90	5,533.23
Revenue-Overseas Market:	277.06	2,481.12
	6,612.96	**8,014.35**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Geographical Segment Assets			
Within India	4,724.69	3,922.36	2,726.41
Outside India	444.59	465.23	2,248.28
	5,169.28	**4,387.59**	**4,974.69**

	Year ended March 31, 2017	Year ended March 31, 2016
Geographical Capital Expenditure		
Within India	195.49	174.35
Outside India	0.90	38.73
	196.39	**213.08**

12. Related party transactions

The related parties as per the terms of Ind AS-24,"Related Party Disclosures", (specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015) are disclosed below:

A. Names of related parties and description of relationship:

(i) Joint Venture

Jiangsu Havells Sylvania Lighting Co. Ltd. — 50% ownership interest held by Company.

B. Names of other related parties with whom transactions have taken place during the year :

(i) Enterprises in which directors are interested

QRG Enterprises Limited

QRG Foundation

Guptajee & Company

QRG Investments and Holdings Limited (Formerly known as Ajanta Mercantile Limited)

The Vivekananda Ashrama

(ii) Post employee benefit plan for the benefitted employees

Havells India Limited Employees Gratuity Trust

(iii) Key Management Personnel

Shri Anil Rai Gupta, Chairman and Managing Director
Shri Rajesh Kumar Gupta, Director (Finance) and Group CFO
Shri Ameet Kumar Gupta, Director
Shri Sanjay Kumar Gupta, Company Secretary

(iv) Non Executive Directors

Shri Vijay Kumar Chopra
Shri Avinash Parkash Gandhi
Dr. Adarsh Kishore
Shri Sunil Behari Mathur
Shri Surender Kumar Tuteja
Smt. Pratima Ram
Shri Vellayan Subbiah
Shri Puneet Bhatia
Shri T V Mohandas Pai
Shri Surjit Kumar Gupta

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

(₹ in Crores)

	2016-17	2015-16
C. Transactions during the year		
(i) Purchase of traded goods and stores and spares		
Joint Venture		
Jiangsu Havells Sylvania Lighting Co. Ltd.	1.51	2.12
(ii) Commission on sales		
Enterprises in which directors are interested		
Guptajee and Company	8.02	7.50
(iii) Rent / Usage Charges Paid		
Enterprises in which directors are interested		
QRG Enterprises Limited	19.34	19.34
(iv) Trade mark fee and Royalty		
Enterprises in which directors are interested		
QRG Enterprises Limited	-	40.00
(v) CSR Contribution		
Enterprises in which directors are interested		
QRG Foundation	5.58	8.05
The Vivekananda Ashrama	0.03	0.33
	5.61	**8.38**
(vi) Reimbursement of Expenses received		
Enterprises in which directors are interested		
Guptajee & Company	0.08	0.64
(vii) Rent received		
Enterprises in which directors are interested		
QRG Enterprises Limited	-	0.03
(viii) Contribution to post employee benefit plan		
Havells India Limited Employees Gratuity Trust	11.72	10.78
(ix) Managerial remuneration		
Key Management Personnel		
Salaries, wages, bonus, commission and other benefits	25.89	22.96
Contribution towards PF, Family Pension and ESI	0.77	0.75
ESPP expense	3.46	0.02
Non Executive Directors		
Commission	0.40	0.30
Director sitting fees	0.39	0.32

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(D) Balances at the year end			
Amount Payables			
(i) Joint Venture			
Jiangsu Havells Sylvania Lighting Co. Ltd.	0.28	0.17	0.95
(ii) Enterprises in which directors are interested			
Guptajee & Company	2.11	0.38	-
	2.39	**0.55**	**0.95**

(a) The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(b) All the liabilities for post retirement benefits being 'Gratuity' are provided on actuarial basis for the group as a whole, the amount pertaining to Key management personnel are not included above.

13. Share based payments

(a) The Company, vide special resolution passed by way of postal ballot on January 23, 2013, had approved "Havells Employees Stock Option Plan 2013" (ESOP 2013 or Plan) for granting Employees Stock Options in the form of Equity Shares to eligible employees. The plan is administered by Havells Employees Welfare Trust ("HEW 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 (Share Based Employee Benefits) Regulations, 2014 and 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. Under the said scheme, the company had granted 45,939 options at ₹ 677/- per share and exercise price was ₹ 338.50 per share of ₹ 5 each (₹ 67.70 per share of ₹ 1 each) which was sub-divided into equity shares from ₹ 5 to ₹ 1 per share. As of March 31, 2016 and as at March 31, 2017, there are no outstanding options in respect of this scheme.

(₹ in Crores)

	Year ended March 31, 2017		Year ended March 31, 2016	
	Total No. of Stock Options	Weighted average exercise price	Total No. of Stock Options	Weighted average exercise price
Summary of Stock Options				
Options outstanding at beginning of year	-	-	90,550	67.70
Options granted during the year	-	-	-	-
Options forfeited/lapsed during the year	-	-	2,285	67.70
Options exercised during the year	-	-	88,265	67.70
Options outstanding at end of year	-	-	-	-
Options vested but not exercised during the year	-	-	Nil	-

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for the year ended March 31, 2017

No options were granted during the year

Share options outstanding at the end of the year have following expiry dates and exercise prices

Grant Date	Expiry Date	Exercise Price (INR)	Share options March 31, 2017	Share options March 31, 2016	Share options April 1, 2015
April 8, 2013	April 8, 2015	₹ 67.70 per share	-	-	90550
Weighted average remaining contractual life of options outstanding at end of period					0.05

The weighted average remaining contractual life for the stock option outstanding as at March 31, 2017 is Nil (March 31, 2016 is Nil) (April 1, 2015: 0.05 year).

There were no options granted during year ended March 31, 2017 and March 31, 2016 and accordingly disclosures as required under Ind As 102 w.r.t. weighted average fair value of stock option granted during the year is not applicable.

(b) The Havells India Limited had, vide special resolution passed by way of postal ballot on June 9, 2014 and by way of amendment to the "Havells Employees Stock Option Plan 2013" (ESOP 2013 or Plan) included Part B-"Havells Employees Stock Purchase Plan 2014" and renamed the plan as "Havells Employees Long Term Incentive Plan 2014" for granting Employees Stock Options in the form of Equity Shares to eligible employees. The purchase price of the options was approved on May 11, 2016 under the supervision of the Nomination and Remuneration Committee of the Board of Directors of the Company. The options were Granted and vested as on May 16, 2016. In accordance with the terms and conditions of the plan, the said options were exercisable within a period of 30 days from the date of vesting were settled by way of issue of equity shares. During the year 1,17,562 (March 31, 2016: 99,745 Equity Shares) of ₹ 1/- each were allotted to eligible employees under the said scheme at price of ₹ 345.65 (March 31, 2016: ₹ 293.90) per share (being market price of shares at close of business day immediately preceding the date of Nomination and Remuneration Committee meeting). As per the scheme, 50% of shares are under lock-in-period of one year and remaining 50% are under a lock-in-period of two years.

Further, as per the scheme, the Company shall pay 50% of issue price for differential bonus shares on issue of shares and 50% of employee contribution to eligible employees over a period of two years. Accordingly a sum of ₹1.78 crores has been recognised as employee stock option expense during the Financial Year. (Previous Year ₹ 1.70 croes)

(C) The Havells India Limited had, vide special resolution passed by way of postal ballot on December 4, 2015 "Havells Employees Stock Purchase Plan 2015" for granting Employees Stock Options in the form of Equity Shares to eligible employees. The purchase price of the options was approved on May 11, 2016 under the supervision of the Nomination and Remuneration Committee of the Board of Directors of the Company. The options were Granted and vested as on May 16, 2016. In accordance with the terms and conditions of the plan, the said options were exercisable within a period of 30 days from the date of vesting and settled by way of issue of equity shares. During the year 1,50,000 (March 31, 2016: Nil Equity Shares) of ₹ 1/- each were allotted to eligible employees under the said scheme at ₹ 345.65 (March 31, 2016: ₹ Nil) per share (being market price of shares at close of business day immediately preceding the date of Nomination and Remuneration Committee meeting). As per the scheme, 78% of shares are under lock-in-period of 13 months and remaining 22% are under a lock-in-period of two years. Further, as per the scheme, the Company shall pay 100% of issue price to the eligible employees on issue of shares. Accordingly a sum of ₹ 5.18 crores has been recognised as employee stock option expense during the Financial year. (Previous Year ₹ Nil)

14. Corporate Social Responsibility

As per provisions of section 135 of the Companies Act, 2013, the Group has to incur at least 2% of average net profits of the preceding three financial years towards Corporate Social Responsibility ("CSR"). Accordingly, a CSR committee has been formed for carrying out CSR activities as per the Schedule VII of the Companies Act, 2013. The Group has contributed a sum of ₹ 13.37 crores (March 31, 2016 11.48 crores) towards this cause and debited the same to the Statement of Profit And Loss. The funds are primary allocated to QRG foundation, a society registered under section 12A of the Income Tax Act, 1961 for undertaking Mid-Day meal scheme, Ashoka

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for the year ended March 31, 2017

University, sponsored by International Foundation for Research and Education (IFRE) which is a "Not for Profit" Company incorporated under the provisions of section 25 of the erstwhile Companies Act, 1956 for the promotion of education and to the Vivekanand Ashrama for providing free education to underprivileged students.

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016
Details of CSR Expenditure:		
a) Gross amount required to be spent by the Group during the year	13.26	11.48

b) Amount spent during year :

	Amount spent		Yet to be spent		Total	
	2017	2016	**2017**	2016	**2017**	2016
(i) Construction/ acquisition of assets	8.61	0.04	-	-	8.61	0.04
(ii) Contribution to trust/ universities	4.28	11.44	-	-	4.28	11.44
(iii) On purpose other than above	0.48	-	-	-	0.48	-
Total amount spent	**13.37**	**11.48**	**-**	**-**	**13.37**	**11.48**

15 Fair value measurements

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(₹ in Crores)

Investment property valued at cost	Carrying Value			Fair Value		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Investment property	55.92	-	-	87.13	-	-

(₹ in Crores)

Particulars	Carrying Value			Fair Value		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Financial assets at amortised cost						
Cash and bank balances	1,974.47	1,468.00	776.21	1,974.47	1,468.00	776.21
Investments in Quoted Bonds	161.66	153.10	-	164.70	156.00	-
Trade Receivables	230.68	235.73	623.11	230.68	235.73	623.11
Other Financial Assets (Current)	6.32	14.00	12.00	6.32	14.00	12.00
Other financial assets (non-current)	14.00	16.63	193.18	14.00	16.63	193.18
	2,387.13	**1,887.46**	**1,604.50**	**2,390.17**	**1,890.36**	**1,604.50**
Financial Liabilities at amortised cost						
Trade Payables	633.45	500.53	1,058.22	633.45	500.53	1,058.22
Borrowings(Current)	208.33	83.92	69.66	208.33	83.92	69.66
Borrowings(Non-Current)	-	1.67	223.89	-	1.67	223.89
Other financial liabilities (non-current)	2.93	2.88	3.92	2.93	2.88	3.92
Other financial liabilities (current)	445.40	377.12	637.56	445.40	377.12	637.56
	1,290.11	**966.12**	**1,993.25**	**1,290.11**	**966.12**	**1,993.25**

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The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

1) The Group has determined classification of quoted bonds invested with National Highway Authority of India as subsequently measured at amortized cost since the Group expect to hold the investment upto maturity and receive the principal and interest amount as defined under the terms of investment. The fair values of the quoted bonds are based on price quotations near to the reporting date.

2) The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecasted cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use Unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

3) The fair values of the Group's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2017 was assessed to be insignificant.

4) Long-term receivables/payables are evaluated by the Group based on parameters such as interest rates, risk factors, individual creditworthiness of the counterparty and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

5) The group enters into derivative financial instruments with various counterparties. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying commodity.

6) The Group has obtained independent valuation for its investment property as at March 31, 2017 and has reviewed the fair valuation based on best evidence of fair value determined using replacement cost of an asset of equivalent utility, depreciation and obsolescence. Fair market value is the amount expressed in terms of money that may be reasonably be expected to be exchanged between a willing buyer and a willing seller, with equity or both. The valuation by the valuer assumes that Group shall continue to operate and run the assets to have economic utility. The fair value is on as is where basis. All resulting fair value estimates for investment property are included in Level 3.

7) The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2017, are as shown below

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

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for the year ended March 31, 2017

Quantitative disclosures of fair value measurement hierarchy for assets as on March 31, 2017

(₹ in Crores)

Particulars	Carrying Value As at March 31, 2017	Fair Value		
		Level 1	Level 2	Level 3
Assets carried at cost for which fair value are disclosed				
Investment property	55.92	-	-	87.13
Assets carried at amortised cost for which fair values are disclosed				
Cash and bank balances	1,974.47	-	-	1,974.47
Other Financial Assets (Current)	6.32	-	-	6.32
Investments in Quoted Bonds	161.66	164.70	-	-
Trade Receivables	230.68	-	-	-
Other financial assets (non-current)	14.00	-	-	-
Liabilities carried at amortised cost for which fair values are disclosed				
Trade Payables	633.45	-	-	633.45
Borrowings (Current)	208.33	-	-	208.33
Borrowings (Non-Current)	-	-	-	-
Other financial liabilities (non-current)	2.93	-	-	2.93
Other financial liabilities (current)	445.40	-	-	445.40

Quantitative disclosures of fair value measurement hierarchy for assets as on March 31, 2016

(₹ in Crores)

Particulars	Carrying Value As at March 31, 2016	Fair Value		
		Level 1	Level 2	Level 3
Assets carried at amortised cost for which fair values are disclosed				
Cash and bank balances	1,468.00	-	-	1,468.00
Other Financial Assets (Current)	14.00	-	-	14.00
Investments in Quoted Bonds	153.10	-	-	153.10
Trade Receivables	235.73	-	-	235.73
Other financial assets (non-current)	16.63	-	-	16.63
Liabilities carried at amortised cost for which fair values are disclosed				
Trade Payables	500.53	-	-	500.53
Borrowings (Current)	83.92	-	-	83.92
Borrowings (Non-Current)	1.67	-	-	1.67
Other financial liabilities (non-current)	2.88	-	-	2.88
Other financial liabilities (current)	377.12	-	-	377.12

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for the year ended March 31, 2017

Quantitative disclosures of fair value measurement hierarchy for assets as on April 1, 2015

(₹ in Crores)

Particulars	Carrying Value As at April 1, 2015	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
Assets carried at amortised cost for which fair values are disclosed				
Cash and bank balances	776.21	-	-	776.21
Other Financial Assets (Current)	12.00	-	-	12.00
Investments in Quoted Bonds	-	-	-	-
Trade Receivables	623.11	-	-	623.11
Other financial assets (non-current)	193.18	-	-	193.18
Liabilities carried at amortised cost for which fair values are disclosed				
Trade Payables	1,058.22	-	-	1,058.22
Borrowings (Current)	69.66	-	-	69.66
Borrowings (Non-Current)	223.89	-	-	223.89
Other financial liabilities (non-current)	3.92	-	-	3.92
Other financial liabilities (current)	637.56	-	-	637.56

Note: The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

16. Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables and cash and cash equivalents that derive directly from its operations.

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group is exposed market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Group are accountable to the Board of Directors and Audit Committee. This process provides assurance to Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Group policies and Group risk objective.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised as below:

(a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include loans and borrowings, deposits, investments and foreign currency receivables and payables. The sensitivity analyses in the following sections relate to the position as at March 31 2017. The analyses exclude the impact of movements in market variables on: the carrying values of gratuity, pension obligation and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2017.

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for the year ended March 31, 2017

(i) **Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in foreign currency and the Group's net investment in foreign subsidiaries). Foreign currency exchange rate exposure is partly balanced by purchasing of goods from the respective countries. The Group evaluates exchange rate exposure arising from foreign currency transactions and follows establish risk management policies.

Foreign currency risk sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR, AED, NPR, JPY, CHF & GBP exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

Foreign currency exposures recognised by the Group that have not been hedged by a derivative instrument or otherwise are as under:

Description of Currency	Currency Symbol		March 31, 2017		Impact on profit before tax and equity	
			Foreign Currency	Indian Rupees	1% increase	1% decrease
Nepalese Rupee	NPR	NPR	(0.03)	(0.02)	(0.00)	0.00
United States Dollar	USD	$	(0.20)	(12.39)	(0.12)	0.12
EURO	EUR	€	(0.07)	(5.10)	(0.05)	0.05
Arab Emirates Dirham	AED	AED	(0.02)	(0.31)	(0.00)	0.00

Description of Currency	Currency Symbol		March 31, 2016		Impact on profit before tax and equity	
			Foreign Currency	Indian Rupees	1% increase	1% decrease
Great Britain Pounds	GBP	£	0.00	(0.05)	(0.00)	0.00
United States Dollar	USD	$	(1.80)	(119.03)	(1.19)	1.19
EURO	EUR	€	(0.03)	(2.03)	(0.02)	0.02
Japanese Yen	JPY	¥	(0.42)	(0.25)	(0.00)	0.00

Description of Currency	Currency Symbol		April 1, 2015		Impact on profit before tax and equity	
			Foreign Currency	Indian Rupees	1% increase	1% decrease
Great Britain Pounds	GBP	£	0.49	(45.11)	(0.45)	0.45
United States Dollar	USD	$	(5.68)	(355.72)	(3.56)	3.56
EURO	EUR	€	-	0.48	0.00	(0.00)
Japanese Yen	JPY	¥	(0.27)	(0.14)	(0.00)	0.00
Confoederatio Helvetica Franc	CHF	CHF	0.02	1.06	0.01	(0.01)
Others	Export Trade Receivables		(0.18)	0.26	0.00	(0.00)

(ii) Interest Rate Risk

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligation at floating interest rates. The Group's borrowings outstanding as at March 31, 2017 comprise of fixed rate loans and accordingly, are not expose to risk of fluctuation in market interest rate.

Interest rate Sensitivity of Borrowings

With all other variables held constant, the following table demonstrates the sensitivity to a reasonably possible change in interest rates on floating rate portion of loans and borrowings after considering the impact of interest rate swaps

	March 31, 2016	
	Increase/ decrease in basis points	Impact on profit before tax
External Commercial Borrowing	+0.50	(0.33)
	-0.50	0.33

(iii) Commodity Price Risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing manufacture of Cable, wire and other electronic items and therefore require a continuous supply of Copper and Aluminium being the major input used in the manufacturing. Due to the significantly increased volatility of the price of the Copper and Aluminium, the Group has entered into various purchase contracts for these material for which there is an active market The Group's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. The Group partly mitigated the risk of price volatility by entering into the contract for the purchase of these material based on average price of for each month.

(b) Credit Risk

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

(i) Trade Receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by Trade Receivable buyout facility without recourse, letters of credit and other forms of security. As at March 31, 2017, the Group had 66% (March 31, 2016: 64%) of its trade receivable discounted from banks under Trade Receivable buyout facility.

An impairment analysis is performed at each reporting date on trade receivables by lifetime expected credit loss method based on provision matrix. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

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(ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made in bank deposits and other risk free securities. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. The Group's maximum exposure to credit risk for the components of the balance sheet at 31 March 2017 is the carrying amounts. The Group's maximum exposure relating to financial is noted in liquidity table below. Trade Receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the Group.

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial assets for which allowance is measured using 12 months Expected Credit Loss Method (ECL)			
Investments in bonds	161.66	153.10	-
Cash and cash equivalents	591.88	142.00	370.69
Other bank balances	1,382.59	1,326.00	405.52
Others Non Current financial assets	14.00	16.63	193.18
Others Current financial assets	6.32	14.00	12.00
	2,156.45	**1,651.73**	**981.39**
Financial assets for which allowance is measured using Life time Expected Credit Loss Method (ECL)			
Trade Receivables	230.68	235.73	623.11
	230.68	**235.73**	**623.11**

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks

The ageing analysis of trade receivables (gross of provision) has been considered from the date the invoice falls due

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Neither past due nor impaired	92.19	148.69	477.03
0 to 180 days due past due date	107.68	76.56	139.62
More than 180 days past due date	30.81	10.48	6.46
Total Trade Receivables	**230.68**	**235.73**	**623.11**

The following table summarises the change in loss allowance measured using the life time expected credit loss model:

(₹ in Crores)

	As at March 31, 2017	As at March 31, 2016
As at the beginning of year	44.47	58.16
Provision during the year	6.00	33.95
Bad debts Written off	-	-
Reversal of provision	(2.63)	(1.16)
Transfer on account of disposal of subsidiary	(35.63)	(44.62)
Exchange loss/(gain) during the year	0.04	(1.86)
As at the end of year	**12.25**	**44.47**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(c) Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at reasonable price. The Group's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of short term bank deposits and cash credit facility. Processes and policies related to such risks are overseen by senior management. Management monitors the Group's liquidity position through rolling forecasts on the basis of expected cash flows. The Group assessed the concentration of risk with respect to its debt and concluded it to be low.

Maturity profile of financial liabilities

The table below provides the details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

As at March 31, 2017	Less than 1 year	1 to 5 years	Total
Borrowings	208.33	-	208.33
Trade payables	633.45	-	633.45
Other financial liabilities	445.40	2.93	448.33
As at March 31, 2016	**Less than 1 year**	**1 to 5 years**	**Total**
Borrowings	83.92	1.67	85.59
Trade payables	500.53	-	500.53
Other financial liabilities	377.12	2.88	380.00
As at April 1, 2015	**Less than 1 year**	**1 to 5 years**	**Total**
Borrowings	69.66	223.89	293.55
Trade payables	1,058.22	-	1058.22
Other financial liabilities	637.56	3.92	641.48

17. Capital Management

For the purposes of Group's capital management, Capital includes equity attributable to the equity holders of the Group and all other equity reserves. The primary objective of the Group's capital management is to ensure that it maintains an efficient capital structure and maximize shareholder value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2017, March 31, 2016 and as at April 1, 2015.

The Group monitors capital using gearing ratio, which is net debt (As reduced by Cash and Cash Equivalent) divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 0% to 20%

(₹ in Crores)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Loans and Borrowings	208.33	133.99	409.66
Cash and cash equivalents	(591.88)	(142.00)	(370.69)
Net Debt	**(383.55)**	**(8.01)**	**38.97**
Equity	3,276.82	3,027.67	2,160.60
Total Capital	**3,276.82**	**3,027.67**	**2,160.60**
Total Capital and Net Debt	**2,893.27**	**3,019.66**	**2,199.57**
Gearing ratio (Net Debt/ Capital and Net Debt)	**(13.26%)**	**(0.27%)**	**1.77%**

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for the year ended March 31, 2017

18. Earnings per share

(₹ in Crores)

		2016-17	2015-16
Basic Earnings per share			
Numerator for earnings per share			
Profit attributable to equity holders of the parent:			
Continuing operations		482.59	1300.11
Discontinued operations		11.94	-
		494.53	**1300.11**
Denominator for earnings per share			
Weighted number of equity shares outstanding during the year	**(Nos.)**	**624,808,427**	**624,576,061**
Earnings per equity share from continuing operations			
(nominal value of share ₹ 1/-)			
Basic ₹		7.72	20.82
Diluted ₹		7.72	20.82
Earnings per equity share from discontinued operations			
(nominal value of share ₹ 1/-)			
Basic ₹		0.19	-
Diluted ₹		0.19	-
Earnings per equity share from continuing and discontinued operations			
(nominal value of share ₹1/-)			
Basic ₹		7.91	20.82
Diluted ₹		7.91	20.82

19. Dividend Paid And Proposed

(₹ in Crores)

	2016-17	2015-16
Dividend declared and paid during the year:		
Final Dividend paid for the year ended March 31, 2016 ₹ 3/- per share (March 31, 2015 : ₹ 3/- per share)	187.46	187.38
Corporate Dividend Tax on Final Dividend	38.17	38.15
Interim Dividend for the year ended March 31, 2017 : ₹ Nil (March 31, 2016 : ₹ 3/- per share)	-	187.38
Corporate Dividend Tax on Interim Dividend	-	38.15
	225.63	**451.06**
Proposed Dividends on equity shares:		
Final Dividend for the year ended March 31, 2017 ₹ 3.5 per share (March 31, 2016 : ₹ 3/- per share)	218.70	187.38
Corporate Dividend Tax on proposed dividend	44.52	38.15
	263.22	**225.53**

20. Events occurring after balance sheet date

Acquisition of Consumer durable business of Lloyd Electric and Engineering Limited and brand of Fedders Lloyd Corporation Limited

Subsequent to the year end, the Group has completed acquisition of Consumer durable business of Lloyd Electric and Engineering Limited, a listed Company and trade mark "Lloyd" from Fedders Lloyd Corporation Limited,

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a Company incorporated under the Companies Act 1956. The Consumer durable business of Lloyd consist of business of importing, trading, marketing, exporting, distribution, sale of air conditioners, televisions, washing machines and other household appliances and assembling of televisions, which has been acquired by the Group on slump sale basis at an enterprise value of ₹ 1600 crores on free cash and free debt basis.

21. Disclosures as required by indian accounting standard (Ind AS 101) first time adoption of Indian Accounting Standards.

These are Group's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note no. 2 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet as at April 1, 2015 (The Group's date of transition). In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes.

A Exemptions and exceptions availed

A.1 Ind-AS optional exemptions :

Ind AS 101 allows first time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

A.1.1 Business combinations

"The Group has elected not to apply Ind AS 103 Business Combination retrospectively to past business combinations occurred before date of transition. Use of this exemption means that the Indian GAAP carrying amounts of assets and liabilities, that are required to be recognised under Ind AS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IND AS. The group recognises all assets acquired and liabilities assumed in a past business combination, except (i) certain financial assets and liabilities that were derecognised and that fall under the derecognition exception, and (ii) assets (including goodwill) and liabilities that were not recognised in the acquirer's consolidated balance sheet under its previous GAAP and that would not qualify for recognition under Ind AS in the individual balance sheet of the acquiree. Assets and liabilities that do not qualify for recognition under Ind AS are excluded from the opening Ind AS balance sheet. The Group did not recognise or exclude any previously recognised amounts as a result of Ind AS recognition requirements.

Ind AS 101 also requires that Indian GAAP carrying amount of goodwill must be used in the opening Ind AS balance sheet (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with Ind AS 101, the Group has tested goodwill for impairment at the date of transition to Ind AS. No goodwill impairment was deemed necessary at 1 April 2015. The group has used same exemptions for interest in associates and joint ventures. The Group has not applied Ind AS 21 The Effects of Changes in Foreign Exchange Rates retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to Ind AS. Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

A.1.2 Deemed cost

Ind AS 101 permits a first time adopter to elect to fair value on its property, plant and equipment as recognized in financial statements as at the date of transition to Ind AS, measured as per previous GAAP

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and use that as its deemed cost as at the date of transition or apply principles of Ind AS retrospectively. Ind AS 101 also permits the first time adopter to elect to continue with the carrying value for all of its property plant and equipment as recognized in the financial statements as at the date of transition to Ind AS. This exemption can be used for intangible assets covered by Ind-AS 38 also.

The Group has elected the option of fair value as deemed cost for property, plant & equipment other than Land and Capital work in progress on the date of transition to Ind AS for ultimate holding company (Havells India Limited) . For other group companies, company has opted for retrospective valuation of property, plant & equipments as per Ind AS 16 Property, Plant and Equipment and considered it as the deemed cost on the date of transition to Ind AS.

A.1.3 Share based payment transactions:

Ind AS 101 permits a first time adopter to elect not to apply principles of Ind AS 102 to liabilities arising from share based payment transactions that were settled before the date of transition.

The Group has elected not to apply Ind AS 102- "Share based payment" on stock options that vested before date of transition.

A.1.4 Leases

Appendix C to Ind AS 17-" Leases" requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind-AS except where the effect is expected to be not material.

The Group has elected to apply this exemption for such contracts/arrangements.

A.1.5 Investments in joint ventures

The group holds 50% interest in 'Jiangsu Havells Sylvania Lighting Co., Ltd and exercises joint control over the entity. Under previous GAAP group has proportionately consolidated its interest in the 'Jiangsu Havells Sylvania Lighting Co., Ltd in the Consolidated Financial Statement. On transition to Ind AS the group has assessed and determined that 'Jiangsu Havells Sylvania Lighting Co., Ltd is its joint venture under Ind AS 111 Joint Arrangements. Therefore, it needs to be accounted for using the equity method as against proportionate consolidation. For the application of equity method, the initial investment is measured as the aggregate of carrying amount of assets and liabilities that the group had previously proportionately consolidated.

A.1.6 Currency translation difference

Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 April 2015

A.1.7 Hedge accounting

The Group uses derivative financial instruments to hedge its interest rate risks. Under Indian GAAP, there is no mandatory standard that deals comprehensively with hedge accounting, which has resulted in the adoption of varying practices. The group has designated various economic hedges and applied economic hedge accounting principles to avoid profit or loss mismatch. All the hedges designated under Indian GAAP are of types which qualify for hedge accounting in accordance with Ind AS 109 also. Moreover, the group, before the date of transition to Ind AS, has designated a transaction as hedge and also meets all the conditions for hedge accounting in Ind AS 109. Consequently, the group continues to apply hedge accounting after the date of transition to Ind AS.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates at at April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

(i) Investments in debt instruments carried at cost; and

(ii) Impairment of financial assets based on expected credit loss model.

A.2.2 Derecognition of financial assets and financial liabilities :

Ind AS 101 requires a first time adopter to apply the derecognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. Accordingly, the Group has applied the derecognition requirement for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after date of transition to Ind AS.

A.2.3 Classification of financial assets and liabilities

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of facts and circumstances that exist on the date of transition to Ind AS. Accordingly, the Group has applied the above requirement prospectively.

A.2.4 Impairment of financial assets:

Ind AS 101 requires an entity to assess and determine the impairment allowance on financial assets as per Ind AS 109 using the reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments which were initially recognized and compare that to the credit risk at the date of transition to Ind AS. The Group has applied this exception prospectively.

B Reconciliations of Balance Sheet as at March 31, 2016 and April 01, 2015

(₹ in Crores)

Particulars	Reference	As at March 31, 2016			As at April 1, 2015		
		Previous GAAP	GAAP Adjustment	As per IND AS	Previous GAAP	GAAP Adjustment	As per IND AS
ASSETS							
1. Non-current assets							
Property, Plant and Equipment	**E (a)**	1,067.39	118.58	1,185.97	1,158.10	130.38	1,288.48
Capital work-in-progress	**D (II)**	21.36	(0.87)	20.49	38.30	(1.55)	36.75
Goodwill	**E (b)**	20.40	(6.72)	13.68	358.06	-	358.06
Other Intangible assets	**E (c)**	11.02	13.48	24.50	24.41	13.78	38.19
Investment in an associate and a joint venture	**D (II)**	-	35.62	35.62	-	34.05	34.05
Financial Assets							
(i) Investments	**E (d)**	150.66	2.44	153.10	-	-	-
(ii) Other financial assets	**E (e)**	18.36	(1.73)	16.63	196.23	(3.05)	193.18

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(₹ in Crores)

Particulars	Reference	As at March 31, 2016			As at April 1, 2015		
		Previous GAAP	GAAP Adjustment	As per IND AS	Previous GAAP	GAAP Adjustment	As per IND AS
Deferred tax assets (net)	E (f)	0.63	(0.05)	0.58	57.20	(7.73)	49.47
Other non-current assets	E (g)	29.50	1.28	30.78	27.21	0.30	27.51
		1,319.32	**162.03**	**1,481.35**	**1,859.51**	**166.18**	**2,025.69**
2. Current assets							
Inventories	E (h)	837.09	(2.78)	834.31	1,366.29	(1.33)	1,364.96
Financial Assets			-	-			-
(i) Trade receivables	E (i)	259.37	(23.64)	235.73	623.19	(0.08)	623.11
(ii) Cash and cash equivalents	E (j)	160.25	(18.25)	142.00	378.67	(7.98)	370.69
(iii) Other bank balances	E (k)	1,305.01	20.99	1,326.00	398.80	6.72	405.52
(iv) Others financial assets	E (l)	15.42	(1.42)	14.00	13.05	(1.05)	12.00
Other current assets	E (m)	105.87	(23.48)	82.39	181.18	(8.85)	172.33
		2,683.01	**(48.58)**	**2,634.43**	**2,961.18**	**(12.57)**	**2,948.61**
Non-Current Assets held for sales	D (IX)	**106.94**	**164.87**	**271.81**	**0.39**	**-**	**0.39**
Total Assets		**4,109.27**	**278.32**	**4,387.59**	**4,821.08**	**153.61**	**4,974.69**
EQUITY AND LIABILITIES							
Equity Share Capital		62.46	-	62.46	62.44	0.01	62.45
Other Equity		2,495.44	469.77	2,965.21	1,755.74	342.41	2,098.15
Equity attributable to equity holders of the parent company		**2,557.90**	**469.77**	**3,027.67**	**1,818.18**	**342.42**	**2,160.60**
Non Controlling Interests	E (n)	8.44	6.44	14.88	0.09	-	0.09
		2,566.34	**476.21**	**3,042.55**	**1,818.27**	**342.42**	**2,160.69**
Liabilities							
1. Non-current liabilities							
Financial Liabilities							
(i) Borrowings	E (o)	1.67	-	1.67	226.40	(2.51)	223.89
(ii) Other financial liabilities	E (p)	4.13	(1.25)	2.88	3.96	(0.04)	3.92
Provisions	E (q)	13.45	(0.78)	12.67	421.76	(3.56)	418.20
Deferred tax liabilities (Net)	E (r)	42.21	48.72	90.93	33.28	46.02	79.30
		61.46	**46.69**	**108.15**	**685.40**	**39.91**	**725.31**
2. Current liabilities							
Financial Liabilities							
(i) Borrowings	E (s)	83.92	-	83.92	69.63	0.03	69.66
(ii) Trade payables	E (t)	520.04	(19.51)	500.53	1,051.11	7.11	1,058.22
(iii) Other financial liabilities	E (u)	377.13	(0.01)	377.12	644.77	(7.21)	637.56
Other current liabilities	E (v)	90.79	0.78	91.57	171.71	(3.14)	168.57
Provisions	E (w)	338.54	(225.84)	112.70	339.31	(225.51)	113.80
Current Tax Liabilities (Net)		71.05	-	71.05	40.88	-	40.88
		1,481.47	**(244.58)**	**1,236.89**	**2,317.41**	**(228.72)**	**2,088.69**
Total Liabilities		**4,109.27**	**278.32**	**4,387.59**	**4,821.08**	**153.61**	**4,974.69**

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C Reconciliation of Total Comprehensive Income for the year ended March 31, 2016

Particulars	Reference	Indian GAAP	GAAP Adjustment	As per IND AS
INCOME				
Revenue from operations (gross)		8,115.97	(101.62)	8,014.35
Less: Excise duty		401.79	(401.79)	-
Revenue from operations (net)	E (x)	7,714.18	300.17	8,014.35
Other income		86.25	0.39	86.64
Total Revenue		**7,800.43**	**300.56**	**8,100.99**
EXPENSES				
Cost of materials consumed	E (y)	3,213.37	(2.14)	3,211.23
Purchase of traded goods	E (z)	1,243.07	(6.41)	1,236.66
Change in inventories of finished goods, work in progress and stock in trade	E (aa)	(73.24)	0.28	(72.96)
Excise duty on sales	D(X)	-	401.79	401.79
Employee benefits expenses	E (ab)	859.48	36.52	896.00
Finance costs	E (ac)	44.94	9.43	54.37
Depreciation and amortisation expenses	E (ad)	126.67	7.73	134.40
Other expenses	E (ae)	1,671.29	(87.66)	1,583.63
Total Expenses		**7,085.58**	**359.54**	**7,445.12**
Profit before share of (profit)/loss of an associate and a joint venture, exceptional items and tax		714.85	(58.98)	655.87
Share of profit/ (loss) of joint venture (net of tax)	D (II)	-	1.75	1.75
Profit/ (loss) before exceptional items and tax		**714.85**	**(57.23)**	**657.62**
Add : Exceptional Items	D (IX)	724.02	138.08	862.10
Profit before tax		**1,438.87**	**80.85**	**1,519.72**
Tax expenses				
Current tax		216.86	1.26	218.12
Adjustment of tax relating to earlier years		(5.77)	-	(5.77)
Deferred tax		18.35	(11.43)	6.92
Total tax expense	E (af)	**229.44**	**(10.17)**	**219.27**
Profit for the year		**1, 209.43**	**91.02**	**1,300.45**
Other comprehensive income				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods				
Re-measurement (gains)/ losses on defined benefit plans		-	(39.05)	(39.05)
Income tax effect		-	12.69	12.69
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**-**	**(26.36)**	**(26.36)**
Other comprehensive income that will be reclassified to profit or loss in subsequent periods				
Mark to Market on Interest rate swap		-	(2.72)	(2.72)
Income tax effect		-	-	-
Exchange difference on translation of foreign operations		-	13.69	13.69
Share of other comprehensive income of Joint venture accounted for using equity method		-	0.18	0.18
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**-**	**11.15**	**11.15**
Other comprehensive income for the year, net of tax	D (XIV)	**-**	**(15.21)**	**(15.21)**
Total comprehensive income for the year, net of tax		**1, 209.43**	**106.23**	**1,315.66**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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D Notes to the reconciliation of Balance Sheet as at April 1, 2015 and March 31, 2016 and the total comprehensive income for the year ended March 31, 2016

I. Property, Plant and Equipment (PPE)

The Group has elected the option of fair value as deemed cost for property, plant & equipment other than Land and Capital work in progress on the date of transition to Ind AS for ultimate holding company . For other group companies, company has opted for retrospective valuation of property, plant & equipments as per Ind AS 16 Property, Plant and Equipment and considered it as the deemed cost on the date of transition to Ind AS. This has resulted in increase of ₹ 137.33 crores as at April 01, 2015 and ₹126.61 crores as at March 31, 2016 in the value of PPE with corresponding increase in deferred tax liability of ₹ 47.53 crores.

This has also led to additional depreciation of ₹ 12.69 crores during the year ended March 31, 2016. Further, the Company has sold some of the assets which were fair valued as on the transition date. Under Ind AS, such sale has resulted into reduction of loss on sale of assets by ₹ 1.97 crores.

II. Joint Venture

The group holds 50% interest in 'Jiangsu Havells Sylvania Lighting Co., Ltd as on April 1, 2015 and exercises joint control over the entity . Under previous GAAP group has proportionately consolidated its interest in 'Jiangsu Havells Sylvania Lighting Co., Ltd' in the Consolidated Financial Statement. On transition to Ind AS the group has assessed and determined that 'Jiangsu Havells Sylvania Lighting Co., Ltd is its Joint Venture under Ind AS 111 "Joint Arrangements". Therefore, it needs to be accounted for using the equity method as against proportionate consolidation. For the application of equity method, the initial investment is measured as the aggregate of carrying amount of assets and liabilities that the group had previously proportionately consolidated including any goodwill arising on acquisition and is regarded as deemed cost of investment at intial recognition. The carrying amount is increased to recognise the Group's share of the profit of the investee after the date of acquisition. On application of equity method the investment stands increased by ₹ 34.05 crores as at 1 April 2015 and by ₹ 35.62 crores as at 31 March 2016, Group's share of profit and other comprehensive income in net assets of the investee stands increase by ₹ 1.75 crores and decreased by ₹ 0.18 crores during the year ended March 31, 2016. Derecognition of proportionately consolidated 'Jiangsu Havells Sylvania Lighting Co., Ltd has resulted in change in balance sheet, statement of profit and loss and cash flow statement.

