27th June, 2019

The National Stock Exchange of India Limited Exchange Plaza, 5th Floor Plot No. C/1, G Block Bandra Kurla Complex Bandra (E) **Mumbai- 400 051** **NSE Symbol : HAVELLS**	BSE Limited Phiroze Jeejeebhoy Towers Dalal Street **Mumbai- 400 001** **Scrip Code : 517354**

Sub: Annual Report for FY 2018-19 alongwith Notice of AGM

Dear Sir,

Please find enclosed herewith the **36th Annual Report of the Company** for the financial year 2018-19 as the 1st Integrated Report of the Company alongwith the **Notice convening the 36th Annual General Meeting** of the Company scheduled to be held on 27th day of July, 2019.

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 INDIA LTD.
Corporate Office: QRG Towers, 2D, Sector 126, Expressway, Noida - 201304, U.P (INDIA)
Tel: +91-120-3331000, Fax: +91-120-3332000
E-mail: marketing@havells.com, www.havells.com
Registered Office: 904, 9th Floor, Surya Kiran Building,
K.G. Marg, Connaught Place, New Delhi - 110001. (INDIA)
Consumer Care No.:
1800 103 1313, 1800 11 0303 (All Connections), 011-4166 0303 (Landline)
CIN: L31900DL1983PLC016304
GSTIN: 09AAACH0351E1Z3

HAVELLS

HAVELLS INDIA LIMITED

Regd. Office: 904, 9th Floor, Surya Kiran Building, K G Marg, Connaught Place, New Delhi - 110 001
Corp. Office: QRG Towers, 2D, Sector – 126, Expressway, Noida (U.P.) – 201 304
Tel. No.: 0120-3331000, Fax No.: 0120-3332000, E-mail: investors@havells.com
Website: www.havells.com, CIN: L31900DL1983PLC016304

NOTICE

NOTICE is hereby given that the 36th (Thirty Sixth) Annual General Meeting of Havells India Limited will be held on 27th July, 2019, Saturday at 10:00 am at Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi - 110 003 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2019, the Reports of the Board of Directors and Auditors thereon and the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2019 and the Report of Auditors thereon.

2. To declare a final dividend of Rs. 4.50/- per equity share of Re. 1/- each for the Financial Year ended 31st March, 2019.

3. To appoint a Director in place of Shri Anil Rai Gupta (DIN: 00011892), who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Shri Rajesh Kumar Gupta (DIN: 00002842), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

5. **Ratification of Cost Auditor's Remuneration**

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

   "RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s), enactment(s) or re-enactment(s) thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the Financial Year ending 31st March, 2020, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting."

6. **Re-appointment of Shri Anil Rai Gupta (DIN:00011892) as the Chairman and Managing Director and the CEO of the Company**

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

   "RESOLVED THAT in line with the Nomination and Remuneration Policy of Directors, Key Managerial Personnel and Other Employees of the Company and pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), consent be and is hereby accorded for the re-appointment of Shri Anil Rai Gupta (DIN: 00011892) as the Chairman and Managing Director and the CEO of the Company, for a further period of 5 (Five) years from 1st April, 2019 to 31st March, 2024 on the terms and conditions including remuneration (and also including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period, subject to the requirements of Schedule V to the Companies Act, 2013) as enumerated herein below:

1.	**Period**	From 1st April, 2019 to 31st March, 2024
2.	**Remuneration**	
	Salary	**Basic Salary of Rs. 45 lakhs per month which may go upto Rs. 75 lakhs per month over a period of 5 years.**
	Commission	1.25% of the Profit before Tax
Perquisites: For this purpose perquisites are classified into three categories A, B and C:		
Category 'A'		
a)	Medical Reimbursement : Expenses incurred, including Medical Insurance, for self and family subject to a ceiling of one month's salary in a year or three month's salary over the period of three years.	
b)	Club Fees : Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.	
c)	Personal Accident Insurance/ Term Life Insurance Premium not exceeding Rs. 25,000/- p.a.	
Category 'B'		
a)	Company's contribution towards Provident Fund, Superannuation Fund.	
b)	Gratuity payable shall not exceed one month's salary for each completed year of service.	
Category 'C'		
The Company shall provide a car with chauffer and telephone at the residence. Provisions of the car for use in Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company.		
Other allowances, benefits and perquisites admissible as per Rules of the Company, from time to time.		

RESOLVED FURTHER THAT the Board of Directors of the Company and/ or any Committee thereof be and is hereby authorised to alter or vary any or all of the terms, conditions and/ or to increase the remuneration of Shri Anil Rai Gupta as approved subject to a maximum monthly basic salary of Rs. 75,00,000/- and perquisites including the monetary value thereof within the limits specified in Schedule V to the Companies Act, 2013, without any further reference to the Company in General Meeting.

RESOLVED FURTHER THAT for the purpose of giving effect to the foregoing Resolution, Shri Sanjay Kumar Gupta, Company Secretary of the Company be and is hereby authorised to do all such acts, deeds, matters and things, as may be considered necessary, proper or desirable in the said regard including filing of returns with any authority."

7. **Re-appointment of Shri Ameet Kumar Gupta (DIN:00002838) as a Whole-time Director of the Company**

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

"RESOLVED THAT in line with the Nomination and Remuneration Policy of Directors, Key Managerial Personnel and Other Employees of the Company and pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), consent be and is hereby accorded for the re-appointment of Shri Ameet Kumar Gupta (DIN: 00002838) as a Whole-time Director of the Company, for a further period of 5 (Five) years from 1st January, 2020 to 31st December, 2024 on the terms and conditions including remuneration (and also including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period, subject to the requirements of Schedule V to the Companies Act, 2013) as enumerated herein below:

1.	**Period**	From 1st January, 2020 to 31st December, 2024
2.	**Remuneration**	
	Salary	**Basic Salary of Rs. 17.75 lakhs per month which may go upto Rs. 40 lakhs per month over a period of 5 years.**
	Commission	0.50% of the Profit before Tax
Perquisites: For this purpose perquisites are classified into three categories A, B and C:		
Category 'A'		
a)	Medical Reimbursement : Expenses incurred, including Medical Insurance, for self and family subject to a ceiling of one month's salary in a year or three month's salary over the period of three years.	
b)	Club Fees : Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.	
c)	Personal Accident Insurance/ Term Life Insurance Premium not exceeding Rs. 25,000/- p.a.	
Category 'B'		
a)	Company's contribution towards Provident Fund, Superannuation Fund.	
b)	Gratuity payable shall not exceed one month's salary for each completed year of service.	
Category 'C'		
The Company shall provide a car with chauffer and telephone at the residence. Provisions of the car for use in Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company		
Other allowances, benefits and perquisites admissible as per Rules of the Company, from time to time.		

RESOLVED FURTHER THAT the Board of Directors of the Company and/ or any Committee thereof be and is hereby authorised to alter or vary any or all of the terms, conditions and/ or to increase the remuneration of Shri Ameet Kumar Gupta as approved subject to a maximum monthly basic salary of Rs. 40,00,000/- and perquisites including the monetary value thereof within the limits specified in Schedule V to the Companies Act, 2013, without any further reference to the Company in General Meeting.

RESOLVED FURTHER THAT for the purpose of giving effect to the foregoing Resolution, Shri Sanjay Kumar Gupta, Company Secretary of the Company be and is hereby authorised to do all such acts, deeds, matters and things, as may be considered necessary, proper or desirable in the said regard including filing of returns with any authority."

8. **Re-appointment of Shri Rajesh Kumar Gupta (DIN:00002842) as the Whole-time Director (Finance) and Group CFO of the Company**

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

"RESOLVED THAT in line with the Nomination and Remuneration Policy of Directors, Key Managerial Personnel and Other Employees of the Company and pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), consent be and is hereby accorded for the re-appointment of Shri Rajesh Kumar Gupta (DIN: 00002842) as the Whole-time Director (Finance) and Group CFO of the Company, for a further period of 5 (Five) years from 1st April, 2020 to 31st March, 2025 on the terms and conditions including remuneration (and also including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period, subject to the requirements of Schedule V to the Companies Act, 2013) as enumerated herein below:

1. Period		From 1st April, 2020 to 31st March, 2025
2. Remuneration		
Salary		**Basic Salary of Rs. 39 lakhs per month which may go upto Rs. 65 lakhs per month over a period of 5 years.**
Commission		0.50% of the Profit before Tax
Perquisites: For this purpose perquisites are classified into three categories A, B and C:		
Category 'A'		
a)	Medical Reimbursement : Expenses incurred, including Medical Insurance, for self and family subject to a ceiling of one month's salary in a year or three month's salary over the period of three years.	

b)	ESOP/ ESPS: As per policies and rules of the Company.
c)	Club Fees : Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.
d)	Personal Accident Insurance/ Term Life Insurance Premium not exceeding Rs. 25,000/- p.a.
Category 'B'	
a)	Company's contribution towards Provident Fund, Superannuation Fund.
b)	Gratuity payable shall not exceed one and a half month's salary for each completed year of service.
c)	Leave Entitlement: As per Company's Policy.
Category 'C'	
The Company shall provide a car with chauffer and telephone at the residence. Provisions of the car for use in Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company.	
Other allowances, benefits and perquisites admissible as per Rules of the Company, from time to time.	