(a) Following assets and liabilities of "Jiangsu Havells Sylvania Lighting Co., Ltd" were previously consolidated in March 31, 2016 and March 31, 2015 bases on Nos as at December 31, 2015 and December 31, 2014 respectively under previous GAAP:

(₹ in Crores)

	Dec 31, 2015 Proportionate share of assets and liabilities	Dec 31, 2014 Proportionate share of assets and liabilities
Assets		
Non-current assets		
Property, Plant and Equipment	7.77	7.20
Capital work in progress	0.87	1.55
Deferred tax assets (net)	0.05	-
Other non-current assets	-	1.73
	8.69	**10.48**
Current assets		
Inventories	2.81	2.50

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(₹ in Crores)

	Dec 31, 2015 Proportionate share of assets and liabilities	Dec 31, 2014 Proportionate share of assets and liabilities
Financial Assets		
(i) Trade receivables	23.73	21.93
(ii) Cash and cash equivalent	18.25	5.63
(iii) Other bank balances	-	5.17
Other current assets	2.35	3.11
	47.14	**38.34**
Total Assets	**55.83**	**48.82**
Liabilities		
Current liabilities		
Financial Liabilities		
(i) Trade payables	19.60	14.75
Other current liabilities	0.29	-
Current Tax Liabilities (Net)	0.32	0.02
	20.21	**14.77**
Total Liabilities	**20.21**	**14.77**
Net Assets derecognised	**35.62**	**34.05**
Share of net assets recognised under investment in Joint Venture as per equity method	**35.62**	**34.05**

(b) Following items of income and expenditure of 'Jiangsu Havells Sylvania Lighting Co., Ltd" were previously consolidated under previous GAAP:

(₹ in Crores)

	For the year ended Dec 31, 2015
INCOME	
Revenue from operations	61.52
Other income	0.20
	61.72
EXPENSES	
Cost of materials consumed	13.19
Purchase of Stock in Trade	39.68
Change in inventories of finished goods, stock in trade and work in progress	(0.03)
Employee benefits expenses	2.43
Finance costs	0.01
Depreciation and amortisation expenses	1.27
Other expenses	2.84
Total Expenses	**59.39**
Profit before tax	**2.33**
Tax expenses	
Current tax	0.53
Deferred tax	0.05
Total tax expense	**0.58**
Profit for the year	1.75
Impact on account of equity accounting of joint venture under Ind AS:	
Group's share of profit for the year recognised as per equity method	1.75
Group's share of other comprehensive income (Currency Translation adjustment) for the year recognised as per equity method	0.18

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III. Financial Reporting in Hyperinflationary Economies

As one of the subsidiary of the company "Havells Sylvania Venazuala" based in Venazual whose functional currency is currency of the hyperinflationary economy before the date of transition to Ind AS, hence as per optional exemption given in Ind AS 101, the Group has elected to measure all assets and liabilities held in that country at fair value on the date of transition to Ind AS and the same has been the used as deemed cost of as on April 1, 2015. Accordingly it has resulted in increase in cost of Property, plant & equipment by ₹ 0.25 crores, increase in cost of inventories by ₹ 0.90 crores and increase in other current assets by ₹ 0.07 crores as at April 1, 2015.

IV. Business Combination

The Group has elected not to apply Ind AS 103 Business Combination retrospectively to past business combinations occurred before date of transition. Use of this exemption means that the previous GAAP carrying amounts of assets and liabilities of other group companies, that are required to be recognised under Ind AS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is done in accordance with Ind AS. It did not result in any change in carrying amount of Property, Plant & Equipment as on April 1, 2015 and March 31, 2016. However as per previous GAAP, Brand acquired in the business combination was being amortised over the period of 6 years while the same has been deemed to having indefinite useful life as per Ind AS in accordance with principles of Ind AS-38 "Intangible Assets, as the various Brands have been in existence for considerable period and group intends to continue to use these intangible assets. Consequently it is believed that the Brands have an indefinite life and are not amortised. Instead impairment testing is performed annually and whenever a triggering event has occurred to determine whether the carrying value exceeds the recoverable amount. Hence it has resulted in increase in carrying value of intangible assets by ₹ 13.78 crores as on April 1, 2015 and decrease in amortisation expense by ₹ 3.66 crores for the year ended March 31, 2016.

The Group has reinstated all business combination that occurred after the date of transition. This means all assets and liabilities of the acquired business have been recorded at fair value on the date of acquisition as per Ind AS 103-"Business Combination" and non-controlling interest has been measured at its share in net assets on the date of acquisition. The difference between the net assets acquired, share of non-controlling interest in net assets and consideration paid is transferred to Goodwill. Refer note 30 (2) for its impact on financial statement.

V. Amortised cost of financial assets and financial liabilities

(a) Under the previous GAAP, interest free security deposit paid for obtaining properties on lease (that are refundable in cash on completion of lease term) are recorded at their transaction value. Under Ind AS all financial assets are required to be recognised at fair value. Accordingly the Company has fair valued the security deposit retrospectively. Difference between the transaction value and fair value is recognised as prepaid rent as on the date of transition.

(b) Under the previous GAAP, interest free security deposit received for renting out a warehouse (that are refundable in cash on completion of lease term) are recorded at their transaction value. Under Ind AS all financial liabilities are required to be recognised at fair value. Accordingly the Company has fair valued the security deposit received during the year. Difference between the transaction value and fair value is recognised as rent received in advance during the year ended March 31, 2016.

(c) Under the previous year, interest accrued on investment in NHAI bonds was shown as interest accrued in other current assets. Under Ind AS investment in Bonds are financial assets and are qualified to be recognised at amortised cost at reporting date as per Ind AS 109. Accordingly the Company has measured investment in bonds at amortised cost at reporting date.

(d) Under the previous GAAP, transaction costs incurred in connection with borrowings are amortized upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

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VI. Deferred tax assets and Deferred tax liability

Under Indian GAAP, deferred tax is calculated using the income statement approach, which focuses on difference between taxable profits and accounting profits for the period. Ind AS 12-“ Income tax” requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

VII. Proposed Dividend

Under the previous GAAP, proposed dividend including corporate dividend tax (CDT), are recognized as liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, proposed dividend is recognized as liability in the period in which it is declared by the Company, usually when approved by the shareholders in a general meeting, or paid.

Proposed Dividend, including corporate dividend (CDT) tax liability as on April 1, 2015 amounting to ₹ 225.49 crores was derecognized on the transition date with corresponding increase in retained earning. The same has been recognized in retained earnings during the year ended March 31, 2016 as declared and paid. Proposed dividend including corporate dividend tax (CDT) liability as on March 31, 2016 amounting to ₹ 225.53 crores is also derecognized on that date with the corresponding increase in the retained earnings.

VIII. Provision

Under the previous GAAP, the Company has accounted for provisions, including long-term provision, at the undiscounted amount. In contrast, Ind AS 37 requires that where the effect of time value of money is material, the amount of provision should be the present value of the expenditures expected to be required to settle the obligation. The discount rate should not reflect risks for which future cash flow estimates have been adjusted. Ind AS 37 also provides that where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time.

IX. Loss of control over subsidiary

Under previous GAAP, in case of loss of control over the subsidiary, retained interest in former subsidiary is measured at its proportionate share in net assets. While as per Ind AS, If a parent loses control of a subsidiary, the parent (a) derecognises the assets and liabilities of the former subsidiary from the consolidated balance sheet, (b) recognises any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant Ind ASs. (c) recognises the gain or loss associated with the loss of control attributable to the former controlling interest. Hence after sale of 80% stake in Feillo Malta Limited (earlier known as Havells Malta Limited) and Feilo Exim Limited (erstwhile Havells Exim Limited), the Group has measured the remaining 20% stake at fair value and the resulting gain has been recognised in the statement of profit or loss.

As per previous GAAP on disposal of foreign operation, the proportionate share of exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity shall be transferred to statement of Profit or loss, while as per Ind AS-21 “The Effects of Changes in Foreign Exchange Rates”, on the disposal of a foreign operation, the entire cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity, shall be reclassified from equity to profit or loss when the gain or loss on disposal is recognised.

This change has resulted in increase in the gain on disposal by ₹ 138.08 crores during the year ended March 31, 2016 which is recognised under “exception item” in the statement of profit and loss. Impact of measurement of retained interest in the disposed off subsidiaries Feillo Malta Limited (earlier known as Havells Malta Limited) and Feilo Exim Limited (erstwhile Havells Exim Limited) at fair value is ₹ 164.87 crores as at March 31, 2016.

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X. Excise Duty

Under the previous GAAP, revenue from sale to goods was presented exclusive of excise duty. Under Ind AS revenue from sales of goods is presented inclusive of excise duty. Excise duty paid is presented as separate line item of statement of profit and loss account as a part of expense. This change has resulted in increase in total revenue and total expense for the year ended March 31, 2016 by ₹ 401.79 crores. There is no impact on total equity and profit.

XI. Cash Discount

Under the previous GAAP, cash discount was presented under other expenses. Under Ind AS revenue from sales of goods is recognised at fair value of consideration expected to be received. Accordingly revenue for the year ended March 31, 2016 is presented net of cash discount. This change has resulted in decrease in total revenue and total expense for the year ended March 31, 2016 by ₹ 61.45 crores. There is no impact on total equity and profit.

XII. Defined Benefit Obligation

Both under previous GAAP and Ind AS, the Company recognized costs related to its post employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, measurements (comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined liability) are recognized in balance sheet through other comprehensive income. Thus, employee benefits expense is reduced by ₹ 38.95 crores and is recognized in other comprehensive income during the year ended March 31, 2016. The related income tax expense of ₹ 12.69 crores has also been reclassified from Profit and loss account to other comprehensive income.

XIII. Share Issue expenses

Under Indian GAAP, transaction costs incurred in connection with issue of share capital is charged to profit or loss for the period. Under Ind AS, such transaction costs is directly charged to retained earning. Hence it has resulted charging off the share issue expense directly in retained earning amounting to ₹ 0.26 crores.

XIV. Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit to profit as per Ind AS. Further, Indian GAAP profit is reconciled to total comprehensive income as per Ind AS.

XV. Statement of cash flows

The transition from previous GAAP to Ind AS has not had a material impact on the statement of cash flows.

E. Net Impact on above adjustments are as follows:

(₹ in Crores)

		March 31, 2016	April 1, 2015
(a)	**Net Impact on Property, plant and equipment due to**		
	Fair value of PPE as deemed cost {refer note D (I) above}	126.61	137.33
	Measurement of PPE of hyperinflationary economy at fair value {refer note D (III) above}	-	0.25
	Measurement of assets on account of acquisition of subsidiary at fair value {refer note D (IV) above}	(0.26)	-
	Discontinuation of Proportionate consolidation method on JV {refer note D (II) above}	(7.77)	(7.20)
		118.58	**130.38**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

(₹ in Crores)

		March 31, 2016	April 1, 2015
(b)	**Net Impact on Goodwill due to**		
	Measurement of assets and liabilities acquired in business combination at fair value {refer note D (IV) above}	(6.72)	-
		(6.72)	**-**
(c)	**Net Impact on intangible assets due to**		
	Measurement of Brand at indefinite useful life {refer note D (IV) above}	-	13.78
	Recognition of Brand and customer contract and relation on acquisition of subsidiary {refer note D (IV) above}	13.48	-
		13.48	13.78
(d)	**Net Impact on non-current investment due to :**		
	Measurement of NHAI bonds at amortised cost {refer note D (V) above}	2.44	-
		2.44	**-**
(e)	**Net Impact on Other non-current financial assets**		
	Measurement of fixed deposit at amortised cost {refer note D (V) above}	-	0.04
	Measurement of Security deposit (Rent) at amortised cost {refer note D (V) above}	(1.73)	(1.36)
	Discontinuation of Proportionate consolidation method on JV {refer note D (II) above}	-	(1.73)
		(1.73)	**(3.05)**
(f)	**Net Impact on deferred tax assets due to**		
	Reversal of Deferred tax assets on derecognition of amortisation of brand having indefinite useful life {refer D (IV) above}	-	(7.01)
	Reversal of Deferred tax assets recognised on discounting of long term provision {refer note D (VIII) above}	-	(0.25)
	Deferred tax liability recognised on fair valuation of financial assets and financial liabilities {refer note D (VI) above}	-	(0.47)
	Discontinuation of Proportionate consolidation method on JV {refer note D (II) above}	(0.05)	-
		(0.05)	**(7.73)**
(g)	**Net Impact on Other non-current assets**		
	Increase in prepaid rent on account of measurement of security deposit at amortised cost {refer note D (V) above}	1.28	0.30
		1.28	**0.30**
(h)	**Net Impact on inventories due to**		
	Measurement of inventories of hyperinflationary economy at fair value {refer note D (III) above}	-	0.90
	Discontinuation of Proportionate consolidation method on JV {refer note D (II) above}	(2.80)	(2.50)
	Elimination due to discontinuation of Proportionate consolidation method on JV {refer note D (II) above}	0.02	0.27
		(2.78)	**(1.33)**
(i)	**Net Impact on trade receivables due to**		
	Discontinuation of Proportionate consolidation method on JV {refer note D (II) above}	(23.63)	(21.94)
	Elimination due to discontinuation of Proportionate consolidation method on JV {refer note D (II) above}	(0.01)	21.86
		(23.64)	**(0.08)**
(j)	**Net Impact on Cash and cash equivalents**		
	Measurement of fixed deposits with a original maturity of less than three months at amortised cost {refer note D (V) above}	-	2.82

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

(₹ in Crores)

		March 31, 2016	April 1, 2015
	Discontinuation of Proportionate consolidation method on JV {refer note D (II) above}	(18.25)	(10.80)
		(18.25)	**(7.98)**
(k)	**Net Impact on Other Bank balance**		
	Measurement of fixed deposits with original maturity of more than three months but less than twelve months at amortised cost {refer note D (V) above}	15.13	6.72
	Measurement of fixed deposits account with original maturity of more than twelve months at amortised cost {refer note D (V) above}	5.86	-
		20.99	**6.72**
(l)	**Net Impact on Other current financial assets**		
	Measurement of of Security deposit (Rent) at amortised cost {refer note D (V) above}	(0.07)	(0.06)
	Measurement of Security deposit (Others) and Earnest Money deposit at amortised cost {refer note D (V) above}	0.44	0.36
	Discontinuation of Proportionate consolidation method on JV {refer note D (II) above}	(2.35)	(3.10)
	Others	0.56	1.75
		(1.42)	**(1.05)**
(m)	**Net Impact on Other current assets**		
	Decrease in interest accrued on fixed deposit on account of Measurement of fixed deposit at amortised cost {refer note D (V) above}	(21.44)	(9.94)
	Decrease in interest accrued on Bonds Measurement of NHAI bonds at amortised cost {refer note D (V) above}	(2.44)	-
	Increase in prepaid rent on account of measurement of security deposit at amortised cost {refer note D (V) above}	0.40	1.02
	Measurement of other current assets of hyperinflationary economy at fair value {refer note D (III) above}	-	0.07
		(23.48)	**(8.85)**
(n)	**Net Impact on Non-controlling interest due to**		
	Measurement of assets and liabilities acquired in business combination at fair value {refer note D (IV) above}	6.44	-
		6.44	**-**
(o)	Net Impact on non-current borrowing		
	Measurement of long term borrowing at amortised cost {refer note D (V) above}	-	(2.51)
		-	(2.51)
(p)	**Net Impact on Other non-current financial liabilities**		
	Measurement of security deposit at amortised cost {refer note D (V) above}	(1.25)	(0.04)
		(1.25)	**(0.04)**
(q)	**Net Impact on non current provisions**		
	Discounting of non-current warranty provision {refer note D (VIII) above}	(0.78)	(1.47)
	Discounting of non-current environmental liability {refer note D (VIII) above}	-	(0.73)
	Discounting of non-current retirement benefit obligation {refer note D (VIII) above}	-	(1.36)
		(0.78)	**(3.56)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

(₹ in Crores)

		March 31, 2016	April 1, 2015
(r)	**Net Impact on deferred tax liability {refer note D (VI) above}**		
	Deferred tax liability recognised on fair valuation of PP&E as on transition date	43.82	47.53
	Deferred tax liability recognised on fair valuation of financial assets and financial liabilities	0.22	0.26
	Deferred tax assets recognised on elimination of intra-group profit on inventory	-	(1.77)
	Deferred tax liability recognised on intangible assets recognised under business combination	4.68	-
		48.72	**46.02**
(s)	**Net Impact on current borrowing**		
	Measurement of short term borrowing at amortised cost {refer note D (V) above}	-	0.03
		-	**0.03**
(t)	**Net Impact on trade payable due to**		
	Discontinuation of Proportionate consolidation method on JV {refer note D (II) above}	(19.60)	(14.75)
	Elimination due to discontinuation of Proportionate consolidation method on JV {refer note D (II) above}	0.09	21.86
		(19.51)	**7.11**
(u)	**Impact on Other current financial liabilities**		
	Measurement of current maturities of long term borrowing at amortised cost {refer note D (V) above}	0.18	(6.99)
	Measurement of security deposit at amortised cost {refer note D (V) above}	(0.19)	(0.22)
		(0.01)	**(7.21)**
(v)	**Impact on Other current liabilities**		
	Decrease in interest accursed on account of Measurement of borrowing at amortised cost {refer note D (V) above}	(0.18)	(3.14)
	Increase in Rent in advance on account of Measurement of security deposit at amortised cost {refer note D (V) above}	1.25	-
	Discontinuation of Proportionate consolidation method on JV {refer note D (II) above}	(0.29)	-
		0.78	**(3.14)**
(w)	**Net Impact on current provisions**		
	Derecognition of proposed dividend and recognition in the year of declaration and payment {refer note D (VII) above}	(225.53)	(225.49)
	Discontinuation of Proportionate consolidation method on JV {refer note D (II) above}	(0.31)	(0.02)
		(225.84)	**(225.51)**
(x)	**Net Impact on revenue from operations due to**		
	Derecognition of excise duty on sale sof goods {refer note D (X) above}	401.79	
	Recognition of cash discount in sales of goods {refer note D (XI) above}	(84.43)	
	Discontinuation of Proportionate consolidation method on JV {refer note D (II) above}	(61.52)	
	Elimination due to discontinuation of Proportionate consolidation method on JV {refer note D (II) above}	44.33	
		300.17	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

(₹ in Crores)

		March 31, 2016	April 1, 2015
(y)	**Net Impact on cost of material consumed due to**		
	Discontinuation of Proportionate consolidation method on JV {refer note D (II) above}	(13.19)	
	Elimination due to discontinuation of Proportionate consolidation method on JV {refer note D (II) above}	11.05	
		(2.14)	
(z)	**Net Impact on purchase of traded goods consumed due to**		
	Discontinuation of Proportionate consolidation method on JV {refer note D (II) above}	(39.68)	
	Elimination due to discontinuation of Proportionate consolidation method on JV {refer note D (II) above}	33.27	
		(6.41)	
(za)	**Net Impact on change in inventories of finished goods, traded goods and work in progress due to**		
	Discontinuation of Proportionate consolidation method on JV {refer note D (II) above}	0.03	
	Elimination due to discontinuation of Proportionate consolidation method on JV {refer note D (II) above}	0.25	
		0.28	
(aa)	**Net Impact on employee benefit expenses due to**		
	Reclassification of measurement gain to other comprehensive income {refer note D (XII) above}	39.05	
	Discontinuation of Proportionate consolidation method on JV {refer note D (II) above}	(2.43)	
	Other adjustment	(0.10)	
		36.52	
(ab)	**Net Impact on finance cost due to**		
	Measurement of borrowing at amortised cost {refer note D (V) above}	9.44	
	Discontinuation of Proportionate consolidation method on JV {refer note D (II) above}	(0.01)	
		9.43	
(ac)	**Net Impact on depreciation due to**		
	Depreciation due to fair valuation of property, plant and equipment {refer note D (I) above}	12.66	
	Discontinuation of Proportionate consolidation method on JV {refer note D (II) above}	(1.27)	
	Reversal of amortisation on intangible assets measured at indefinite useful life {refer note D (IV) above}	(3.66)	
		7.73	
(ad)	**Net Impact on other expenses due to**		
	Measurement of revenue from operation at fair value {refer note D (XI) above}	(84.43)	
	Discontinuation of Proportionate consolidation method on JV {refer note D (II) above}	(2.83)	
	Reclassification of share issue expense directly in the equity {refer note D (XIII) above}	(0.26)	
	Measurement of financial assets and liabilities at amortised cost {refer note D (V) above}	(0.14)	
		(87.66)	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2017

(₹ in Crores)

		March 31, 2016	April 1, 2015
(ae)	**Reconciliation of equity as at March 31, 2016 and April, 2015 between previous GAAP and Ind AS:**		
	Other Equity as per Previous GAAP	**2,495.44**	**1,755.74**
	Add/(Less):		
	Reversal of proposed dividend and recognition in the year of declaration and payment	225.53	225.49
	Impact of fair valuation of property, plant and equipment considered as deemed cost	126.32	137.33
	Impact of measurement of retained interest in subsidiary upon loss of control at fair value	138.08	-
	Measurement of financial assets and liabilities at amortised cost	7.06	12.76
	Impact of income tax including deferred tax	(56.84)	(53.75)
	Other GAAP differences	29.62	20.58
	Net Other Equity as per Ind AS	**2,965.21**	**2,098.15**

22 Pursuant to notification of Ministry of Corporate Affairs dated March 30, 2017, disclosure of specified bank notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016 for companies registered in India is provided in table below:

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	0.02	0.03	0.05
(+)Permitted receipts	-	0.13	0.13
(-) Permitted Payments	-	0.13	0.13
(-) Amount deposited in Banks	0.02	-	0.02
Closing cash in hand as on 30.12.2016	-	0.03	0.03

23. The figures have been rounded off to the nearest crore of rupees upto two decimal places. The figure 0.00 wherever stated represents value less than ₹ 50,000/-.

24. Figures relating to April 1, 2015 (date of transition) has been regrouped/reclassified wherever necessary to make them comparable with the current year figures.

25. Note No. 1 to 32 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 /E300005

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

Anil Rai Gupta
Chairman and Managing Director
DIN: 00011892

Rajesh Kumar Gupta
Director (Finance) and Group CFO
DIN: 00002842

Surjit Kumar Gupta
Director
DIN: 00002810

Per Manoj Kumar Gupta
Partner
Membership No. 83906

Per V.P. Bansal
Partner
Membership No. 08843

Sanjay Kumar Gupta
Company Secretary

Sanjay Johri
Vice President (Finance)

Noida, May 11, 2017

Form AOC -1

Salient features of Financial Statements of Subsidiaries / Joint Ventures pusuant section 129 (3) read with Rule 5 of companies (Accounts) Rules, 2014

Part “A” : Subsidiaries

Sl No.	Name of Subsidiary Company	Country	Reporting period for the subsidiary concerned	Reporting Currency and Exchange rate as on last date of financial year in case of foreign subsidiaries		Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Assets-Liabilities	Invest-ment other than Subsi-diaries	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	OCI	Total OCI	Proposed Dividend	% of Share-holding
				Currency	Exchange Rate														
1	Havells Holdings Limited	Isle of Man	31/03/2017	EURO	69.14	249.62	(74.14)	227.08	51.60	175.48	-	-	(57.64)	-	(57.64)	(18.38)	(76.02)	-	100%
2	Havells International Limited	Malta	31/03/2017	EURO	69.14	89.20	(72.90)	16.58	0.28	16.30	-	-	(12.37)	-	(12.37)	(1.77)	(14.14)	-	100%
3	Havells Sylvania Brasil Iluminacao Ltda.	Brazil	31/03/2017	BRL	20.55	342.34	(419.45)	67.34	144.45	(77.11)	-	75.64	(55.35)	-	(55.35)	(3.48)	(58.83)	-	100%
4	Havells Sylvania (Thailand) Ltd.	Thailand	31/03/2017	THB	1.88	20.94	0.33	43.89	22.62	21.27	-	75.40	6.80		6.80	1.59	8.39	-	100%
5	Thai Lighting Assets Co. Ltd.	Thailand	31/03/2017	THB	1.88	11.55	(0.43)	11.12	-	11.12	-	-	(0.06)	-	(0.06)	(0.03)	(0.09)	-	49%
6	Havells USA Inc.	USA	31/03/2017	USD	64.72	9.93	(23.15)	5.01	18.23	(13.22)	-	7.17	(0.67)	-	(0.67)	0.29	(0.38)	-	100%
7	Havells Sylvania Iluminacion (Chile) Ltda	Chile	31/03/2017	CLP	0.10	3.88	(7.76)	-	3.88	(3.88)	-	-	(0.03)	-	(0.03)	0.04	0.01	-	100%
8	Standard Electrical Limited	India	31/03/2017	INR	1.00	0.05	(0.00)	0.05	0.00	0.05	-	-	(0.00)	-	(0.00)	-	(0.00)	-	100%
9	Havells Global Limited	India	31/03/2017	INR	1.00	0.05	(0.00)	0.05	0.00	0.05	-	-	(0.00)	-	(0.00)	-	(0.00)	-	100%
10	Havells Guanzhou International Limited	China	31/03/2017	CNY	9.40	-	-	-	-	-	-	-	-	-	-	-	-	-	100%
11	Promptec Renewable Energy Solutions Private Limited	India	31/03/2017	INR	1.00	2.64	13.04	43.36	27.68	15.68	-	85.30	(2.39)	(1.04)	(1.34)	0.26	(1.08)	-	68.92%

Part "B" : Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Joint Ventures

1	**Name of Joint Ventures**	Jiangsu Havells Sylvania Lighting Co. Ltd.
2	**Latest audited Balance Sheet Date**	31st Dec-2016
3	**Shares of Joint Ventures held by the company on the year end**	50% in paid in capital
	Amount of Investment in Joint Venture	₹ 30.87 crores (Fair Value of ₹ 16.21 crores) (Refer note no. 32(1)(a)
	Extend of Holding %	50%
4	**Description of how there is significant influence**	Havells India Ltd. holds 50% of total capital contribution in Jiangsu Havells Sylvania Lighting Co., Ltd.
5	**Reason why the associate/joint venture is not consolidated**	Held for Sale (Refer note no. 32(1)(a))
6	**Net worth attributable to shareholding as per latest audited Balance Sheet**	₹ 31.75 crores
7	**Profit / Loss for the year**	
	i. Considered in Consolidation	0
	ii. Not Considered in Consolidation	(₹ 4.78 crores)

For and on behalf of Board of Directors

Anil Rai Gupta
Chairman and
Managing Director
DIN: 00011892

Surjit Kumar Gupta
Director
DIN: 00002810

Rajesh Kumar Gupta
Director (Finance) and
Group CFO
DIN: 00002842

Sanjay Kumar Gupta
Company Secretary

Sanjay Johri
Vice President
(Finance)

Noida, May 11, 2017

Progress at a Glance of Last 10 Years- Havells India Limited (Standalone)

(₹ in crores)

Performance for the Year	2008	2009	2010	2011	2012	2013	2014	2015	2016*	2017*
Turnover (Gross)	2,231.89	2,333.82	2,476.18	3,045.60	3,830.56	4,506.37	5,031.11	5,557.79	5,775.42	6,585.96
Less: Excise Duty	176.32	135.46	104.77	163.95	214.95	281.38	311.42	319.10	397.10	450.70
Turnover (Net)	2,055.57	2,198.36	2,371.41	2,881.65	3,615.61	4,224.99	4,719.69	5,238.69	5,378.32	6,135.26
Profitability										
Earnings Before Interest, Depreciation, Taxes and Amortisation	185.42	196.82	305.48	337.30	459.07	534.86	641.60	699.10	754.93	824.14
Profit before Tax	166.25	167.27	290.31	309.87	373.81	457.18	595.10	646.25	909.03	768.83
Profit After Tax	143.54	145.23	228.16	242.05	305.43	371.39	478.69	464.94	712.03	539.04
Financial Position										
Share Capital	28.96	30.08	31.19	62.39	62.39	62.39	62.39	62.44	62.46	62.49
Other Equity	620.07	901.83	1,104.00	1,278.42	1,545.93	1,807.83	2,067.46	2,313.35	2,891.21	3,211.09
Loan funds	35.80	70.28	115.81	133.62	128.58	108.78	195.52	83.46	44.40	198.05
Other Liabilities	474.05	385.47	416.17	642.13	854.44	817.38	1,020.99	1,146.23	1,004.65	1,374.60
Gross Block	427.88	523.41	673.64	829.91	975.32	1,108.91	1,188.23	1,349.03	1,328.52	1,452.27
Net Block	385.25	465.48	601.23	730.30	833.95	913.54	934.06	1,007.32	1, 208.56	1,221.74
Total investments	164.79	387.87	531.71	715.47	775.07	791.92	882.52	1,011.76	309.61	227.41
Cash and Bank Balance	64.91	157.37	68.23	49.18	136.21	246.54	626.16	522.34	1,365.21	1,937.53
Other Assets	575.39	394.00	509.79	675.23	901.72	906.28	955.36	1,107.43	1, 205.60	1,573.31
Earning per share										
EPS-as reported	26.00	24.93	36.57	19.40	24.48	29.76	38.36	7.45	11.40	8.63
EPS-adjusted for bonus issue/split	2.60	2.49	3.66	3.88	4.90	5.95	7.67	7.45	11.40	8.63

**The financial results summary for financial years 2015-16 and 2016-17 are prepared in accordance with Ind-AS and financial results for other financial years are prepared as per the prevailing GAAP.*

NOTES

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HAVELLS

Havells India Limited

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Email: marketing@havells.com

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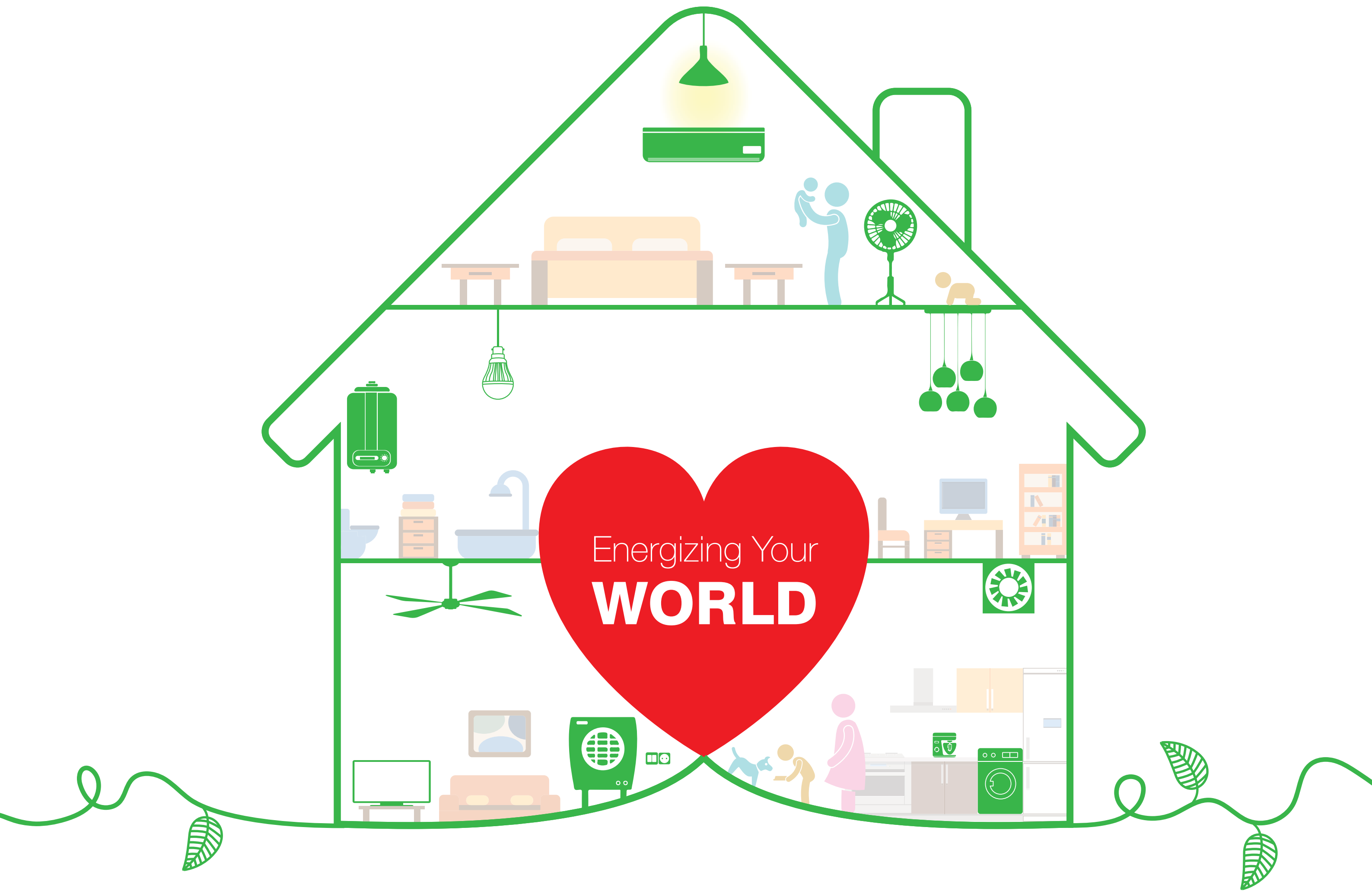
Consumer Care No.: 1800 11 0303, 1800 103 1313 (All Connections), 011-41660303 (Landline)
Join us on Facebook at www.facebook.com/havells and share your ways to save the planet!

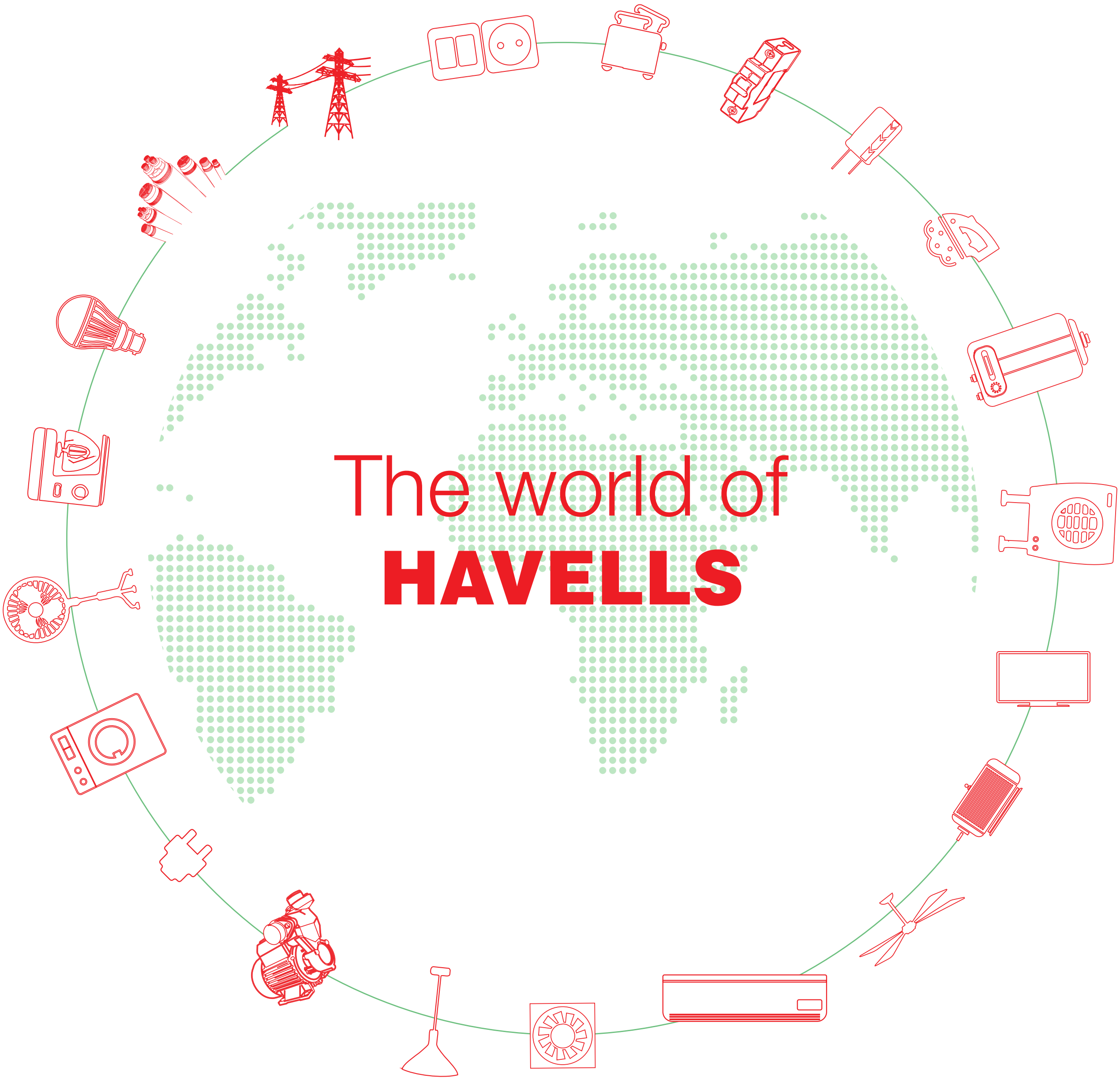
CIN: L31900DL1983PLC016304

HAVELLS



HAVELLS | Sustainability Report 2016-17

We are
charged by a
**passion for
efficiency**
and creating
shared value.


The world of
HAVELLS

As India's largest Fast Moving Electrical Goods (FMEG) company, we endeavour to lead with a **bold commitment to innovation and social responsibility** to ensure a sustainable future.

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30,000 litre
of **Water Savings** per day

2.3 MW
Renewable Energy Installed

6,735 GJ
of **Energy Saved** over previous year

95 %
of all waste generated **Recycled/Reused**

1,465 $MtCO_2eq.$
reduction in **GHG Emissions**

PLANET

Our Triple Bottom Line

SOCIETY

ECONOMY

Employee Health & Safety
improved by
42.8 %

Training Hours per Employee
increased by
144 %

CSR Investments
increased by
16.5 %

Mid-day Meals
provided to
58,000
children per day

CSR Expenditure
INR **13.4** cr

Net Revenue
INR **6,586** cr

Profit After Tax (PAT)
INR **539** cr

Total Expenditure on Employees
increased by
35 %

Sustainability at Havells

As India's largest Fast Moving Electrical Goods (FMEG) company, Havells India Limited is proud to carry the baton of industry leadership with an unwavering commitment to sustainability. We began working on sustainability long before it became mandatory – creating products that exceeded average industry standards of energy and resource efficiency, and setting new benchmarks of product safety.

Sustainability is deeply rooted into the culture of innovation at Havells. Optimal resource use across the entire value chain, reduction and recycling of waste in manufacturing processes, creating safe, reliable products, and empowering our stakeholders are salient aspects of our work philosophy. We strive to create shared value for all stakeholders by following a 'Triple Bottom Line' approach.

Our efforts at optimizing the use of natural resources have yielded enormous savings in energy and raw materials. Our focus on water conservation through the years has gained us the status of a 'Water Positive Company.' And by making 70% of our product range energy efficient, we have also enabled our customers to achieve a low environmental footprint.