RESOLVED FURTHER THAT the Board of Directors of the Company and/ or any Committee thereof be and is hereby authorised to alter or vary any or all of the terms, conditions and/ or to increase the remuneration of Shri Rajesh Kumar Gupta as approved subject to a maximum monthly basic salary of Rs. 65,00,000/- and perquisites including the monetary value thereof within the limits specified in Schedule V to the Companies Act, 2013, without any further reference to the Company in General Meeting.

RESOLVED FURTHER THAT for the purpose of giving effect to the foregoing Resolution, Shri Sanjay Kumar Gupta, Company Secretary of the Company be and is hereby authorised to do all such acts, deeds, matters and things, as may be considered necessary, proper or desirable in the said regard including filing of returns with any authority."

9. Appointment of Shri Siddhartha Pandit (DIN: 03562264) as a Director of the Company

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

"RESOLVED THAT Shri Siddhartha Pandit (DIN: 03562264), who was appointed as an Additional Director on the Board of Directors of the Company in terms of Section 161(1) of the Companies Act, 2013 ('the Act') and whose term of office expires at the ensuing Annual General Meeting and who is eligible for appointment and is recommended by the Board of Directors upon the recommendation of the Nomination and Remuneration Committee for the office of Director, be and is hereby appointed, in accordance with Sections 152 and 160 and any other applicable provisions of the Act and the corresponding Rules framed thereunder, as a Director whose period of office shall be liable to determination by retirement by rotation."

10. Appointment of Shri Siddhartha Pandit (DIN: 03562264) as a Whole-time Director for a period of 3 years

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

"RESOLVED THAT in line with the Nomination and Remuneration Policy of Directors, Key Managerial Personnel and Other Employees of the Company and pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), consent be and is hereby accorded for the appointment of Shri Siddhartha Pandit (DIN: 03562264) as a Whole-time Director of the Company, for a period of 3 (Three) years from 29th May, 2019 to 28th May, 2022 on the terms and conditions including remuneration (and also including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period, subject to the requirements of Schedule V to the Companies Act, 2013) as enumerated herein below:

1.	**Period**	From 29th May, 2019 to 28th May, 2022
2.	**Remuneration**	
	Total Salary, perquisites and allowances including benefits & incentives towards P.F., NPS, Personal Accident and Term Life Insurance, Mediclaim Coverage, Executive Health check-up, Leave Encashment etc. as per Company's Policy	**Rs. 92 lakhs per annum which may go upto Rs. 138 lakhs per annum over a period of 3 years**
3.	ESOP/ ESPS	As per policies and rules of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company and/ or any Committee thereof be and is hereby authorised to alter or vary any or all of the terms, conditions of Shri Siddhartha Pandit as approved within the limits specified in Schedule V to the Companies Act, 2013, without any further reference to the Company in General Meeting.

RESOLVED FURTHER THAT for the purpose of giving effect to the foregoing Resolution, Shri Sanjay Kumar Gupta, Company Secretary of the Company be and is hereby authorised to do all such acts, deeds, matters and things, as may be considered necessary, proper or desirable in the said regard including filing of returns with any authority."

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

Sanjay Kumar Gupta
Company Secretary
Membership No. F3348

Noida, 29th May, 2019
Registered Office:
904, 9th Floor, Surya Kiran
Building K G Marg, Connaught Place,
New Delhi – 110 001
CIN: L31900DL1983PLC016304

NOTES

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

   A PERSON CAN ACT AS PROXY FOR ONLY 50 MEMBERS AND HOLDING IN AGGREGATE NOT MORE THAN 10 PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. MEMBER HOLDING MORE THAN 10 PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER MEMBER.

2. The Register of Members and Share Transfer Register will remain closed from 20th July, 2019, Saturday to 26th July, 2019, Friday (both days inclusive).

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

   (a) as Beneficial Owner as at the end of business hours on 19th July, 2019 as per the lists to be furnished by National Securities Depositories Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form, and

   (b) as Member in the Register of Members of the Company/ Registrars & Share Transfer Agent after giving effect to valid share transmissions, if any, in physical form lodged with the Company as at the end of business hours on 19th July, 2019.

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

5. (i) Members holding shares in physical form are requested to immediately intimate any change in their residential address to Link Intime India Private Limited, Noble Heights, 1st floor, Plot No NH-2, C-1 Block, LSC, Near Savitri Market, Janakpuri, New Delhi - 110 058, Registrars and Transfer Agent of the Company, so that change could be effected in the Register of Members before closure.

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

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

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

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

   (iv) Members who have not opted for ECS facility earlier are requested to fill up the enclosed KYC Form and return it to the Corporate Office of the Company, to avail the ECS facility otherwise they are requested to intimate their Savings Account/ Current Account No. and the name of Bank with whom such account is held to enable the Company to print the said details on the Dividend Warrant to prevent fraudulent encashment of the same. Please refer to the KYC Form being enclosed with this Notice.

   (v) To ensure all communications/ monetary benefits are received promptly, all shareholders holding shares in physical form are requested to notify to the Company, his/ her PAN/change in their address/bank details /email id/mobile number instantly by filling the KYC Form and by sending at the Corporate Office of the Company at QRG Towers, 2D, Sector-126, Expressway, Noida (U.P.)- 201 304.

6. The SEBI has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participant(s). Members holding shares in physical form are required to submit their PAN details to the Registrar and Share Transfer Agents.

7. During the year, amount of Un-claimed Dividend for the financial year 2010-11 has been deposited in the Investors Education and Protection Fund. Further, amount of Unclaimed Final Dividend for financial year 2011-12 is due for deposit to the Investors Education and Protection Fund on 22nd August, 2019.

   The Company also transmitted 28,758 Equity Shares of the Company into the DEMAT Account of the IEPF Authority held with NSDL (DPID/ Client ID IN300708/10656671) in terms of the provisions of section 124(6) of the Companies Act, 2013 and the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time. These Equity Shares were the Shares of such Shareholders whose unclaimed/ unpaid dividend pertaining to financial year 2010-11 had been transferred into IEPF and who have not encashed their dividends for 7 (Seven) subsequent financial years.

   Concerned Shareholders may still claim the shares or apply for refund to the IEPF Authority by making an application in the prescribed Form.

8. In case the Dividend has remained unclaimed in respect of financial year 2011-12 to 2017-18 the Shareholders may approach the Company with their dividend warrants for revalidation with the Letter of Undertaking for issue of duplicate dividend warrants. The Company regularly sends letters/ emails to this effect to the concerned Shareholders.

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

10. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

11. Pursuant to the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on Corporate Governance, the information about the Directors proposed to be appointed/ re-appointed at the Annual General Meeting is given in the Annexure to the Notice.

12. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Businesses specified above is annexed hereto.

13. Corporate Members intending to send their Authorized Representatives to attend the Meeting are requested to send a certified copy of the Board Resolution/ Power of Attorney authorizing their representatives to attend and vote on their behalf at the Meeting.

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

15. Members may also note that the Notice of the 36th Annual General Meeting and the Annual Report for the Financial Year 2018-19 will also be available on the Company's website www.havells.com. The Notice of AGM shall also be available on the website of NSDL viz. www.evoting.nsdl.com

16. In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide facility for voting by electronic means for all its Members to enable them to cast their vote electronically and the business may be transacted through such e-voting.

    A member may exercise his/ her vote at the General Meeting by electronic means and the Company may pass any Resolution by electronic voting system in accordance with the provisions of the aforesaid Rule. The facility of casting the votes by the Members using an electronic voting system from a place other than venue of AGM ("remote e-voting") will be provided by NSDL.

    The facility for voting, either through electronic voting system and/ or ballot/ polling paper shall also be made available at the AGM and the Members attending the AGM who have not already cast their vote by remote e-voting shall be able to exercise their right at the Meeting.

    The Members who have cast their vote by remote e-voting prior to the Meeting may also attend the AGM but shall not be entitled to cast their vote again.

    Members may contact Shri Sanjay Kumar Gupta, Company Secretary, for any grievances connected with electronic means at the Corporate Office of the Company at 'QRG Towers', 2D, Sector-126, Expressway, Noida (U.P.) – 201 304 , Tel. # 0120-3331000.

17. The remote e-voting period commences on 24th July, 2019, Wednesday (8:30 am) and ends on 26th July, 2019, Friday (5:00 pm).

    - Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 20th July, 2019, Saturday may opt for remote e-voting and cast their vote electronically.

    – A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the Meeting.

    – Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the Notice and holding shares as of the cut-off date i.e. 20th July, 2019 may obtain the login ID and password by sending an email to evoting@nsdl.co.in or investors@havells.com by mentioning their Folio No. / DP ID and Client ID No. However, if you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote. If you forget your password, you can reset your password by using "Forget User Details/Password" option available on www.evoting.nsdl.com

    – Once the vote on a Resolution is cast by the Member, the Member shall not be allowed to change it subsequently or cast the vote again.