We undertake initiatives throughout the year to ensure the well-being of our employees and communities we work with. We have actively supported the Government's Swachh Bharat Abhiyan by constructing over 2000 bio-toilets in the past two years and continued to bolster our mid-day meal program that feeds 58,000 children every day. This program is not only eradicating hunger amongst school-going children, but also contributing to higher rates of school attendance, thereby improving education opportunities for these children.

With the launch of Havells 2016-2017 Sustainability Report, we are renewing our commitment to environmental, social and fiscal responsibilty, and creating value for all our stakeholders. We are thrilled to be working alongside our workforce and suppliers towards the sustainable growth of our business.

90% of Havells products are manufactured in-house. Our direct control on manufacturing gives us the independence to enshrine innovative sustainable practices across our supply-chain.

Chairman's Message

Dear Stakeholders,

At Havells, our values reflect the fundamental importance of inclusion, openness and commitment to the environment. We understand the need to invest thoughtfully in expanding the benefits of modern day requirement while protecting the environment and addressing the impact of climate change. While the formal process of reporting on the progress of our sustainability measures began in 2012, operating our business in an environmentally sustainable way has been an underlying philosophy from the very beginning.

We are constantly working towards improving our environmental performance – be it achieving water positive status or installing rooftops solar panels to power our facilities or new packaging designs that reduce landfill volume by 90%. We have significantly reduced our paper consumption and are gradually moving towards becoming paper and wood positive.

Lowering our energy footprint has been our top environmental agenda for last 5 years. This year, we reduced our energy consumption by approximately 2 million units across our plants and installed solar photo-voltaic systems with a combined capacity of 2.3MW at our Faridabad and Alwar plants. This renewable energy investment lowered our dependence on fossil-fuel based energy and brought down GHG emissions, which is equivalent to planting 90,000 trees.

A commitment to a sustainable world is at the core of all innovation at Havells. We constantly iterate on designs to use fewer resources and yield higher value for people, planet and the economy.

In the past five years, we have reduced the GHG intensity of our facilities by more than 20%, thanks to clean energy use. We have continued to improve our safety record, with no significant incidents reported from any of our facilities this year. We have also further strengthened our Human Capital by increasing skill development and up-gradation training for employees by 144% over previous year.

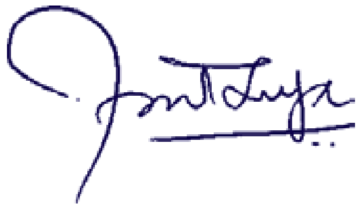
Throughout our operations, social investments are integral to our approach for doing business. Our primary focus areas are improving the quality of education, promoting economic development through training and access to better jobs, providing mid-day meals and making investments that help preserve a clean, safe, healthy environment.

Our mid-day meal program in Rajasthan continues to feed 58,000 children per day throughout the year, leading to improved attendance and performance at school. Contributing to government's 'Swachh Bharat Abhiyan,' we have built over 2000 bio-toilets across 250 schools in Rajasthan so far. We are now also providing funds to maintain these toilets and conducting sanitation sensitization workshops for children and teachers. We hope to see an all-round development for our future generations.

We are excited about the opportunities in 2017 and beyond. We believe that India is in a golden growth phase for the next few decades and Havells is prepared to play a key role towards enabling the country's sustainable growth.

I thank all Havells employees, the board and other stakeholders for their consistent commitment, engagement, and encouragement. We will continue to seek our shareholders' participation and support, as we extend our footprint to create new pathways to sustainable development and tap impending strategic investment opportunities.

Warm regards,



Anil Rai Gupta
Chairman and MD

About the Report

This report highlights the integrated sustainability practices across all verticals at Havells and follows the 'In Accordance-Core' framework of the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines. We have also aligned the reporting to the Business Responsibility Report (BRR) requirements under SEBI Listing Regulation, 2015.

Reporting Boundary

The data in this report covers the period from April 1, 2016- March 31, 2017.

Future Reporting

We publish reports annually and our last report was published in 2016.

Report Scope and Boundary

Havells Facilities	Performance Indicators Covered in Report		
	Economic	Environmental	Social
Manufacturing units			
a) Neemrana, Rajasthan	✓	✓	✓
b) Alwar, Rajasthan	✓	✓	✓
c) Baddi, Himachal Pradesh	✓	✓	✓
d) Faridabad, Haryana	✓	✓	✓
e) Haridwar Fans, Uttarakhand	✓	✓	✓
f) Haridwar Standard, Uttarakhand	✓	✓	✓
g) Sahibabad, Uttar Pradesh	✓	✓	✓
Corporate Office			
a) Noida, Uttar Pradesh	✓		✓

During the reporting year, we shifted our manufacturing operations from the Noida plant to the Neemrana plant to increase productivity and efficiency of resource use.

We will continue to report with GRI and other frameworks to provide consistent insight into our broader sustainability work.

Data Integrity

The data reported on the environmental and social sustainability indices in this report is based on our integrated data management system. We have exercised strict internal controls to collect and analyse the data to support all disclosures in this report.

We are committed to complete transparency and have represented the impact our business has on people and the planet in a fair manner. Our effort has been to ensure that the information presented in this report is unbiased, comparable, accurate, reliable and comprehensible. In the report, we have pointed out significant limitations in the information presented, wherever applicable. Due to rounding-off, numbers presented throughout this report may not add up precisely to the total provided.

We hope you find this report informative and useful. Your comments and suggestions are welcome at sustainability@havells.com.

External Assurance

We believe that independent assurance not only leads to quality and process improvements but helps in building trust and credibility with key stakeholders.

Sustainability Report 2016-17 is externally assured by KPMG, excluding economic performance indicators, which are derived from our audited financial reports. The assurance is in accordance with the 'limited assurance' criteria of the International Standards on Assurance Engagements ISAE 3,000 (Revised). The assurance approach, methodology, and observations are presented in the assurance letter at the end of this report in *Annexure 1*.

Alignment with Sustainable Development Goals

Havells supports the delivery of Sustainable Development Goals (SDGs) created by the United Nations. We are driven by the responsibility to help build an economy, in which resource extraction is balanced with effective resource management and optimization, to achieve social and environmental benefits. Several of our community initiatives are in direct alignment with SDGs that relate to sanitation and hunger. Through our extreme focus on energy and resource efficiency in our products alongside clean energy generation, we have aligned with several SDGs that address climate change and responsible energy use. As one of the leading companies in the electrical sector in India, we continue to focus on product innovation and providing new opportunities in the workforce. We will continue to work towards initiatives that align with a wider set of SDGs in the future.

We Support UN Sustainable Development Goals (SDGs)

SUSTAINABLE DEVELOPMENT GOALS

2 ZERO HUNGER

- Mid Day meals to 58,000 kids every day

6 CLEAN WATER AND SANITATION

- Enabling better school infrastructure by providing eco-friendly bio-toilets

7 AFFORDABLE AND CLEAN ENERGY

- Energy efficient practices at manufacturing plants that reduce energy footprint
- Implementation of Renewable Energy Sources

8 DECENT WORK AND ECONOMIC GROWTH

- Community investments
- Skilled manpower/Training to ensure business growth
- Best in-class employee perks and incentives suite

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- R&D centers across all plants to provide the best technologies
- Focused zero defect services to enable consumers to be comfortable and secure in usage of electricity

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- Environment Responsible products
- Best in-class customer management practices
- Organizational culture supports strengthening employees' core competencies

13 CLIMATE ACTION

- Afforestation
- Emissions Reduction
- Adaptation

We are committed to enabling sustainable development through initiatives that generate social and environmental value.

Who We Are

Business Divisions

SWITCHGEAR	CABLE AND WIRES	LIGHTING	ELECTRICAL CONSUMER DURABLES
Switches, Capacitors, Industrial and Domestic Switchgears, Motors, Pumps, Automation and Control	Power Cable and Flexible Cables	LED, CFL, Professional and Consumer Luminaires	Fans, Small Domestic Appliances, Water Heaters, Air Coolers, Personal Grooming

Havells offers one of the largest portfolios of electrical products that range from industrial applications to consumer appliances. Our products are differentiated by their superior design, unmatched functionality, reliability, safety and convenience. Our acquisition of brand Lloyd has marked our foray into the $15 billion consumer durables industry and enabled us to delve deeper into the homes of our consumers with top quality products such as air-conditioners, LED TVs and washing machines.

A Journey of Firsts

Havells became an eco-pioneer when it introduced the Green CFL and BEE 5-star energy efficient ceiling fans in India. We have set an industry benchmark by making 70% of our product line energy efficient. We are committed to leading the industry by developing innovative products that address the shifting needs of consumers in an evolving marketplace.

3 Times to the Moon and Back!

Each year, we manufacture over 11,50,000 kilometres of domestic and industrial cables, which is almost 3 times the distance between the earth and the moon.

Company Ownership Pattern (as on 31st March 2017)	
Promoter & Promoter Group	61.61
Mutual Funds	2.44
Foreign Portfolio Investors	26.53
Financial Institutions/ Banks	0.21
Private Corporate Bodies	2.28
Indian Public	6.38
NRI/Foreign Bodies	0.55
Total	100

1,00,000 retail outlets

7,575 dealers

INR**28,000**cr **market cap** as of 31st March

40+ branches

12 manufacturing plants **in India**

40+ countries

Havells India Limited
an overview

Brands and Products

Havells India Limited is the leading Fast Moving Electrical Goods (FMEG) Company in India. We enjoy industry dominance across a wide spectrum of products that include; Industrial & Domestic Circuit Protection Devices, Cables & Wires, Motors, Fans, Modular Switches, Home Appliances, Electric Water Heaters, Power Capacitors, CFL Lamps, LEDs, Air Coolers, Air Purifiers, Personal grooming and Luminaires for domestic, commercial and industrial applications.

Making it in India, Taking it to the World

We manufacture under the 'Make in India' initiative, building 90% of our products in-house across 12 world-class manufacturing plants located in Alwar, Baddi, Faridabad, Haridwar, Neemrana, Sahibabad and Guwahati. We have a strong domestic presence with 40 offices across the country supported by over 7,575 dealers and distributors, with world class service network in over 400 cities of India. Our products are available in over 40 countries with strong sales presence and a strong product line.

Our exclusive chain of brand showrooms 'Havells Galaxy,' cater to both industrial and consumer products. Today, over 400 'Havells Galaxy' outlets across the country are helping our consumer and commercial customers access a wide variety of products for different applications with convenience and ease.

Customer Commitment, our Highest Priority

Havells has created a robust value chain for after-sales service to ensure that all our customers are satisfied with their purchases. Havells became the first FMEG Company to offer door step service under the 'Havells Connect' initiative. We are also the first FMEG Company ever to offer 24X7 customer service across 9 different languages in over 400 districts to support our customers. Through this uncompromising focus on our customers, Havells has achieved high customer satisfaction across its brand portfolio.

High Recall and High Loyalty Brands

Havells and its brands have long been the preferred choice for industrial and consumer electrical products. Our brands epitomize superior quality and reliability as a result of which, Havells enjoys top of the mind brand recall across many geographies. Our brands are our greatest assets and we work hard to create, sustain and enhance our innovative product range under each brand.

Corporate Social Responsibility (CSR)

Built upon the ethos of inclusive growth, instilled by our founder Chairman, Late Shri Qimat Rai Gupta, Havells has been on the path of enabling positive social and environmental impact for decades. Our CSR efforts are built upon six pillars- Health & Nutrition, Sanitation, Education, Environment, Skill Development and Heritage Conservation. These focus areas are not only inter-linked but are also aligned with the Government's commitment to achieve the United Nations Sustainable Development Goals (SDGs). Our mid-day meal program provides clean, hygienic and nutritious meals to 58,000 school children every day in 688 government schools in Alwar district. This year we built 1250 bio-toilets in 150 government schools, bringing the total number of toilets we have built in Rajasthan to 2000, across 250 schools so far.

Our Business Ecosystem

At Havells, we work closely with our business partners (dealers and suppliers) to serve our valuable customers to their utmost satisfaction, creating shared value for all. Our supply-chain is resilient and can adapt quickly and efficiently to changing market conditions. This sustainable value chain is backed by the skills of our experienced workforce and trustworthy relationships we maintain with our business partners.

Supply Chain Management

Over the course of our decades-long industry leadership, we have built a reliable, adaptive and cost-competitive network of distributors as part of our robust supply chain. We have invested in IT infrastructure and upgraded our supply chain with best-in-class digital tools. This enables us to receive real-time feedback from various points across development, procurement, production, logistics, sales and service. By responding quickly to feedback received, we make constant improvements in our supply chain and strengthen our business partners network.

Responsible Sourcing

We keep a strong supply-chain by sourcing our materials locally, wherever possible. This past year, 77% of our total procurement budget was spent in India. We have relationships with over 1,200 suppliers in the country. A small portion of our materials are procured overseas from China, Germany, France, South Korea, USA, Thailand, Singapore, Taiwan, Switzerland, Canada and Netherlands. Managing this part of our supply chain responsibly, is of crucial importance to us and we work hard to integrate ethical & environmental concerns into our business practices.

The Havells Code of Conduct enables supply chain partners to follow the company's principles of corporate governance built on trust and transparency. A "Code of conduct" is signed with all suppliers for statutory compliance with applicable laws of Environment Health & Safety Act, Child Labour Act, Contract Labour Regulations and Prohibition Act, etc. This Code is integrated into our day-to-day procurement and operations and is an integral part of our Vendor Qualification, Development, and Evaluation requirements.

A significant number of our suppliers are small producers with limited time and resources. They lack the means to enhance strategic learning to improve quality & productivity. To address this issue, we formed the 'HABIT (Havells Association of Business Innovation & Transformation) Society. As part of this group, our Lean Manufacturing Consultants provide guidance to our suppliers and connect them with government-based financing for capacity building.

Currently we are supporting Six Vendor Clusters (comprising of 57 suppliers) on the following manufacturing techniques:

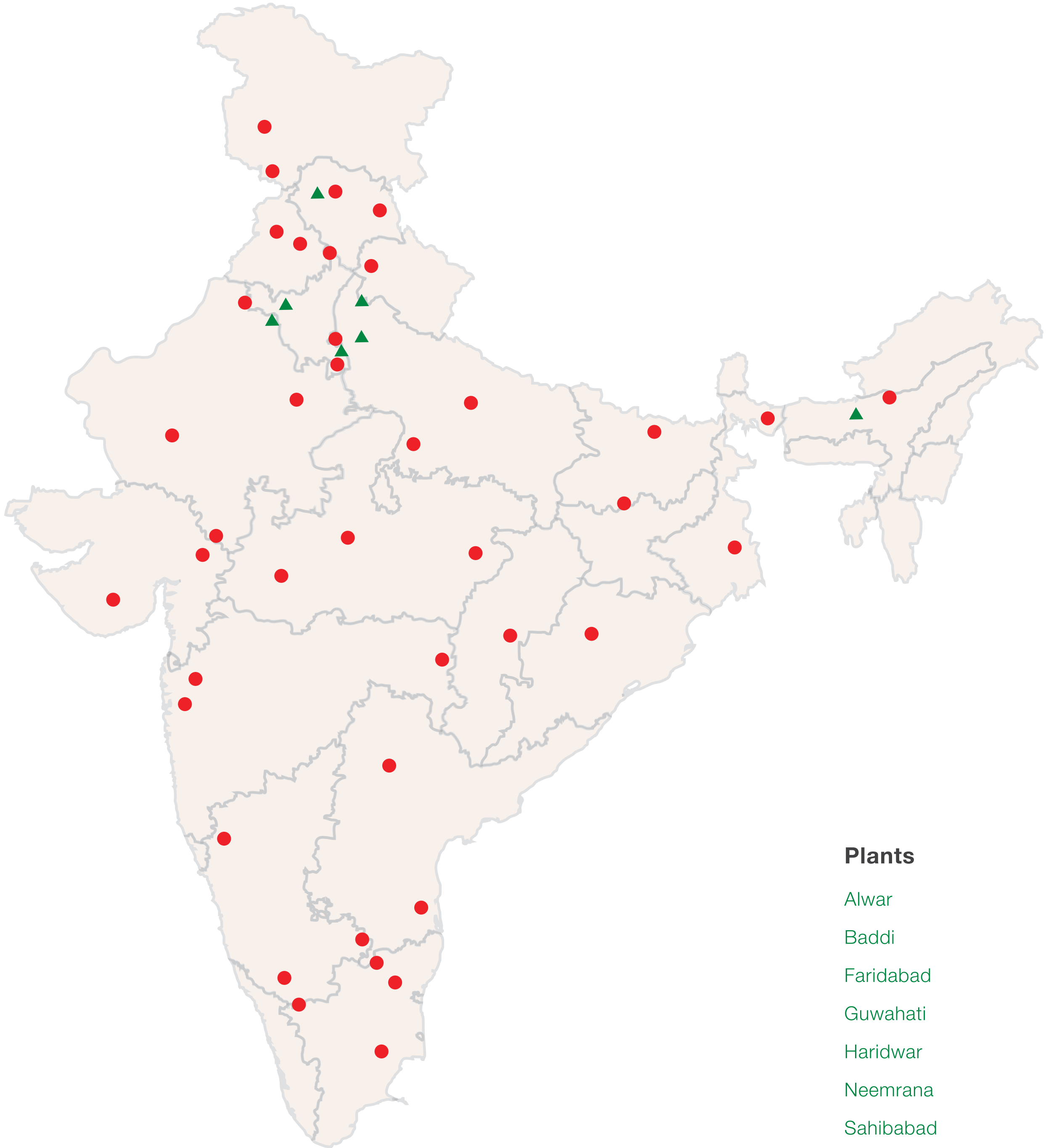
1. **5S System**
2. **Standard Operating Procedures (SOP)**
3. **Kaizen Blitz or Rapid Improvement Process**
4. **Value Stream Mapping**
5. **TPM (Total Productive Maintenance)**
6. **Single Minutes Exchange of Dies/ Quick Changeover**
7. **Visual Control**
8. **Just in Time (JIT)**
9. **Cellular Layout**
10. **Poka Yoke or Mistake Proofing**
11. **Kanban System**

Our Journey so Far

Our business was founded as a trading operation and soon thereafter, we began manufacturing our own products that became renowned for their superior quality. Our presence in India reaches across 40 cities with 100,000 sales outlets and a dealer network of over 7,575 making us India's leading FMEG company.

Our path of constant innovation has enabled us to diversify into new consumer durables. We recently added home appliance and personal grooming to our product mix. Our in-house manufacturing with 12 plants in 7 locations in India provides a strong base of vertical integration and delivery.

Havells has leaped across market segments and product categories through a rigorous commitment to innovation and conducting business with ethics and accountability to all our stakeholders.



Plants

Alwar

Baddi

Faridabad

Guwahati

Haridwar

Neemrana

Sahibabad

National Presence

Ahmedabad
Amritsar
Assam
Bangalore/Hubli
Bhopal
Bihar
Calicut
Chandigarh
Chennai
Chhatisgarh
Cochin
Coimbatore
Dehradun
Delhi
Goa
Haldwani
Haryana
Himachal
Hyderabad
Indore
Jabalpur
Jaipur
Jammu
Jharkhand
Jodhpur
Kanpur
Kolkata
Lucknow
Ludhiana
Madurai
Mumbai
Nagpur
Noida
Orissa
Pune/Kolhapur
Rajkot
Siliguri
Srinagar
Surat
Trichy
Trivandrum
Vijayawada

Awards and Memberships

Rajasthan CSR Award

Rajasthan CSR Award

Neemrana CSR Award

NEEK Electro Tech

<table>
<tr><th>Membership</th><th>Havells Role</th></tr>
<tr><td>Electric Lamp and Component Manufacturers Association of India (ELCOMA)</td><td>For exchange of knowledge and capabilities</td></tr>
<tr><td>International Facility Management Association (IFMA)</td><td>For developing strategies to manage human, facility and real estate resources</td></tr>
<tr><td>PHD Chamber of Commerce</td><td rowspan="2">For representing the company at the industry association and sharing with other industries in the electrical sector, concerns and interests</td></tr>
<tr><td>Indian Electrical & Electronics Manufacturers' Association (IEEMA)</td></tr>
</table>

VISION

To be a globally recognised corporation that provides the best electrical and lighting solutions delivered by the best-in-class professionals

MISSION

To achieve our vision through fairness, business ethics, global reach, technological expertise, building long-term relationships with all our associates, customers, partners and employees

VALUES

Customer Delight

A commitment to surpass our customer expectations

Leadership by Example

A commitment to set standards for our business and transactions based on mutual trust

Pursuit of Excellence

A commitment to strive relentlessly, to constantly improve ourselves, our teams, our services and products so as to become the best in class

Integrity & Transparency

A commitment to be ethical, sincere and open in our dealings

Stakeholder Engagement

Havells' approach to sustainable business practices stems from consistent and extensive engagement with key stakeholders. By regularly gathering this feedback, we are always working to address issues of concern and improve our business operations. We define our stakeholders as people and organizations that are linked to our business activities directly or indirectly.

We have developed various interactive methods for creating a positive dialogue with our stakeholders. These include quantitative and qualitative surveys that holistically identify priority issues for stakeholders and form the basis for creating a materiality matrix. This matrix provides us a clear assessment of opportunities and challenges faced by the company and helps us identify and develop sustainability-focused interventions in response.

Materiality

Havells conducted its first materiality exercise in the financial year 2012-13. We conducted structured stakeholder surveys with management and staff including senior leaders and employees at various levels. The responses from these surveys enabled us to gain deep understanding of our business performance against the key concerns of the company and make improvements accordingly. Every year since then, we engage our internal stakeholders to pro-actively address issues that are of the topmost concern to them.

In the reporting year, we undertook a rigorous materiality assessment exercise. The issues that emerged from this assessment provide the basis for our sustainability reporting and guide our sustainability road-map for the future.

Objectives of Materiality Assessment

- **Identify significant environment, social and governance risks and opportunities for Havells**
- **Identify areas for target setting to improve business and sustainability performance**
- **Communicate a broader business strategy**

Havells Materiality Assessment Methodology

- **Identification of potential issues**
- **Surveys with employees & management**
- **Analysis of responses received**
- **Material Issues identified and presented to senior management**

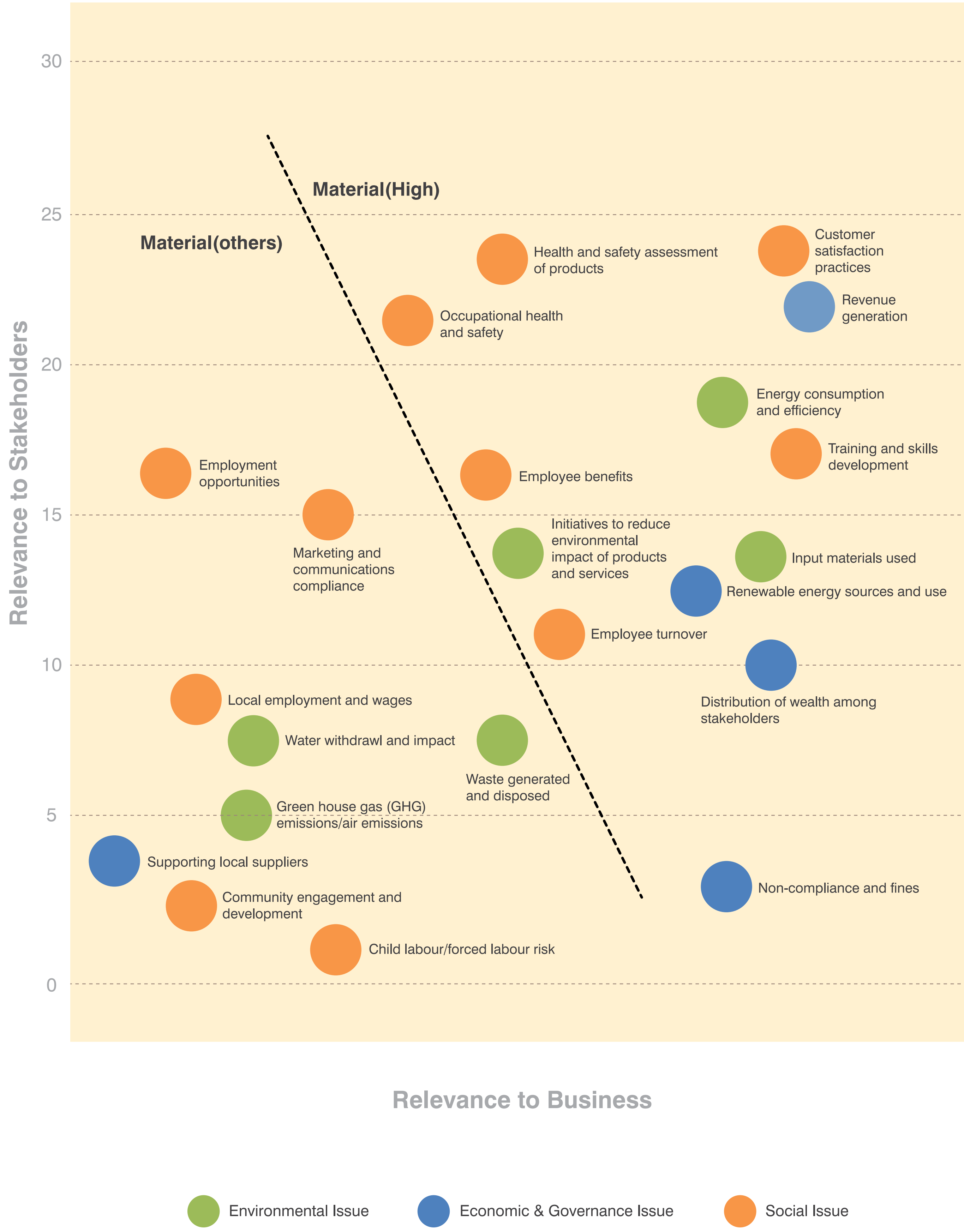
We initially compiled a list of 25 potentially relevant issues through extensive consultations. A survey with employees and management was then conducted to rank issues on the basis of importance. A total of 318 responses from employees and 12 responses from management were received. *Annexure 2*.

The survey results were then analysed by calculating and comparing the weighted average of participant's response to each issue and; ranking these issues subsequently on the basis of the weighted average score achieved by each issue. Based on the responses, each material issue was assigned a separate score.

After mapping responses in order of priority from both management and employees, 13 issues were identified as most material and of the highest priority for Havells. These material issues were finally presented to top management.

The Havells Materiality Matrix shows the issues plotted against relevance to business and to stakeholders.

Havells Materiality Matrix



Priority Issues Identified by Our Stakeholders

Environmental Issues

Energy Consumption and Efficiency

Foster a culture of energy efficient practices at manufacturing plants and develop products that reduce energy footprint during their use phase.

Regulatory Compliance

To stay updated and strictly adhere to all applicable laws as applicable across different spheres of our business.

Renewable Energy Sources and Use

Explore, evaluate and bring in use greener sources of energy with the aim of reducing reliance on fossil-fuel sources, and thereby reducing our carbon footprint in the process.

Environment Impact of Products and Services

Creating products that are responsible and efficient in their use, and have minimal impact on the environment during and post their use life.

Input Materials Used

Focus on greater resource efficiency through better material management; waste reduction; waste reuse; and increasing use of recycled or alternative materials in our production. Reducing dependency on virgin materials and working towards phasing out of hazardous materials.

Economic & Governance Issues

Revenue Generation

Focus on reducing manufacturing costs improving margins; increasing community investments etc.

Wealth Distribution and Impact

Contributing significantly to national and local economies through doing business responsibly with our suppliers, paying wages and salaries, paying taxes, and making long-term capital investments.

Social Issues

Customer Satisfaction Practices

Best in-class customer management practices with focus on customer support and timely redressal.

Employment Turnover

Ensuring business growth through hiring and retention of skilled manpower. Keep employees motivated through human resource practices, and strive to become a preferred employer of choice.

Employee Benefits

Ensuring best in-class perks and incentives suite offered to employees, along with leading skill development programs, thereby retaining the best talent that can contribute to the continuous growth of the organization.

Training and Skills Development

Build an organizational culture that strengthens the core competencies of our employees and has a direct impact on our sustainability.

Health and Safety Assessment of Products

Investment in R&D and Testing practices for proper due diligence during product development phases, and rigorous in-house checks and balances for ensuring our products are safe for usage during and after their use life.

Occupational Health and Safety

Providing and maintaining a safe and secure workplace for our employees, free from health, safety, and harassment related risks.

Responsible Governance

Corporate Governance

At Havells, Corporate Governance is Responsible Governance – conducting business with a deep commitment to ethics, transparency and accountability. It forms the basis of our internal and external operations, manage our supply chain, and engage our stakeholders.

Board leadership, timely disclosures, transparent accounting policies and high level of integrity in decision-making are salient aspects of our governing approach.

These practices are fundamental to the sustainable growth of our business as well in achieving triple bottom line impacts.

Our board observes strict accountability to the company and shareholders, and provides strategic guidance and effective monitoring. Our company is fully committed to protection of minority interests and rights, and equitable treatment of all stakeholders.

We continuously strengthen the quality of our disclosures, the board composition and its functioning, remunerations paid and levels of compliance with various Corporate Governance Codes, to the extent practicable and required by applicable regulations. Our commitment to ethical business practices is supplemented with explicit rules and regulations to ensure financial transparency, customer care and business excellence.

We uphold the policy of "Leadership with Trust" to create lasting relationships with our customers. Delivering upon our promises is a strongly held corporate value at Havells.

Board of Directors

Our Board of Directors administer the performance of management, set corporate management policies and make strategic

business decisions. These activities are in accordance with relevant laws and regulations of the country and the resolutions made at the Annual General Meeting (AGM).

Our board comprises of people from a variety of regions, experiences, training, education and cultures who contribute ideas, wisdom and experiences to increase shareholder value. The Board of Directors periodically review compliance reports pertaining to the laws applicable to the company. These initiatives include but are not limited to resource optimization, energy efficiency, fatal or serious accidents, significant labour concerns, proposed solutions to name a few.

The board oversees compliance to all laws applicable to the company and is regularly informed of materially important show-cause notices, demand, prosecution, penalty notices, non-compliance of any regulatory, statutory nature or listing requirements etc., if any.

Board Composition

The Board of Directors is an optimum combination of executive and non-executive directors with one woman director. More than 50% of the board of directors comprised of non-executive directors. The chairperson of the board is an executive director and majority of the board is comprised of independent directors. The board meets at least four times a year and more often, if needed.

During 2016-17, the time gap between any two board meetings did not exceed one hundred and twenty days. During the reporting period, six board meetings were held. All statutory and other matters of significance including information as mentioned in part A of schedule II to the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 are tabled before the board so that it can discharge its responsibility of strategic supervision for the company. In 2016-17, we received five shareholder grievances and all were resolved within the year.

BOARD OF DIRECTORS

As on 31-03-2017

Shri Surender Kumar Tuteja
Independent Director

Shri Vijay Kumar Chopra
Independent Director

Dr. Adarsh Kishore
Independent Director

Shri Anil Rai Gupta
Chairman and Managing Director

Shri Sunil Behari Mathur
Independent Director

Shri Puneet Bhatia
Non-Independent Non-Executive Director

Shri T.V. Mohandas Pai
Non-Independent
Non-Executive Director

Smt. Pratima Ram
Independent Director

Shri Surjit Kumar Gupta
Non-Independent
Non-Executive Director

Shri Vellayan Subbiah
Independent Director

Shri Rajesh Kumar Gupta
Whole-Time Director (Finance)
and Group CFO

Shri Ameet Kumar Gupta
Whole-time Director

Committees of the Board as on 31st March, 2017

Audit Committee	1. **Shri Sunil Behari Mathur*** Chairman 2. **Shri Vijay Kumar Chopra** Member 3. **Shri Surjit Kumar Gupta** Member
Stakeholders Relationship/Grievance Redressal Committee	1. **Dr. Adarsh Kishore** Chairman 2. **Shri Sunil Behari Mathur*** Member 3. **Shri Surjit Kumar Gupta** Member 4. **Shri Anil Rai Gupta** Member
Nomination And Remuneration Committee	1. **Shri Surender Kumar Tuteja** Chairman 2. **Shri Vijay Kumar Chopra** Member 3. **Shri Surjit Kumar Gupta** Member
Corporate Social Responsibility Committee	1. **Shri Surender Kumar Tuteja** Chairman 2. **Shri Sunil Behari Mathur** Member 3. **Shri Surjit Kumar Gupta** Member 4. **Shri Anil Rai Gupta** Member
Enterprise Risk Management Committee	1. **Shri Sunil Behari Mathur** Chairman 2. **Shri Anil Rai Gupta** Member 3. **Shri Rajesh Kumar Gupta** Member

** Ceased to be a Member of the Committee(s) wef 4th April 2017. In his place Shri S K Tuteja has been inducted in both Committees wef 13th April 2017*

Code of Conduct

Havells has a well defined Code of Conduct to address issues of business ethics, bribery and corruption. Our Code of Conduct is communicated to and signed by each employee at the time of joining and is equally applicable to the Directors, Senior management of the organization.

SATARK

Havells' whistle-blower policy 'SATARK' empowers anyone associated with the organisation to report unethical behaviour directly to the management. The reported issues may include actual or suspected fraud or violation of the company's Code of Conduct or ethics policy.

IDEA

Havells 'IDEA' policy promotes a culture of innovative thinking and creativity in the organization. The policy promotes ideas across technical and non-technical areas such as commercial, general administration, manufacturing processes, and cost savings.

NIRBHAYA

To prevent issues of sexual harassment of women at the work place, Havells has formulated the 'NIRBHAYA' policy, which provides a streamlined and uniform way of dealing with cases of harassment.

PROHIBITION OF INSIDER TRADING

The Havells Policy for 'Prohibition of Insider Trading' is designed to deter company employees from indulging in any securities malpractices.

Managing Risks & Opportunities

A strong risk management and internal control system guided by the company's core values and ethics forms the backbone of Havells' risk management practice. It encompasses practices relating to identification, evaluation, monitoring and mitigation of key risks to the business. Enterprise Risk management activities such as risk surveys are carried out at intervals by designated teams. Periodic assessments of risks and their potential impact on business growth, profitability, talent engagement and market position are also conducted. These assessments guide the company's risk mitigation plan.

Havells follows a PSPD (Predictable, Sustainable, Profitable and De-risked) approach for risk management and benchmarks the COSO (Committee of Sponsoring Organisations of the Tread way Commission, USA) Internal Financial Control Framework in accordance with the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) regulations 2015. These provide an interactive management-oriented approach to the optimization of key business challenges and opportunities.

External

- Statutory Audit
- Secretarial Audit
- Cost Audit
- Product Quality Assurance/ Process Standardization Certification Audit (ISO, OHSAS, ISI etc.

Internal

- Assurance Service (Internal Financial Control)
- Advisory Service (Financial & Operational Performance)
- Statutory Compliance
- Assurance
- Establishing Anti-fraud Control Framework

Management

- Control Self-Assessment
- Enterprise Risk Management
- Monthly Plant & Branch Performance Rating
- Business Process Improvement Through Formation of Various Groups

Beyond Compliance

Havells management ensures that corporate governance standards are clearly understood and adhered to by employees and business partners. Compliance with all national and international regulations is the company's highest priority. Havells has well established environment management systems, technologies and equipment to keep the levels of waste and pollution below the prescribed limits of the Pollution Control Board. The hazardous solid waste generated at Havells facilities is disposed through authorized vendors.

In compliance with the provisions of Section 135 of the Companies Act, Havells contributed a sum of 13.4 INR crores towards various social causes during the reporting period.

Havells has adopted the OHSAS-18001 standard to address issues concerning health and safety. The company strictly follows all regulations dealing with child labour, forced and compulsory labour, freedom of association and the right to collective bargaining, disciplinary practices, working hours and remuneration.

During the reporting period, there were no non-compliances related to discrimination, child labour or forced labour and no fines or non-monetary sanctions were levied on the company for non-compliance of environmental laws and regulations. There were no incidents of non-compliance or fines levied with respect to the regulations or voluntary codes concerning the health and safety impacts of Havells' products and services, products related communication and product information disclosure and labeling.

Alignment with BRR Principles

Principle	BRR principles to assess compliance with ESG norms	Coverage in section of Sustainability Report 2016-17	Page
1	Businesses should conduct and govern themselves with ethics, transparency and accountability	GOVERNANCE: Code of Conduct Society: Stakeholder Satisfaction	35, 87
2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	WHO WE ARE: Responsible Sourcing PLANET: Energy, Water, Waste, Raw Material SOCIETY: Product Responsibility	18, 44 - 65, 79
3	Businesses should promote employee well-being	SOCIETY: Workforce Profile, Employee Recruitment & Turnover, Labour Practices & Human Rights, Human Capital Development	71, 72, 74
4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.	STAKEHOLDER ENGAGEMENT: Materiality SOCIETY: Labour Practices & Human Rights, Corporate Social Responsibility	24, 74, 88
5	Businesses should respect and promote human rights	SOCIETY: Labour Practices & Human Rights, Stakeholder Satisfaction	74, 87
6	Businesses should respect, protect, and make efforts to restore the environment.	ECONOMY: Precautionary Approach PLANET: Energy, Water Management, Waste, Raw Materials, Emissions	42, 43 44 -68
7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.	WHO WE ARE: Awards & Memberships STAKEHOLDER ENGAGEMENT	22, 24
8	Businesses should support inclusive growth and equitable development.	ECONOMY: Economic Performance, Precautionary Approach SOCIETY: Corporate Social Responsibility, Sensitization Towards Behaviour Change	41, 43, 88, 93
9	Businesses should engage with and provide value to their customers and consumers in a responsible manner	SOCIETY: Product Labeling, Stakeholder Satisfaction	82, 87

Investing in energy efficiency at our operations is one of the most effective ways in which we reduce greenhouse gas emissions, lower costs and create sustainable products.

TOWARDS SUSTAINABLE GROWTH (Economy)

CSR Expenditure
INR 13.4 cr

Net Revenue
INR 6,586 cr
(increased by 14%)

Profit After Tax (PAT)
INR 539 cr

Total Expenditure **on Employees**
INR 500.4 cr

We are committed to generating economic well-being by ensuring that we nurture our planet's natural and social capital.

Management Approach

As we continue to address our customer's expectations and respond to market demand, we have remained focused on maintaining our margins and market share. Our contribution to the national and regional economies is through our business with suppliers, through wages, salaries and taxes paid and long-term capital investments. The economic performance highlighted in this report is based on the financial statements of the company.

Economic Performance

At Havells we lay great emphasis on achieving robust economic performance. Through continual innovation, investment and expansion across categories and introducing efficiencies across our operations, we have laid the foundation for long term success. Our Net Revenue for the year ending March 2017 grew by 14% and Net profit before exceptional items grew by 17%. Our Earnings before Interest, Depreciation and Taxation (EBIDTA) grew by 9%. The growth recovery has been broad based across segments. Although our margins were impacted due to gradual withdrawal of demonetization schemes and deferred price increase against raw material costs escalation, we are positive on the future.

Havells experienced growth across all key segments with Electrical Consumer Durables segment growing by 22%, Lighting and Fixtures by 6%, Switchgear business by 11% and Cable business by 9%.

This past year, we acquired the consumer business division of Lloyd, significantly bolstering our market presence. We added 1 manufacturing facility in Guwahati, Assam and acquired land for future expansion in Ghilot, Rajasthan and Tumkur, Karnataka.

Financial Performance Summary

Stand alone Financials (INR crores)*	2016-17	2016-15	2015-14
Economic value generated			
Net Revenues	6586	5775.5	5239
Economic value distributed			
Operating costs	5762	5020.5	4540
Profit After Tax (PAT)	539	712	465
Total expenditure on employees	500.4	370.8	313
Payments to providers of capital	226	451	226
Contribution to the exchequer	1363.4	1168	994
Voluntary community investments	13.4	11.4	10
Benefits for carrying out R&D	15.5	11	8
Financial assistance received from Government			
Tax relief and tax credits	-	-	-
Subsidies	-	-	-

**Income tax was not considered in contribution to exchequer in last year so we have reinstated figures of last 2 year.*

Last year figures have been reinstated as per IND AS.

Local Purchasing

All our manufacturing plants are in India and whenever possible we source our raw materials from within India to secure our supply-chain as well as benefit the local economy. Our purchasing decisions are based on staying competitive in the marketplace while working closely with our suppliers to obtain the highest quality material for our products. In the past reporting year, 77% of our total procurement budget was spent on local purchasing. We continue to work on strengthening our local supply-chains by building a strong team of suppliers who are aligned with our quality and procurement policies.

Precautionary Approach

We are committed to minimizing the risks and impact of our business operations on the environment and follow the precautionary approach to design practices that pro-actively take these risks into account. To address enterprise risks linked with environmental, health and safety issues. we have implemented Environmental Health and Safety (EHS) management systems in our plants. These facilities are all ISO 9001 certified and with the exception of the Haridwar plant, these are also ISO 14001 and OHSAS 18001 certified. EHS management system audits are conducted regularly by third-party certification agencies. We implemented the ISO 50001 standard at our Neemrana plant in 2015-2016. This reporting year we brought Faridabad, and Sahibabad plants under this standard. The sustainable energy management systems created at these plants, ensure accurate measurement and documentation of energy use and consumption in order to continuously improve our energy performance.

Our initiatives on clean technology, energy efficiency, and renewable energy are covered in the environment section of this sustainability report. Any emissions or waste generated within our business is within the permissible limits set by CPCB/SPCB for the financial year 2016-2017 and there have been no show causes/legal notices received from CPCB/SPCB.

This reporting year, a total investment of INR 1.24 crores was made towards environmental initiatives across our manufacturing plants. These investments were primarily focused on energy efficiency, lowering emissions, responsible management of waste, managing water resources and optimizing our material use.

Plants	ISO 9001	ISO 14001	OHSAS 18001	ISO 50001
Neemrana	●	●	●	●
Sahibabad	●	●	●	●
Faridabad	●	●	●	●
Alwar	●	●	●	
Standard	●	●	●	
Baddi	●	●	●	
Haridwar	●			

At Havells "sustainability" means striking the appropriate balance between our environmental responsibilities, financial performance, and social commitments.

Planet

Energy Consumption Reduced by 6,735 GJ

GHG Emissions Reduction of 1,466 $MtCO_2eq.$

INR 1.24 Cr Invested in **Environmental Initiatives**

2.3 MW **Renewable Energy** Installed

Our Approach

Business decisions that align with better planet health have been embedded in the Havells corporate ethos for decades. We design our products with maximum energy and resource efficiencies. This reduces our environmental footprint during manufacturing and leads to lower emissions during the lifetime use of our products.

This year, our stakeholders outlined the following key environmental concerns for the company: Reducing Energy Consumption in operations and products; Responsible Water Management practices; Optimal Utilisation of Raw Material; Generation and use of Renewable Energy; Reducing GHG emissions; Regulatory Compliance; Creating Products with minimal Environmental Impact and Minimizing Waste. We are actively addressing these concerns by investing in various environmental initiatives across our plants.

Climate Action

This past year witnessed some geopolitical debates related to global warming. Certain countries challenged the science of Climate Change while others bolstered efforts to increase their climate resilience. We as an organization believe that taking responsible environmental actions is simply good business strategy. During the reporting period, India ratified the Paris Agreement. Under its Nationally Determined Contribution (NDC) targets, India aims to lower the emissions intensity of its GDP by 33%-35% by 2030 from 2005 levels, to increase the share of non-fossil based power generation capacity to 40% of installed electric power capacity by 2030 (equivalent to 26–30% of generation in 2030), and to create an additional (cumulative) carbon sink of 2.5–3 $GtCO_2e$ through additional forest and tree cover by 2030.

As an organization with headquarters in India, a country deemed one of the most vulnerable to climate change, we are aligned with the Government's NDC targets and have taken several measures in the past year to reduce our GHG emissions and resource intensity.

Energy (Consumption, Efficiency, Savings, Renewables)

According to a recent GHG inventory report, more than 70% of GHG emissions in India are attributed to energy consumption. Havells strongly pursues energy reduction goals across its operations through a combined approach that includes increasing energy efficiency and generating clean energy. This enables us to lower our emissions footprint while achieving energy self-sufficiency.

With simple initiatives such as using LEDs and introducing natural light in our factories alongside strategic innovations that fundamentally alter how energy is used in our processes, we have reduced our energy intensity.

The success of these initiatives across all our plants, stems from the complete buy-in of our top management on energy saving measures. This enables us to effectively engage our plant managers in implementing various measures and keeps our staff highly motivated.

Some key energy savings initiatives at Havells this year include:

- **Replacement of conventional motors with VFD motors**
- **Replacement of DC motors to AC motors**
- **Replacement of Mercury Halide lamp with CMI lamps**
- **Replacement of CFL with LED lighting**
- **Replacement of conventional tubelights with LED lights**
- **Optimization of energy consumption in production, testing and non-production processes**
- **Redesigning assembly line systems**
- **Improving Jig density**
- **Switching higher energy chemicals with lower energy-using chemicals**

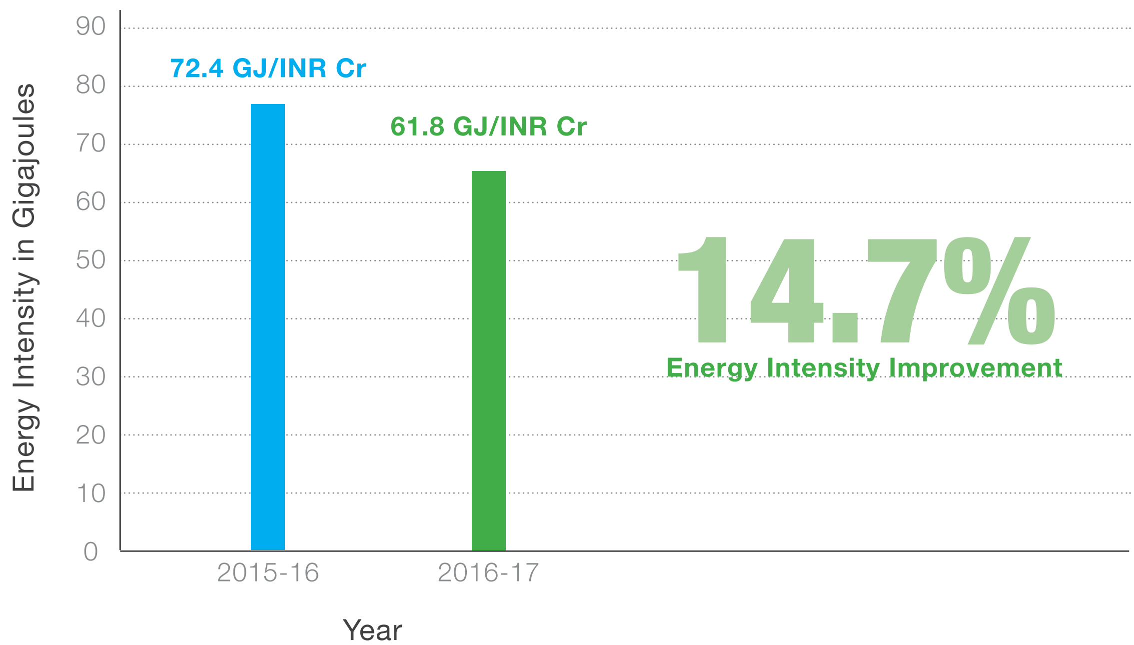
The primary source of our energy is electricity from the grid followed by HSD (High-Speed Diesel) and Natural Gas. All initiatives stated above helped us cut our energy consumption by 2.7% from the previous year and increased our energy savings by 6,735 Gigajoules (GJ). Through these measures we achieved GHG emissions reductions of 1,466 $MtCO_2eq$.

The summary of our overall energy consumption, energy savings and GHG emissions reductions from various measures taken across our plants, is depicted on the following page.

Energy Consumption			
Fuel	Consumption	Unit	Gigajoules (GJ)
HSD	18,98,180	Litres	68,562
Furnace Oil	2,24,871	kg	9,085
LPG	14,359	kg	679
Natural Gas	11,05,714	SCM	40,336
Biomass	2,900	kg	34
Electricity	8,01,19,766	kWH	2,88,431
Total Energy Consumption (FY 16-17)			4,07,127
Total Energy Consumption (FY 15-16)			4,18,273
% Energy Reduction (absolute)			2.7%

Category	Amount saved per annum
Total Energy Savings (GJ)	6,735
Total Energy Savings (kWh)	18,70,798
Total GHG Emissions Savings (kg CO_2 eq)	14,65,617

Reduction in Energy Intensity



Enabling environmental conservation through better management is not only our corporate ethos, it is also what drives us to challenge ourselves every day to increase productivity and efficiency across every aspect of our value chain.

Achieving Energy Efficiency through Radical Product Innovation–Havells BLDC (Brushless DC Motor) Fan 'Efficiencia'

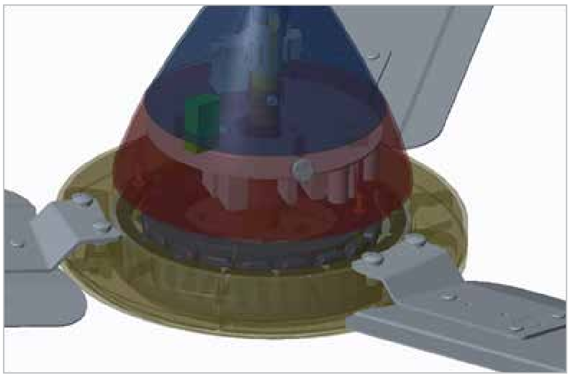
The Havells BLDC 'Efficiencia' fan, delivers extreme environmental efficiencies in a modern design. This fan has been re-engineered to consume only 32 Watt energy. A typical ceiling fan runs on AC motors, that consume 75-80 Watts. In an AC motor-based fan, RPM (Rotations Per Minute) works by controlling the voltage and voltage fluctuations of the mains, resulting in power factor (PF) degradation and adverse effect on the AC mains.

Efficiencia fans offer high efficiency compared to the AC motor and are also quiet and very durable with no serviceability related issues, unlike the typical AC or DC motors.

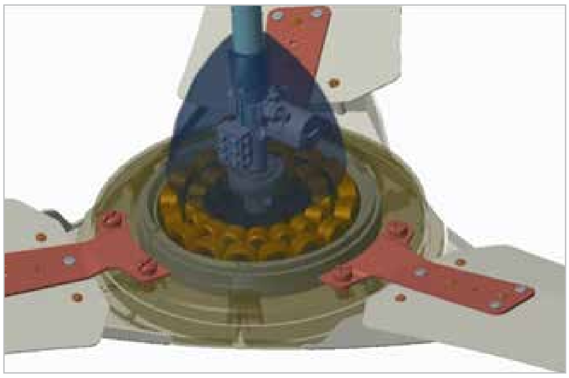
Havells has addressed the inefficiency of the AC motors by building the fan with Brushless DC Motor technology. BLDC are high RPM, low torque motors which are used in computer applications or DVD/CD drives.

Features of the BLDC 'Efficiencia' fan include:

- **Energy efficient fan with BLDC motor – consumes only 32 W**
- **57% more energy efficient than a conventional fan**
- **Unique aerodynamic blades ensure high air delivery (> 220 cmm)**
- **Stable operation - no deterioration in RPM/Air delivery, even at lower voltage as low as 120 V**
- **High power factor**
- **Lower temp rise ensures high reliability**
- **No humming sound (even when running on inverter)**
- **Equipped with remote control**
- **Three-coat metallic finish for better reliability & aesthetics**
- **Sleek motor with elegant ring**
- **Dust resistant paint**
- **Modular design – PCB is installed outside the fan motor**

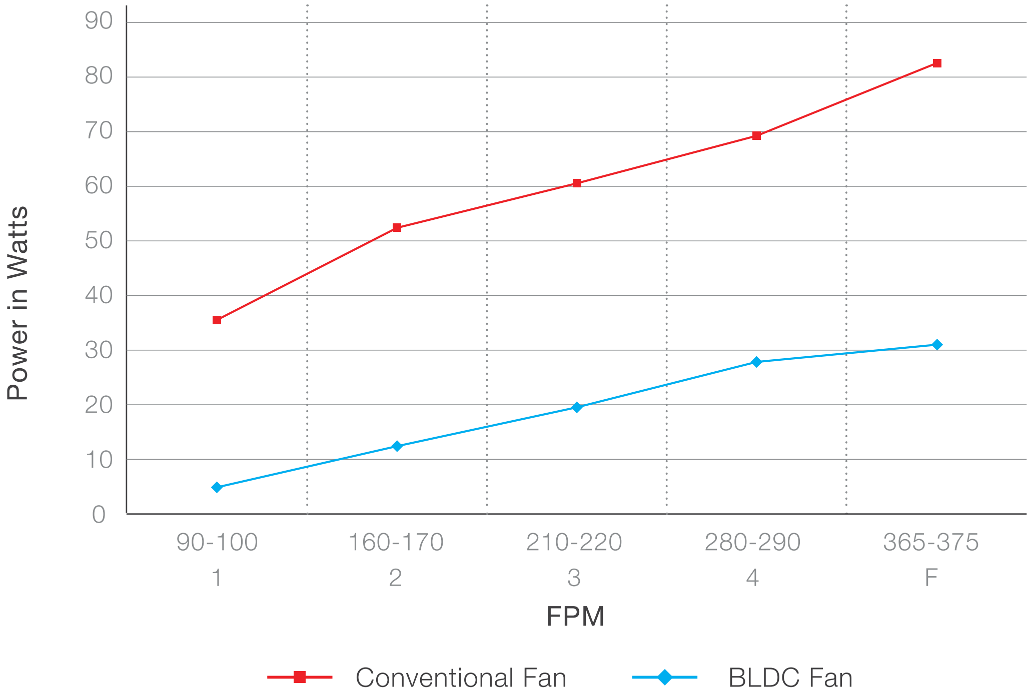


BLDC motor



Induction Fan

BLDC vs Conventional Ceiling Fan (42”) - Power Consumption Comparison



Speed Position	Speed (RPM)	Wattage (Watt)
1	140	5
2	190	8
3	235	13
4	290	23
5	350	32

Achieving Savings in PNG Consumption (Faridabad Plant)

PNG is the third highest source of energy at our plants. We are committed to efficiently managing this non-renewable resource to ensure optimal utilization. Our Faridabad plant has adopted several control measures listed below that have resulted in the reduction of PNG consumption by almost 25%.

1. Improvement in Jig Density

We have increased the jig density in our paint shop, thereby increasing the number of components that can be hung on the jig and improving its utilization. This has resulted in higher productivity and PNG savings of 20%.

2. Reduced Changeovers

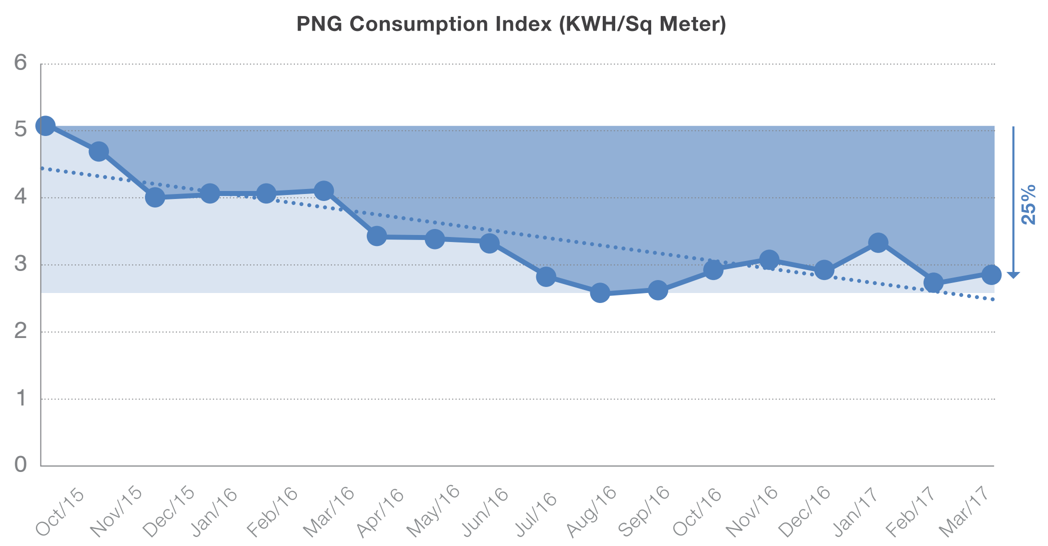
Proper pre-production planning at the plant has significantly reduced the number of changeovers required. Reducing the time in changing components and frequent starting and stopping of the conveyor has resulted in considerable PNG savings.

3. Low temperature Chemical used for Phosphating and Degreasing purposes

New chemicals that operate at lower temperatures have replaced chemicals that operated at higher temperatures at the plant. This has resulted in additional PNG savings without compromising the quality of the product.

4. Improvement in Hanger Design

We made improvements to the hanger design to optimally utilize the conveyor area, leadings to lower PNG consumption. The savings in PNG consumption from above mentioned initiatives are shown in graph below:



PNG Consumed in KWH / Area Painted per SQ. Meter

Energy Efficiency through Pump Re-Design (Faridabad Plant)

At our Faridabad plant we achieved energy savings of 1,94,400 kWh per annum by modifying 11 of our paint shop's chemical spray pumps with energy efficient pumps.

Pump details:

- **Three 30HP pumps replaced with 20HP each**
- **Six 20HP pumps replaced with 15HP each**
- **Two 40HP pumps replaced with 30HP each**

In addition we achieved energy savings of 44,616 units per annum by modifying our plant layout to use natural day light in our panel assembly and paint shop and reduce the need for tube lights in the shops during day time.

The overall impact of these measures at the Faridabad plant led to a 10% reduction in electricity consumption and GHG emissions savings of 1,95,993 kg CO_2 per annum.

Energy Savings through Replacement of MH Lamps with CMI Lamps (Alwar Plant)

Metal Halide(MH) Lamps operate at high temperatures and pressures, emit UV light and need special fixtures to minimize risk of injury or accidental fire in the event of a so called 'non passive failure' – or when the lamp bursts at the end of the useful life. Since the gases in the lamp take time to heat up, these lamps do not give full brightness when turned on. The Alwar plant replaced its Metal Halide lamps with CMI (Ceramic Metal Halide) lamps, which consume almost three times less energy than MH lamps, and deliver better and reliable light for the shop floor. These lamps also have a longer life than the MH lamps. The substantial savings in power consumption from replacing these bulbs has led to reductions in GHG emissions along with energy savings. A total of 604 MH lamps were replaced with CMI lamps.

- **Power consumption of MH lamps: 400 W. Power consumption of CMI lamps:150 W**
- **Energy Savings: 3,11,148 kWh per annum**
- **GHG Savings: 2,55,141 kg CO_2 per annum**

Energy Savings through Installation of VFD Panel for Liquid Paint Shop (Haridwar Plant)

A variable-frequency drive (VFD) is an adjustable-speed drive used to control speed and torque by varying motor input voltage and frequency. VFD saves energy by increasing the efficiency of AC motors. At our Haridwar Plant, we installed a VFD panel at the liquid paint shop to achieve energy savings.

- **Energy Consumption prior to VFD panel: 190 kWh per hour**
- **Energy Consumption after VFD panel installation: 160 kWh per hour**
- **Energy Savings: 18,720 kWh per month/ 2,24,640 kWh per annum**
- **GHG Savings: 1,84,205 kg CO_2 per annum**

By harnessing the power of Solar energy, and installing 2.3MWh of solar PV systems, we have embarked on an exciting journey towards energy security.

Renewable Energy

One of the most important aspects of the energy equation is the shift from fossil-fuel based energy to renewable technologies. We are proud to have made a significant stride towards energy self-sufficiency this past year by installing Solar PV systems on our rooftops at the Alwar and Faridabad plants. By generating renewable energy at our own premises, we have charted a path towards a sustainable future. The combined annual generation potential of these two solar installations is 3,465MWh. The GHG emissions reduction as a result of this initiative is equivalent to planting 90,000 trees.

Solar Power Installation in Faridabad

- **Capacity:** 100 kWp
- **Commissioned:** October 2016
- **Annual Generation Potential:** 1,50,000 kWh (10% of total electricity consumed at plant)
- **GHG Savings:** 1,23,000 kg CO_2 per annum

Solar Power Installation in Alwar

- **Capacity:** 2,215 kWp
- **Commissioned:** March 2017
- **Annual Generation Potential:** 33,15,000 kWh (7% of total electricity consumed at plant)
- **GHG Savings:** 27,18,300 kg CO_2 per annum

Water Conservation and Management

Water scarcity is one of the largest global challenges. To contribute to solving this challenge, we have adopted several responsible water practices to increase the productivity of water resources and recharge water levels. We received the SGS 'Water Positive Company' Certification for our water management efforts in 2015-2016 *Annexure 3*. This achievement is a testament to the significant investments we made in water conservation and management practices across our plants. We adopted various optimizing and minimizing strategies through continual assessment of our water use across our plants. We also reduced water waste by recycling used water.

Our water conservation practices range across industrial and individual applications and rainwater harvesting systems are the mainstays of all our plants. Our initiatives this year have resulted in potential savings of 30,000 litres per day or 90 lac litres every year.

Our water conservation features include:

- **Use of RO wastewater**
- **Re-use of STP/ETP treated water for gardening, fire hydrants, process and urinals**
- **Minimize fresh water consumption for gardening and landscaping**
- **Water efficient fixtures and taps**
- **Push-type taps**
- **Reuse of AC condensed water for reuse in CNC wire cut machines**

Water Recycling through Harnessing of A/C Condensed Water (Shahibabad Plant)

Usually the water that is released from the process of air conditioning is released as waste. Instead we collected this condensed distilled water from AC and used it in our CNC wire cut machines. To us every small drop counts.

Improved Water Management through Installation of Water Meters (Faridabad Plant)

Working towards the objective of becoming a ‘zero discharge facility’, the Havells Faridabad Plant has taken various steps for efficient water recycling that have resulted in cumulative savings of 5,745 KL water in 2016-2017 over the previous year.

Water meters were installed at different departments and outlets to help us understand leakage patterns and identify potential areas of reduction. We plugged all leakages and installed automated taps in washrooms, and installed flow restriction and sensors in urinals to reduce water wastage. We also installed a new effluent and sewage treatment plant reusing the treated water from this process in the paint shop, washing, gardening, fire hydrants and in urinals. These closed loop water initiatives have helped us reduce our water discharge and achieve zero discharge status. In addition, the three underground tanks of 15kL each are well-equipped for rainwater harvesting throughout the year.

Waste Management

The culture of extreme efficiency in resource use runs across at Havells. By adopting several waste management, recycling and reuse practices, we have reduced our waste footprint over previous year. As an industrial manufacturer, the primary waste we generate is metal scrap. Other waste categories include wood scrap, dust, DMC, MPP films, powder, XLPE, glass etc. We rmanage our metal scrap comprising primarily of Copper, Aluminum and Brass by selling it to vendors who recycle and reuse it. Other waste is disposed off responsibly to authorized vendors. Overall, we recycle and reuse more than 95% of the total waste generated at our plants.

Reducing Waste through Innovative use of Waste Wood in Standard and Neemrana Plants: Closed-Loop Recycling!

Children learn best in environments that are designed to keep them focused on their studies and improve interaction with their peers and teachers. In our commitment to enhance children's education around our facilities, we began a unique initiative at our Standard plant last year. We converted the waste wood generated at our plants and transformed it into school benches. This year, the plant continued to turn its waste wood into benches and donating them to schools in the plant's vicinity. Inspired by the success of this initiative, our Neemrana plant also adopted this recycling initiative in the current year.

Every month, these two plants generate approximately 10 tons of wood waste from raw material packaging. This waste is now being successfully re-purposed into wooden benches.

Through this design innovation, we have not only succeeded in managing our waste responsibly, but also made a lasting contribution to improving several schools' infrastructure, thus leading to a more positive learning environment for children.

Hazardous Waste and Non-Hazardous Waste

We use lean manufacturing practices at our plants, identifying waste streams and eliminating them systematically through our production value-chain. All waste was disposed to vendors who recycle these materials. The primary categories of our non-hazardous waste include, metal, paper and plastic scrap in addition to other waste materials such as plastic bags, drums and buckets and wood dust, glass and rubber waste.

We generate minimal hazardous waste at our facilities. We handle all hazardous waste responsibly in line with disposal regulations.

Hazardous Waste (2016-17)	
Waste Oil (L)	11,057
Paint-Chemical-Greases-Acid Scrap (kg)	57,779
ETP Sludge (kg)	62,440
Waste Batteries (Nos)	1,709
PCB cutting and reject / E-waste (inlc. Tube rods) (kg)	33,296
Mercury / Mercury with Glass (kg)	12,187
Waste Cotton, Oily Cloth, Residues containing Oil (kg)	3,454
DG and Compressor Filters (Nos.)	718
Empty Cans and Printing Cartridges (kg)	0
Empty Cans and Printing Cartridges etc. (Nos.)	6,230

Non Hazardous waste (2016-17)	
Metal Scrap (kg)	40,46,492
Paper Scrap (kg)	6,87,980
Plastic Scrap (kg)	2,51,634
Other Scrap (kg)	20,25,600
Other Scrap (Nos.)	5,10,150
One-Off Waste (kg) (Construction waste)	0

Raw Material and Resource Use

Havells maximizes resource use through material recovery and optimising materials for manufacturing processes. The primary raw materials used in our manufacturing include copper coils, copper sheets, copper tapes, steel, aluminum, zinc, brass coils, brass strips, bearings, CRCA steel, thermoset resin, polycarbonate, polyamide, other engineering plastic, elastomers, transistor, diode, MPP Films, etc. During the reporting period, we implemented various initiatives to decrease our material consumption. Raw material consumption figures are shown in tables below:

Materials used by weight or volume

Category	Nos.	kg	Meter	Others
Material Consumption	4,24,18,25,588	14,91,87,409	1,53,84,410	2,91,65,022
Packaging Material Consumption	44,37,85,938	40,84,353	1,89,33,082	23,71,360

Packaging Source Reduction and Responsible Disposal

As a company with various consumer and industrial products, we use packaging material extensively. Therefore, we are continually looking for reductions in packaging material without compromising on our delivery standards and specifications. Packaging optimization is an ongoing process that takes into account our current packaging volume. We design systems to rationalize changes in the packaging material and improve functional performance. The initiatives taken to optimize packaging for our products this past year included:

- **Revised fluting to achieve 15% paper reduction**
- **LED bulb 5W/7W/10W tenner spec revised, leading to 7% paper reduction**
- **Initial trial successful for tenner carton removal for 5W/7W/10W with potential paper savings of 125 tonnes/year**
- **Implementation of Instapak in water heaters leading to savings of 90% volume in landfill waste and reduction of packaging volume by 5%.**
- **Optimization of packaging in LED bulbs 5W/7W/10W led to 20% paper reduction**
- **Shift from a 7 ply to 5 ply in 132 frame motor achieved 25% paper reduction**
- **Master carton for ceiling fan shifted from 5-ply to 3-ply achieving 7% paper reduction**

Packaging Material Avoidance/ Renewable & Recycled Source

We are always working to reduce the use of packaging material originating from non-renewable based sources and substitute them with renewable materials. We are also working to reduce direct use of wood in packaging, and replacing it with more environment friendly corrugated paper packaging. These initiatives contribute to mitigation of our material footprint while leading to emissions reduction. Some initiatives undertaken in this reporting year include:

- **Ceiling Fan packaging changeover from EPS to Pulp tray leading to avoidance of 80 tonnes/year EPS**
- **Corrugated master carton implemented to replace wooden crates in 18” and 24” Air Circulator Wall Fan, leading to 100 tonnes/year of wood savings.**
- **Changeover for 180m wire packaging from laminated pouch to brown carton, leading to avoidance of 30 tonnes/year**

Increase in Packing length of Solar Cable & Multi-core Cable for Capacity Utilization of Wooden Drum (Alwar)

Our Solar and Multicore industrial cables are wrapped around wooden drums for shipping and use. We increased the capacity utilization of the H-8 wooden drum by using the same drum for 1500 meter of cable while earlier we used only 500 meters of cable around this drum. Through this measure we have eliminated the use of 300 drums every month. This amounts to 1436 CFT of wood, which has contributed to savings of 780 trees per year.

Reducing Resource Use through Design Optimisation

Copper Strip redesign to reduce metal use (Sahibabad)

Our Sahibabad plant implemented an innovative yet simple design innovation that reduced the use of copper in the manufacturing of MCB's and improved the sustainability of resource use. A modification to the copper strip layout on one of the frames reduced the gross weight of copper required by 0.012 grams per piece, resulting in savings of this metal.

Setting up of Non-Destructive CR (Conductor Resistance) Test (Alwar)

Measuring CR initially required stopping a machine and fixing the running conductor on 4 jaws. In this process, a 1 metre conductor sample was tested, then scrapped. By setting up a Non-Destructive CR Testing procedure, we have eliminated the need for a sample by doing a live test. This has led to optimum utilization of material and energy resources.

Emissions

As an environmentally responsible corporation we are aligned with the goals of combating climate change by lowering our GHG emissions and to contribute to India's National Action Plan on Climate Change Climate change (NAPCC). In addition we implemented several measures that minimized our energy consumption and improved our fuel mix with reduced use of PNG and electricity achieving significant reductions in GHG emissions. Our total GHG emissions reductions through our energy savings initiatives totalled 14,65,617 kgCO_2eq. Our packaging optimization processes also gained significant logistics and transportation efficiencies, both our in-bound and outbound value chains reducing our emissions footprint.

In accordance with the GHG reporting standards, we have calculated our Scope 1 and Scope 2 emissions separately. Our direct consumption of fossil-fuel based energy at our plants reduced by 9.2% in absolute terms over previous year amounting to savings of 816 tCO_2 eq. through several of our initiatives detailed in the energy section of this report. We manage our Scope 3 indirect emissions by implementing efficient technologies and systems that reduce emissions from travel and commute. Our offices have been equipped with state of the art conferencing abilities to encourage our teams to make their interactions more efficient through the use of the latest web-enabled video and audio conferencing systems. We are in the process of assessing and monitoring our indirect consumption of energy with the goal to disclosing it in the future and to offset the emissions accordingly.

There have been no spills in the past year at our facilities.

Scope 1 Emissions (FY 2016-2017)			
Fuel	**Consumption**	**Unit**	**CO_2 Emissions Calculations (tCO_2eq)**
HSD	18,98,179.9	Litres	5,080
Furnace Oil	2,24,871	kg	703
LPG	14,358.5	kg	43
Natural Gas	11,05,714	SCM	2263
Biomass	2,900	kg	0

FY 2016-2017	FY 2015-2016
Total Scope 1 Emissions (tCO_2eq)	**Total Scope 1 Emissions (tCO_2eq)**
8,089	8,905

% reduction (absolute)
9.2%

FY 2016-2017		FY 2015-2016	
Electricity Consumption (kWh)	**GHG Emissions (tCO_2eq)**	**Electricity Consumption (kWh)**	**GHG Emissions (tCO_2eq)**
8,01,19,766	65,698.2	7,94,76,450 kWh	65,170.7

We use R-22 gas in condensers, chillers and air conditioning units. We plan to replace air conditioners that use the more environmentally friendly R-410 gas in the future.

SO_2 and NOx are emitted from our plants due to usage of fossil fuels.

ODS Consumption	Unit (kg)
Total R22 consumption	367.5
Ozone Depleting Potential	0.06
CFC 11 eqv.	20.21

FY 2016-2017		FY 2015-2016	
Air Emissions	Unit (tonnes)	Air Emissions	Unit (tonnes)
SO_2 emissions	0.20	SO_2 emissions	0.22
NOx emissions	4.20	NOx emissions	6.15

Society

Employee Health & Safety
Improved by
42.8%

Training Hours
per Employee
Increased by
144%

CSR Investments
Increased by
16.5%

Mid-day meals
provided to
58,000
children per day

Building relationships of trust with people linked to our business, and creating value for society is one of the founding principles of our company. Through various initiatives that range from skill development and education to mid-day meal programs and sanitation projects, we strengthen communities and empower our employees.

Workforce Profile

Havells employs 2,097 permanent employees at its manufacturing plants, branches and head office. We are dedicated to creating a culture of excellence for all our staff with a deep commitment to human capital development. Implementing robust health and safety practices at our workplace, ensuring career and skill development, employee engagement, maintaining diversity and offering equal opportunity are some of our key aspects of maintaining a sustainable workforce. In our effort to promote gender equality and women's leadership in our workforce, we have added 123 permanent female staff members to our employee roster. In addition to our permanent employees, we employ 8,430 temporary staff and contract labour. We do not have unions at any of our plants.

Category/ Designation	FY 2016-17 (Nos.)	
	MALE	FEMALE
Senior Management	45	-
Middle Management	823	62
Junior Management (Executive)	545	57
Workers (Permanent)	530	35
Probationers		
GETs/PGETs	76	14
Apprentices	104	9
Contract Labour	8,207	
Others	16	4

Employee Recruitment & Turnover

At Havells we are committed to sustainable work practices and an innovative work culture. Our reputation as an exciting and enriching workplace attracts some of the most talented people in the industry. We encourage local employment, and therefore 100% of our workforce is hired from within the country.

During the reporting period, we recruited 401 new employees across management and permanent worker categories. From those who were hired, 12% were females, 54% were less than 30 years old and 42% were between 30 and 50 year age group. 4% were over 50 years of age.

We define employee turnover as the number of employees who leave the organisation voluntarily or due to dismissal, retirement or death. Our permanent employees are considered for reporting against this indicator. In 2016-17, a total of 257 employees separated from the company from across the management and permanent workers categories. From those who left 218 were males, 39 were females, 36.33% were younger than 30 years of age and 57.42% were between 30-50 years of age. 6.25% were over 50 years of age. We conduct comprehensive exit interviews to assess and improve our HR practices and are committed to building practices that retain our best talent.

Our HR department informs employees of any significant operational changes through institutional procedures and we follow a 21 day minimum notice period for information dissemination to our employees as per Industrial Dispute Act. Our HR policies are designed to give opportunities of growth to all our employees regardless of their age, race, colour, gender, religion, nationality or disability. Our leave policy follows the Factory Act, under which provisions for earned, sick and maternity leave apply for all employees. During the reporting year, 3 of our female employees took maternity leave and joined back.

Total number of new Employee Hires and Employee Turnover by Age Group and Gender

New Hires	Unit	Age Group			Gender		FY 2016-17
Breakup of personnel joining the organisation	Nos	<30	30-50	>50	M	F	Total
Senior management	17		14	3	17		17
Middle management	178	32	135	11	163	15	178
Lower management	206	184	21	1	173	33	206

Net Employment Turnover	Unit	Age Group			Gender		FY 2016-17
Breakup of personnel leaving the organisation	Nos	<30	30-50	>50	M	F	Total
Senior management							
Resignation			5	2	7		7
Retirement				1	1		1
Middle management							
Resignation	91	8	73	8	84	5	89
Retirement				2	2		2
Lower management							
Resignation	100	60	38	1	73	26	99
Retirement				1	1		1
Workers							
Resignation		25	31		49	8	57
Voluntary retirement				1	1		1

Labour Practices & Human Rights

We at Havells have a strict stance against child or forced labour and have institutionalized policies to ensure that we follow due processes and practices that are in line with all labour regulations and laws. As with all previous years, we have no reported incidents of child labour, forced labour or compulsory labour in our operations nor within any of our suppliers. A total of 4 male employees with disabilities were employed at Havells this year.

Category	No of complaints filed during the financial year	No. of complaints pending as on end of the financial year
Child Labour	Nil	Nil
Forced Labour	Nil	Nil
Involuntary Labour	Nil	Nil
Sexual Harassment	Nil	Nil

Category	Male	Female
Temporary employees	Nil	Nil
Sub-contracted employees (For the calendar year 2012, As per Form 12)	Nil	Nil
Casual employees	Nil	Nil

Employees with Disabilities	Male	Female
Employees	4	Nil

Human Capital Development

Investing in learning opportunities for our employees and increasing their competencies fosters a culture of innovation which is at the heart of our sustainability approach. Development of our employees is the pillar of our company's success and we have made significant investments in the past year in developing our human capital, through several training programs. Compared to previous reporting year, we increased the training hours for our employees by 144%. We created new training modules for staff and workers and strengthened employee engagement across all our plants. As a result of these activities we witnessed an increase in productivity and lower attrition rates compared to previous year. We provided safety training to a total of 6,153 employees. Skills upgradation training was given to a total of 8,503 workers. The breakdown of trainings provided across various categories is listed in the table below:

Trained Personnel in Safety & Skill Upgradation Training

Category	Safety (No. of employees)	Skill Upgradation (No. of employees)
Permanent employees	916	1,456
Permanent women employees	41	60
Casual / Temporary / Contractual employees	5,196	6,987
Employees with disabilities	0	0

Training Hours

Category	Manhours	
	Male	Female
Top Management	-	-
Senior management	15.6	-
Middle management	45.5	12.5
Junior management	50.6	29.7
Workers (Direct Employee)	28.7	17.8
Apprentices	3.3	2.0
Contract Labour	22.9	

Occupational Health & Safety

Ensuring the safety of our plants and creating a workplace that has zero accidents or even minor safety incidents is of the utmost priority for us. We have implemented best global safety practices at our plants and made investments in safety technologies, infrastructure, communications and awareness programs. We ensure compliance with OHSAS 18001 and follow highest safety standards across all our plants. There were no reported incidents of workers with high risk of any diseases at ourplants in the reporting year.

Incidents Trend

2016-17	LTI (ESI Referred Cases included)	Minor Injury	First Aid
	5	59	503

Implementation of Safety Scoring System (Faridabad Plant)

Havells is strongly committed to Occupational Health and Safety by providing a safe working environment for all our employees and strengthening our safety monitoring systems. The Faridabad plant has developed a safety scoring program, through which all operations of the plant were given a score based on observations made on practices and working conditions deemed to be unsafe across respective operations. The score was finalised by incorporating the data recorded in accident, incident and near miss tracking programs. The safety score provides an indication of the safety preparedness of each activity within the plant. This data forms the basis for designing, monitoring and enforcing a stronger safety culture across the plant with support from all employees.