    – Member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again.

    – At the end of remote e-voting period, the facility shall forthwith be blocked.

18. The Board vide its Resolution passed on 29th May, 2019 has appointed Ms. Balika Sharma, Practising Company Secretary (Membership No. F4816, COP No. 3222), as Scrutinizer for conducting the e-voting process in accordance with the law and in a fair and transparent manner.

    The Scrutinizer shall immediately after the conclusion of voting at the AGM, first count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 3 (Three) days of the conclusion of the Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, forthwith to the Chairman of the Company or any person authorized by him in writing and the Results shall be declared by the Chairman or any person authorized by him thereafter.

    The Results declared along with the Scrutinizer's Report shall be placed on the website of the Company www.havells.com and on the website of NSDL immediately after the declaration of Result by the Chairman or any person authorized by him in writing. The results shall also be forwarded to the Stock Exchanges where the shares of Company are listed.

19. The details of the process and manner for remote e-voting are explained herein below:

Step 1 : Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 are mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c) How to retrieve your 'initial password'?

      (i) If your email id is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email id. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

      (ii) If your email id is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the "initial password" or have forgotten your password:

   a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com

   b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/ folio number, your PAN, your name and your registered address.

   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 are given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

2. After click on Active Voting Cycles, you will be able to see all the Companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select "EVEN" of the Company.

4. Now you are ready for e-Voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/ modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

8. Once you confirm your vote on the Resolution(s), you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPEG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to csbalikasharma.h@gmail.com or investors@havells.com with a copy marked to evoting@nsdl.co.in
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in. Members may also write to the Company Secretary at the email address: investors@havells.com.

20. You can update your mobile number and email id in the user profile details of the folio which may be used for sending communication(s) regarding NSDL e-voting system in future.
21. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for Shareholders available at the "downloads" section of www.evoting.nsdl.com
22. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company between 10:00 am to 01:00 pm any working day till the date of AGM.
23. The complete particulars of the venue of the Meeting including route map and prominent land mark for easy location are enclosed herewith. The route map of the Venue of the Meeting is also hosted along with the Notice on the website of the Company i.e. www.havells.com
24. In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company will be providing one-way live webcast of the proceedings of the AGM on the NSDL website. You may access the same at https://www.evoting.nsdl.com by using your remote e-voting credentials. The link will be available in shareholder login where the EVEN of Company will be displayed. The Webcast facility will be available from 10:00 a.m. onwards on 27th July, 2019, Saturday.

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

Sanjay Kumar Gupta
Company Secretary
Membership No.: F3348

Noida, 29th May, 2019
Registered Office:
904, 9th Floor, Surya Kiran Building
K G Marg, Connaught Place, New Delhi – 110 001
CIN: L31900DL1983PLC016304

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

ITEM NO. 5

The Board, on the recommendation of the Audit Committee, in its Meeting held on 29th May, 2019 has approved the appointment and remuneration of M/s. Sanjay Gupta & Associates, Cost Accountants, (Registration No. 00212), as the Cost Auditors of the Company to conduct the audit of the cost records of the Company for the Financial Year 2019-20 at a fee of Rs. 9.00 Lakhs subject to TDS, GST etc., as applicable, apart from out of pocket expenses, as remuneration for cost audit services for the Financial Year 2019-20.

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

Accordingly, consent of the members is being sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year ending 31st March, 2020.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 5 of this Notice.

The Board recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

ITEM NO. 6

The 5 (Five) year term of Shri Anil Rai Gupta (DIN: 00011892), as the Chairman and Managing Director and the CEO of the Company which commenced from 1st April, 2014 expired on 31st March, 2019.

The Board of Directors upon the recommendation of the Nomination and Remuneration Committee, in its Meeting held on 20th March, 2019, and subject to the approval of Members of the Company, re-appointed Shri Anil Rai Gupta as the Chairman and Managing Director and the CEO of the Company for a further period of 5 (Five) years w.e.f. 1st April, 2019.

Pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the Board recommends the re-appointment of Shri Anil Rai Gupta as the Chairman and Managing Director and the CEO of the Company, to the Members for their approval.

Except Shri Anil Rai Gupta, no other Director(s) and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the Resolution set out at Item No. 6. of this Notice.

Disclosure u/r 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is set out in the Annexure to the Explanatory Statement. Other details as required under ICSI Secretarial Standard SS-2 are also included in the Corporate Governance Report of the Annual Report of the Company.

ITEM NO. 7

The prevailing 5 (Five) year term of Shri Ameet Kumar Gupta (DIN: 00002838), as the Whole-time Director of the Company which commenced from 1st January, 2015 shall expire on 31st December, 2019.

The Board of Directors upon the recommendation of the Nomination and Remuneration Committee, in its Meeting held on 29th May, 2019, and subject to the approval of Members of the Company, re-appointed Shri Ameet Kumar Gupta as a Whole-time Director of the Company for a further period of 5 (Five) years w.e.f. 1st January, 2020.

Pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the Board recommends the re-appointment of Shri Ameet Kumar Gupta as a Whole-time Director, to the Members for their approval.

Except Shri Ameet Kumar Gupta and Shri Surjit Kumar Gupta, no other Director(s) and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the Resolution set out at Item No. 7 of this Notice.

Disclosure u/r 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is set out in the annexure to the Explanatory Statement. Other details as required under ICSI Secretarial Standard SS-2 are also included in the Corporate Governance Report of the Annual Report of the Company.

ITEM NO. 8

The prevailing 5 year term of Shri Rajesh Kumar Gupta, (DIN: 00002842) as the Whole-time Director (Finance) and Group CFO of the Company which commenced from 1st April, 2015 shall expire on 31st March, 2020.

The Board of Directors upon the recommendation of the Nomination and Remuneration Committee, in its Meeting held on 29th May, 2019, and subject to the approval of members of the Company, re-appointed Shri Rajesh Kumar Gupta, as the Whole-time Director (Finance) and Group CFO of the Company for a further period of 5 (Five) years w.e.f. 1st April, 2020.

Pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the Board recommends the re-appointment of Shri Rajesh Kumar Gupta, as the Whole-time Director (Finance) and Group CFO of the Company, to the Members for their approval.

Except Rajesh Kumar Gupta, no other Director(s) and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the Resolution set out at Item No. 8 of this Notice.

Disclosure u/r 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is set out in the annexure to the Explanatory Statement. Other details as required under ICSI Secretarial Standard SS-2 are also included in the Corporate Governance Report of the Annual Report of the Company.

ITEM NO. 9 & 10

A diverse skill-set of the Board of Directors have become a necessity in today's dynamic and complex world. A group of individuals with varied skill-sets and experience is critical for providing comprehensive guidance and direction to a Company. A balanced wholesome Board with complementary skill-sets amongst the directors is imperative to make informed business judgement in the current scenario. As the complexities in various statutory compliances have increased manifold requiring specialized knowledge of the related provisions applicable to the organization, it would therefore be apt to have a Board level representative to deal with such compliances.

Accordingly, the Board of Directors upon the recommendation of the Nomination and Remuneration Committee, in its Meeting held on 29th May, 2019, and subject to the approval of Members of the Company appointed Shri Siddhartha Pandit (DIN: 03562264) as an Additional Director on the Board of Directors of the Company and also a Whole-time Director for a period of 3 (Three) years with effect from 29th May, 2019.

The Company has received consent in writing to act as Director in Form DIR-2 and intimation in Form DIR-8 to the effect that he is not disqualified u/s 164(2) to act as Director, besides other documents.

Mr Pandit holds office upto the Annual General Meeting of the Company. Pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the Board recommends the appointment of Shri Siddhartha Pandit, as a Director and a Whole-time Director, to the Members for their approval.

Except Shri Siddhartha Pandit, no other Director(s) and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the Resolutions set out at Item No. 9 & 10 of this Notice.

Disclosure u/r 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is set out in the annexure to the Explanatory Statement. Other details as required under ICSI Secretarial Standard SS-2 are also included in the Corporate Governance Report of the Annual Report of the Company.