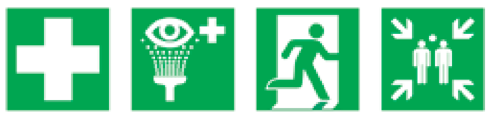
Score Criteria:

Unsafe Act	If found -4 for each case & not found +20	Grade	Marks
Unsafe Condition	If found -4 for each case & not found +20	Excellent	96-100
Accident	If occurred -30 for each & no accident +30	Very Good	91-95
Incident	If occurred -05 for each & no incident +10	Good	81-90
	First Aid: If occurred -02 for each cases	Average	71-80
Near Miss	If occurred -02 for each & no case +10	Poor	Below 70
Potential Near Miss	If recorded +2 for each case & maximum 10 Marks	2 First Aid Cases in Nov-16	

Visual Safety

We are vigilant about workplace safety and have implemented visual safety icons to ensure on-the-spot awareness about safety rules and regulations. As per ISO 7010, we follow all guidelines for designing signboards that comply with all regulatory requirements. In addition to these initiatives, we continually hold health and safety related events and initiatives at our plants. In the past year, we conducted the following activities to promote better health and safety for our employees:

- Dental check-up campaign held April 21, 2016 by Apollo Clinic, Rewari
- Yoga Day celebration with workers held 21 May 2016 by Mr. N.P. Rao (Yogasana Acharya)
- Tree Plantation on Birthdays- Initiative begun on June 1st, 2016)
- Nirbhaya Seminar held by Advocate Mrs Pramila
- Critical to Health (CTH) Location Traceability List for medical check-Up monitoring

Obligation Signs	
Warning Signs	
Prohibition Signs	
Fire Signs	
Emergency Signs	

All Havells manufacturing facilities feature state-of-the-art infrastructure and best practices in occupational safety, inspiring a culture of innovation and excellence.

Product Responsibility

Responsible design is one of the stronger pillars of our sustainability efforts. It guides us to innovate and increase efficiencies while creating safe, efficient and durable products that contribute to sustainable lifestyles. Over 70% of our product portfolio is energy efficient, which yields significant cost and resource savings.

Product Excellence through Center of Research and Innovation(CRI)

Our growth as a company stems from our technological strength. CRI is an ISO 9001:2000 certified center which has received recognition from the Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology. Since 2005, CRI has developed advanced manufacturing technologies through rigorous research.

These have acted as the next growth drivers for our business and helped us stay ahead of the competition. Each one of our business verticals employ their in-house dedicated R&D teams that designs, develops, tests new products and upgrade existing ones to improve productivity and optimize costs.

We have embedded all our Industrial Design work under the auspices of Center for Research and Innovation (CRI), ensuring that all Havells design conforms to the highest standards of ergonomics, functionality, efficiency and safety practices.

Given our continual improvement in product design and strict adherence to health and safety impacts of products and services during their lifecycle, there were no incidents of non-compliance with such requirements. All of our product or services were assessed for improvement in health and safety impacts in the reporting year.

One of the shining examples of our commitment to superior design and innovation is the launch of 'EFFICIENCIA' BLDC fan. More information on this fan as a case study is available on page number 48.

Set up of Diagnostics & Field Study Center (Alwar Plant)

This year at our Alwar Plant, we set up a new Diagnostic and Field study center with the following objectives:

- Conduct research for making custom modifications to our cables
- Provide a platform for improving the Arial Bundle cable business in India
- Develop a methodology accessing the accuracy and compatibility requirements of cable installation accessories
- Develop a knowledge-based systems program for selecting the right cable to prevent any installation issues

The setting up of this Diagnostic and Field Study Centre with in-house research and development has helped solve real issues at our Alwar plant. We have made contributions to the entire electrical industry as a result of the research on AB cables. The center has received enthusiastic response by our electrical consultants and provides us a strong technical edge to maintain our leadership position in the market.

Product Labeling

We are committed to transparent communications with our customers to help them make informed decisions. We strictly adhere to product labeling standards governed by IATA (for shipments by air), IMDG (for shipments by sea) and ADR (for road transport) guidelines. We observe the BIS labeling standard for products marketed in India, and adhere to country-specific standards such as CE, FIA, TAC and DNV KEMA standard disclosures. Our products are also labeled as BEE-star, S3, HIR, RoHS, Halogen-free and carry other certifications as applicable to the product line. We also ensure that information regarding the handling of our products at the end of their use is included in our packaging and labeling. There have been no incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling in the reporting year.

Sustainability-driven Product Design Innovation

At Havells, we always keep a very long term growth view in mind and consistently push beyond the status quo to innovate and address dynamic market conditions.

As we grow, we are ensuring sustainability across all new market segements by making Safety, Durability, Efficiency and Comfort, the key features of our product line.

We launched a series of new Havells products this year that have enabled us to introduce our superior design and efficiency standards into new market categories. We launched a series of air purifiers to tackle indoor air pollution and a new technologically advanced water-heater to conserve energy.

We also launched a new line of personal grooming products, connectig with the growing base of young consumers. We are looking forward to strengthening our presence in this new consumer durables segment with the same dedication to quality and excellence that has defined our brand for decades.

Launch of Air Purifier: Tackling Indoor Pollution

With air pollution posing health risks for most urban dwellers in India, Havells has developed a new Air Purifier with advance HEPA technology. The HEPA technology is designed to remove mold spores, pollens and other fine particles that cause Asthma and respiratory allergies. This is another step that launches Havells into a new market segment while addressing an urgent market and environmental need in the subcontinent. The Havells Air Purifier removes noxious indoor pollutants and provides clean breathing air. The advanced technology in the Air Purified can filter Particular Matter (PM) 2.5 up to 0.02 micron particles with a removal efficiency of 99.9%.

The Clean Air Delivery Rate (CADR) in Havells Air Purifier is amongst the best in class. The Purifier is equipped with an air quality sensor and indicator, with an optional Ionizer facility. The carbon filter comes with dense carbon granules that remove bad odors, harmful gases and chemicals that cause eye, nose, throat or lung irritation, headaches and nausea. The ionizer releases small but intense electric fields that react with positively charged elements in air, neutralising microbes such as mold spores, viruses and germs from air. The Havells Air Purifier is a home appliance that makes significant lifestyle improvements for our customers and a secure and safe future for all.

Havells Air Purifier tackles indoor air pollution by filtering up to 2.5 microns of particulate matter with advanced HEPA technology, helping create a healthy indoor environment.

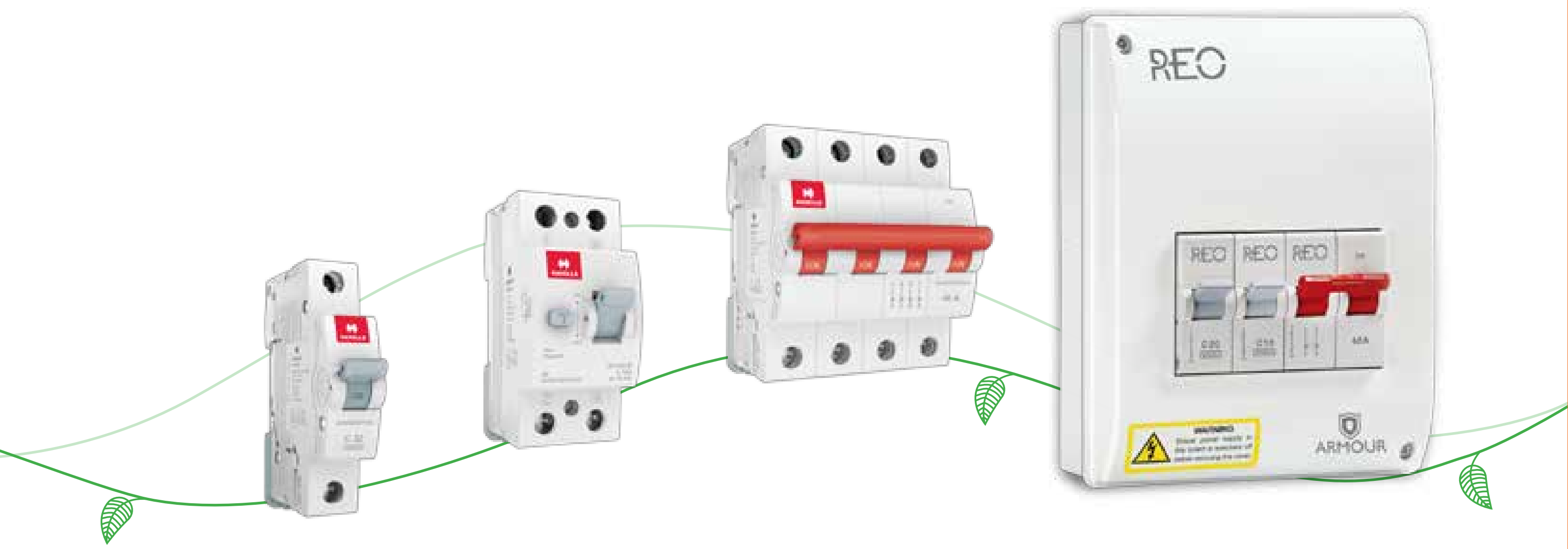
Safe MCB with Enclosure for Low Income Housing

The MCB (Miniature Circuit Breaker) is one of Havells' signature products. Havells recently launched MCB in an enclosure–'REO Armour' that comes with pre-determined load. The goal of this launch is to provide a high quality product for the low cost housing sector, which typically relies on sub-standard MCBs to guard against short circuits and other electrical hazards. The adroit design of REO Armour offers an entry-level safety solution for houses and office/shops under Havells' REO brand.

This launch enables us to bring our reliable and superior quality product design into the affordable housing segment offering enhanced value to our consumers across rural and semi-rural sectors.

This new product line has been designed and developed by the in-house R&D team of Havells and introduces the concept of protection against electrical risks such as short circuits and overload in the affordable housing sector at a time when most consumers are increasing their use of multiple electrical and electronic devices. The product comes with pre-installed isolator and has the option for cable entry from top/ bottom/ rear to make installation easier. REO Armour is being manufactured at the company's state of the art plant at Baddi in Himachal Pradesh.

REO Armour offers a great aesthetics and ease of installation while ensuring safety, thereby making it a preferred choice for consumers. The REO Armour has particular appeal for that group of people who typically settle for on-the-counter sub-standard products in the industry that may not offer critical protection against electrical risks.



Havells Makes the World's most Advanced Water Heater in India

Havells India Limited has launched the Adonia series of water heaters that use colour changing LED technology to communicate changing water temperature levels to users. Designed and manufactured by Havells in India, these water heaters have set a new benchmark in the global industry, and are a source of pride for the Havells family. Adonia water heaters come with a patented temperature sensitive LED that changes color from blue to amber as the water heats up to 75 degrees (maximum), thus allowing users to choose the 'right' temperature as per their requirement. It also protects against sudden exposure to water at high temperature. The Adonia series comes with a digital temperature indicator and easy to use feather touch controls to create energy efficiency.

The inner container of the heater is built using innovative Feroglas TM technology, which ensures high resistance against corrosion, giving the appliance a longer life span. In-built Incoloy Glass Coated Heating Element gives excellent resistance to both oxidation and carbonization at high temperature, and high precision digital thermostat cut-out for optimum water temperature and safety. These five-star rated water heaters come with integrated shock resistant plugs that safeguard against shocks, again a first in the industry.

With the launch of Adonia water heater, Havells has yet again demonstrated how energy efficiency, superior aesthetics and user functionality can go hand in hand and ensure sustainability.

Stakeholder Satisfaction

Brand loyalty is the engine that drives our growth. It is imperative for us to stay closely connected with our customer base and be very responsive to their feedback and needs. Our call centers that operate in nine languages, provides regional, national and international support to our customers to ensure sustained value for them. During 2016-2017 we used the Net Promoter Score (NPS), an international indicator of customer satisfaction to measure how willing our customers would be to recommend the Havells brand to others. We conducted a customer satisfaction survey with a total of 13,193 customers. Of which 89% reported satisfaction with our products.

These results were extremely useful for us to assess and identify areas of improvement across our value chain based on the feedback received. We will continue to strengthen our customer delivery channels and invest in staff training as well as in our customer relationship management systems to improve our NPS score.

Currently there are no cases filed by any stakeholder regarding unfair trade practices, irresponsible advertising or anti-competitive behaviour. A total of 21 customer complaints were filed related to minor defects in products, out of which 9 were resolved and 12 are under active resolution procedures.

We will continue to strengthen our customer delivery channels and invest in staff training as well as in our customer relationship management systems.

Nurturing Communities, Strengthening Society: One Step at a Time

At Havells, we believe in the power of small actions to create transformational and positive impact for society. Creating positive a social impact on the communities we work with and on the society at large, is intrinsic to our corporate ethos. Our CSR efforts are built upon six pillars – Health & Nutrition, Sanitation, Education, Environment, Skill Development and Heritage Conservation.

Corporate Social Responsibility

One of the key stakeholders for our CSR activities are the communities linked with our manufacturing operations. We are committed to creating initiatives that provide social and economic benefits to them. Our projects assess community needs in close interaction with our local teams to ensure that our interventions are contextual and relevant and can create real impact in the lives of people. Our commitment to CSR is not only a matter of taking responsibility for our stakeholders, but is also an effort to support the nation's goal of inclusive growth and the United Nations Sustainable Development Goals.

Mid-Day Meal Program Feeds Over 58,000 Children Per Day

Hunger is one of the most heartbreaking challenges in the world today. Despite the fact that enough food is produced on the planet to feed the globe's population, 795 million people, i.e., one in nine still go to bed on an empty stomach each night and one in three suffer from malnutrition. Not only do hunger and malnutrition cause suffering and poor health but they also lead society into a negative downward spiral affecting many other factors of sustainable development. Therefore addressing these two crucial issues remains one of our key focus areas.

We began our work on addressing hunger in 2005 when the issue was highlighted to us through research about our communities around the Alwar plant. We discovered the heart-breaking truth that children from nearby villages were not sent to school because of economic pressures that kept them engaged in farms and other jobs to support their family's income. We realized that if we could provide food for these children, we could address this problem. We joined hands with the Government of Rajasthan to provide mid-day meals in Government schools of the Alwar district.

The mid-day meal program is one of our most successful and long-running social impact programs. We attribute the success of this program to our ownership of the entire mid-day meal value chain all the way from procurement of food materials to preparing the food with strict hygiene, storing and

delivering it to the schools which enables us to ensure that neither the quality nor the quantity of the food is compromised.

The kitchen where the food is made is spread over an area of 4 acres, and has a staff of 160 including cooks, helpers and drivers. Our fleet of 26 vans, ensures hassle-free and timely delivery of the meals every day. So far we have served 66 million nutritious meals to children.

Impact Assessment of the Mid-Day Meal program

On the 10th anniversary of the mid-day meal program, Havells conducted a comprehensive Impact Assessment study of the program in schools. Students, parents and teachers were interviewed as part of the assessment. To get a comparable sense of the achievements of the program, partner and non-partner schools were also included in the study. The key findings are as follows:

1. Impact on Improvement of Nutritional Intake: There has been notable improvement in Body Mass Index (BMI) amongst girls studying in schools where the Havells mid-day meal program has been running for more than five years. The BMI averaged 14.3 which is higher than the 13.7 average for girls in other schools where the program has been running for past 3 years.

2. Impact on Enrollment Rate: There has been a 10-15% average growth in enrollment in the schools where Havells is conducting the program. The head teachers, SMC members and parents interviewed for the study attributed this growth to nutritious and tasty food provided in the school as it appealed to both parents and students.

3. Impact on Dropout Rate: Average number of dropouts in the partner schools declined over three consecutive academic years (2013 to 2016). Considerable decrease was seen in average dropout rate of girls in upper primary section as it came down to 6 in academic year 2015-2016 from 24 (2014-2015). Similarly, average dropout rate of boys in primary sections saw a steady decline from 9 to 4 over the three years.

4. Improved School attendance: As shared by parents and Head Teachers, student's interest in going to school increased over the years. Of the interviewed parents 67% stated that their children are keen to go to school especially due to availability of better quality and variety of food.

5. Quality, Quantity and Variety of Food: All the interviewed students (100%) liked the quality of food served under the Havells MDM program. 97% of students were satisfied with the quantity of food served.

6. Impact on Academic Performance: The Havells MDM Program helped improve student's concentration and thereby academic performance. 44% of the interviewed parents stated that because hunger does not plague their children and they do not need to return home to eat lunch, they study with better concentration and willingness.

7. Reduced Burden on Teachers: Head Teachers of the sample schools shared that with Havells taking charge of the mid-day meals, teachers now spend more time on teaching than on the MDM, thus contributing to improving the quality of education in their schools. In 2015, the Havells mid-day meal program was honored with the Child Rights Champion Award by C.R.Y. (Child Rights and You).

Sanitation

Schools partly determine children's health and well-being by providing a healthy or unhealthy environment. Although water and sanitation facilities in schools are increasingly recognized as fundamental for promoting good hygiene behaviour and children's well-being, many schools have very poor facilities. Conditions vary from inappropriate and inadequate sanitary facilities to the outright lack of toilets and safe water for drinking and hygiene. This situation contributes to absenteeism and the high drop-out rates amongst children especially girls. Similarly children would prefer to stay back home on days they had dysentery due to lack of toilets or clean toilets.

Understanding this, we started building eco-friendly bio-toilets in schools in Alwar district of Rajasthan where we already serve mid-day meal. Aligned with the government's Swachh Bharat Mission, the project started in 2014 and we have built over 2000 bio-toilets in about 250 government schools till date. These bio-toilets use special bacteria developed by DRDO (Defence Research & Development Organisation) to convert human waste into biogas and water. This water can be used for gardening, cleaning or ground water recharge.

Our over decade long association with schools also helped us understand that schools are also a key factor for initiating change and develop useful life skills on health and hygiene. Children are often eager to learn and willing to absorb new ideas. New hygiene behaviour learned at school can lead to life-long positive habits. Taking advantage of this fact, we started conducting behavioural change workshops on Sanitation that would help children inculcate good hygiene habits. To ensure that children get clean toilets, we moved a step further and intend to give grant to schools for the upkeep of these toilets. We would continue to invest in the education and health of our future generations.

We have built over 2,000 bio-toilets in 250 Government schools in Rajasthan so far.

Sensitization Towards Behaviour Change

Building the eco-toilets is only the first step towards creating lasting change. For lasting change, it is important to sensitize students as well as teachers about the importance of WASH (Water, Health and Hygiene) and why implementing these practices will lead to holistic development. We invested in behavioral change sensitization workshops not only for the children but also for the school teachers who could further educate parents and the public at large about the importance of sanitation, cleanliness and hygiene in particular.

The implementation of behaviour change workshops aims to inculcate good hygiene habits amongst children from a young age onwards.

Through interactive activities such as songs, wall paintings, rhymes, quizzes, painting competitions, we helped children understand the WASH concepts so that they can also take this learning to their parents and bring positive change in the family.

We also addressed a key aspect of a WASH initiative which is post-installation maintenance and upkeep. We matched the government's contribution to keep the toilets regularly clean. We have helped implement a strict supervision feedback method to ensure proper use of funds. We are proud of the fact that our MDM and WASH initiatives have significantly improved school attendance and contributed to health and cognitive development.

These initiatives have also increased girls' participation, established positive hygiene behaviour and introduced better WASH practices in families and communities. Together these impacts have created a cycle of positive change in society.

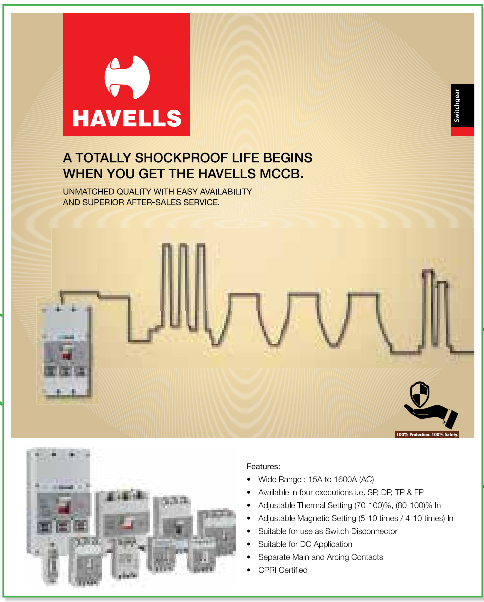
In addition, our school bench donation program has helped improve educational environments for schools within our plants' vicinity. We also undertook direct plantation activities this year. We planted a total of 2000 trees across our plants and are currently considering a larger plantation drive to contribute to carbon mitigation in India.

Responsible Communications

The Havells brand considers itself an engine of inspiration and motivation for the betterment of society. To this end, we have always ensured that our advertising is wrapped around messaging and storytelling that resonates with socially relevant issues of our times and imbibes positive emotions to motivate people to always strive for the best both as individuals and as members of society. We observe high standards of social and ethical responsibility across all our marketing and communications to ensure that our messaging always remains positive. We follow the guidelines and standards set by ASCI (Advertising Standards Council of India). During the reporting period, there was one complaint lodged with ASCI.

Our emphasis on multi-lingual outreach and customer support celebrates the diversity of culture in India. We are committed to continue our work as a responsible corporation both in India and around the world and will continue to align our initiatives with the priorities of the government to help create vibrant and healthy planet and society.

We have always ensured that our advertising is wrapped around messaging and storytelling that resonates with socially relevant issues.



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Annexure 1

KPMG

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DLF Cyber City, Phase - II
Gurugram - 122 002 (India)

Telephone: + 91 124 307 4000
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Independent Limited Assurance Statement to Havells India Limited on their Corporate Sustainability Report 2016-17

To the Management of Havells India Limited, Noida,

Havells India Limited (the 'Company' or 'HIL') has requested KPMG in India to provide an independent assurance on its Sustainability Report 2016-17 ('the Report'). The Company's management is responsible for identifying its key material issues, engaging with its stakeholders and developing the content of the Report. KPMG's responsibility is to provide limited assurance on the Report content as described in the scope of assurance.

Reporting Criteria

HIL applies sustainability performance reporting criteria, based on Sustainability Reporting Guidelines (G4) of Global Reporting Initiative (GRI) and National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG), as detailed in the 'Scope, Boundary and Limitations'.

Assurance Standards Used

We conducted limited assurance in accordance with the requirements of International Federation of Accountants (IFAC) International Standard on Assurance Engagement [(ISAE) 3000, (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information]. Under this standard, we have reviewed the selected information presented in the Report against the criteria of relevance, completeness, reliability, neutrality and understandability.

Scope, Boundary and Limitations

The following is covered under the scope and boundary of the assurance engagement:

- The scope of assurance covers HIL's sustainability performance disclosures for the period of 01 April 2016 to 31 March 2017, as per the table below.
- The scope of assurance also covers HIL's performance disclosures against the nine principles of NVG mapped in the Report.
- The boundary of the report includes the data and information from HIL sites as mentioned in the Report section – Reporting Boundary. We verified select key performance data through site visits to operational locations at Neemrana, Haridwar, Baddi, Alwar and its Corporate Office in Noida.

The assurance scope excludes:

- Data and information outside the defined reporting period and boundary;
- The Company's financial performance;
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention and assertions related to Intellectual Property Rights; and
- Aspects of the report other than those mentioned below;

The General and Specific Standard Disclosures subject to assurance were as follows:

General Standard Disclosures	Specific Standard Disclosures
• Strategy and Analysis- G4-1 • Organizational Profile – G4-3 to G4-16 • Identified Material Aspects and Boundaries- G4-17 to G4-23 • Stakeholder Engagement- G4-24 to G4- 27 • Report Profile- G4-28 to G4-33 • Governance- G4-34 • Ethics and Integrity- G4-56	• Environment- Material used by weight or volume (G4-EN1), Energy Consumption Within the Organization (G4- EN3), Energy Intensity (G4-EN5), Reduction of Energy Consumption (G4-EN6), Reductions in energy requirements of products and services (G4-EN7), Direct GHG Emissions (G4-EN15), Energy Indirect GHG Emissions (G4-EN16), Emissions of ozone-depleting substances (ODS) (G4 EN20), NO_x, SO_x and other significant air emissions (G4-EN21), Total Weight of Waste by Type and Disposal Method (G4-EN23), Total environmental protection expenditures and investments by type (G4-EN31) • Labor Practice and Decent work - Total Number and Rates of New Employee Hires and Employee Turnover by Age Group, Gender and Region (G4-LA1), Return to Work and Retention Rates after Parental Leaves, by Gender (G4-LA3), Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender (G4-LA6) • Product responsibility - Percentage of significant product and service categories for which health and safety impacts are assessed for improvement (G4-PR1), Results of Surveys Measuring Customer Satisfaction (G4-PR5), Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes (G4-PR7)

Methodology Adopted for Assurance

We have obtained sample evidence, information and explanations that were considered necessary in relation to the assurance scope and have arrived at conclusions mentioned below. Our work included a range of evidence-gathering procedures including:

- Assessing that the report is prepared in accordance with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI G4 – in accordance "Core" criteria).
- Reviewing the Report to ensure that there is no misrepresentation of disclosures as per scope of assurance and our findings.
- Reviewing the materiality and stakeholder engagement framework deployed at HIL.
- Understanding the appropriateness of various assumptions used for estimation of data by HIL.
- Assessing the systems used for data collection and reporting of the General Standard Disclosures and Specific Standard Disclosures of material aspects as listed in the assurance scope above.
- Verifying systems and procedures used for quantification, collation and analysis of sustainability performance indicators included in the Report.
- Testing on a sample basis, the evidence supporting the data and information.
- Holding discussion with senior executives at the plant locations and at the corporate office to understand the risks and opportunities from a sustainability perspective including the strategy that HIL has adopted to address the same.
- Assessing data reliability and accuracy.
- Verifying select key performance data through site visits to operational locations and corporate office for:
  - Testing reliability and accuracy of data on a sample basis.
  - Assessing stakeholder engagement process through interactions with relevant internal stakeholders and review of related documentation.
  - Limited review of the materiality assessment process.
  - Reviewing the processes deployed for collection, compilation and reporting of sustainability performance indicators at corporate and plant level.

Appropriate documentary evidence was obtained on a sample basis to support our conclusions on the information and data verified. Where such documentary evidence could not be collected due to sensitive nature of information, our team verified the same at HIL's premises.

Conclusions

We have reviewed the Sustainability Report of HIL. Based on our review and procedures performed as described above, nothing has come to our attention that causes us not to believe that the sustainability data and information presented in the Report is appropriately stated, in material aspects, and in accordance with the sustainability reporting guidelines (G4) of the Global Reporting Initiative

We have provided our observation to the company in a separate management letter. These, do not, however, affect our conclusions regarding the Report.

Independence

The assurance was conducted by a multidisciplinary team including professionals with suitable skills and experience in verifying environmental, social and economic information in line with the requirements of ISAE 3000 (Revised) standard. Our work was performed in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, in relation to the scope of this assurance engagement, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behavior. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. The firm applies ISQC 1 and the practitioner complies with the applicable independence and other ethical requirements of the IESBA code.

Responsibilities

HIL is responsible for developing the Report contents. HIL is also responsible for identification of material sustainability issues, establishing and maintaining appropriate performance management and internal control systems and derivation of performance data reported. This statement is made solely to the Management of HIL in accordance with the terms of our engagement and as per scope of assurance. Our work has been undertaken so that we might state to HIL those matters for which we have been engaged to state in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than HIL for our work, for this Report, or for the conclusions expressed in this independent assurance statement. The assurance engagement is based on the assumption that the data and information provided to us is complete and true. We expressly disclaim any liability or co-responsibility for any decision a person or entity would make based on this assurance statement. By reading this assurance statement, stakeholders acknowledge and agree to the limitations and disclaimers mentioned above.

Santhosh Jayaram
Partner
KPMG
May 25, 2017

Annexure 2

Priority issues identified by Havells Employees

A structured sustainability survey questionnaire was used to gather the feedback of the employees of the Company on the aspects, they deem as most important for the business strategy of the Company.

The methodology used for analysis of the survey results:

The approach involved calculating and comparing the weighted average of participant's response to each issue.

The issues were subsequently ranked on the basis of the weighted average score achieved by each issue.

Top 15 Issues (by average priority weightage given by the employees)

Distribution of wealth among stakeholders	5.85
Employee turnover	5.90
Renewable energy sources and use	6.04
Input Materials used	6.12
Initiatives to reduce environmental impact of products and services	6.37
Marketing and communications compliance	6.45
Employment opportunities	6.45
Employee benefits	6.53
Training and skills development	6.53
Energy consumption and efficiency	6.56
Occupation health and safety	6.64
Health and safety assessment of products	6.66
Revenue Generation	6.72
Customer satisfaction practices	6.97

Priority issues identified by Havells top Management

The same survey questionnaire was used to gather the feedback of the top management of the Company i.e. the Board, on the sustainability aspects they deem as most important for the business strategy of the Company.

Top 16 Issues (by average priority weightage given by the top Management)

Employee Benefits	8.33
Initiatives to Reduce Environmental Impact of Pruducts and Services	8.33
Waste Generated and Disposed	8.33
Health and Safety Assessment of Products	8.67
Employee Turnover	8.67
Non-compliance and Fines	9.00
Renewable Energy Sources and Use	9.00
Input Materials Used	9.00
Distribution of Wealth Among Stakeholders	9.00
Energy Consumption of Efficiency	9.33
Customer Satisfaction Practices	10.00
Training and Skills Develpment	10.00
Revenue Generation	10.00

Annexure 3

Water Inventory Verification Statement Number
F530101/GUR/ENV/C000039

Water balance inventory in the period 1st April 2015 – 31st March 2016 for

Havells India Limited

Corporate Office: 2-D, Sec-126, Expressway,
Noida 201304, India

has been verified against the requirements of the following criteria

Transparency, Relevance, Completeness, Consistency & Accuracy

To represent a total water balance inventory as:

- **Havells India Limited is Water Positive by 6,500 KL**
- **Total direct water consumption (water debit) quantity 139,269 KL**
- **Total water conservation/ recharged (water credit) quantity 145,769 KL**

Lead Assessor: Nilesh Pojge
Assessor: Vishal Goyal
Technical Reviewer: Ajoy Gupta

For the following activities:
Pan India Based Fast Moving Electrical Goods Manufacturing Units

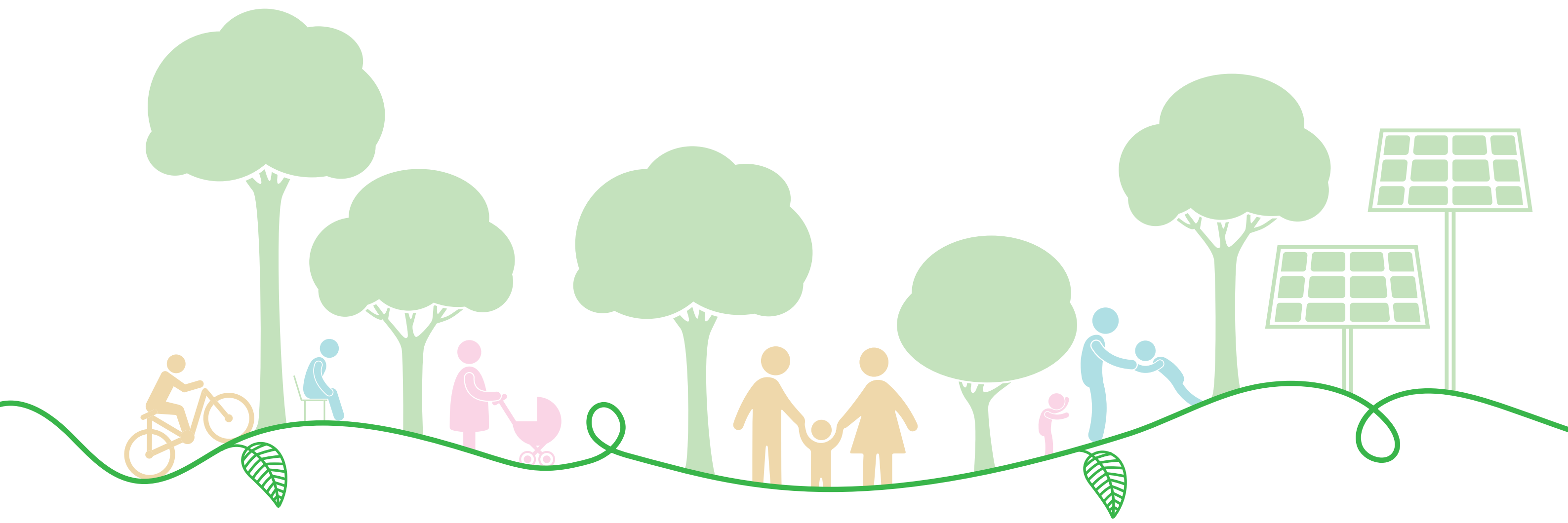
The organizational boundary was established adopting concept of operational and maintenance control by Havells India Limited on the facilities.

Verification Statement Date: 21st February 2017

Authorised by

Dipjyoti Banerjee
Business Director,
Environment, Health and Safety
Date: 21st February 2017
SGS India Private Limited, 226 Udyog Vihar, Phase I, Gurgaon 122 016 Haryana, India

This Statement is not valid without the full verification scope, objectives, criteria and findings available on pages 2 to 5 of this Statement.



HAVELLS

Havells India Limited

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Corp. Office: QRG Towers, 2D, Sector 126, Expressway, Noida - 201 304 (U.P.)

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www.facebook.com/havells, www.havells.com

CIN: L31900DL1983PLC016304

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QRG GROUP

HAVELLS

17th July, 2017

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400 001

Scrip Code : 517354

Sub: Annual Report for FY 2016-17 u/r 34 of the SEBI Listing Regulations 2015

Dear Sir,

Please find enclosed herewith the **34th Annual Report of the Company** viz. Havells India Limited for the year ended 31st March, 2017 as approved and adopted in the AGM of the Company held on 7th July, 2017.

Also enclosed is the Sustainability Report of the Company published in respect of financial year 2016-17.

This may be taken as due compliance of relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Kindly acknowledge receipt.

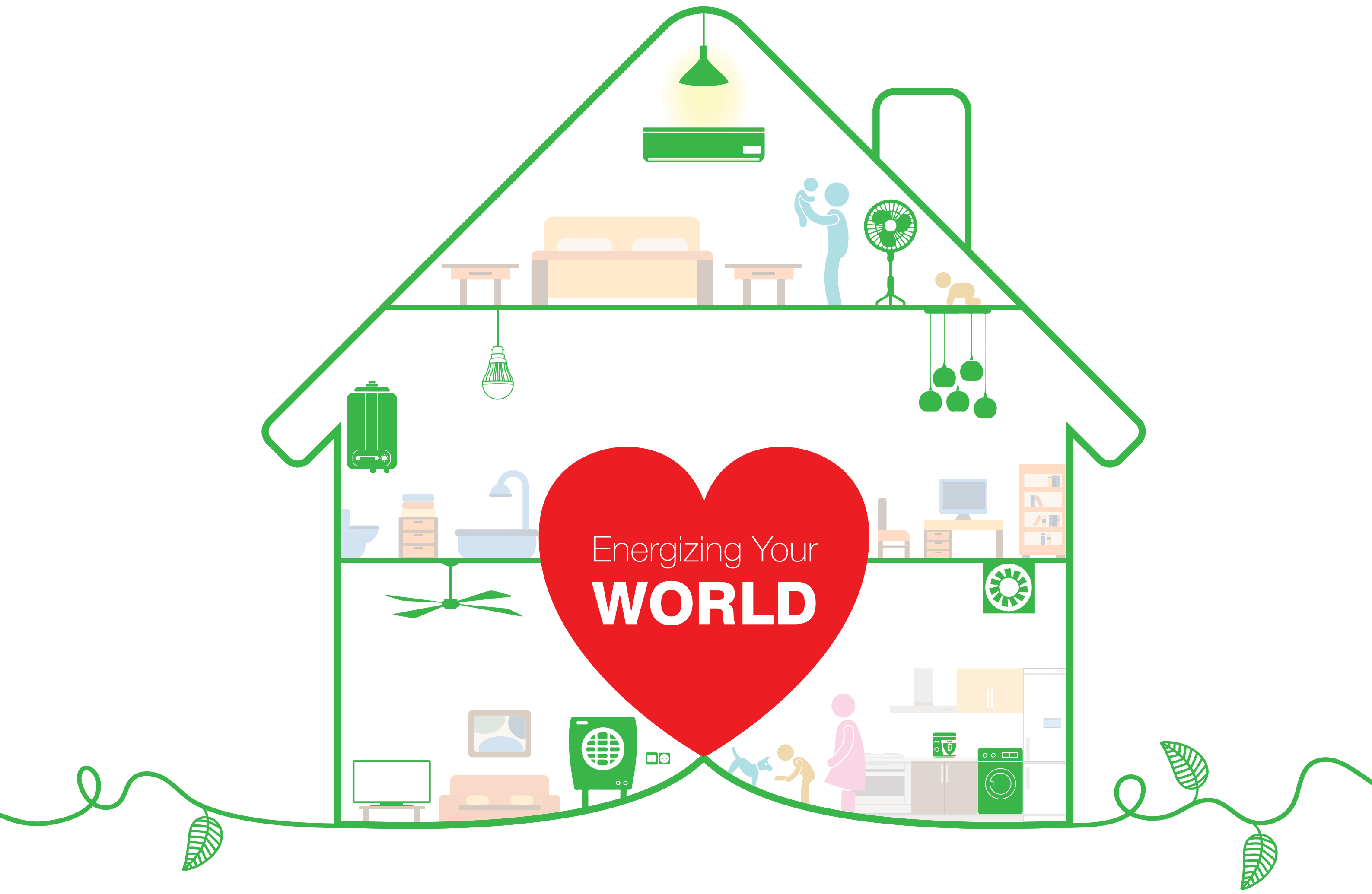
Thanking you.