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

Sanjay Kumar Gupta
Company Secretary
Membership No.: F3348

Noida, 29th May, 2019
Registered Office:
904, 9th Floor, Surya Kiran Building
K G Marg, Connaught Place, New Delhi – 110 001
CIN: L31900DL1983PLC016304

PURSUANT TO REGULATION 36 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARD 2 ISSUED BY ICSI, INFORMATION ABOUT THE DIRECTORS PROPOSED TO BE APPOINTED/ RE-APPOINTED IS FURNISHED BELOW:

Name of Director (DIN)	Date of Birth (No. of Equity Shares held)	Qualification (Relationship with other Directors)	Nature of Expertise	Name of Companies in which he/ she holds Directorship #	Name of Committees of the Companies of which he/ she holds Membership
Shri Anil Rai Gupta (DIN: 00011892)	20th April, 1969 (NIL)	BA (Eco), MBA (Marketing and Finance) from Wake Forest University, North Carolina, USA (Not related with any Director of the Company)	His marketing strategies proved to be highly fundamental for transforming Havells from a family brand to a globally recognized electricals and consumer durable company.	• Havells India Limited • QRG Enterprises Limited • QRG Medicare Limited • QRG Central Hospital & Research Centre Limited • QRG Investments and Holdings Limited • Havells Global Limited • Jana Capital Limited	Havells India Limited - Stakeholders Relationship/ Grievance Redressal Committee-Member - Share Allotment and Transfer Committee- Member - Executive Committee-Member - Corporate Social Responsibility Committee-Member - Enterprises Risk Management Committee-Member QRG Investments and Holdings Limited - Audit Committee-Chairman - ALCO Committee-Chairman QRG Enterprises Limited - Corporate Social Responsibility Committee-Member - Executive Committee-Member QRG Medicare Limited - Executive Committee-Member
Shri Ameet Kumar Gupta (DIN: 00002838)	16th January, 1972 (NIL)	BE (Electronics & Communication) DU, MBA (Marketing and Finance) from Wake Forest University, North Carolina, USA (Related with Shri Surjit Kumar Gupta)	Shri Ameet Kumar Gupta has been working with the QRG group for over 2 decades and is actively involved in new business development activities along with Shri Anil Rai Gupta. In addition, he has been accredited with new product introduction and development and also for setting up new plants and manufacturing facilities for the QRG group. His functions include spearheading new projects being under taken by the organisation.	• Havells India Limited • QRG Enterprises Limited • QRG Medicare Limited • QRG Central Hospital & Research Centre Limited • QRG Investments and Holdings Limited • Havells Global Limited	Havells India Limited - Executive Committee-Member QRG Enterprises Limited - Audit Committee-Member - Nomination & Remuneration Committee-Member - Executive Committee-Member - Corporate Social Responsibility Committee-Member QRG Medicare Limited - Audit Committee-Member - Nomination & Remuneration Committee-Member - Executive Committee-Member QRG Investments and Holdings Limited - Audit Committee-Member - ALCO Committee-Member
Shri Rajesh Kumar Gupta (DIN: 00002842)	17th June, 1957 (8,00,688 Equity Shares of Re.1/- each)	Chartered Accountant (Not related with any Director of the Company)	Highly qualified Chartered Accountant with rich experience in finance and allied fields, Shri Rajesh Kumar Gupta, is the Whole-time Director (Finance) and Group CFO of Havells India Limited. He has been long associated with the QRG group since the beginning of his career and has helped shape up the finance sector and simultaneously played a multi-dimensional role in creating the culture, systems and processes across the organization.	• Havells India Limited	Havells India Limited - Share Allotment and Transfer Committee- Member - Executive Committee-Member - Corporate Social Responsibility Committee-Member - Enterprises Risk Management Committee-Member
Shri Siddhartha Pandit (DIN: 03562264)	30th May, 1968 (2,208 Equity Shares of Re. 1/- each)	BA LLB (Not related with any Director of the Company)	Mr Siddhartha Pandit has been heading the Legal Department of the Company since 2015. LEP (Leadership Excellence Program) from Harvard Business School and BA LLB from Delhi University, Mr. Pandit is an astute legal professional with over 27 years of extensive experience across industries with expertise in Contract Drafting & Negotiations, Litigation Management (Civil & Criminal), Dispute Resolution, Mergers and Aquisitions, Statutory Compliances, Intellectual Property Rights (IPR) etc. He began his career by gaining court experience under Mr. P.P Malhotra (Sr. Advocate) and also worked with Rajinder Narain & Co. Later he moved into Corporate to work with Max India, Samsung, Ciena, Carrier and Tower Vision. In his last assignment, he was associated with Indus Towers as VP - Legal.	• Havells India Limited	-

 # Directorship indicates directorship in Indian Public Companies including Havells India Limited.

Note: For other details, please refer to the Corporate Governance Section of the Annual Report 2018-19.

HAVELLS

HAVELLS INDIA LIMITED

Regd. Office: 904, 9th Floor, Surya Kiran Building, K G Marg, Connaught Place, New Delhi-110 001
Corp. Office: QRG Towers, 2D, Sector – 126, Expressway, Noida (U.P.) – 201 304
Tel. No.: 0120-3331000, Fax No.: 0120-3332000, E-mail: investors@havells.com
Website: www.havells.com, CIN: L31900DL1983PLC016304

Dear Member,

Sub: Updation of KYC Details in the Master Data

In order to ensure that all communications and monetary benefits are received promptly by all Shareholders holding shares in physical form, the Company, through periodic communiques, advises such shareholders to notify to the Company, any change in their address/ bank details /email Id etc. by a written request under the signatures of sole/ first named joint holder along with relevant supporting documents.

SEBI vide its Circular dated 20th April, 2018 had also greatly emphasized on collection of the Bank Account details and the PAN details of the shareholders in order to enable Companies/ RTA to raise standards and provide improved services to the Shareholders.

In this background, we are attaching herewith a KYC Form for all the shareholders holding shares in physical form to get all their details updated in the Master Data.

Kindly note that this Form is only for the purpose of master data Updation of Shareholders holding Shares in Physical form.

In case of Dematerialised Shareholding, the Company takes note of the details furnished only by the Depositories, whenever such information is available. You are therefore requested to provide such information only to your Depository Participant (DP), in case the shares are held in demat form.

We recommend and request you to get your details updated in the master data and submit the attached KYC Form to the Company at its Corporate Office at Havells India Limited, QRG Towers, 2D, Sector – 126, Expressway, Noida (UP) – 201 304, preferably before the dividend for the current Financial Year is paid to you.

Assuring you of our best services.

Thanking you.
Yours faithfully,

For **Havells India Limited**

(Sanjay Kumar Gupta)
Company Secretary

Encl.: KYC Form

KYC FORM
(Only for physical shareholding)

To,
The Secretarial Department
HAVELLS INDIA LIMITED
QRG Towers, 2D Sector – 126,
Expressway, Noida (U.P.) – 201 304

Date: ______//___//___________

Folio No: ____________________

No of Shares: ____________________

Dear Sir/ Madam,

We wish to update the KYC and in this matter are forwarding herewith the required supporting documents by ticking in the appropriate checkbox below

A For registering PAN of the registered and/ or joint shareholders (as applicable)

☐ Registered shareholder ☐ Joint holder 1 ☐ Joint holder 2 ☐ Joint holder 3

Please attach self-attested legible copy of PAN card (exempted for Sikkim Shareholders).

B For registering Bank details of the registered shareholder

1. In cases wherein the original cancelled cheque leaf has the shareholder's name printed

☐ Aadhar/ Passport/ Utility Bill ☐ Original cancelled cheque leaf

2. In cases wherein the cancelled cheque leaf does NOT contain the shareholder's name printed on it

☐ Aadhar/ Passport/ Utility Bill ☐ Original cancelled cheque leaf ☐ Bank Passbook/ Bank Statement

Please note that bank passbook/ Bank Statement should be duly attested by the officer of the same bank with his signature, name, employee code, designation, bank seal & address stamp, phone no. and date of attestation.

C For updating the Specimen Signature of the registered and/ or joint shareholders

1. In cases wherein the original cancelled cheque leaf has the shareholder's name printed

☐ Affidavit ☐ Banker verification ☐ Original cancelled cheque leaf

2. In cases wherein the cancelled cheque leaf does NOT contain the shareholder's name printed on it

☐ Affidavit ☐ Banker verification ☐ Original cancelled cheque leaf ☐ Bank Passbook/ Bank Statement

- The format of Banker Verification is available on the website of the Company www.havells.com under shareholder's corner in investors relation section.
- Please note that Bank passbook/ Bank Statement should be duly attested by the officer of the same bank with his signature, name, employee code, designation, bank seal & address stamp, phone no. and date of attestation.

D For Updating the email id for the purpose of receiving all communications in electronic mode

____

E For updating the Mobile No

I/ We hereby state that the above mentioned details are true and correct and we consent towards updating the particulars based on the self-attested copies of the documents enclosed with this letter by affixing my/ our signature(s) to it

Sign:______________	Sign:______________	Sign:________________	Sign:________________
Registered holder	Joint holder 1	Joint holder 2	Joint holder 3

HAVELLS INDIA LIMITED

Regd. Office: 904, 9th Floor, Surya Kiran Building, K G Marg, Connaught Place, New Delhi - 110 001
Corp. Office: QRG Towers, 2D, Sector – 126, Expressway, Noida (U.P.) – 201 304
Tel. No.: 0120-3331000, Fax No.: 0120-3332000, E-mail: investors@havells.com
Website: www.havells.com, CIN: L31900DL1983PLC016304

Form No. MGT-11

Proxy form

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

CIN : L31900DL1983PLC016304

Name of the Company : Havells India Limited

Registered office : 904, 9th Floor, Surya Kiran Building, K G Marg, Connaught Place, New Delhi - 10 001

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

I/ We, being the Member(s) of ______________________ shares of the above named Company, hereby appoint

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

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

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

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the 36th Annual General Meeting of the Company, to be held on the 27th day of July, 2019, Saturday at 10:00 am at Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi - 110 003 and at any adjournment thereof in respect of such Resolutions as are indicated below:

Ordinary Businesses

1. Adoption of Standalone and Consolidated Annual Financial Statements of the Company for the Financial Year ended 31st March, 2019. (Ordinary Resolution)

2. Declaration of Final Dividend of Rs. 4.50/- per equity share of Re. 1/- each for the Financial Year ended 31st March, 2019. (Ordinary Resolution)

3. Re-appointment of Shri Anil Rai Gupta (DIN: 00011892), retiring by rotation and being eligible, offering himself for re-appointment (Ordinary Resolution)

4. Re-appointment of Shri Rajesh Kumar Gupta (DIN: 00002842), retiring by rotation and being eligible, offering himself for re-appointment. (Ordinary Resolution)

Special Businesses

5. Ratification of the Remuneration to Cost Auditors in terms of the Companies Act, 2013. (Ordinary Resolution)

6. Re-appointment of Shri Anil Rai Gupta (DIN: 00011892) as Chairman and Managing Director and CEO of the Company for further period of 5 (Five) years.(Ordinary Resolution)

7. Re-appointment of Shri Ameet Kumar Gupta (DIN: 00002838) as a Whole-time Director of the Company for further period of 5 (Five) years.(Ordinary Resolution)

8. Re-appointment of Shri Rajesh Kumar Gupta (DIN: 00002842) as Whole-time Director (Finance) and Group CFO of the Company for further period of 5 (Five) years.(Ordinary Resolution)

9. Appointment of Shri Siddhartha Pandit (DIN: 03562264) as a Director liable to retire by rotation.(Ordinary Resolution)

10. Appointment of Shri Siddhartha Pandit (DIN: 03562264) as a Whole-time Director for a period of 3 (Three) years. (Ordinary Resolution)

Signed this_______day of_______2019

Signature of Shareholder :

Signature of Proxy holder(s) : ………………………………….........……….

Affix
Revenue
Stamp

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

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HAVELLS INDIA LIMITED

Regd. Office: 904, 9th Floor, Surya Kiran Building, K G Marg, Connaught Place, New Delhi - 110 001
Corp. Office: QRG Towers, 2D, Sector – 126, Expressway, Noida (U.P.) – 201 304
Tel. No.: 0120-3331000, Fax No.: 0120-3332000, E-mail: investors@havells.com
Website: www.havells.com, CIN: L31900DL1983PLC016304

ATTENDANCE SLIP FOR ATTENDING ANNUAL GENERAL MEETING

Date: 27th July, 2019, Saturday

Time: 10:00 am

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

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

DP ID No. ……………………............…. Client ID No. ……………...…………………

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

I hereby record my presence at the 36th Annual General Meeting of the Company at Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi - 110 003 at 10:00 am on 27th July, 2019 (Saturday).

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

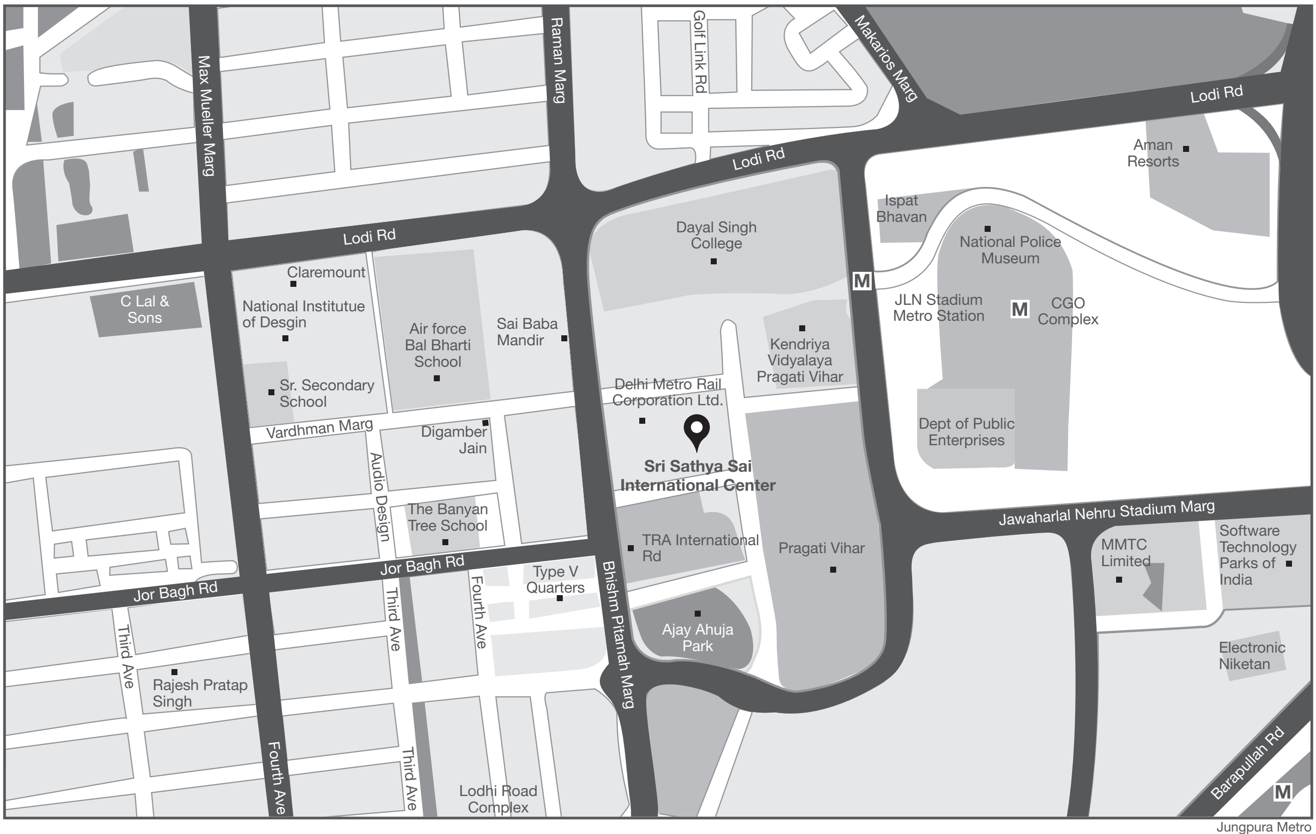
……………………………........
Signature of Member / Proxy

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

(sticker)

EVEN USER –ID PASSWORD

ROUTE MAP TO THE VENUE OF THE 36TH AGM OF HAVELLS INDIA LIMITED



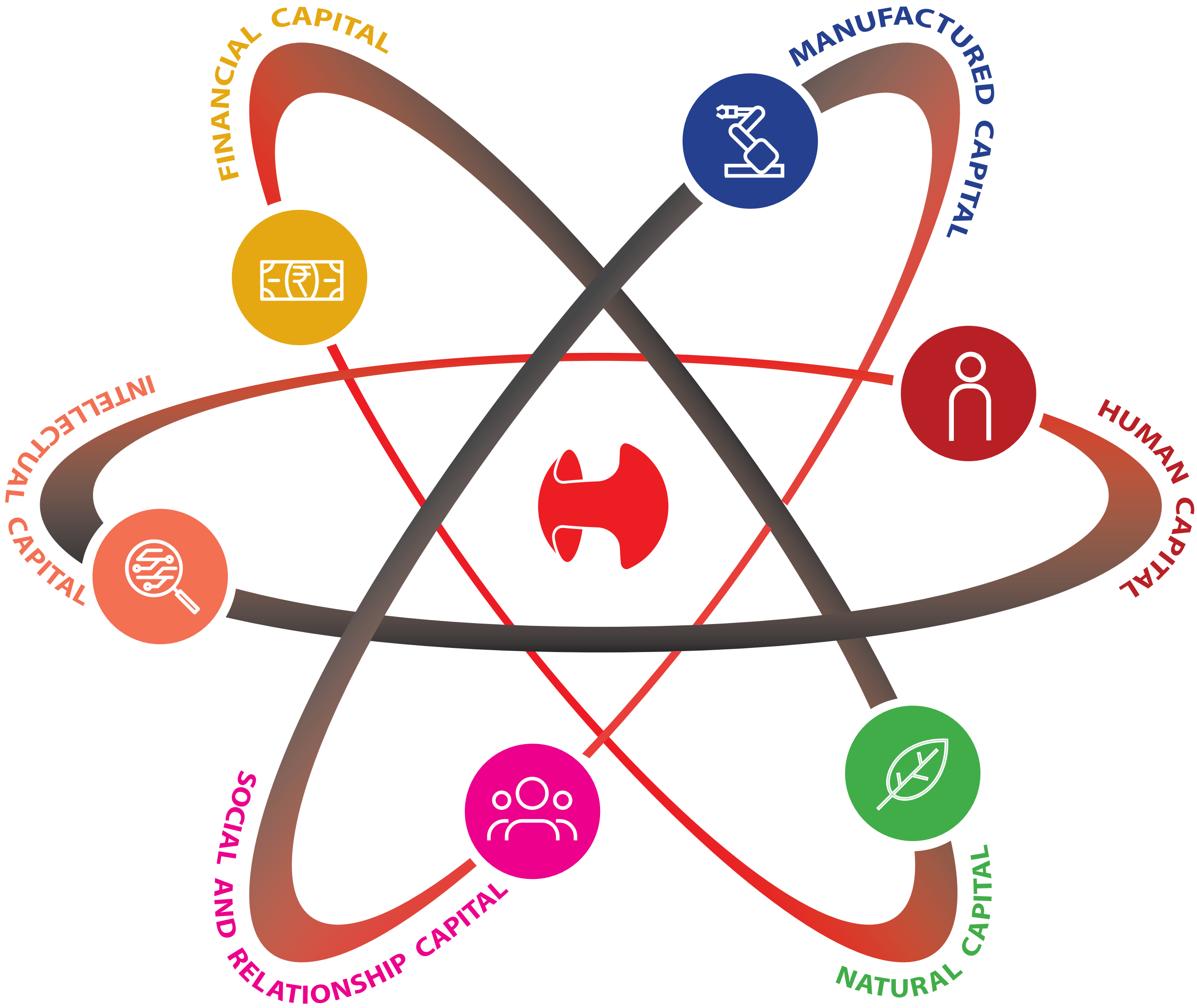
Sri Sathya Sai International Centre
Pragati Vihar, Lodhi Road, New Delhi- 110 003

HAVELLS

HAVELLS INDIA LIMITED

1ST INTEGRATED REPORT 2018-19

36TH YEAR



INTEGRATED
VALUE CREATION

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Introduction

Integrated Report

Statutory Reports

Financial Statements

To get this report instantly on any of your mobile devices, please scan the QR code given below

Forward-Looking Statements

Statements in this 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. We neither assume any obligation nor intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

INTEGRATED VALUE CREATION

The creation, sustenance and distribution of value are the core activities of any commercial enterprise. At Havells, we have enlarged the ambit of 'Value' by incorporating other capitals like manufactured, social, intellectual, human and natural capital instead of just considering financial capital alone.

Welcome to Havells India Limited, where integrated value creation is a way of life.

We present to you our first integrated report articulating our integrated approach to value creation and the six capitals described below. We have depicted this value creation through an atomic structure, with the Havells value creation model as the nucleus and various capitals revolving around the nucleus, creating a stabilizing and multiplying effect for the overall value creation model.

We use **Financial Capital** in the form of funds (equity and working capital) in order to secure and grow other forms of capital to consistently deliver high returns to our stakeholders.

Our **Manufactured Capital** (plant and machinery) is deployed to maximize in-house manufacturing of our products, aided by certain components we source from our partners.

With our technologically advanced product range and well established brands, **Intellectual Capital** (brands, patents and design registrations) enables us to attain technical superiority, create product differentiation, and maintain leadership position.

We value **Human Capital** (employees and contractors), and continually invest in improving the skills and capabilities of our employees to ensure their personal and professional growth.

Our responsible approach to **Natural Capital** (raw materials, water and energy) has helped us meet the statutory requirements for our operations, while minimizing impact on the environment.

Our value creation story is underpinned by the **Social and Relationship Capital** (dealers, distributors, local communities) that we have built over the years and is vital to our business and sustained growth.

This report discloses both the financial and non-financial performance of Havells' operations (plants and offices) across India for the reporting period from 1st April 2018 to 31st March 2019. This report is prepared in line with the requirements of the Integrated Reporting framework suggested by the International Integrated Reporting Council (IIRC).

The Statutory Statements and Financial Reports which are part of this report, adhere with the requirements of the Companies Act, 2013 (including the rules made thereunder), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Indian Accounting Standards and the applicable Secretarial Standards. The financial information of the Integrated Report has been extracted from the audited financial statements and the non-financial information from the Sustainability Report. Please refer to statutory reports for the auditors' report and Financial Statements.

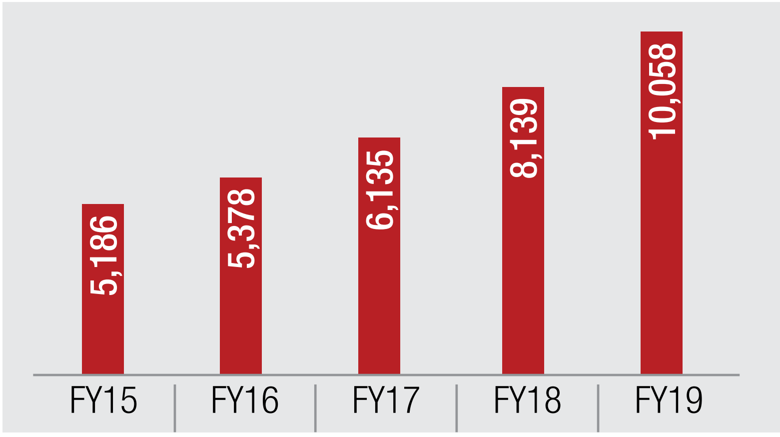
A complete list of subsidiaries and joint ventures is available in our statutory reports.

FINANCIAL PERFORMANCE

Net Revenue

24%

Growth

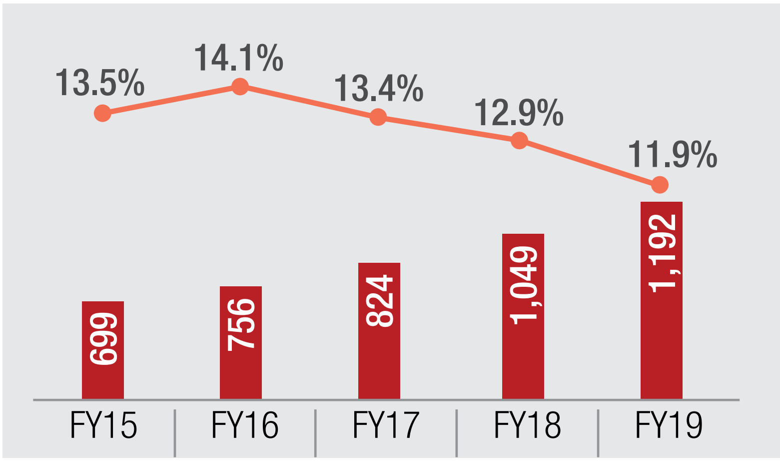


(₹ in Crores)

EBIDTA* & EBIDTA Margin (%)

14%

Growth



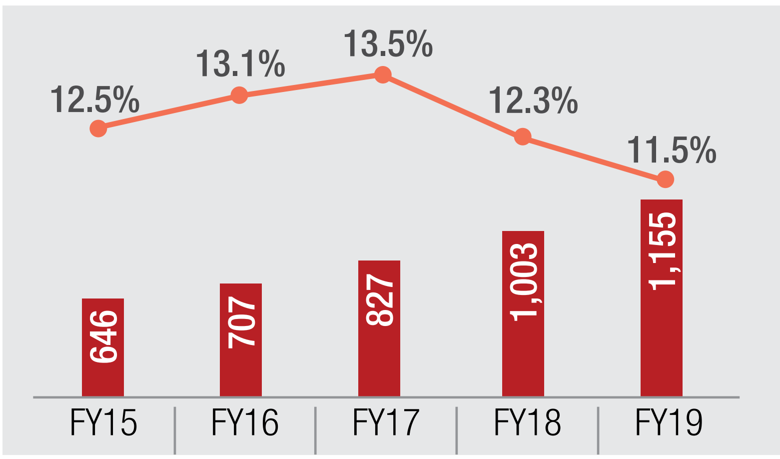
EBIDTA Margin as % to Net Revenue EBIDTA (₹ in Crores)