Yours faithfully
For Havells India Limited

(Sanjay Kumar Gupta)
Company Secretary

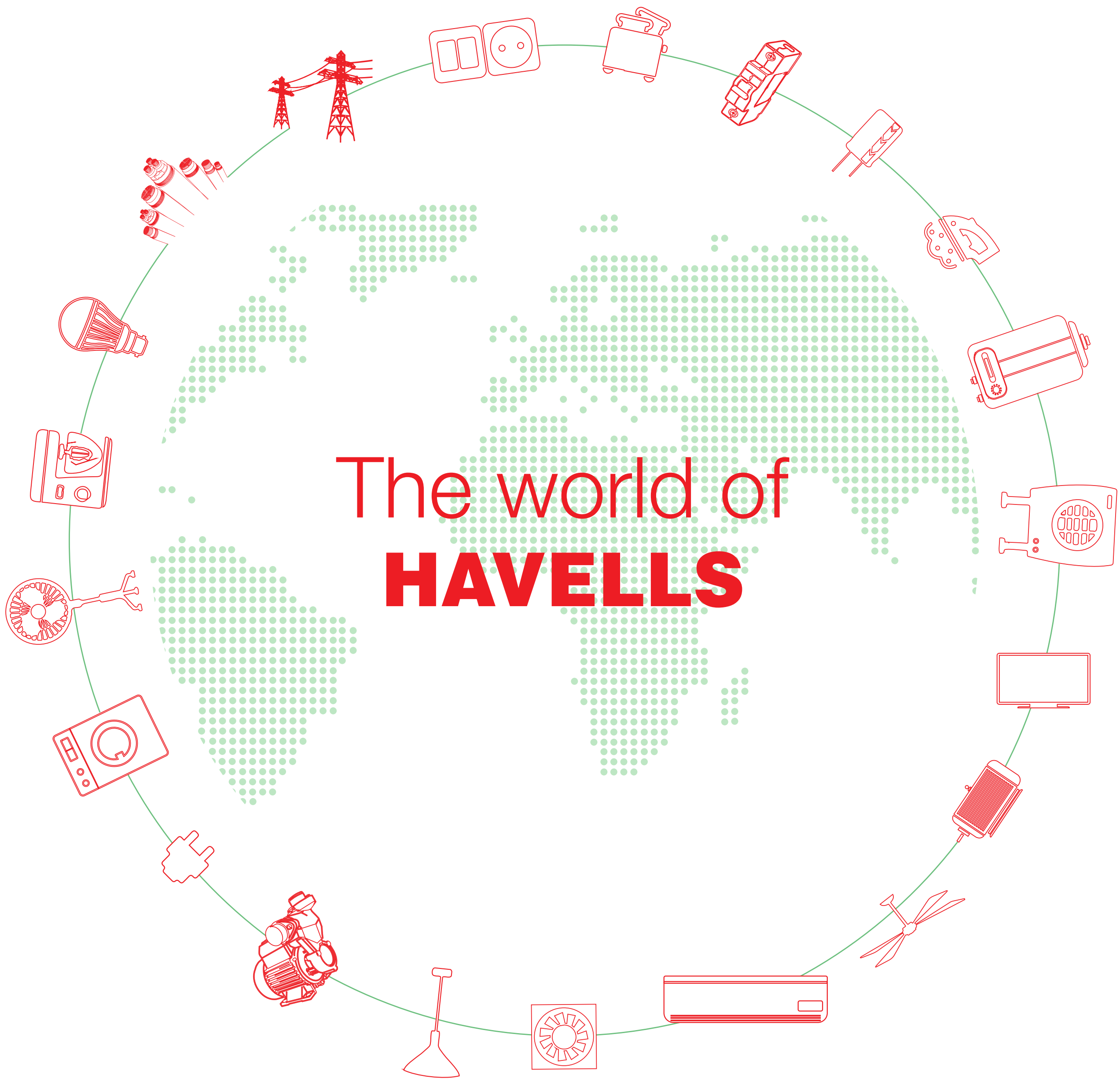
Encl: A/a

HAVELLS



HAVELLS | Sustainability Report 2016-17

We are
charged by a
**passion for
efficiency**
and creating
shared value.


The world of
HAVELLS

As India's largest Fast Moving Electrical Goods (FMEG) company, we endeavour to lead with a **bold commitment to innovation and social responsibility** to ensure a sustainable future.

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30,000 litre
of **Water Savings** per day

2.3 MW
Renewable Energy Installed

6,735 GJ
of **Energy Saved** over previous year

95 %
of all waste generated **Recycled/Reused**

1,465 $MtCO_2eq.$
reduction in **GHG Emissions**

PLANET

Our Triple Bottom Line

SOCIETY

ECONOMY

Employee Health & Safety improved by
42.8 %

Training Hours per Employee increased by
144 %

CSR Investments increased by
16.5 %

Mid-day Meals provided to
58,000
children per day

CSR Expenditure
INR **13.4** cr

Net Revenue
INR **6,586** cr

Profit After Tax (PAT)
INR **539** cr

Total Expenditure on Employees increased by
35 %

Sustainability at Havells

As India's largest Fast Moving Electrical Goods (FMEG) company, Havells India Limited is proud to carry the baton of industry leadership with an unwavering commitment to sustainability. We began working on sustainability long before it became mandatory – creating products that exceeded average industry standards of energy and resource efficiency, and setting new benchmarks of product safety.

Sustainability is deeply rooted into the culture of innovation at Havells. Optimal resource use across the entire value chain, reduction and recycling of waste in manufacturing processes, creating safe, reliable products, and empowering our stakeholders are salient aspects of our work philosophy. We strive to create shared value for all stakeholders by following a 'Triple Bottom Line' approach.

Our efforts at optimizing the use of natural resources have yielded enormous savings in energy and raw materials. Our focus on water conservation through the years has gained us the status of a 'Water Positive Company.' And by making 70% of our product range energy efficient, we have also enabled our customers to achieve a low environmental footprint.

We undertake initiatives throughout the year to ensure the well-being of our employees and communities we work with. We have actively supported the Government's Swachh Bharat Abhiyan by constructing over 2000 bio-toilets in the past two years and continued to bolster our mid-day meal program that feeds 58,000 children every day. This program is not only eradicating hunger amongst school-going children, but also contributing to higher rates of school attendance, thereby improving education opportunities for these children.

With the launch of Havells 2016-2017 Sustainability Report, we are renewing our commitment to environmental, social and fiscal responsibilty, and creating value for all our stakeholders. We are thrilled to be working alongside our workforce and suppliers towards the sustainable growth of our business.

90% of Havells products are manufactured in-house. Our direct control on manufacturing gives us the independence to enshrine innovative sustainable practices across our supply-chain.

Chairman's Message

Dear Stakeholders,

At Havells, our values reflect the fundamental importance of inclusion, openness and commitment to the environment. We understand the need to invest thoughtfully in expanding the benefits of modern day requirement while protecting the environment and addressing the impact of climate change. While the formal process of reporting on the progress of our sustainability measures began in 2012, operating our business in an environmentally sustainable way has been an underlying philosophy from the very beginning.

We are constantly working towards improving our environmental performance – be it achieving water positive status or installing rooftops solar panels to power our facilities or new packaging designs that reduce landfill volume by 90%. We have significantly reduced our paper consumption and are gradually moving towards becoming paper and wood positive.

Lowering our energy footprint has been our top environmental agenda for last 5 years. This year, we reduced our energy consumption by approximately 2 million units across our plants and installed solar photo-voltaic systems with a combined capacity of 2.3MW at our Faridabad and Alwar plants. This renewable energy investment lowered our dependence on fossil-fuel based energy and brought down GHG emissions, which is equivalent to planting 90,000 trees.

A commitment to a sustainable world is at the core of all innovation at Havells. We constantly iterate on designs to use fewer resources and yield higher value for people, planet and the economy.

In the past five years, we have reduced the GHG intensity of our facilities by more than 20%, thanks to clean energy use. We have continued to improve our safety record, with no significant incidents reported from any of our facilities this year. We have also further strengthened our Human Capital by increasing skill development and up-gradation training for employees by 144% over previous year.

Throughout our operations, social investments are integral to our approach for doing business. Our primary focus areas are improving the quality of education, promoting economic development through training and access to better jobs, providing mid-day meals and making investments that help preserve a clean, safe, healthy environment.

Our mid-day meal program in Rajasthan continues to feed 58,000 children per day throughout the year, leading to improved attendance and performance at school. Contributing to government's 'Swachh Bharat Abhiyan,' we have built over 2000 bio-toilets across 250 schools in Rajasthan so far. We are now also providing funds to maintain these toilets and conducting sanitation sensitization workshops for children and teachers. We hope to see an all-round development for our future generations.

We are excited about the opportunities in 2017 and beyond. We believe that India is in a golden growth phase for the next few decades and Havells is prepared to play a key role towards enabling the country's sustainable growth.

I thank all Havells employees, the board and other stakeholders for their consistent commitment, engagement, and encouragement. We will continue to seek our shareholders' participation and support, as we extend our footprint to create new pathways to sustainable development and tap impending strategic investment opportunities.

Warm regards,

Anil Rai Gupta
Chairman and MD

About the Report

This report highlights the integrated sustainability practices across all verticals at Havells and follows the ‘In Accordance-Core’ framework of the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines. We have also aligned the reporting to the Business Responsibility Report (BRR) requirements under SEBI Listing Regulation, 2015.

Reporting Boundary

The data in this report covers the period from April 1, 2016- March 31, 2017.

Future Reporting

We publish reports annually and our last report was published in 2016.

Report Scope and Boundary

Havells Facilities	Performance Indicators Covered in Report		
	Economic	Environmental	Social
Manufacturing units			
a) Neemrana, Rajasthan	✓	✓	✓
b) Alwar, Rajasthan	✓	✓	✓
c) Baddi, Himachal Pradesh	✓	✓	✓
d) Faridabad, Haryana	✓	✓	✓
e) Haridwar Fans, Uttarakhand	✓	✓	✓
f) Haridwar Standard, Uttarakhand	✓	✓	✓
g) Sahibabad, Uttar Pradesh	✓	✓	✓
Corporate Office			
a) Noida, Uttar Pradesh	✓		✓

During the reporting year, we shifted our manufacturing operations from the Noida plant to the Neemrana plant to increase productivity and efficiency of resource use.

We will continue to report with GRI and other frameworks to provide consistent insight into our broader sustainability work.

Data Integrity

The data reported on the environmental and social sustainability indices in this report is based on our integrated data management system. We have exercised strict internal controls to collect and analyse the data to support all disclosures in this report.

We are committed to complete transparency and have represented the impact our business has on people and the planet in a fair manner. Our effort has been to ensure that the information presented in this report is unbiased, comparable, accurate, reliable and comprehensible. In the report, we have pointed out significant limitations in the information presented, wherever applicable. Due to rounding-off, numbers presented throughout this report may not add up precisely to the total provided.

We hope you find this report informative and useful. Your comments and suggestions are welcome at sustainability@havells.com.

External Assurance

We believe that independent assurance not only leads to quality and process improvements but helps in building trust and credibility with key stakeholders.

Sustainability Report 2016-17 is externally assured by KPMG, excluding economic performance indicators, which are derived from our audited financial reports. The assurance is in accordance with the 'limited assurance' criteria of the International Standards on Assurance Engagements ISAE 3,000 (Revised). The assurance approach, methodology, and observations are presented in the assurance letter at the end of this report in *Annexure 1*.

Alignment with Sustainable Development Goals

Havells supports the delivery of Sustainable Development Goals (SDGs) created by the United Nations. We are driven by the responsibility to help build an economy, in which resource extraction is balanced with effective resource management and optimization, to achieve social and environmental benefits. Several of our community initiatives are in direct alignment with SDGs that relate to sanitation and hunger. Through our extreme focus on energy and resource efficiency in our products alongside clean energy generation, we have aligned with several SDGs that address climate change and responsible energy use. As one of the leading companies in the electrical sector in India, we continue to focus on product innovation and providing new opportunities in the workforce. We will continue to work towards initiatives that align with a wider set of SDGs in the future.

We Support UN Sustainable Development Goals (SDGs)

SUSTAINABLE DEVELOPMENT GOALS

2 ZERO HUNGER

- Mid Day meals to 58,000 kids every day

6 CLEAN WATER AND SANITATION

- Enabling better school infrastructure by providing eco-friendly bio-toilets

7 AFFORDABLE AND CLEAN ENERGY

- Energy efficient practices at manufacturing plants that reduce energy footprint
- Implementation of Renewable Energy Sources

8 DECENT WORK AND ECONOMIC GROWTH

- Community investments
- Skilled manpower/Training to ensure business growth
- Best in-class employee perks and incentives suite

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- R&D centers across all plants to provide the best technologies
- Focused zero defect services to enable consumers to be comfortable and secure in usage of electricity

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- Environment Responsible products
- Best in-class customer management practices
- Organizational culture supports strengthening employees' core competencies

13 CLIMATE ACTION

- Afforestation
- Emissions Reduction
- Adaptation

We are committed to enabling sustainable development through initiatives that generate social and environmental value.

Who We Are

Business Divisions

SWITCHGEAR	CABLE AND WIRES	LIGHTING	ELECTRICAL CONSUMER DURABLES
Switches, Capacitors, Industrial and Domestic Switchgears, Motors, Pumps, Automation and Control	Power Cable and Flexible Cables	LED, CFL, Professional and Consumer Luminaires	Fans, Small Domestic Appliances, Water Heaters, Air Coolers, Personal Grooming

Havells offers one of the largest portfolios of electrical products that range from industrial applications to consumer appliances. Our products are differentiated by their superior design, unmatched functionality, reliability, safety and convenience. Our acquisition of brand Lloyd has marked our foray into the $15 billion consumer durables industry and enabled us to delve deeper into the homes of our consumers with top quality products such as air-conditioners, LED TVs and washing machines.

A Journey of Firsts

Havells became an eco-pioneer when it introduced the Green CFL and BEE 5-star energy efficient ceiling fans in India. We have set an industry benchmark by making 70% of our product line energy efficient. We are committed to leading the industry by developing innovative products that address the shifting needs of consumers in an evolving marketplace.

3 Times to the Moon and Back!

Each year, we manufacture over 11,50,000 kilometres of domestic and industrial cables, which is almost 3 times the distance between the earth and the moon.

Company Ownership Pattern (as on 31st March 2017)	
Promoter & Promoter Group	61.61
Mutual Funds	2.44
Foreign Portfolio Investors	26.53
Financial Institutions/ Banks	0.21
Private Corporate Bodies	2.28
Indian Public	6.38
NRI/Foreign Bodies	0.55
Total	100

1,00,000 retail outlets

7,575 dealers

INR**28,000**cr **market cap** as of 31st March

40+ branches

40+ countries

12 manufacturing plants **in India**

Havells India Limited an overview

Brands and Products

Havells India Limited is the leading Fast Moving Electrical Goods (FMEG) Company in India. We enjoy industry dominance across a wide spectrum of products that include; Industrial & Domestic Circuit Protection Devices, Cables & Wires, Motors, Fans, Modular Switches, Home Appliances, Electric Water Heaters, Power Capacitors, CFL Lamps, LEDs, Air Coolers, Air Purifiers, Personal grooming and Luminaires for domestic, commercial and industrial applications.

Making it in India, Taking it to the World

We manufacture under the 'Make in India' initiative, building 90% of our products in-house across 12 world-class manufacturing plants located in Alwar, Baddi, Faridabad, Haridwar, Neemrana, Sahibabad and Guwahati. We have a strong domestic presence with 40 offices across the country supported by over 7,575 dealers and distributors, with world class service network in over 400 cities of India. Our products are available in over 40 countries with strong sales presence and a strong product line.

Our exclusive chain of brand showrooms 'Havells Galaxy,' cater to both industrial and consumer products. Today, over 400 'Havells Galaxy' outlets across the country are helping our consumer and commercial customers access a wide variety of products for different applications with convenience and ease.

Customer Commitment, our Highest Priority

Havells has created a robust value chain for after-sales service to ensure that all our customers are satisfied with their purchases. Havells became the first FMEG Company to offer door step service under the 'Havells Connect' initiative. We are also the first FMEG Company ever to offer 24X7 customer service across 9 different languages in over 400 districts to support our customers. Through this uncompromising focus on our customers, Havells has achieved high customer satisfaction across its brand portfolio.

High Recall and High Loyalty Brands

Havells and its brands have long been the preferred choice for industrial and consumer electrical products. Our brands epitomize superior quality and reliability as a result of which, Havells enjoys top of the mind brand recall across many geographies. Our brands are our greatest assets and we work hard to create, sustain and enhance our innovative product range under each brand.

Corporate Social Responsibility (CSR)

Built upon the ethos of inclusive growth, instilled by our founder Chairman, Late Shri Qimat Rai Gupta, Havells has been on the path of enabling positive social and environmental impact for decades. Our CSR efforts are built upon six pillars- Health & Nutrition, Sanitation, Education, Environment, Skill Development and Heritage Conservation. These focus areas are not only inter-linked but are also aligned with the Government's commitment to achieve the United Nations Sustainable Development Goals (SDGs). Our mid-day meal program provides clean, hygienic and nutritious meals to 58,000 school children every day in 688 government schools in Alwar district. This year we built 1250 bio-toilets in 150 government schools, bringing the total number of toilets we have built in Rajasthan to 2000, across 250 schools so far.

Our Business Ecosystem

At Havells, we work closely with our business partners (dealers and suppliers) to serve our valuable customers to their utmost satisfaction, creating shared value for all. Our supply-chain is resilient and can adapt quickly and efficiently to changing market conditions. This sustainable value chain is backed by the skills of our experienced workforce and trustworthy relationships we maintain with our business partners.

Supply Chain Management

Over the course of our decades-long industry leadership, we have built a reliable, adaptive and cost-competitive network of distributors as part of our robust supply chain. We have invested in IT infrastructure and upgraded our supply chain with best-in-class digital tools. This enables us to receive real-time feedback from various points across development, procurement, production, logistics, sales and service. By responding quickly to feedback received, we make constant improvements in our supply chain and strengthen our business partners network.

Responsible Sourcing

We keep a strong supply-chain by sourcing our materials locally, wherever possible. This past year, 77% of our total procurement budget was spent in India. We have relationships with over 1,200 suppliers in the country. A small portion of our materials are procured overseas from China, Germany, France, South Korea, USA, Thailand, Singapore, Taiwan, Switzerland, Canada and Netherlands. Managing this part of our supply chain responsibly, is of crucial importance to us and we work hard to integrate ethical & environmental concerns into our business practices.

Havells has developed a responsible supply chain to minimize risks, conform to regulations, and realize efficiencies that lower costs and reduce natural resource pressures while developing products that are beneficial for society and the environment.

The Havells Code of Conduct enables supply chain partners to follow the company's principles of corporate governance built on trust and transparency. A "Code of conduct" is signed with all suppliers for statutory compliance with applicable laws of Environment Health & Safety Act, Child Labour Act, Contract Labour Regulations and Prohibition Act, etc. This Code is integrated into our day-to-day procurement and operations and is an integral part of our Vendor Qualification, Development, and Evaluation requirements.

A significant number of our suppliers are small producers with limited time and resources. They lack the means to enhance strategic learning to improve quality & productivity. To address this issue, we formed the 'HABIT (Havells Association of Business Innovation & Transformation) Society. As part of this group, our Lean Manufacturing Consultants provide guidance to our suppliers and connect them with government-based financing for capacity building.

Currently we are supporting Six Vendor Clusters (comprising of 57 suppliers) on the following manufacturing techniques:

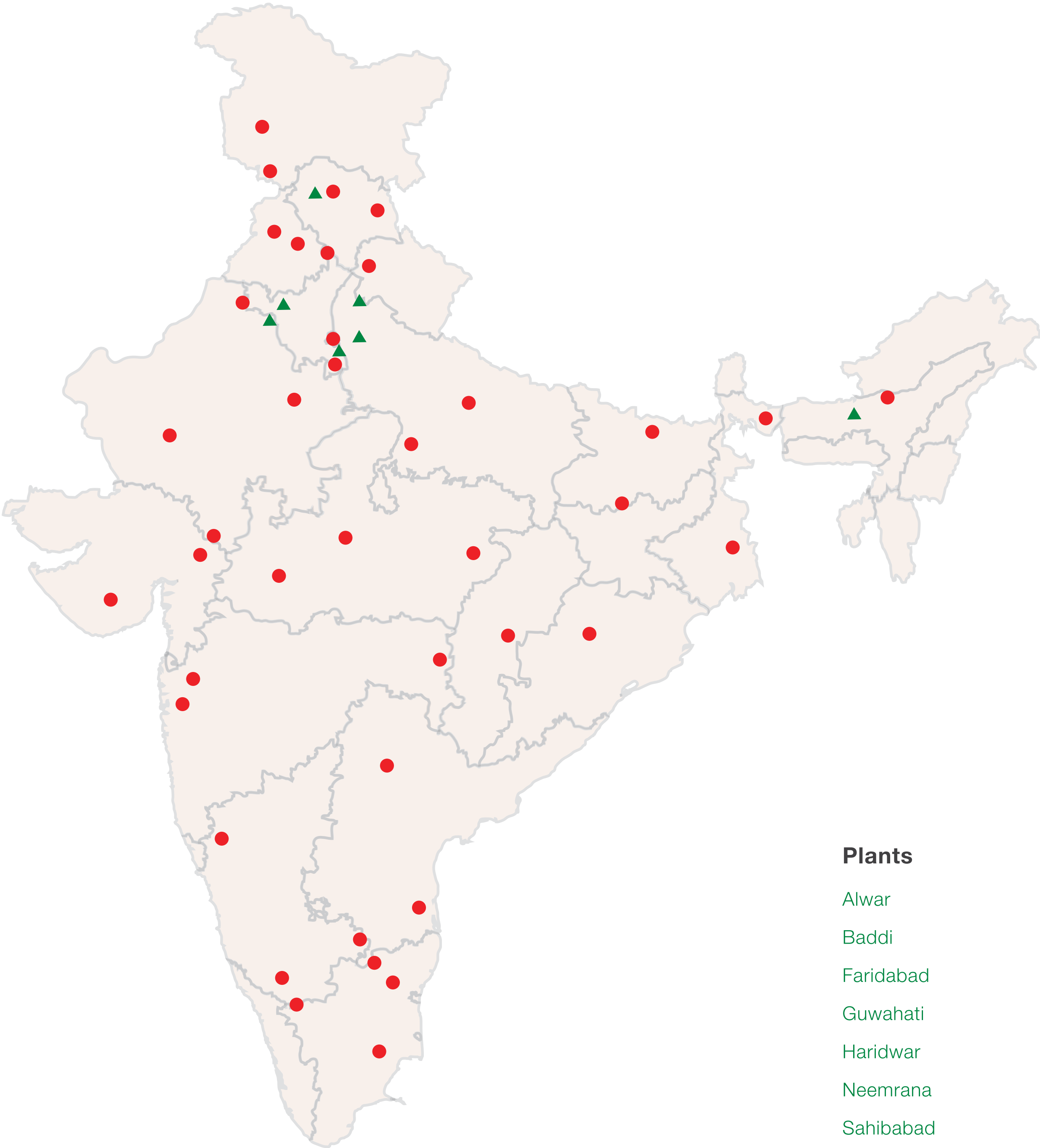
1. **5S System**
2. **Standard Operating Procedures (SOP)**
3. **Kaizen Blitz or Rapid Improvement Process**
4. **Value Stream Mapping**
5. **TPM (Total Productive Maintenance)**
6. **Single Minutes Exchange of Dies/ Quick Changeover**
7. **Visual Control**
8. **Just in Time (JIT)**
9. **Cellular Layout**
10. **Poka Yoke or Mistake Proofing**
11. **Kanban System**

Our Journey so Far

Our business was founded as a trading operation and soon thereafter, we began manufacturing our own products that became renowned for their superior quality. Our presence in India reaches across 40 cities with 100,000 sales outlets and a dealer network of over 7,575 making us India's leading FMEG company.

Our path of constant innovation has enabled us to diversify into new consumer durables. We recently added home appliance and personal grooming to our product mix. Our in-house manufacturing with 12 plants in 7 locations in India provides a strong base of vertical integration and delivery.

Havells has leaped across market segments and product categories through a rigorous commitment to innovation and conducting business with ethics and accountability to all our stakeholders.



Plants

Alwar

Baddi

Faridabad

Guwahati

Haridwar

Neemrana

Sahibabad

National Presence

Ahmedabad
Amritsar
Assam
Bangalore/Hubli
Bhopal
Bihar
Calicut
Chandigarh
Chennai
Chhatisgarh
Cochin
Coimbatore
Dehradun
Delhi
Goa
Haldwani
Haryana
Himachal
Hyderabad
Indore
Jabalpur
Jaipur
Jammu
Jharkhand
Jodhpur
Kanpur
Kolkata
Lucknow
Ludhiana
Madurai
Mumbai
Nagpur
Noida
Orissa
Pune/Kolhapur
Rajkot
Siliguri
Srinagar
Surat
Trichy
Trivandrum
Vijayawada

Awards and Memberships

Rajasthan CSR Award

Rajasthan CSR Award

Neemrana CSR Award

NEEK Electro Tech

Membership	Havells Role
Electric Lamp and Component Manufacturers Association of India (ELCOMA)	For exchange of knowledge and capabilities
International Facility Management Association (IFMA)	For developing strategies to manage human, facility and real estate resources
PHD Chamber of Commerce	For representing the company at the industry association and sharing with other industries in the electrical sector, concerns and interests
Indian Electrical & Electronics Manufacturers' Association (IEEMA)	

VISION

To be a globally recognised corporation that provides the best electrical and lighting solutions delivered by the best-in-class professionals

MISSION

To achieve our vision through fairness, business ethics, global reach, technological expertise, building long-term relationships with all our associates, customers, partners and employees

VALUES

Customer Delight

A commitment to surpass our customer expectations

Leadership by Example

A commitment to set standards for our business and transactions based on mutual trust

Pursuit of Excellence

A commitment to strive relentlessly, to constantly improve ourselves, our teams, our services and products so as to become the best in class

Integrity & Transparency

A commitment to be ethical, sincere and open in our dealings

Stakeholder Engagement

Havells' approach to sustainable business practices stems from consistent and extensive engagement with key stakeholders. By regularly gathering this feedback, we are always working to address issues of concern and improve our business operations. We define our stakeholders as people and organizations that are linked to our business activities directly or indirectly.

We have developed various interactive methods for creating a positive dialogue with our stakeholders. These include quantitative and qualitative surveys that holistically identify priority issues for stakeholders and form the basis for creating a materiality matrix. This matrix provides us a clear assessment of opportunities and challenges faced by the company and helps us identify and develop sustainability-focused interventions in response.

Materiality

Havells conducted its first materiality exercise in the financial year 2012-13. We conducted structured stakeholder surveys with management and staff including senior leaders and employees at various levels. The responses from these surveys enabled us to gain deep understanding of our business performance against the key concerns of the company and make improvements accordingly. Every year since then, we engage our internal stakeholders to pro-actively address issues that are of the topmost concern to them.

In the reporting year, we undertook a rigorous materiality assessment exercise. The issues that emerged from this assessment provide the basis for our sustainability reporting and guide our sustainability road-map for the future.

Objectives of Materiality Assessment

- **Identify significant environment, social and governance risks and opportunities for Havells**
- **Identify areas for target setting to improve business and sustainability performance**
- **Communicate a broader business strategy**

Havells Materiality Assessment Methodology

- **Identification of potential issues**
- **Surveys with employees & management**
- **Analysis of responses received**
- **Material Issues identified and presented to senior management**

We initially compiled a list of 25 potentially relevant issues through extensive consultations. A survey with employees and management was then conducted to rank issues on the basis of importance. A total of 318 responses from employees and 12 responses from management were received. *Annexure 2*.

The survey results were then analysed by calculating and comparing the weighted average of participant's response to each issue and; ranking these issues subsequently on the basis of the weighted average score achieved by each issue. Based on the responses, each material issue was assigned a separate score.

After mapping responses in order of priority from both management and employees, 13 issues were identified as most material and of the highest priority for Havells. These material issues were finally presented to top management.

The Havells Materiality Matrix shows the issues plotted against relevance to business and to stakeholders.

Havells Materiality Matrix

Environmental Issue
Economic & Governance Issue
Social Issue

Priority Issues Identified by Our Stakeholders

Environmental Issues

Energy Consumption and Efficiency

Foster a culture of energy efficient practices at manufacturing plants and develop products that reduce energy footprint during their use phase.

Regulatory Compliance

To stay updated and strictly adhere to all applicable laws as applicable across different spheres of our business.

Renewable Energy Sources and Use

Explore, evaluate and bring in use greener sources of energy with the aim of reducing reliance on fossil-fuel sources, and thereby reducing our carbon footprint in the process.

Environment Impact of Products and Services

Creating products that are responsible and efficient in their use, and have minimal impact on the environment during and post their use life.

Input Materials Used

Focus on greater resource efficiency through better material management; waste reduction; waste reuse; and increasing use of recycled or alternative materials in our production. Reducing dependency on virgin materials and working towards phasing out of hazardous materials.

Economic & Governance Issues

Revenue Generation

Focus on reducing manufacturing costs improving margins; increasing community investments etc.

Wealth Distribution and Impact

Contributing significantly to national and local economies through doing business responsibly with our suppliers, paying wages and salaries, paying taxes, and making long-term capital investments.

Social Issues

Customer Satisfaction Practices

Best in-class customer management practices with focus on customer support and timely redressal.

Employment Turnover

Ensuring business growth through hiring and retention of skilled manpower. Keep employees motivated through human resource practices, and strive to become a preferred employer of choice.

Employee Benefits

Ensuring best in-class perks and incentives suite offered to employees, along with leading skill development programs, thereby retaining the best talent that can contribute to the continuous growth of the organization.

Training and Skills Development

Build an organizational culture that strengthens the core competencies of our employees and has a direct impact on our sustainability.

Health and Safety Assessment of Products

Investment in R&D and Testing practices for proper due diligence during product development phases, and rigorous in-house checks and balances for ensuring our products are safe for usage during and after their use life.

Occupational Health and Safety

Providing and maintaining a safe and secure workplace for our employees, free from health, safety, and harassment related risks.

Responsible Governance

Corporate Governance

At Havells, Corporate Governance is Responsible Governance – conducting business with a deep commitment to ethics, transparency and accountability. It forms the basis of our internal and external operations, manage our supply chain, and engage our stakeholders.

Board leadership, timely disclosures, transparent accounting policies and high level of integrity in decision-making are salient aspects of our governing approach.

These practices are fundamental to the sustainable growth of our business as well in achieving triple bottom line impacts.

Our board observes strict accountability to the company and shareholders, and provides strategic guidance and effective monitoring. Our company is fully committed to protection of minority interests and rights, and equitable treatment of all stakeholders.

We continuously strengthen the quality of our disclosures, the board composition and its functioning, remunerations paid and levels of compliance with various Corporate Governance Codes, to the extent practicable and required by applicable regulations. Our commitment to ethical business practices is supplemented with explicit rules and regulations to ensure financial transparency, customer care and business excellence.

We uphold the policy of “Leadership with Trust” to create lasting relationships with our customers. Delivering upon our promises is a strongly held corporate value at Havells.

Board of Directors

Our Board of Directors administer the performance of management, set corporate management policies and make strategic

business decisions. These activities are in accordance with relevant laws and regulations of the country and the resolutions made at the Annual General Meeting (AGM).

Our board comprises of people from a variety of regions, experiences, training, education and cultures who contribute ideas, wisdom and experiences to increase shareholder value. The Board of Directors periodically review compliance reports pertaining to the laws applicable to the company. These initiatives include but are not limited to resource optimization, energy efficiency, fatal or serious accidents, significant labour concerns, proposed solutions to name a few.

The board oversees compliance to all laws applicable to the company and is regularly informed of materially important show-cause notices, demand, prosecution, penalty notices, non-compliance of any regulatory, statutory nature or listing requirements etc., if any.

Board Composition

The Board of Directors is an optimum combination of executive and non-executive directors with one woman director. More than 50% of the board of directors comprised of non-executive directors. The chairperson of the board is an executive director and majority of the board is comprised of independent directors. The board meets at least four times a year and more often, if needed.

During 2016-17, the time gap between any two board meetings did not exceed one hundred and twenty days. During the reporting period, six board meetings were held. All statutory and other matters of significance including information as mentioned in part A of schedule II to the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 are tabled before the board so that it can discharge its responsibility of strategic supervision for the company. In 2016-17, we received five shareholder grievances and all were resolved within the year.

BOARD OF DIRECTORS

As on 31-03-2017

Shri Surender Kumar Tuteja
Independent Director

Shri Vijay Kumar Chopra
Independent Director

Dr. Adarsh Kishore
Independent Director

Shri Anil Rai Gupta
Chairman and Managing Director

Shri Sunil Behari Mathur
Independent Director

Shri Puneet Bhatia
Non-Independent Non-Executive Director

Shri T.V. Mohandas Pai
Non-Independent
Non-Executive Director

Smt. Pratima Ram
Independent Director

Shri Surjit Kumar Gupta
Non-Independent
Non-Executive Director

Shri Vellayan Subbiah
Independent Director

Shri Rajesh Kumar Gupta
Whole-Time Director (Finance)
and Group CFO

Shri Ameet Kumar Gupta
Whole-time Director

Committees of the Board as on 31st March, 2017

Audit Committee	1. **Shri Sunil Behari Mathur*** Chairman 2. **Shri Vijay Kumar Chopra** Member 3. **Shri Surjit Kumar Gupta** Member
Stakeholders Relationship/Grievance Redressal Committee	1. **Dr. Adarsh Kishore** Chairman 2. **Shri Sunil Behari Mathur*** Member 3. **Shri Surjit Kumar Gupta** Member 4. **Shri Anil Rai Gupta** Member
Nomination And Remuneration Committee	1. **Shri Surender Kumar Tuteja** Chairman 2. **Shri Vijay Kumar Chopra** Member 3. **Shri Surjit Kumar Gupta** Member
Corporate Social Responsibility Committee	1. **Shri Surender Kumar Tuteja** Chairman 2. **Shri Sunil Behari Mathur** Member 3. **Shri Surjit Kumar Gupta** Member 4. **Shri Anil Rai Gupta** Member
Enterprise Risk Management Committee	1. **Shri Sunil Behari Mathur** Chairman 2. **Shri Anil Rai Gupta** Member 3. **Shri Rajesh Kumar Gupta** Member

** Ceased to be a Member of the Committee(s) wef 4th April 2017. In his place Shri S K Tuteja has been inducted in both Committees wef 13th April 2017*

Code of Conduct

Havells has a well defined Code of Conduct to address issues of business ethics, bribery and corruption. Our Code of Conduct is communicated to and signed by each employee at the time of joining and is equally applicable to the Directors, Senior management of the organization.

SATARK

Havells' whistle-blower policy 'SATARK' empowers anyone associated with the organisation to report unethical behaviour directly to the management. The reported issues may include actual or suspected fraud or violation of the company's Code of Conduct or ethics policy.

IDEA

Havells 'IDEA' policy promotes a culture of innovative thinking and creativity in the organization. The policy promotes ideas across technical and non-technical areas such as commercial, general administration, manufacturing processes, and cost savings.

NIRBHAYA

To prevent issues of sexual harassment of women at the work place, Havells has formulated the 'NIRBHAYA' policy, which provides a streamlined and uniform way of dealing with cases of harassment.

PROHIBITION OF INSIDER TRADING

The Havells Policy for 'Prohibition of Insider Trading' is designed to deter company employees from indulging in any securities malpractices.

Managing Risks & Opportunities

A strong risk management and internal control system guided by the company's core values and ethics forms the backbone of Havells' risk management practice. It encompasses practices relating to identification, evaluation, monitoring and mitigation of key risks to the business. Enterprise Risk management activities such as risk surveys are carried out at intervals by designated teams. Periodic assessments of risks and their potential impact on business growth, profitability, talent engagement and market position are also conducted. These assessments guide the company's risk mitigation plan.

Havells follows a PSPD (Predictable, Sustainable, Profitable and De-risked) approach for risk management and benchmarks the COSO (Committee of Sponsoring Organisations of the Tread way Commission, USA) Internal Financial Control Framework in accordance with the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) regulations 2015. These provide an interactive management-oriented approach to the optimization of key business challenges and opportunities.

External

- Statutory Audit
- Secretarial Audit
- Cost Audit
- Product Quality Assurance/ Process Standardization Certification Audit (ISO, OHSAS, ISI etc.

Internal

- Assurance Service (Internal Financial Control)
- Advisory Service (Financial & Operational Performance)
- Statutory Compliance
- Assurance
- Establishing Anti-fraud Control Framework

Management

- Control Self-Assessment
- Enterprise Risk Management
- Monthly Plant & Branch Performance Rating
- Business Process Improvement Through Formation of Various Groups

Beyond Compliance

Havells management ensures that corporate governance standards are clearly understood and adhered to by employees and business partners. Compliance with all national and international regulations is the company's highest priority. Havells has well established environment management systems, technologies and equipment to keep the levels of waste and pollution below the prescribed limits of the Pollution Control Board. The hazardous solid waste generated at Havells facilities is disposed through authorized vendors.

In compliance with the provisions of Section 135 of the Companies Act, Havells contributed a sum of 13.4 INR crores towards various social causes during the reporting period.

Havells has adopted the OHSAS-18001 standard to address issues concerning health and safety. The company strictly follows all regulations dealing with child labour, forced and compulsory labour, freedom of association and the right to collective bargaining, disciplinary practices, working hours and remuneration.

During the reporting period, there were no non-compliances related to discrimination, child labour or forced labour and no fines or non-monetary sanctions were levied on the company for non-compliance of environmental laws and regulations. There were no incidents of non-compliance or fines levied with respect to the regulations or voluntary codes concerning the health and safety impacts of Havells' products and services, products related communication and product information disclosure and labeling.

Alignment with BRR Principles

Principle	BRR principles to assess compliance with ESG norms	Coverage in section of Sustainability Report 2016-17	Page
1	Businesses should conduct and govern themselves with ethics, transparency and accountability	GOVERNANCE: Code of Conduct Society: Stakeholder Satisfaction	35, 87
2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	WHO WE ARE: Responsible Sourcing PLANET: Energy, Water, Waste, Raw Material SOCIETY: Product Responsibility	18, 44 - 65, 79
3	Businesses should promote employee well-being	SOCIETY: Workforce Profile, Employee Recruitment & Turnover, Labour Practices & Human Rights, Human Capital Development	71, 72, 74
4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.	STAKEHOLDER ENGAGEMENT: Materiality SOCIETY: Labour Practices & Human Rights, Corporate Social Responsibility	24, 74, 88
5	Businesses should respect and promote human rights	SOCIETY: Labour Practices & Human Rights, Stakeholder Satisfaction	74, 87
6	Businesses should respect, protect, and make efforts to restore the environment.	ECONOMY: Precautionary Approach PLANET: Energy, Water Management, Waste, Raw Materials, Emissions	42, 43 44 -68
7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.	WHO WE ARE: Awards & Memberships STAKEHOLDER ENGAGEMENT	22, 24
8	Businesses should support inclusive growth and equitable development.	ECONOMY: Economic Performance, Precautionary Approach SOCIETY: Corporate Social Responsibility, Sensitization Towards Behaviour Change	41, 43, 88, 93
9	Businesses should engage with and provide value to their customers and consumers in a responsible manner	SOCIETY: Product Labeling, Stakeholder Satisfaction	82, 87

Investing in energy efficiency at our operations is one of the most effective ways in which we reduce greenhouse gas emissions, lower costs and create sustainable products.

TOWARDS SUSTAINABLE GROWTH (Economy)

CSR Expenditure
INR 13.4 cr

Net Revenue
INR 6,586 cr
(increased by 14%)

Profit After Tax (PAT)
INR 539 cr

Total Expenditure **on Employees**
INR 500.4 cr

We are committed to generating economic well-being by ensuring that we nurture our planet's natural and social capital.

Management Approach

As we continue to address our customer's expectations and respond to market demand, we have remained focused on maintaining our margins and market share. Our contribution to the national and regional economies is through our business with suppliers, through wages, salaries and taxes paid and long-term capital investments. The economic performance highlighted in this report is based on the financial statements of the company.

Economic Performance

At Havells we lay great emphasis on achieving robust economic performance. Through continual innovation, investment and expansion across categories and introducing efficiencies across our operations, we have laid the foundation for long term success. Our Net Revenue for the year ending March 2017 grew by 14% and Net profit before exceptional items grew by 17%. Our Earnings before Interest, Depreciation and Taxation (EBIDTA) grew by 9%. The growth recovery has been broad based across segments. Although our margins were impacted due to gradual withdrawal of demonetization schemes and deferred price increase against raw material costs escalation, we are positive on the future.

Havells experienced growth across all key segments with Electrical Consumer Durables segment growing by 22%, Lighting and Fixtures by 6%, Switchgear business by 11% and Cable business by 9%.