*Earnings Before Interest, Depreciation, Tax & Amortisation

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

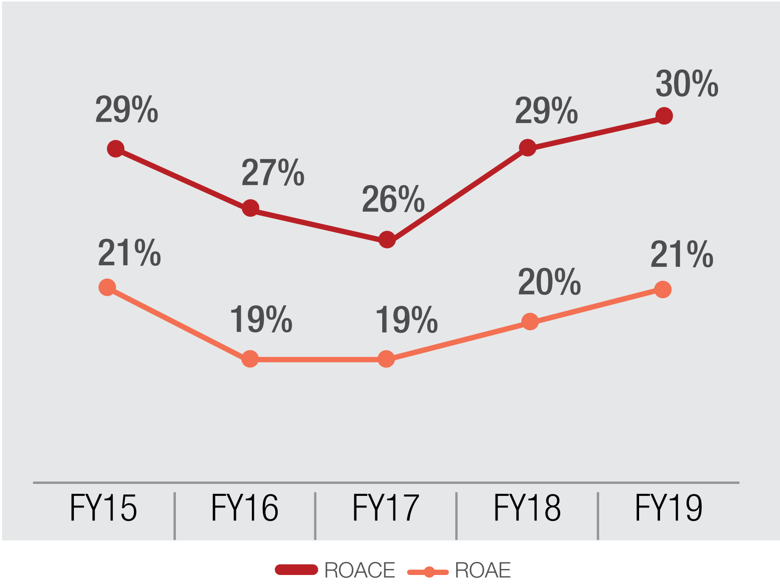
15%

Growth



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

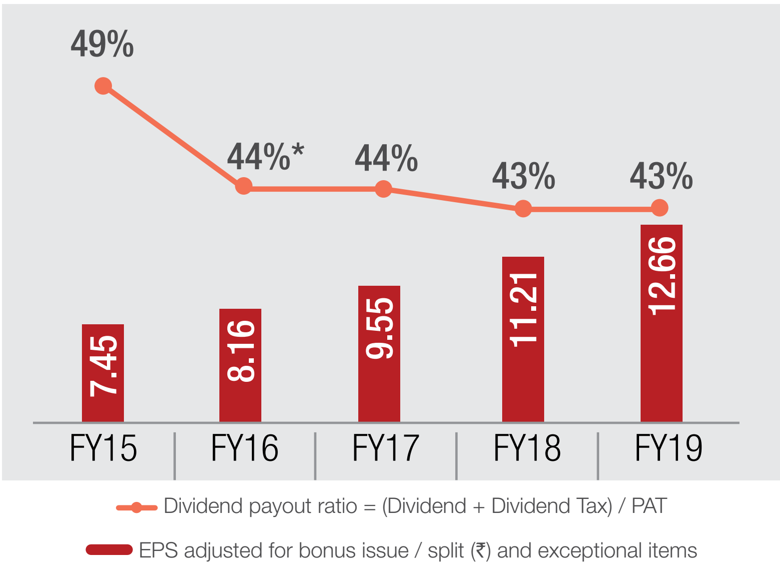
Return on Average Capital Employed (ROACE) & Return on Average Equity (ROAE) (%) (on normalised basis)



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

13%

Growth



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

CHAIRMAN'S MESSAGE

Our revenues grew by 24% and profitability grew by 11%. We will continue to invest in institutional capability building, increased channel penetration, brand proliferation, production capacity and innovative solutions

93 **Million**

Meals to children across 693 government schools since 2005

7th

Place globally in the 2018 Dow Jones Sustainability Index

Dear Shareholders,

I am happy to present to you the first integrated report of Havells India Limited. With this, we reinforce our drive for long-term value creation by focusing on business diversification, process improvement, people engagement, and most importantly, corporate governance. For us, governance is a philosophy, rather than a compliance discipline. It enables better corporate performance and long-term value creation for our shareholders and other stakeholders.

Through this integrated report, we present the interplay of capitals - financial, manufactured, intellectual, human, social and natural. We comprehensively explain how the Company achieves long-term value creation within the challenging and complex environment and its plans to sustain the same in the future.

We continue to remain focused on our 'Deeper into Homes' strategy and are confident of it being supported by favourable macro-economic levers like urbanization, electrification, young demography and consumer's aspiration for brands. We are convinced of successfully executing on this strategy because we have the right culture, talent and necessary resources not only to deliver the current plan, but also to imagine new ideas and ways to transform our business.

We are encouraged with growth across the product verticals and channels witnessed in FY 2018-19. Though, volatility in commodity prices, foreign currencies and NBFC-led liquidity squeeze in the channels had some impact, yet your Company has been resilient through the turbulence. During the year, our revenues grew by 24% and profitability grew by 11%. We will continue to invest in building institutional capability, and increasing channel penetration, brand proliferation, production capacity and innovative solutions.

Lloyd continues to evolve as a mass premium brand on the back of constant investment in its distribution, marketing and people. Favourable demand demographics should drive long-term industry growth for the brand. In continuation with our commitment to 'Make in India', Lloyd's first air conditioner plant at Ghiloth has started commercial production.

Since inception, we have been a major proponent of IT being an enabler and strategic advantage for the Company to gain market share, connect deeper with customers and increase profitability. Over the last one year, we have launched several mobile applications and portals to bring our customers and partners closer. We have been investing in future-ready platforms with capabilities like artificial intelligence, machine learning and natural language to serve as a foundation for these applications.

We recognise our responsibility to the planet and have committed ourselves to minimizing environmental impacts of our operations and products. We continue to develop energy-efficient products and increase the use of renewable energy to reduce our carbon footprint. During the year, we planted over 2 lakh trees thus adding to the country's green cover. Our sustainability performance received renewed recognition when, in the first year of participation, we got placed 7th globally in the 2018 Dow Jones Sustainability Index in our sector.

Furthermore, we served over 12 million meals this year to children across 693 government schools. During the year, we built 800 bio-toilets, adding to our total of 3,200 bio-toilets built and maintained since 2014. We also provided reusable sanitary napkins to over 22,000 girls, to ensure better health and hygiene. We continued to support the conservation of 15th century monument - Subj Burz and building of India's first underground heritage museum at Humayun's Tomb.

As India prepares to work towards a fast growing economy, it offers a plethora of opportunities. We are excited by these prospects and are prepared to leverage them. I take this opportunity to thank our employees, bankers, vendors and the Board for their confidence in us. I look forward to your continued and valuable support in the years to come.

Thanking you,

With warm regards,
Anil Rai Gupta

BOARD OF DIRECTORS

as on 31st March, 2019

1 **Upendra Kumar Sinha**

Independent Director

Mr. Upendra Kumar Sinha is the former Chairman, Securities and Exchange Board of India. Prior to this, he was the Chairman and Managing Director of UTI Asset Management Company and was the Joint Secretary (Banking and Capital Markets), Ministry of Finance, GoI. An ex-IAS officer, he holds degrees in Master of Science and Bachelor of Law.

2 **Dr. Adarsh Kishore**

Independent Director

Dr. Adarsh Kishore is a member of the 1969 batch of IAS, Rajasthan Cadre. He holds a Doctorate in Political Economy and has been the Former Finance Secretary, GoI and Former Executive Director of International Monetary Fund (IMF) representing Bangladesh, Bhutan, India and Sri Lanka.

3 **Surender Kumar Tuteja**

Independent Director

Mr. Surender Kumar Tuteja is a member of the 1968 batch of the Indian Administrative Services (IAS), Punjab cadre. He retired as Secretary to the Government of India (GoI).

4 **Puneet Bhatia**

Non-Independent, Non-Executive Director

Mr. Puneet Bhatia is the Managing Director and Country Head of India for TPG Asia. He holds a Bachelor of Commerce (Honors) degree from Sriram College of Commerce, Delhi and an MBA from the Indian Institute of Management, Calcutta.

5 **T. V. Mohandas Pai**

Non-Independent, Non-Executive Director

Mr. Mohandas Pai is a noted name in the industry and he was a Member of the Board at Infosys, where he also served as CFO and the lead for Human Resources and Education & Research. He is a Padma Shri recipient and is a keen philanthropist.

6 **Jalaj Ashwin Dani**

Independent Director

Mr. Jalaj Dani is the co-promoter of Asian Paints and has studied Chemical Engineering from USA and is a Certificate holder for participation in the Advanced Management Program conducted by INSEAD. He was identified as 'Stars 2000' - Potential Leaders in the New Millennium by 'Business India' Magazine.

A few years ago, Havells embarked on a journey of consolidating its internal processes and systems to support our growth and expansion of our product portfolio. This process of consolidation has resulted in redistribution of resources, creation of complimentary product portfolios and sustained cost optimization supported by technology that is integrating our philosophy of value creation. Havells has always upheld the importance of transparent communication within the organization and with our external stakeholders. Through this Integrated Report, we reinforce our commitment for open and accurate communication to our stakeholders, of all material information pertaining to our performance, value creation model, risks and opportunities.

7 **Pratima Ram**
Independent Director

Ms. Pratima Ram is a graduate from University of Virginia, USA and Bangalore University. An experienced banker with three decades of service in Corporate, International and Investment Banking, she has held leadership positions in India, USA and South Africa.

8 **Vellayan Subbiah**
Independent Director

Mr. Vellayan Subbiah is the Managing Director of Tube Investments of India Limited. He has a Bachelor of Technology in Civil Engineering from IIT Madras and a MBA from the University of Michigan, USA

9 **Vijay Kumar Chopra**
Independent Director

Mr. Vijay Kumar Chopra is a professional Chartered Accountant with a vast experience in finance and banking policies. He has held top leadership positions in renowned banks such as Central Bank of India and Punjab & Sindh Bank Corporation.

10 **Ameet Kumar Gupta**
Whole-time Director

Mr. Ameet Kumar Gupta leads new projects and new manufacturing facilities of the QRG Group. He has done Engineering in Electronics & Communication from Delhi University followed by an MBA in Marketing and Finance from Wake Forest University, USA.

11 **Surjit Kumar Gupta**
Non-Independent, Non-Executive Director

Mr. Surjit Kumar Gupta pioneered the technology and culture for delivering high-quality engineering products at Havells and has successfully guided the Company to enter into several foreign alliances.

12 **Anil Rai Gupta**
Chairman and Managing Director

Mr. Anil Rai Gupta served as the Executive Director of Havells since 1992, before becoming Chairman and Managing Director in 2014. He holds an MBA degree in Marketing and Finance from the Wake Forest University, USA. He is one of the founding members of the Ashoka University, and is deeply committed to economic and societal goals of Havells.