This past year, we acquired the consumer business division of Lloyd, significantly bolstering our market presence. We added 1 manufacturing facility in Guwahati, Assam and acquired land for future expansion in Ghilot, Rajasthan and Tumkur, Karnataka.

Financial Performance Summary

Stand alone Financials (INR crores)*	2016-17	2016-15	2015-14
Economic value generated			
Net Revenues	6586	5775.5	5239
Economic value distributed			
Operating costs	5762	5020.5	4540
Profit After Tax (PAT)	539	712	465
Total expenditure on employees	500.4	370.8	313
Payments to providers of capital	226	451	226
Contribution to the exchequer	1363.4	1168	994
Voluntary community investments	13.4	11.4	10
Benefits for carrying out R&D	15.5	11	8
Financial assistance received from Government			
Tax relief and tax credits	-	-	-
Subsidies	-	-	-

**Income tax was not considered in contribution to exchequer in last year so we have reinstated figures of last 2 year.*

Last year figures have been reinstated as per IND AS.

Local Purchasing

All our manufacturing plants are in India and whenever possible we source our raw materials from within India to secure our supply-chain as well as benefit the local economy. Our purchasing decisions are based on staying competitive in the marketplace while working closely with our suppliers to obtain the highest quality material for our products. In the past reporting year, 77% of our total procurement budget was spent on local purchasing. We continue to work on strengthening our local supply-chains by building a strong team of suppliers who are aligned with our quality and procurement policies.

Precautionary Approach

We are committed to minimizing the risks and impact of our business operations on the environment and follow the precautionary approach to design practices that pro-actively take these risks into account. To address enterprise risks linked with environmental, health and safety issues. we have implemented Environmental Health and Safety (EHS) management systems in our plants. These facilities are all ISO 9001 certified and with the exception of the Haridwar plant, these are also ISO 14001 and OHSAS 18001 certified. EHS management system audits are conducted regularly by third-party certification agencies. We implemented the ISO 50001 standard at our Neemrana plant in 2015-2016. This reporting year we brought Faridabad, and Sahibabad plants under this standard. The sustainable energy management systems created at these plants, ensure accurate measurement and documentation of energy use and consumption in order to continuously improve our energy performance.

Our initiatives on clean technology, energy efficiency, and renewable energy are covered in the environment section of this sustainability report. Any emissions or waste generated within our business is within the permissible limits set by CPCB/SPCB for the financial year 2016-2017 and there have been no show causes/legal notices received from CPCB/SPCB.

This reporting year, a total investment of INR 1.24 crores was made towards environmental initiatives across our manufacturing plants. These investments were primarily focused on energy efficiency, lowering emissions, responsible management of waste, managing water resources and optimizing our material use.

Plants	ISO 9001	ISO 14001	OHSAS 18001	ISO 50001
Neemrana	●	●	●	●
Sahibabad	●	●	●	●
Faridabad	●	●	●	●
Alwar	●	●	●	
Standard	●	●	●	
Baddi	●	●	●	
Haridwar	●			

At Havells "sustainability" means striking the appropriate balance between our environmental responsibilities, financial performance, and social commitments.

Planet

Energy Consumption
Reduced by
6,735 GJ

GHG Emissions
Reduction of
1,466
$MtCO_2eq.$

INR 1.24 Cr
Invested in
Environmental Initiatives

2.3 MW
Renewable Energy
Installed

Our Approach

Business decisions that align with better planet health have been embedded in the Havells corporate ethos for decades. We design our products with maximum energy and resource efficiencies. This reduces our environmental footprint during manufacturing and leads to lower emissions during the lifetime use of our products.

This year, our stakeholders outlined the following key environmental concerns for the company: Reducing Energy Consumption in operations and products; Responsible Water Management practices; Optimal Utilisation of Raw Material; Generation and use of Renewable Energy; Reducing GHG emissions; Regulatory Compliance; Creating Products with minimal Environmental Impact and Minimizing Waste. We are actively addressing these concerns by investing in various environmental initiatives across our plants.

Climate Action

This past year witnessed some geopolitical debates related to global warming. Certain countries challenged the science of Climate Change while others bolstered efforts to increase their climate resilience. We as an organization believe that taking responsible environmental actions is simply good business strategy. During the reporting period, India ratified the Paris Agreement. Under its Nationally Determined Contribution (NDC) targets, India aims to lower the emissions intensity of its GDP by 33%-35% by 2030 from 2005 levels, to increase the share of non-fossil based power generation capacity to 40% of installed electric power capacity by 2030 (equivalent to 26–30% of generation in 2030), and to create an additional (cumulative) carbon sink of 2.5–3 $GtCO_2e$ through additional forest and tree cover by 2030.

As an organization with headquarters in India, a country deemed one of the most vulnerable to climate change, we are aligned with the Government's NDC targets and have taken several measures in the past year to reduce our GHG emissions and resource intensity.

Energy (Consumption, Efficiency, Savings, Renewables)

According to a recent GHG inventory report, more than 70% of GHG emissions in India are attributed to energy consumption. Havells strongly pursues energy reduction goals across its operations through a combined approach that includes increasing energy efficiency and generating clean energy. This enables us to lower our emissions footprint while achieving energy self-sufficiency.

With simple initiatives such as using LEDs and introducing natural light in our factories alongside strategic innovations that fundamentally alter how energy is used in our processes, we have reduced our energy intensity.

The success of these initiatives across all our plants, stems from the complete buy-in of our top management on energy saving measures. This enables us to effectively engage our plant managers in implementing various measures and keeps our staff highly motivated.

Some key energy savings initiatives at Havells this year include:

- **Replacement of conventional motors with VFD motors**
- **Replacement of DC motors to AC motors**
- **Replacement of Mercury Halide lamp with CMI lamps**
- **Replacement of CFL with LED lighting**
- **Replacement of conventional tubelights with LED lights**
- **Optimization of energy consumption in production, testing and non-production processes**
- **Redesigning assembly line systems**
- **Improving Jig density**
- **Switching higher energy chemicals with lower energy-using chemicals**

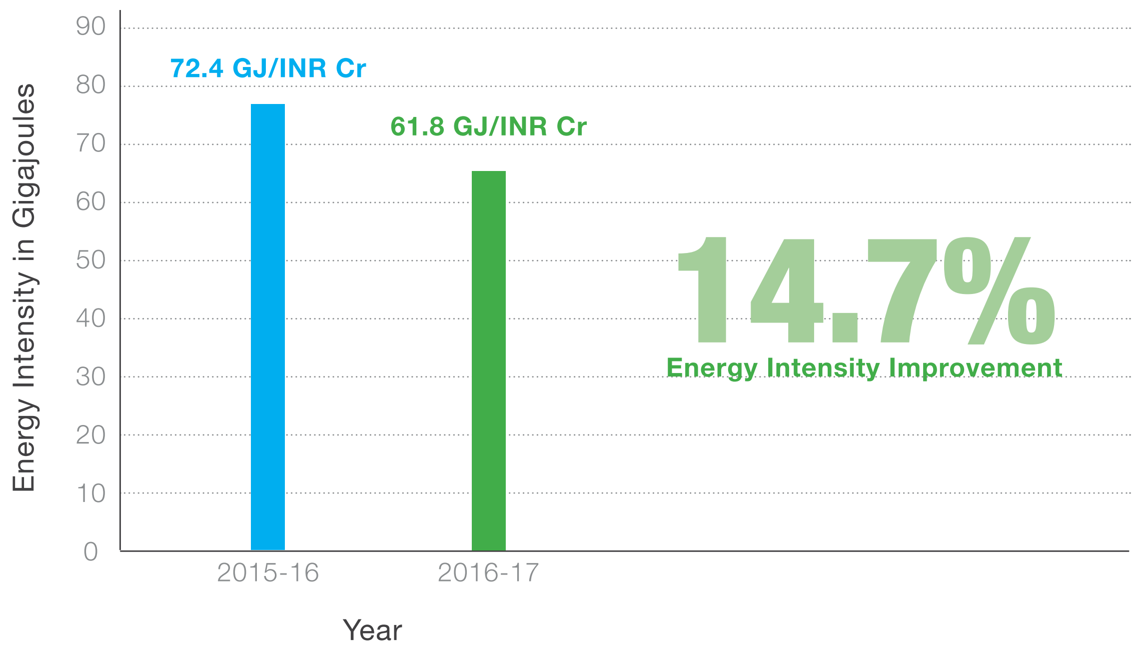
The primary source of our energy is electricity from the grid followed by HSD (High-Speed Diesel) and Natural Gas. All initiatives stated above helped us cut our energy consumption by 2.7% from the previous year and increased our energy savings by 6,735 Gigajoules (GJ). Through these measures we achieved GHG emissions reductions of 1,466 $MtCO_2eq$.

The summary of our overall energy consumption, energy savings and GHG emissions reductions from various measures taken across our plants, is depicted on the following page.

Energy Consumption			
Fuel	**Consumption**	**Unit**	**Gigajoules (GJ)**
HSD	18,98,180	Litres	68,562
Furnace Oil	2,24,871	kg	9,085
LPG	14,359	kg	679
Natural Gas	11,05,714	SCM	40,336
Biomass	2,900	kg	34
Electricity	8,01,19,766	kWH	2,88,431
Total Energy Consumption (FY 16-17)			4,07,127
Total Energy Consumption (FY 15-16)			4,18,273
% Energy Reduction (absolute)			2.7%

Category	Amount saved per annum
Total Energy Savings (GJ)	6,735
Total Energy Savings (kWh)	18,70,798
Total GHG Emissions Savings (kg CO_2 eq)	14,65,617

Reduction in Energy Intensity



Enabling environmental conservation through better management is not only our corporate ethos, it is also what drives us to challenge ourselves every day to increase productivity and efficiency across every aspect of our value chain.

Achieving Energy Efficiency through Radical Product Innovation–Havells BLDC (Brushless DC Motor) Fan 'Efficiencia'

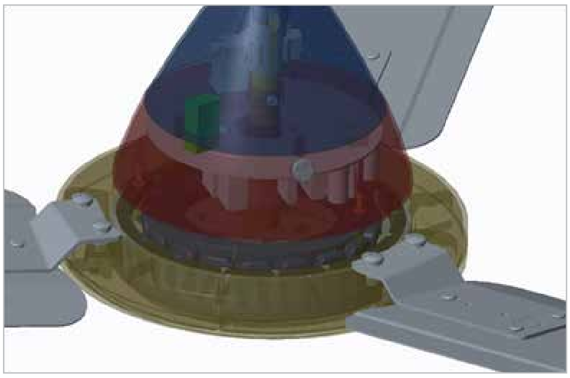
The Havells BLDC 'Efficiencia' fan, delivers extreme environmental efficiencies in a modern design. This fan has been re-engineered to consume only 32 Watt energy. A typical ceiling fan runs on AC motors, that consume 75-80 Watts. In an AC motor-based fan, RPM (Rotations Per Minute) works by controlling the voltage and voltage fluctuations of the mains, resulting in power factor (PF) degradation and adverse effect on the AC mains.

Efficiencia fans offer high efficiency compared to the AC motor and are also quiet and very durable with no serviceability related issues, unlike the typical AC or DC motors.

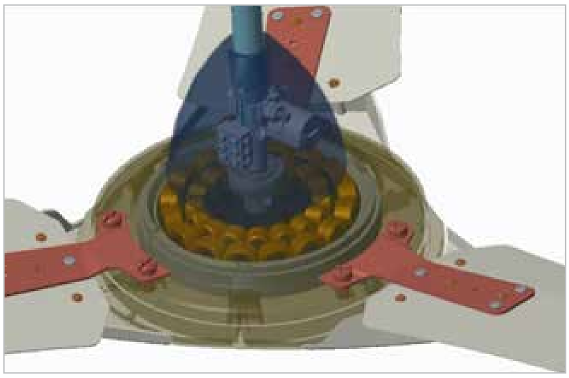
Havells has addressed the inefficiency of the AC motors by building the fan with Brushless DC Motor technology. BLDC are high RPM, low torque motors which are used in computer applications or DVD/CD drives.

Features of the BLDC 'Efficiencia' fan include:

- **Energy efficient fan with BLDC motor – consumes only 32 W**
- **57% more energy efficient than a conventional fan**
- **Unique aerodynamic blades ensure high air delivery (> 220 cmm)**
- **Stable operation - no deterioration in RPM/Air delivery, even at lower voltage as low as 120 V**
- **High power factor**
- **Lower temp rise ensures high reliability**
- **No humming sound (even when running on inverter)**
- **Equipped with remote control**
- **Three-coat metallic finish for better reliability & aesthetics**
- **Sleek motor with elegant ring**
- **Dust resistant paint**
- **Modular design – PCB is installed outside the fan motor**

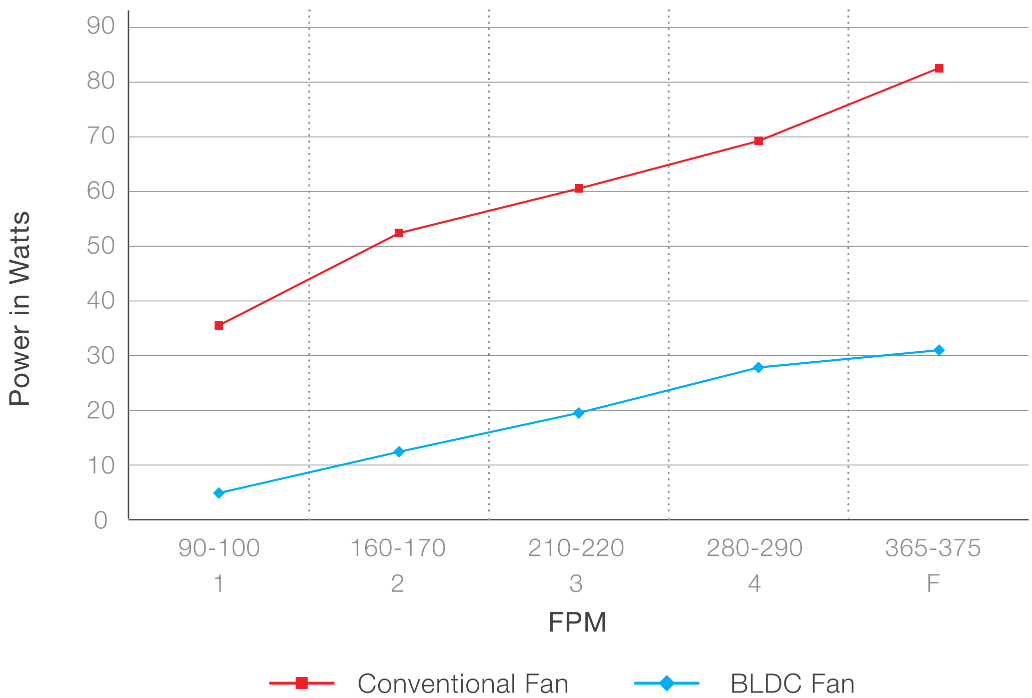


BLDC motor



Induction Fan

BLDC vs Conventional Ceiling Fan (42”) - Power Consumption Comparison



Speed Position	Speed (RPM)	Wattage (Watt)
1	140	5
2	190	8
3	235	13
4	290	23
5	350	32

Achieving Savings in PNG Consumption (Faridabad Plant)

PNG is the third highest source of energy at our plants. We are committed to efficiently managing this non-renewable resource to ensure optimal utilization. Our Faridabad plant has adopted several control measures listed below that have resulted in the reduction of PNG consumption by almost 25%.

1. Improvement in Jig Density

We have increased the jig density in our paint shop, thereby increasing the number of components that can be hung on the jig and improving its utilization. This has resulted in higher productivity and PNG savings of 20%.

2. Reduced Changeovers

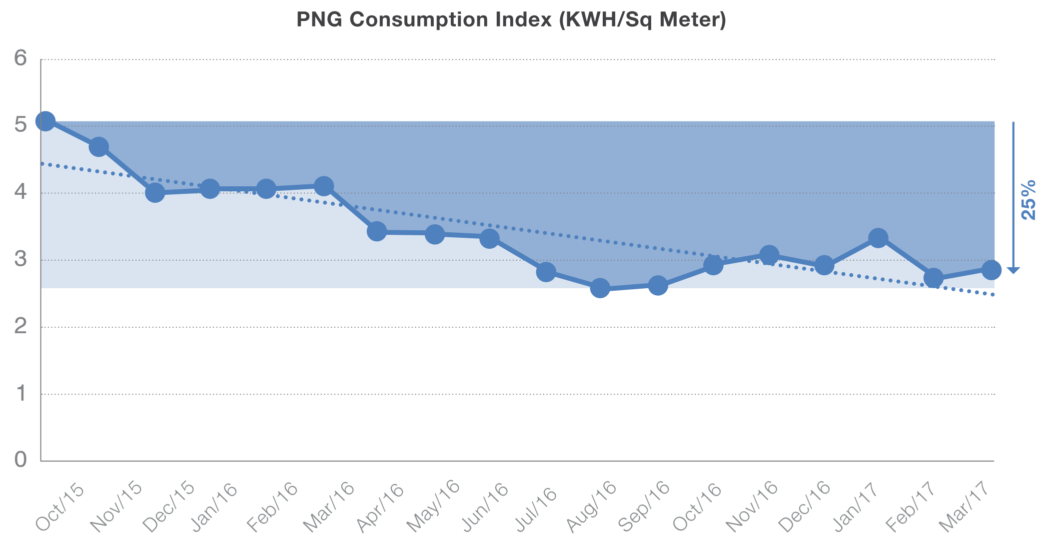
Proper pre-production planning at the plant has significantly reduced the number of changeovers required. Reducing the time in changing components and frequent starting and stopping of the conveyor has resulted in considerable PNG savings.

3. Low temperature Chemical used for Phosphating and Degreasing purposes

New chemicals that operate at lower temperatures have replaced chemicals that operated at higher temperatures at the plant. This has resulted in additional PNG savings without compromising the quality of the product.

4. Improvement in Hanger Design

We made improvements to the hanger design to optimally utilize the conveyor area, leadings to lower PNG consumption. The savings in PNG consumption from above mentioned initiatives are shown in graph below:



PNG Consumed in KWH / Area Painted per SQ. Meter

Energy Efficiency through Pump Re-Design (Faridabad Plant)

At our Faridabad plant we achieved energy savings of 1,94,400 kWh per annum by modifying 11 of our paint shop's chemical spray pumps with energy efficient pumps.

Pump details:

- **Three 30HP pumps replaced with 20HP each**
- **Six 20HP pumps replaced with 15HP each**
- **Two 40HP pumps replaced with 30HP each**

In addition we achieved energy savings of 44,616 units per annum by modifying our plant layout to use natural day light in our panel assembly and paint shop and reduce the need for tube lights in the shops during day time.

The overall impact of these measures at the Faridabad plant led to a 10% reduction in electricity consumption and GHG emissions savings of 1,95,993 kg CO_2 per annum.

Energy Savings through Replacement of MH Lamps with CMI Lamps (Alwar Plant)

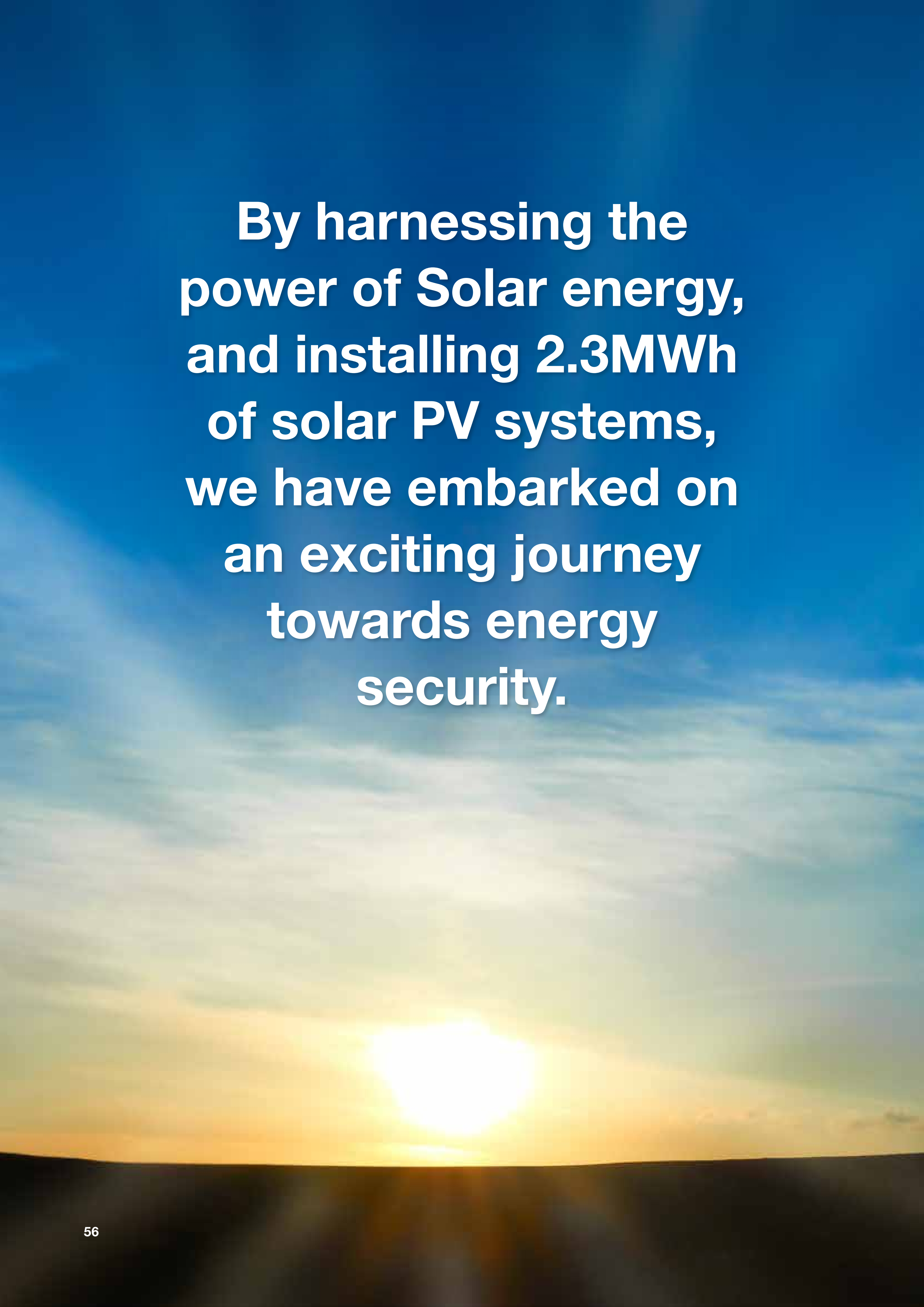
Metal Halide(MH) Lamps operate at high temperatures and pressures, emit UV light and need special fixtures to minimize risk of injury or accidental fire in the event of a so called 'non passive failure' – or when the lamp bursts at the end of the useful life. Since the gases in the lamp take time to heat up, these lamps do not give full brightness when turned on. The Alwar plant replaced its Metal Halide lamps with CMI (Ceramic Metal Halide) lamps, which consume almost three times less energy than MH lamps, and deliver better and reliable light for the shop floor. These lamps also have a longer life than the MH lamps. The substantial savings in power consumption from replacing these bulbs has led to reductions in GHG emissions along with energy savings. A total of 604 MH lamps were replaced with CMI lamps.

- **Power consumption of MH lamps: 400 W. Power consumption of CMI lamps:150 W**
- **Energy Savings: 3,11,148 kWh per annum**
- **GHG Savings: 2,55,141 kg CO_2 per annum**

Energy Savings through Installation of VFD Panel for Liquid Paint Shop (Haridwar Plant)

A variable-frequency drive (VFD) is an adjustable-speed drive used to control speed and torque by varying motor input voltage and frequency. VFD saves energy by increasing the efficiency of AC motors. At our Haridwar Plant, we installed a VFD panel at the liquid paint shop to achieve energy savings.

- **Energy Consumption prior to VFD panel: 190 kWh per hour**
- **Energy Consumption after VFD panel installation: 160 kWh per hour**
- **Energy Savings: 18,720 kWh per month/ 2,24,640 kWh per annum**
- **GHG Savings: 1,84,205 kg CO_2 per annum**



By harnessing the power of Solar energy, and installing 2.3MWh of solar PV systems, we have embarked on an exciting journey towards energy security.

Renewable Energy

One of the most important aspects of the energy equation is the shift from fossil-fuel based energy to renewable technologies. We are proud to have made a significant stride towards energy self-sufficiency this past year by installing Solar PV systems on our rooftops at the Alwar and Faridabad plants. By generating renewable energy at our own premises, we have charted a path towards a sustainable future. The combined annual generation potential of these two solar installations is 3,465MWh. The GHG emissions reduction as a result of this initiative is equivalent to planting 90,000 trees.

Solar Power Installation in Faridabad

- **Capacity:** 100 kWp
- **Commissioned:** October 2016
- **Annual Generation Potential:** 1,50,000 kWh (10% of total electricity consumed at plant)
- **GHG Savings:** 1,23,000 kg CO_2 per annum

Solar Power Installation in Alwar

- **Capacity:** 2,215 kWp
- **Commissioned:** March 2017
- **Annual Generation Potential:** 33,15,000 kWh (7% of total electricity consumed at plant)
- **GHG Savings:** 27,18,300 kg CO_2 per annum

Water Conservation and Management

Water scarcity is one of the largest global challenges. To contribute to solving this challenge, we have adopted several responsible water practices to increase the productivity of water resources and recharge water levels. We received the SGS 'Water Positive Company' Certification for our water management efforts in 2015-2016 *Annexure 3*. This achievement is a testament to the significant investments we made in water conservation and management practices across our plants. We adopted various optimizing and minimizing strategies through continual assessment of our water use across our plants. We also reduced water waste by recycling used water.

Our water conservation practices range across industrial and individual applications and rainwater harvesting systems are the mainstays of all our plants. Our initiatives this year have resulted in potential savings of 30,000 litres per day or 90 lac litres every year.

Our water conservation features include:

- **Use of RO wastewater**
- **Re-use of STP/ETP treated water for gardening, fire hydrants, process and urinals**
- **Minimize fresh water consumption for gardening and landscaping**
- **Water efficient fixtures and taps**
- **Push-type taps**
- **Reuse of AC condensed water for reuse in CNC wire cut machines**

Water Recycling through Harnessing of A/C Condensed Water (Shahibabad Plant)

Usually the water that is released from the process of air conditioning is released as waste. Instead we collected this condensed distilled water from AC and used it in our CNC wire cut machines. To us every small drop counts.

Improved Water Management through Installation of Water Meters (Faridabad Plant)

Working towards the objective of becoming a ‘zero discharge facility’, the Havells Faridabad Plant has taken various steps for efficient water recycling that have resulted in cumulative savings of 5,745 KL water in 2016-2017 over the previous year.

Water meters were installed at different departments and outlets to help us understand leakage patterns and identify potential areas of reduction. We plugged all leakages and installed automated taps in washrooms, and installed flow restriction and sensors in urinals to reduce water wastage. We also installed a new effluent and sewage treatment plant reusing the treated water from this process in the paint shop, washing, gardening, fire hydrants and in urinals. These closed loop water initiatives have helped us reduce our water discharge and achieve zero discharge status. In addition, the three underground tanks of 15kL each are well-equipped for rainwater harvesting throughout the year.

Waste Management

The culture of extreme efficiency in resource use runs across at Havells. By adopting several waste management, recycling and reuse practices, we have reduced our waste footprint over previous year. As an industrial manufacturer, the primary waste we generate is metal scrap. Other waste categories include wood scrap, dust, DMC, MPP films, powder, XLPE, glass etc. We rmanage our metal scrap comprising primarily of Copper, Aluminum and Brass by selling it to vendors who recycle and reuse it. Other waste is disposed off responsibly to authorized vendors. Overall, we recycle and reuse more than 95% of the total waste generated at our plants.

Reducing Waste through Innovative use of Waste Wood in Standard and Neemrana Plants: Closed-Loop Recycling!

Children learn best in environments that are designed to keep them focused on their studies and improve interaction with their peers and teachers. In our commitment to enhance children's education around our facilities, we began a unique initiative at our Standard plant last year. We converted the waste wood generated at our plants and transformed it into school benches. This year, the plant continued to turn its waste wood into benches and donating them to schools in the plant's vicinity. Inspired by the success of this initiative, our Neemrana plant also adopted this recycling initiative in the current year.

Every month, these two plants generate approximately 10 tons of wood waste from raw material packaging.
This waste is now being successfully re-purposed into wooden benches.

Through this design innovation, we have not only succeeded in managing our waste responsibly, but also made a lasting contribution to improving several schools' infrastructure, thus leading to a more positive learning environment for children.

Hazardous Waste and Non-Hazardous Waste

We use lean manufacturing practices at our plants, identifying waste streams and eliminating them systematically through our production value-chain. All waste was disposed to vendors who recycle these materials. The primary categories of our non-hazardous waste include, metal, paper and plastic scrap in addition to other waste materials such as plastic bags, drums and buckets and wood dust, glass and rubber waste.

We generate minimal hazardous waste at our facilities. We handle all hazardous waste responsibly in line with disposal regulations.

Hazardous Waste (2016-17)	
Waste Oil (L)	11,057
Paint-Chemical-Greases-Acid Scrap (kg)	57,779
ETP Sludge (kg)	62,440
Waste Batteries (Nos)	1,709
PCB cutting and reject / E-waste (inlc. Tube rods) (kg)	33,296
Mercury / Mercury with Glass (kg)	12,187
Waste Cotton, Oily Cloth, Residues containing Oil (kg)	3,454
DG and Compressor Filters (Nos.)	718
Empty Cans and Printing Cartridges (kg)	0
Empty Cans and Printing Cartridges etc. (Nos.)	6,230

Non Hazardous waste (2016-17)	
Metal Scrap (kg)	40,46,492
Paper Scrap (kg)	6,87,980
Plastic Scrap (kg)	2,51,634
Other Scrap (kg)	20,25,600
Other Scrap (Nos.)	5,10,150
One-Off Waste (kg) (Construction waste)	0

Raw Material and Resource Use

Havells maximizes resource use through material recovery and optimising materials for manufacturing processes. The primary raw materials used in our manufacturing include copper coils, copper sheets, copper tapes, steel, aluminum, zinc, brass coils, brass strips, bearings, CRCA steel, thermoset resin, polycarbonate, polyamide, other engineering plastic, elastomers, transistor, diode, MPP Films, etc. During the reporting period, we implemented various initiatives to decrease our material consumption. Raw material consumption figures are shown in tables below:

Materials used by weight or volume

Category	Nos.	kg	Meter	Others
Material Consumption	4,24,18,25,588	14,91,87,409	1,53,84,410	2,91,65,022
Packaging Material Consumption	44,37,85,938	40,84,353	1,89,33,082	23,71,360

Packaging Source Reduction and Responsible Disposal

As a company with various consumer and industrial products, we use packaging material extensively. Therefore, we are continually looking for reductions in packaging material without compromising on our delivery standards and specifications. Packaging optimization is an ongoing process that takes into account our current packaging volume. We design systems to rationalize changes in the packaging material and improve functional performance. The initiatives taken to optimize packaging for our products this past year included:

- **Revised fluting to achieve 15% paper reduction**
- **LED bulb 5W/7W/10W tenner spec revised, leading to 7% paper reduction**
- **Initial trial successful for tenner carton removal for 5W/7W/10W with potential paper savings of 125 tonnes/year**
- **Implementation of Instapak in water heaters leading to savings of 90% volume in landfill waste and reduction of packaging volume by 5%.**
- **Optimization of packaging in LED bulbs 5W/7W/10W led to 20% paper reduction**
- **Shift from a 7 ply to 5 ply in 132 frame motor achieved 25% paper reduction**
- **Master carton for ceiling fan shifted from 5-ply to 3-ply achieving 7% paper reduction**

Packaging Material Avoidance/ Renewable & Recycled Source

We are always working to reduce the use of packaging material originating from non-renewable based sources and substitute them with renewable materials. We are also working to reduce direct use of wood in packaging, and replacing it with more environment friendly corrugated paper packaging. These initiatives contribute to mitigation of our material footprint while leading to emissions reduction. Some initiatives undertaken in this reporting year include:

- **Ceiling Fan packaging changeover from EPS to Pulp tray leading to avoidance of 80 tonnes/year EPS**
- **Corrugated master carton implemented to replace wooden crates in 18” and 24” Air Circulator Wall Fan, leading to 100 tonnes/year of wood savings.**
- **Changeover for 180m wire packaging from laminated pouch to brown carton, leading to avoidance of 30 tonnes/year**




Increase in Packing length of Solar Cable & Multi-core Cable for Capacity Utilization of Wooden Drum (Alwar)

Our Solar and Multicore industrial cables are wrapped around wooden drums for shipping and use. We increased the capacity utilization of the H-8 wooden drum by using the same drum for 1500 meter of cable while earlier we used only 500 meters of cable around this drum. Through this measure we have eliminated the use of 300 drums every month. This amounts to 1436 CFT of wood, which has contributed to savings of 780 trees per year.

Reducing Resource Use through Design Optimisation

Copper Strip redesign to reduce metal use (Sahibabad)

Our Sahibabad plant implemented an innovative yet simple design innovation that reduced the use of copper in the manufacturing of MCB's and improved the sustainability of resource use. A modification to the copper strip layout on one of the frames reduced the gross weight of copper required by 0.012 grams per piece, resulting in savings of this metal.

Setting up of Non-Destructive CR (Conductor Resistance) Test (Alwar)

Measuring CR initially required stopping a machine and fixing the running conductor on 4 jaws. In this process, a 1 metre conductor sample was tested, then scrapped. By setting up a Non-Destructive CR Testing procedure, we have eliminated the need for a sample by doing a live test. This has led to optimum utilization of material and energy resources.

Emissions

As an environmentally responsible corporation we are aligned with the goals of combating climate change by lowering our GHG emissions and to contribute to India's National Action Plan on Climate Change Climate change (NAPCC). In addition we implemented several measures that minimized our energy consumption and improved our fuel mix with reduced use of PNG and electricity achieving significant reductions in GHG emissions. Our total GHG emissions reductions through our energy savings initiatives totalled 14,65,617 kgCO_2eq. Our packaging optimization processes also gained significant logistics and transportation efficiencies, both our in-bound and outbound value chains reducing our emissions footprint.

In accordance with the GHG reporting standards, we have calculated our Scope 1 and Scope 2 emissions separately. Our direct consumption of fossil-fuel based energy at our plants reduced by 9.2% in absolute terms over previous year amounting to savings of 816 tCO_2 eq. through several of our initiatives detailed in the energy section of this report. We manage our Scope 3 indirect emissions by implementing efficient technologies and systems that reduce emissions from travel and commute. Our offices have been equipped with state of the art conferencing abilities to encourage our teams to make their interactions more efficient through the use of the latest web-enabled video and audio conferencing systems. We are in the process of assessing and monitoring our indirect consumption of energy with the goal to disclosing it in the future and to offset the emissions accordingly.

There have been no spills in the past year at our facilities.

Scope 1 Emissions (FY 2016-2017)

Fuel	Consumption	Unit	CO_2 Emissions Calculations (tCO_2eq)
HSD	18,98,179.9	Litres	5,080
Furnace Oil	2,24,871	kg	703
LPG	14,358.5	kg	43
Natural Gas	11,05,714	SCM	2263
Biomass	2,900	kg	0

FY 2016-2017	FY 2015-2016
Total Scope 1 Emissions (tCO_2eq)	**Total Scope 1 Emissions (tCO_2eq)**
8,089	8,905

% reduction (absolute)
9.2%

FY 2016-2017		FY 2015-2016	
Electricity Consumption (kWh)	**GHG Emissions (tCO_2eq)**	**Electricity Consumption (kWh)**	**GHG Emissions (tCO_2eq)**
8,01,19,766	65,698.2	7,94,76,450 kWh	65,170.7

We use R-22 gas in condensers, chillers and air conditioning units. We plan to replace air conditioners that use the more environmentally friendly R-410 gas in the future.

SO_2 and NOx are emitted from our plants due to usage of fossil fuels.

ODS Consumption	Unit (kg)
Total R22 consumption	367.5
Ozone Depleting Potential	0.06
CFC 11 eqv.	20.21

FY 2016-2017		FY 2015-2016	
Air Emissions	Unit (tonnes)	Air Emissions	Unit (tonnes)
SO_2 emissions	0.20	SO_2 emissions	0.22
NOx emissions	4.20	NOx emissions	6.15

Society

Employee Health & Safety
Improved by
42.8%

Training Hours
per Employee
Increased by
144%

CSR Investments
Increased by
16.5%

Mid-day meals
provided to
58,000
children per day

Building relationships of trust with people linked to our business, and creating value for society is one of the founding principles of our company. Through various initiatives that range from skill development and education to mid-day meal programs and sanitation projects, we strengthen communities and empower our employees.

Workforce Profile

Havells employs 2,097 permanent employees at its manufacturing plants, branches and head office. We are dedicated to creating a culture of excellence for all our staff with a deep commitment to human capital development. Implementing robust health and safety practices at our workplace, ensuring career and skill development, employee engagement, maintaining diversity and offering equal opportunity are some of our key aspects of maintaining a sustainable workforce. In our effort to promote gender equality and women's leadership in our workforce, we have added 123 permanent female staff members to our employee roster. In addition to our permanent employees, we employ 8,430 temporary staff and contract labour. We do not have unions at any of our plants.

Category/ Designation	FY 2016-17 (Nos.)	
	MALE	FEMALE
Senior Management	45	-
Middle Management	823	62
Junior Management (Executive)	545	57
Workers (Permanent)	530	35
Probationers		
GETs/PGETs	76	14
Apprentices	104	9
Contract Labour	8,207	
Others	16	4

Employee Recruitment & Turnover

At Havells we are committed to sustainable work practices and an innovative work culture. Our reputation as an exciting and enriching workplace attracts some of the most talented people in the industry. We encourage local employment, and therefore 100% of our workforce is hired from within the country.

During the reporting period, we recruited 401 new employees across management and permanent worker categories. From those who were hired, 12% were females, 54% were less than 30 years old and 42% were between 30 and 50 year age group. 4% were over 50 years of age.

We define employee turnover as the number of employees who leave the organisation voluntarily or due to dismissal, retirement or death. Our permanent employees are considered for reporting against this indicator. In 2016-17, a total of 257 employees separated from the company from across the management and permanent workers categories. From those who left 218 were males, 39 were females, 36.33% were younger than 30 years of age and 57.42% were between 30-50 years of age. 6.25% were over 50 years of age. We conduct comprehensive exit interviews to assess and improve our HR practices and are committed to building practices that retain our best talent.

Our HR department informs employees of any significant operational changes through institutional procedures and we follow a 21 day minimum notice period for information dissemination to our employees as per Industrial Dispute Act. Our HR policies are designed to give opportunities of growth to all our employees regardless of their age, race, colour, gender, religion, nationality or disability. Our leave policy follows the Factory Act, under which provisions for earned, sick and maternity leave apply for all employees. During the reporting year, 3 of our female employees took maternity leave and joined back.

Total number of new Employee Hires and Employee Turnover by Age Group and Gender

New Hires	Unit	Age Group			Gender		FY 2016-17
Breakup of personnel joining the organisation	Nos	<30	30-50	>50	M	F	Total
Senior management	17		14	3	17		17
Middle management	178	32	135	11	163	15	178
Lower management	206	184	21	1	173	33	206

Net Employment Turnover	Unit	Age Group			Gender		FY 2016-17
Breakup of personnel leaving the organisation	Nos	<30	30-50	>50	M	F	Total
Senior management							
Resignation			5	2	7		7
Retirement				1	1		1
Middle management							
Resignation	91	8	73	8	84	5	89
Retirement				2	2		2
Lower management							
Resignation	100	60	38	1	73	26	99
Retirement				1	1		1
Workers							
Resignation		25	31		49	8	57
Voluntary retirement				1	1		1

Labour Practices & Human Rights

We at Havells have a strict stance against child or forced labour and have institutionalized policies to ensure that we follow due processes and practices that are in line with all labour regulations and laws. As with all previous years, we have no reported incidents of child labour, forced labour or compulsory labour in our operations nor within any of our suppliers. A total of 4 male employees with disabilities were employed at Havells this year.

Category	No of complaints filed during the financial year	No. of complaints pending as on end of the financial year
Child Labour	Nil	Nil
Forced Labour	Nil	Nil
Involuntary Labour	Nil	Nil
Sexual Harassment	Nil	Nil

Category	Male	Female
Temporary employees	Nil	Nil
Sub-contracted employees (For the calendar year 2012, As per Form 12)	Nil	Nil
Casual employees	Nil	Nil

Employees with Disabilities	Male	Female
Employees	4	Nil

Human Capital Development

Investing in learning opportunities for our employees and increasing their competencies fosters a culture of innovation which is at the heart of our sustainability approach. Development of our employees is the pillar of our company's success and we have made significant investments in the past year in developing our human capital, through several training programs. Compared to previous reporting year, we increased the training hours for our employees by 144%. We created new training modules for staff and workers and strengthened employee engagement across all our plants. As a result of these activities we witnessed an increase in productivity and lower attrition rates compared to previous year. We provided safety training to a total of 6,153 employees. Skills upgradation training was given to a total of 8,503 workers. The breakdown of trainings provided across various categories is listed in the table below:

Trained Personnel in Safety & Skill Upgradation Training

Category	Safety (No. of employees)	Skill Upgradation (No. of employees)
Permanent employees	916	1,456
Permanent women employees	41	60
Casual / Temporary / Contractual employees	5,196	6,987
Employees with disabilities	0	0

Training Hours

Category	Manhours	
	Male	Female
Top Management	-	-
Senior management	15.6	-
Middle management	45.5	12.5
Junior management	50.6	29.7
Workers (Direct Employee)	28.7	17.8
Apprentices	3.3	2.0
Contract Labour	22.9	

Occupational Health & Safety

Ensuring the safety of our plants and creating a workplace that has zero accidents or even minor safety incidents is of the utmost priority for us. We have implemented best global safety practices at our plants and made investments in safety technologies, infrastructure, communications and awareness programs. We ensure compliance with OHSAS 18001 and follow highest safety standards across all our plants. There were no reported incidents of workers with high risk of any diseases at ourplants in the reporting year.

Incidents Trend

2016-17	LTI (ESI Referred Cases included)	Minor Injury	First Aid
	5	59	503

Implementation of Safety Scoring System (Faridabad Plant)

Havells is strongly committed to Occupational Health and Safety by providing a safe working environment for all our employees and strengthening our safety monitoring systems. The Faridabad plant has developed a safety scoring program, through which all operations of the plant were given a score based on observations made on practices and working conditions deemed to be unsafe across respective operations. The score was finalised by incorporating the data recorded in accident, incident and near miss tracking programs. The safety score provides an indication of the safety preparedness of each activity within the plant. This data forms the basis for designing, monitoring and enforcing a stronger safety culture across the plant with support from all employees.

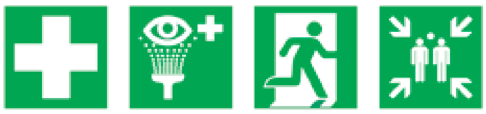
Score Criteria:

Unsafe Act	If found -4 for each case & not found +20	Grade	Marks
Unsafe Condition	If found -4 for each case & not found +20	Excellent	96-100
Accident	If occurred -30 for each & no accident +30	Very Good	91-95
Incident	If occurred -05 for each & no incident +10	Good	81-90
	First Aid: If occurred -02 for each cases	Average	71-80
Near Miss	If occurred -02 for each & no case +10	Poor	Below 70
Potential Near Miss	If recorded +2 for each case & maximum 10 Marks	2 First Aid Cases in Nov-16	

Visual Safety

We are vigilant about workplace safety and have implemented visual safety icons to ensure on-the-spot awareness about safety rules and regulations. As per ISO 7010, we follow all guidelines for designing signboards that comply with all regulatory requirements. In addition to these initiatives, we continually hold health and safety related events and initiatives at our plants. In the past year, we conducted the following activities to promote better health and safety for our employees:

- Dental check-up campaign held April 21, 2016 by Apollo Clinic, Rewari
- Yoga Day celebration with workers held 21 May 2016 by Mr. N.P. Rao (Yogasana Acharya)
- Tree Plantation on Birthdays- Initiative begun on June 1st, 2016)
- Nirbhaya Seminar held by Advocate Mrs Pramila
- Critical to Health (CTH) Location Traceability List for medical check-Up monitoring

Obligation Signs	
Warning Signs	
Prohibition Signs	
Fire Signs	
Emergency Signs	

All Havells manufacturing facilities feature state-of-the-art infrastructure and best practices in occupational safety, inspiring a culture of innovation and excellence.

Product Responsibility

Responsible design is one of the stronger pillars of our sustainability efforts. It guides us to innovate and increase efficiencies while creating safe, efficient and durable products that contribute to sustainable lifestyles. Over 70% of our product portfolio is energy efficient, which yields significant cost and resource savings.

Product Excellence through Center of Research and Innovation(CRI)

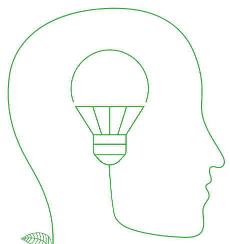
Our growth as a company stems from our technological strength. CRI is an ISO 9001:2000 certified center which has received recognition from the Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology. Since 2005, CRI has developed advanced manufacturing technologies through rigorous research.

These have acted as the next growth drivers for our business and helped us stay ahead of the competition. Each one of our business verticals employ their in-house dedicated R&D teams that designs, develops, tests new products and upgrade existing ones to improve productivity and optimize costs.

We have embedded all our Industrial Design work under the auspices of Center for Research and Innovation (CRI), ensuring that all Havells design conforms to the highest standards of ergonomics, functionality, efficiency and safety practices.

Given our continual improvement in product design and strict adherence to health and safety impacts of products and services during their lifecycle, there were no incidents of non-compliance with such requirements. All of our product or services were assessed for improvement in health and safety impacts in the reporting year.

One of the shining examples of our commitment to superior design and innovation is the launch of 'EFFICIENCIA' BLDC fan. More information on this fan as a case study is available on page number 48.



Set up of Diagnostics & Field Study Center (Alwar Plant)

This year at our Alwar Plant, we set up a new Diagnostic and Field study center with the following objectives:

- Conduct research for making custom modifications to our cables
- Provide a platform for improving the Arial Bundle cable business in India
- Develop a methodology accessing the accuracy and compatibility requirements of cable installation accessories
- Develop a knowledge-based systems program for selecting the right cable to prevent any installation issues

The setting up of this Diagnostic and Field Study Centre with in-house research and development has helped solve real issues at our Alwar plant. We have made contributions to the entire electrical industry as a result of the research on AB cables. The center has received enthusiastic response by our electrical consultants and provides us a strong technical edge to maintain our leadership position in the market.

Product Labeling

We are committed to transparent communications with our customers to help them make informed decisions. We strictly adhere to product labeling standards governed by IATA (for shipments by air), IMDG (for shipments by sea) and ADR (for road transport) guidelines. We observe the BIS labeling standard for products marketed in India, and adhere to country-specific standards such as CE, FIA, TAC and DNV KEMA standard disclosures. Our products are also labeled as BEE-star, S3, HIR, RoHS, Halogen-free and carry other certifications as applicable to the product line. We also ensure that information regarding the handling of our products at the end of their use is included in our packaging and labeling. There have been no incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling in the reporting year.

Sustainability-driven Product Design Innovation

At Havells, we always keep a very long term growth view in mind and consistently push beyond the status quo to innovate and address dynamic market conditions.

As we grow, we are ensuring sustainability across all new market segements by making Safety, Durability, Efficiency and Comfort, the key features of our product line.

We launched a series of new Havells products this year that have enabled us to introduce our superior design and efficiency standards into new market categories. We launched a series of air purifiers to tackle indoor air pollution and a new technologically advanced water-heater to conserve energy.

We also launched a new line of personal grooming products, connectig with the growing base of young consumers. We are looking forward to strengthening our presence in this new consumer durables segment with the same dedication to quality and excellence that has defined our brand for decades.

Launch of Air Purifier: Tackling Indoor Pollution

With air pollution posing health risks for most urban dwellers in India, Havells has developed a new Air Purifier with advance HEPA technology. The HEPA technology is designed to remove mold spores, pollens and other fine particles that cause Asthma and respiratory allergies. This is another step that launches Havells into a new market segment while addressing an urgent market and environmental need in the subcontinent. The Havells Air Purifier removes noxious indoor pollutants and provides clean breathing air. The advanced technology in the Air Purified can filter Particular Matter (PM) 2.5 up to 0.02 micron particles with a removal efficiency of 99.9%.

The Clean Air Delivery Rate (CADR) in Havells Air Purifier is amongst the best in class. The Purifier is equipped with an air quality sensor and indicator, with an optional Ionizer facility. The carbon filter comes with dense carbon granules that remove bad odors, harmful gases and chemicals that cause eye, nose, throat or lung irritation, headaches and nausea. The ionizer releases small but intense electric fields that react with positively charged elements in air, neutralising microbes such as mold spores, viruses and germs from air. The Havells Air Purifier is a home appliance that makes significant lifestyle improvements for our customers and a secure and safe future for all.

Havells Air Purifier tackles indoor air pollution by filtering up to 2.5 microns of particulate matter with advanced HEPA technology, helping create a healthy indoor environment.

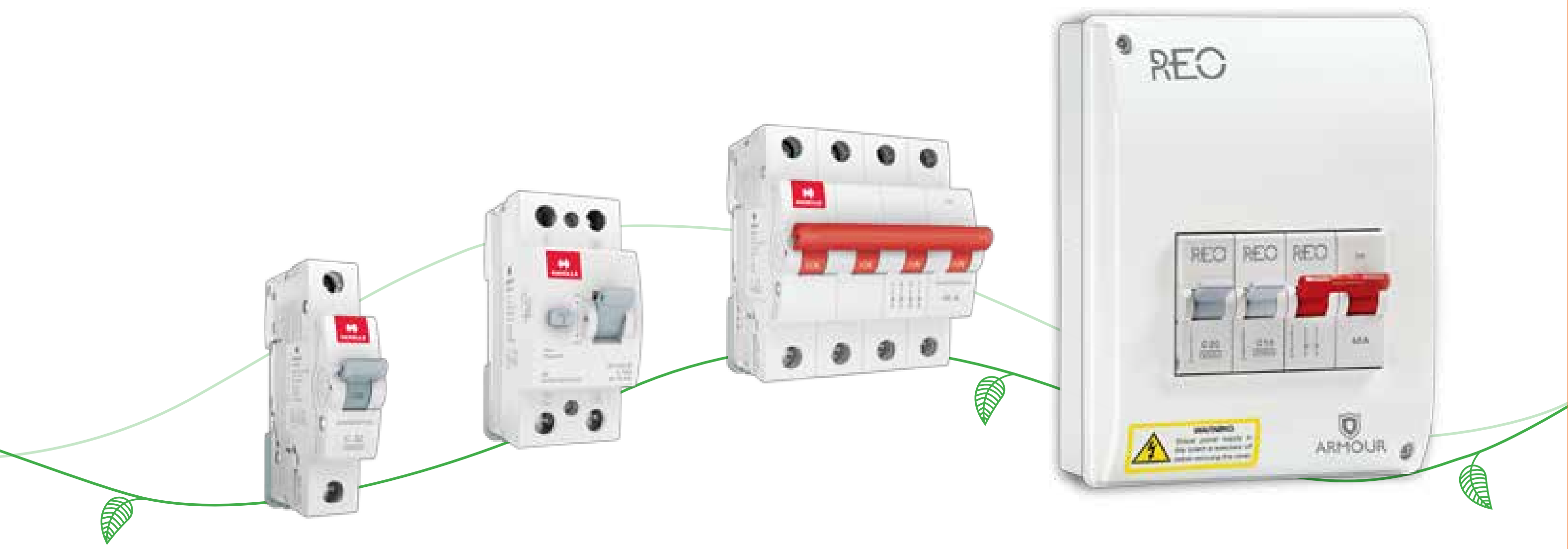
Safe MCB with Enclosure for Low Income Housing

The MCB (Miniature Circuit Breaker) is one of Havells' signature products. Havells recently launched MCB in an enclosure–'REO Armour' that comes with pre-determined load. The goal of this launch is to provide a high quality product for the low cost housing sector, which typically relies on sub-standard MCBs to guard against short circuits and other electrical hazards. The adroit design of REO Armour offers an entry-level safety solution for houses and office/shops under Havells' REO brand.

This launch enables us to bring our reliable and superior quality product design into the affordable housing segment offering enhanced value to our consumers across rural and semi-rural sectors.

This new product line has been designed and developed by the in-house R&D team of Havells and introduces the concept of protection against electrical risks such as short circuits and overload in the affordable housing sector at a time when most consumers are increasing their use of multiple electrical and electronic devices. The product comes with pre-installed isolator and has the option for cable entry from top/ bottom/ rear to make installation easier. REO Armour is being manufactured at the company's state of the art plant at Baddi in Himachal Pradesh.

REO Armour offers a great aesthetics and ease of installation while ensuring safety, thereby making it a preferred choice for consumers. The REO Armour has particular appeal for that group of people who typically settle for on-the-counter sub-standard products in the industry that may not offer critical protection against electrical risks.



Havells Makes the World's most Advanced Water Heater in India

Havells India Limited has launched the Adonia series of water heaters that use colour changing LED technology to communicate changing water temperature levels to users. Designed and manufactured by Havells in India, these water heaters have set a new benchmark in the global industry, and are a source of pride for the Havells family. Adonia water heaters come with a patented temperature sensitive LED that changes color from blue to amber as the water heats up to 75 degrees (maximum), thus allowing users to choose the 'right' temperature as per their requirement. It also protects against sudden exposure to water at high temperature. The Adonia series comes with a digital temperature indicator and easy to use feather touch controls to create energy efficiency.

The inner container of the heater is built using innovative Feroglas TM technology, which ensures high resistance against corrosion, giving the appliance a longer life span. In-built Incoloy Glass Coated Heating Element gives excellent resistance to both oxidation and carbonization at high temperature, and high precision digital thermostat cut-out for optimum water temperature and safety. These five-star rated water heaters come with integrated shock resistant plugs that safeguard against shocks, again a first in the industry.

With the launch of Adonia water heater, Havells has yet again demonstrated how energy efficiency, superior aesthetics and user functionality can go hand in hand and ensure sustainability.

Stakeholder Satisfaction

Brand loyalty is the engine that drives our growth. It is imperative for us to stay closely connected with our customer base and be very responsive to their feedback and needs. Our call centers that operate in nine languages, provides regional, national and international support to our customers to ensure sustained value for them. During 2016-2017 we used the Net Promoter Score (NPS), an international indicator of customer satisfaction to measure how willing our customers would be to recommend the Havells brand to others. We conducted a customer satisfaction survey with a total of 13,193 customers. Of which 89% reported satisfaction with our products.

These results were extremely useful for us to assess and identify areas of improvement across our value chain based on the feedback received. We will continue to strengthen our customer delivery channels and invest in staff training as well as in our customer relationship management systems to improve our NPS score.

Currently there are no cases filed by any stakeholder regarding unfair trade practices, irresponsible advertising or anti-competitive behaviour. A total of 21 customer complaints were filed related to minor defects in products, out of which 9 were resolved and 12 are under active resolution procedures.

We will continue to strengthen our customer delivery channels and invest in staff training as well as in our customer relationship management systems.

Nurturing Communities, Strengthening Society: One Step at a Time

At Havells, we believe in the power of small actions to create transformational and positive impact for society. Creating positive a social impact on the communities we work with and on the society at large, is intrinsic to our corporate ethos. Our CSR efforts are built upon six pillars – Health & Nutrition, Sanitation, Education, Environment, Skill Development and Heritage Conservation.

Corporate Social Responsibility

One of the key stakeholders for our CSR activities are the communities linked with our manufacturing operations. We are committed to creating initiatives that provide social and economic benefits to them. Our projects assess community needs in close interaction with our local teams to ensure that our interventions are contextual and relevant and can create real impact in the lives of people. Our commitment to CSR is not only a matter of taking responsibility for our stakeholders, but is also an effort to support the nation's goal of inclusive growth and the United Nations Sustainable Development Goals.

Mid-Day Meal Program Feeds Over 58,000 Children Per Day

Hunger is one of the most heartbreaking challenges in the world today. Despite the fact that enough food is produced on the planet to feed the globe's population, 795 million people, i.e., one in nine still go to bed on an empty stomach each night and one in three suffer from malnutrition. Not only do hunger and malnutrition cause suffering and poor health but they also lead society into a negative downward spiral affecting many other factors of sustainable development. Therefore addressing these two crucial issues remains one of our key focus areas.

We began our work on addressing hunger in 2005 when the issue was highlighted to us through research about our communities around the Alwar plant. We discovered the heart-breaking truth that children from nearby villages were not sent to school because of economic pressures that kept them engaged in farms and other jobs to support their family's income. We realized that if we could provide food for these children, we could address this problem. We joined hands with the Government of Rajasthan to provide mid-day meals in Government schools of the Alwar district.

The mid-day meal program is one of our most successful and long-running social impact programs. We attribute the success of this program to our ownership of the entire mid-day meal value chain all the way from procurement of food materials to preparing the food with strict hygiene, storing and

delivering it to the schools which enables us to ensure that neither the quality nor the quantity of the food is compromised.

The kitchen where the food is made is spread over an area of 4 acres, and has a staff of 160 including cooks, helpers and drivers. Our fleet of 26 vans, ensures hassle-free and timely delivery of the meals every day. So far we have served 66 million nutritious meals to children.

Impact Assessment of the Mid-Day Meal program

On the 10th anniversary of the mid-day meal program, Havells conducted a comprehensive Impact Assessment study of the program in schools. Students, parents and teachers were interviewed as part of the assessment. To get a comparable sense of the achievements of the program, partner and non-partner schools were also included in the study. The key findings are as follows:

1. Impact on Improvement of Nutritional Intake: There has been notable improvement in Body Mass Index (BMI) amongst girls studying in schools where the Havells mid-day meal program has been running for more than five years. The BMI averaged 14.3 which is higher than the 13.7 average for girls in other schools where the program has been running for past 3 years.

2. Impact on Enrollment Rate: There has been a 10-15% average growth in enrollment in the schools where Havells is conducting the program. The head teachers, SMC members and parents interviewed for the study attributed this growth to nutritious and tasty food provided in the school as it appealed to both parents and students.

3. Impact on Dropout Rate: Average number of dropouts in the partner schools declined over three consecutive academic years (2013 to 2016). Considerable decrease was seen in average dropout rate of girls in upper primary section as it came down to 6 in academic year 2015-2016 from 24 (2014-2015). Similarly, average dropout rate of boys in primary sections saw a steady decline from 9 to 4 over the three years.

4. Improved School attendance: As shared by parents and Head Teachers, student's interest in going to school increased over the years. Of the interviewed parents 67% stated that their children are keen to go to school especially due to availability of better quality and variety of food.

5. Quality, Quantity and Variety of Food: All the interviewed students (100%) liked the quality of food served under the Havells MDM program. 97% of students were satisfied with the quantity of food served.

6. Impact on Academic Performance: The Havells MDM Program helped improve student's concentration and thereby academic performance. 44% of the interviewed parents stated that because hunger does not plague their children and they do not need to return home to eat lunch, they study with better concentration and willingness.

7. Reduced Burden on Teachers: Head Teachers of the sample schools shared that with Havells taking charge of the mid-day meals, teachers now spend more time on teaching than on the MDM, thus contributing to improving the quality of education in their schools. In 2015, the Havells mid-day meal program was honored with the Child Rights Champion Award by C.R.Y. (Child Rights and You).

Sanitation

Schools partly determine children's health and well-being by providing a healthy or unhealthy environment. Although water and sanitation facilities in schools are increasingly recognized as fundamental for promoting good hygiene behaviour and children's well-being, many schools have very poor facilities. Conditions vary from inappropriate and inadequate sanitary facilities to the outright lack of toilets and safe water for drinking and hygiene. This situation contributes to absenteeism and the high drop-out rates amongst children especially girls. Similarly children would prefer to stay back home on days they had dysentery due to lack of toilets or clean toilets.

Understanding this, we started building eco-friendly bio-toilets in schools in Alwar district of Rajasthan where we already serve mid-day meal. Aligned with the government's Swachh Bharat Mission, the project started in 2014 and we have built over 2000 bio-toilets in about 250 government schools till date. These bio-toilets use special bacteria developed by DRDO (Defence Research & Development Organisation) to convert human waste into biogas and water. This water can be used for gardening, cleaning or ground water recharge.

Our over decade long association with schools also helped us understand that schools are also a key factor for initiating change and develop useful life skills on health and hygiene. Children are often eager to learn and willing to absorb new ideas. New hygiene behaviour learned at school can lead to life-long positive habits. Taking advantage of this fact, we started conducting behavioural change workshops on Sanitation that would help children inculcate good hygiene habits. To ensure that children get clean toilets, we moved a step further and intend to give grant to schools for the upkeep of these toilets. We would continue to invest in the education and health of our future generations.

We have built over 2,000 bio-toilets in 250 Government schools in Rajasthan so far.

Sensitization Towards Behaviour Change

Building the eco-toilets is only the first step towards creating lasting change. For lasting change, it is important to sensitize students as well as teachers about the importance of WASH (Water, Health and Hygiene) and why implementing these practices will lead to holistic development. We invested in behavioral change sensitization workshops not only for the children but also for the school teachers who could further educate parents and the public at large about the importance of sanitation, cleanliness and hygiene in particular.

The implementation of behaviour change workshops aims to inculcate good hygiene habits amongst children from a young age onwards.

Through interactive activities such as songs, wall paintings, rhymes, quizzes, painting competitions, we helped children understand the WASH concepts so that they can also take this learning to their parents and bring positive change in the family.

We also addressed a key aspect of a WASH initiative which is post-installation maintenance and upkeep. We matched the government's contribution to keep the toilets regularly clean. We have helped implement a strict supervision feedback method to ensure proper use of funds. We are proud of the fact that our MDM and WASH initiatives have significantly improved school attendance and contributed to health and cognitive development.

These initiatives have also increased girls' participation, established positive hygiene behaviour and introduced better WASH practices in families and communities. Together these impacts have created a cycle of positive change in society.

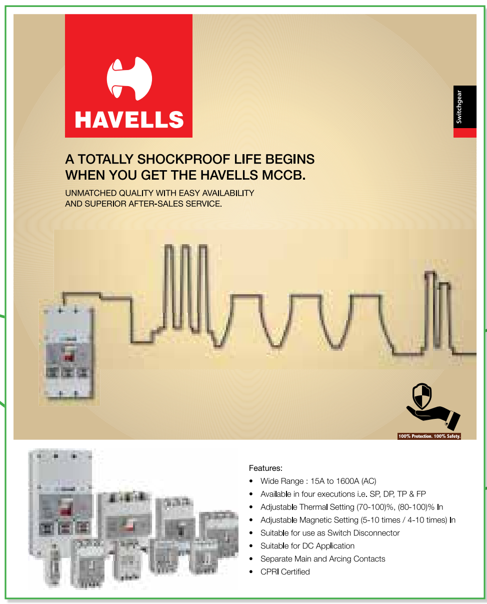
In addition, our school bench donation program has helped improve educational environments for schools within our plants' vicinity. We also undertook direct plantation activities this year. We planted a total of 2000 trees across our plants and are currently considering a larger plantation drive to contribute to carbon mitigation in India.

Responsible Communications

The Havells brand considers itself an engine of inspiration and motivation for the betterment of society. To this end, we have always ensured that our advertising is wrapped around messaging and storytelling that resonates with socially relevant issues of our times and imbibes positive emotions to motivate people to always strive for the best both as individuals and as members of society. We observe high standards of social and ethical responsibility across all our marketing and communications to ensure that our messaging always remains positive. We follow the guidelines and standards set by ASCI (Advertising Standards Council of India). During the reporting period, there was one complaint lodged with ASCI.

Our emphasis on multi-lingual outreach and customer support celebrates the diversity of culture in India. We are committed to continue our work as a responsible corporation both in India and around the world and will continue to align our initiatives with the priorities of the government to help create vibrant and healthy planet and society.

We have always ensured that our advertising is wrapped around messaging and storytelling that resonates with socially relevant issues.



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Annexure 1

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Independent Limited Assurance Statement to Havells India Limited on their Corporate Sustainability Report 2016-17

To the Management of Havells India Limited, Noida,

Havells India Limited (the 'Company' or 'HIL') has requested KPMG in India to provide an independent assurance on its Sustainability Report 2016-17 ('the Report'). The Company's management is responsible for identifying its key material issues, engaging with its stakeholders and developing the content of the Report. KPMG's responsibility is to provide limited assurance on the Report content as described in the scope of assurance.

Reporting Criteria

HIL applies sustainability performance reporting criteria, based on Sustainability Reporting Guidelines (G4) of Global Reporting Initiative (GRI) and National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG), as detailed in the 'Scope, Boundary and Limitations'.

Assurance Standards Used

We conducted limited assurance in accordance with the requirements of International Federation of Accountants (IFAC) International Standard on Assurance Engagement [(ISAE) 3000, (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information]. Under this standard, we have reviewed the selected information presented in the Report against the criteria of relevance, completeness, reliability, neutrality and understandability.

Scope, Boundary and Limitations

The following is covered under the scope and boundary of the assurance engagement:

- The scope of assurance covers HIL's sustainability performance disclosures for the period of 01 April 2016 to 31 March 2017, as per the table below.
- The scope of assurance also covers HIL's performance disclosures against the nine principles of NVG mapped in the Report.
- The boundary of the report includes the data and information from HIL sites as mentioned in the Report section – Reporting Boundary. We verified select key performance data through site visits to operational locations at Neemrana, Haridwar, Baddi, Alwar and its Corporate Office in Noida.

The assurance scope excludes:

- Data and information outside the defined reporting period and boundary;
- The Company's financial performance;
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention and assertions related to Intellectual Property Rights; and
- Aspects of the report other than those mentioned below;

The General and Specific Standard Disclosures subject to assurance were as follows:

General Standard Disclosures	Specific Standard Disclosures
• Strategy and Analysis- G4-1 • Organizational Profile – G4-3 to G4-16 • Identified Material Aspects and Boundaries- G4-17 to G4-23 • Stakeholder Engagement- G4-24 to G4- 27 • Report Profile- G4-28 to G4-33 • Governance- G4-34 • Ethics and Integrity- G4-56	• Environment- Material used by weight or volume (G4-EN1), Energy Consumption Within the Organization (G4- EN3), Energy Intensity (G4-EN5), Reduction of Energy Consumption (G4-EN6), Reductions in energy requirements of products and services (G4-EN7), Direct GHG Emissions (G4-EN15), Energy Indirect GHG Emissions (G4-EN16), Emissions of ozone-depleting substances (ODS) (G4 EN20), NO_x, SO_x and other significant air emissions (G4-EN21), Total Weight of Waste by Type and Disposal Method (G4-EN23), Total environmental protection expenditures and investments by type (G4-EN31) • Labor Practice and Decent work - Total Number and Rates of New Employee Hires and Employee Turnover by Age Group, Gender and Region (G4-LA1), Return to Work and Retention Rates after Parental Leaves, by Gender (G4-LA3), Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender (G4-LA6) • Product responsibility - Percentage of significant product and service categories for which health and safety impacts are assessed for improvement (G4-PR1), Results of Surveys Measuring Customer Satisfaction (G4-PR5), Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes (G4-PR7)

Methodology Adopted for Assurance

We have obtained sample evidence, information and explanations that were considered necessary in relation to the assurance scope and have arrived at conclusions mentioned below. Our work included a range of evidence-gathering procedures including:

KPMG

- Assessing that the report is prepared in accordance with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI G4 – in accordance "Core" criteria).
- Reviewing the Report to ensure that there is no misrepresentation of disclosures as per scope of assurance and our findings.
- Reviewing the materiality and stakeholder engagement framework deployed at HIL.
- Understanding the appropriateness of various assumptions used for estimation of data by HIL.
- Assessing the systems used for data collection and reporting of the General Standard Disclosures and Specific Standard Disclosures of material aspects as listed in the assurance scope above.
- Verifying systems and procedures used for quantification, collation and analysis of sustainability performance indicators included in the Report.
- Testing on a sample basis, the evidence supporting the data and information.
- Holding discussion with senior executives at the plant locations and at the corporate office to understand the risks and opportunities from a sustainability perspective including the strategy that HIL has adopted to address the same.
- Assessing data reliability and accuracy.
- Verifying select key performance data through site visits to operational locations and corporate office for:
  - Testing reliability and accuracy of data on a sample basis.
  - Assessing stakeholder engagement process through interactions with relevant internal stakeholders and review of related documentation.
  - Limited review of the materiality assessment process.
  - Reviewing the processes deployed for collection, compilation and reporting of sustainability performance indicators at corporate and plant level.

Appropriate documentary evidence was obtained on a sample basis to support our conclusions on the information and data verified. Where such documentary evidence could not be collected due to sensitive nature of information, our team verified the same at HIL's premises.

Conclusions

We have reviewed the Sustainability Report of HIL. Based on our review and procedures performed as described above, nothing has come to our attention that causes us not to believe that the sustainability data and information presented in the Report is appropriately stated, in material aspects, and in accordance with the sustainability reporting guidelines (G4) of the Global Reporting Initiative

We have provided our observation to the company in a separate management letter. These, do not, however, affect our conclusions regarding the Report.

Independence

The assurance was conducted by a multidisciplinary team including professionals with suitable skills and experience in verifying environmental, social and economic information in line with the requirements of ISAE 3000 (Revised) standard. Our work was performed in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, in relation to the scope of this assurance engagement, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behavior. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. The firm applies ISQC 1 and the practitioner complies with the applicable independence and other ethical requirements of the IESBA code.

Responsibilities

HIL is responsible for developing the Report contents. HIL is also responsible for identification of material sustainability issues, establishing and maintaining appropriate performance management and internal control systems and derivation of performance data reported. This statement is made solely to the Management of HIL in accordance with the terms of our engagement and as per scope of assurance. Our work has been undertaken so that we might state to HIL those matters for which we have been engaged to state in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than HIL for our work, for this Report, or for the conclusions expressed in this independent assurance statement. The assurance engagement is based on the assumption that the data and information provided to us is complete and true. We expressly disclaim any liability or co-responsibility for any decision a person or entity would make based on this assurance statement. By reading this assurance statement, stakeholders acknowledge and agree to the limitations and disclaimers mentioned above.

Santhosh Jayaram
Partner
KPMG
May 25, 2017

Annexure 2

Priority issues identified by Havells Employees

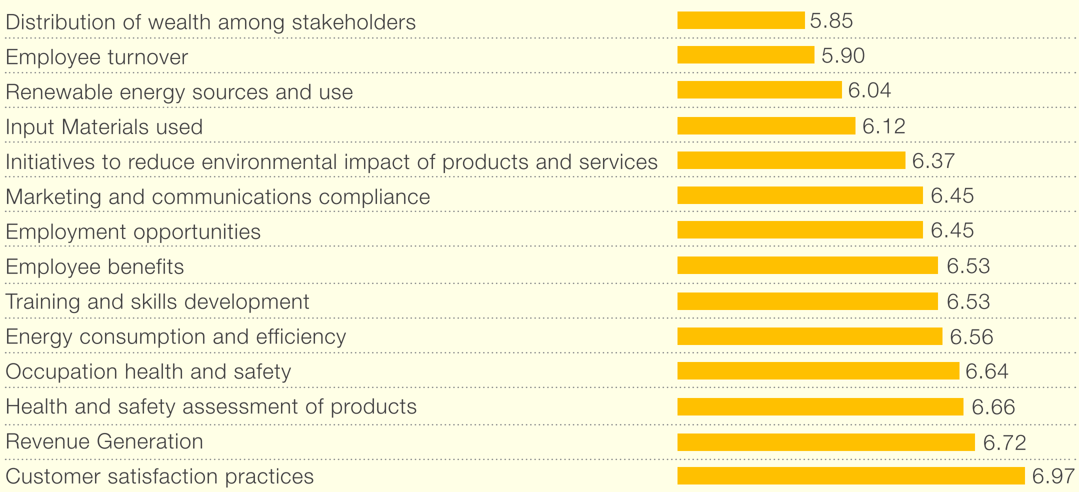
A structured sustainability survey questionnaire was used to gather the feedback of the employees of the Company on the aspects, they deem as most important for the business strategy of the Company.

The methodology used for analysis of the survey results:

The approach involved calculating and comparing the weighted average of participant's response to each issue.

The issues were subsequently ranked on the basis of the weighted average score achieved by each issue.

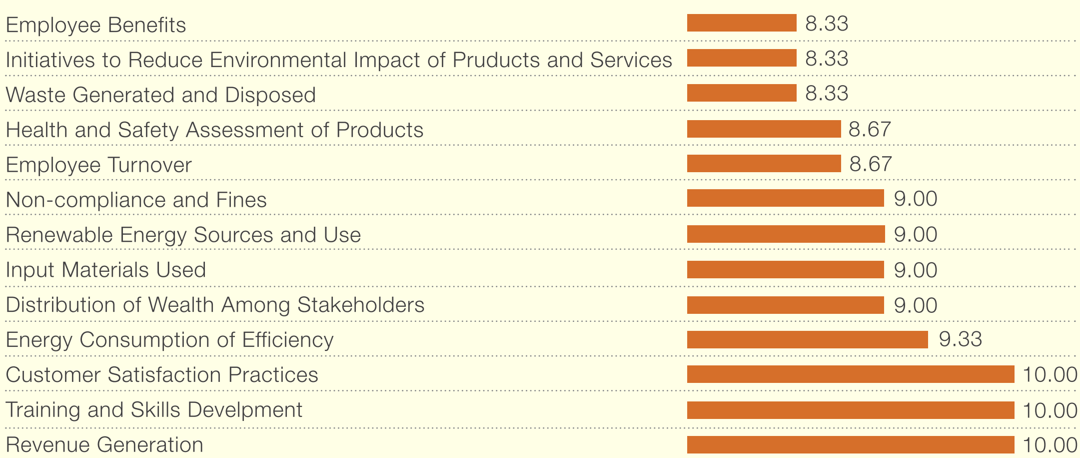
Top 15 Issues (by average priority weightage given by the employees)



Priority issues identified by Havells top Management

The same survey questionnaire was used to gather the feedback of the top management of the Company i.e. the Board, on the sustainability aspects they deem as most important for the business strategy of the Company.

Top 16 Issues (by average priority weightage given by the top Management)



Annexure 3

Water Inventory Verification Statement Number
F530101/GUR/ENV/C000039

Water balance inventory in the period 1st April 2015 – 31st March 2016 for

Havells India Limited

Corporate Office: 2-D, Sec-126, Expressway,
Noida 201304, India

has been verified against the requirements of the following criteria

Transparency, Relevance, Completeness, Consistency & Accuracy

To represent a total water balance inventory as:

- Havells India Limited is Water Positive by 6,500 KL
- Total direct water consumption (water debit) quantity 139,269 KL
- Total water conservation/ recharged (water credit) quantity 145,769 KL

Lead Assessor: Nilesh Pojge
Assessor: Vishal Goyal
Technical Reviewer: Ajoy Gupta

For the following activities:
Pan India Based Fast Moving Electrical Goods Manufacturing Units

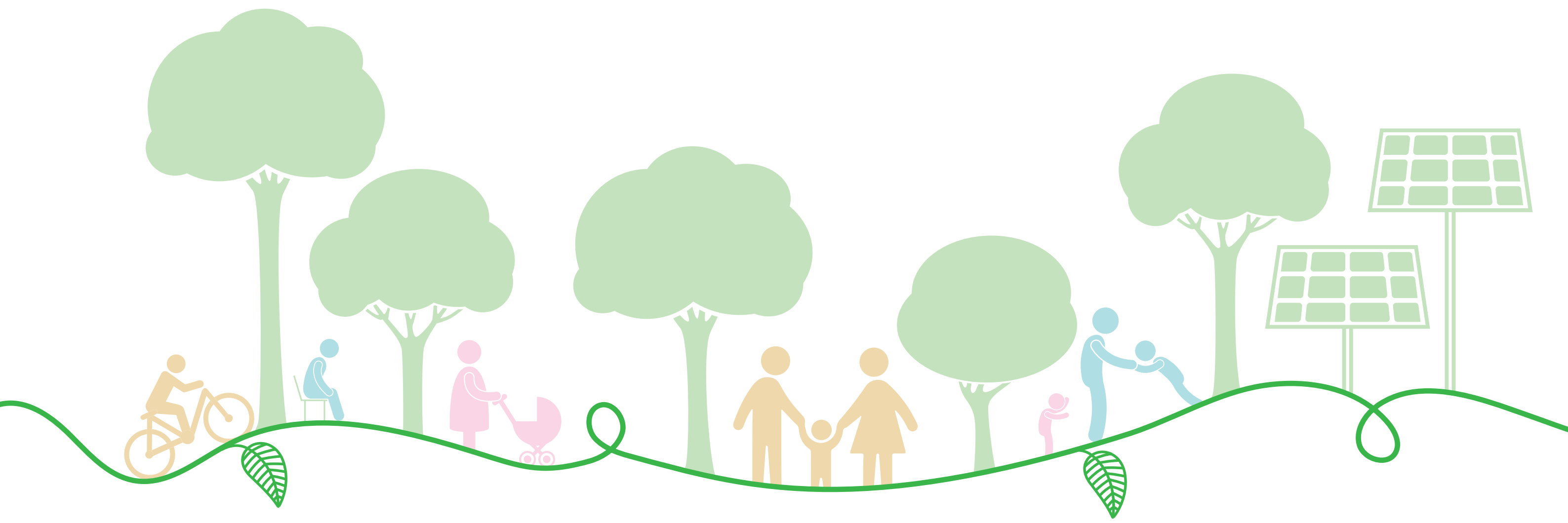
The organizational boundary was established adopting concept of operational and maintenance control by Havells India Limited on the facilities.

Verification Statement Date: 21st February 2017

Authorised by

Dipjyoti Banerjee
Business Director,
Environment, Health and Safety
Date: 21st February 2017
SGS India Private Limited, 226 Udyog Vihar, Phase I, Gurgaon 122 016 Haryana, India

This Statement is not valid without the full verification scope, objectives, criteria and findings available on pages 2 to 5 of this Statement.



HAVELLS

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