13 **Rajesh Kumar Gupta**
Whole-time Director (Finance), and Group CFO

Mr. Rajesh Kumar Gupta is a qualified Chartered Accountant with extensive experience in finance and allied fields. He has been associated with the QRG group since the beginning of his career and played a multi-dimensional role in creating its culture, systems and processes.

The direction and focus for this report, along with oversight on the content, was provided by those charged with governance at Havells. This report discloses pertinent information that is material to Havells' operations and its value creation process in accordance with the framework on Integrated Reporting of IIRC.

Please reach us at investors@havells.com for feedback or clarifications.

ABOUT HAVELLS INDIA LIMITED

Incorporated in 1983, Havells India Limited (Havells) is a fast moving electrical goods (FMEG) Company, with an influential pan-India presence. Driven by ethos of togetherness, it thrives on customer delight, dealer relationships, manufacturing efficiencies and employee engagement. Working towards building an ecosystem of harmony between manufacturing output and efficiencies, the Company offers a wide spectrum of high-quality, mass premium and durable electrical products that address the changing requirements of customers.

Havells enjoys an admirable market presence in a wide range of products including Fans, Water Heaters, Personal Grooming Products, Home Appliances, Industrial & Domestic Circuit Protection Devices, Cables & Wires, Motors, Modular Switches, Air Conditioners, Washing Machines, TV, Power Capacitors, Luminaires for Domestic, Commercial and Industrial Applications. With 13 state-of-the-art plants, over 90% of products are manufactured in-house.

Our DNA

Mission
To achieve our vision through business ethics, global reach, technological expertise, building long-term relationships with all our associates, customers, partners and employees.

Vision
To be a globally recognised corporation for excellence, governance, consumer delight and fairness to each stakeholder including the society and environment we operate in.

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 and Transparency
A commitment to be ethical, sincere and open in our dealings

Key Brands
We have strategically adopted a combination of organic and inorganic growth to move up the value chain and ensure sustained value creation. We now maintain a portfolio of five major brands (Havells, Lloyd, Crabtree, Standard and REO), offering a wide range of products at various price points to cater to varied aspirations and requirements of our customers.

HAVELLS

Making A Difference. Havells brand believes in making a difference in its consumers' lives through its advanced and innovative products. Not only does it believe in making the world a better place, but it does so with a unique take on life.

LLOYD

"Khayal Rakhenge. Khush Rakhenge". Lloyd is a new-age Indian brand that targets the young Indians who aspire for a fuller life and value products with technology that helps them live a life of choice.

Crabtree

"What A Life". Crabtree brand truly understands the needs of ever-evolving global consumers and is relentlessly working to offer integrated solutions that provide them with a unique experience.

STANDARD

"Standard - Young Energy". Standard is a brand that represents the youth who want to enjoy all the good things in life and the vibrancy of its target group is reflected in its products.

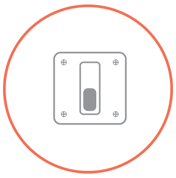
REO

"Trust Naam Mein. Perfect Kaam Mein". REO brand makes products which are safe, durable and thoughtfully designed, for the value conscious consumers who are looking to get the best value for their money.

Comprehensive product range

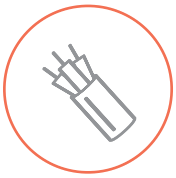
Havells has a presence across all segments of FMEG with products in Switchgear, Cable, Lighting and Fixtures and Electric Consumer Durables (ECD). With the acquisition of Llyods consumer division, we have entered the high value consumer white goods segment.

SWITCHGEARS



Revenue Contribution for FY 19	Revenue Contribution as a % of Net Revenue for FY 19	Margin Contribution as a % of Total Margin Contribution for FY 19
₹1,680 cr	17 %	27 %

CABLES



Revenue Contribution for FY 19	Revenue Contribution as a % of Net Revenue for FY 19	Margin Contribution as a % of Total Margin Contribution for FY 19
₹3,235 cr	32 %	22 %

LIGHTING & FIXTURES

Revenue Contribution for FY 19	Revenue Contribution as a % of Net Revenue for FY 19	Margin Contribution as a % of Total Margin Contribution for FY 19
₹1,293 cr	13 %	16 %

ELECTRICAL CONSUMER DURABLES

Revenue Contribution for FY 19	Revenue Contribution as a % of Net Revenue for FY 19	Margin Contribution as a % of Total Margin Contribution for FY 19
₹1,994 cr	20 %	22 %

HIGH-VALUE CONSUMER WHITE GOODS (LLOYD BUSINESS)

Revenue Contribution for FY 19	Revenue Contribution as a % of Net Revenue for FY 19	Margin Contribution as a % of Total Margin Contribution for FY 19
₹1,856 cr	18 %	13 %

New select launches

Lloyd Grande Air Conditioners
Cools to 18°C in just 45 seconds!*

*Grill temperature in test conditions

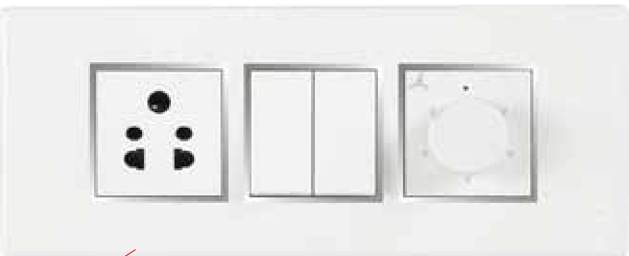
Introducing ULED TV
with Ultra Sense Dimming for True-life viewing experience

Efficiencia Neo
World's most energy-efficient fan with BLDC motor. It consumes only 26W

Adonia i:
An IoT-enabled water heater with wi-fi. Now operate your water heater from anywhere

Havells Trim Clip-On LED panel,
Fits any ceiling. Its unique adjustable bracket makes it easy-to-use as recess or surface panel light

Self Priming Pressure Pump
The pressure pump is designed to automatically start and stop depending on faucet/shower operation

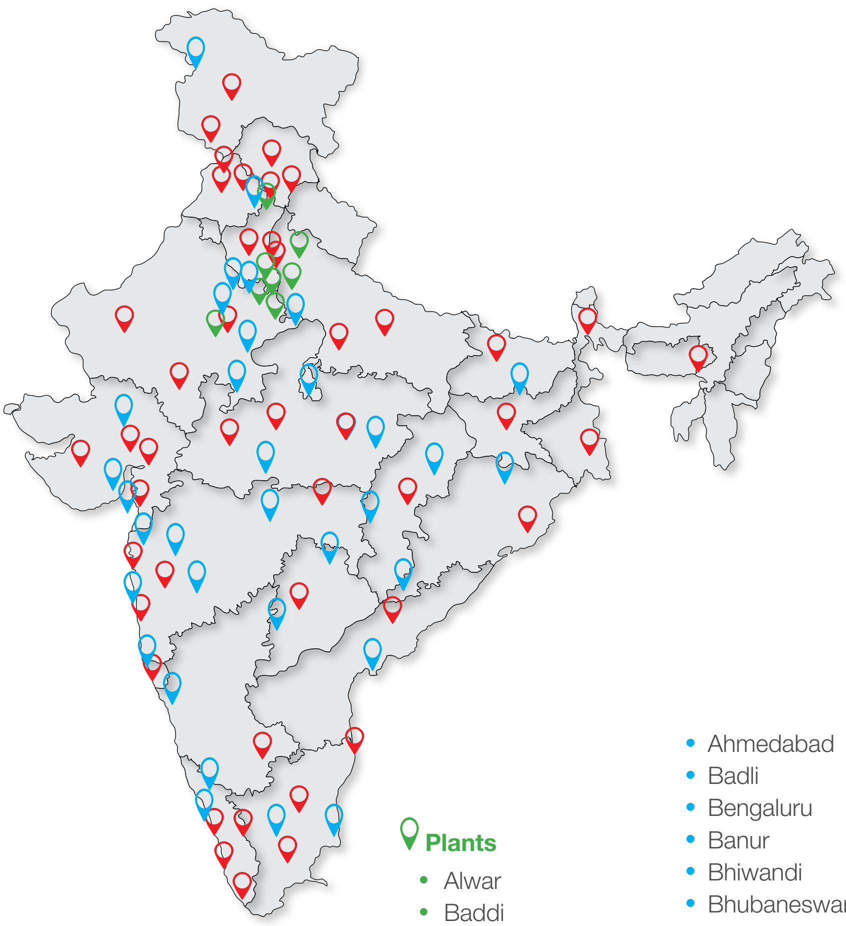


FRAMEIO
Presenting Frameio by Fabio, the dual orientation chrome finish front plates from Havells

Our Geographical Reach

Havells has a strong domestic presence across 45 cities with nearly 6,500 professionals. We operate in a large part of the FMEG market with a presence in 2,283 towns with a population of over 25,000 people, representing 50% of such towns in India. Havells pioneered the concept of exclusive brand showroom in the electrical industry with 'Havells Galaxy' stores. Today, over five hundred such stores across the country are aiding customers, both domestic and institutional, to choose from a wide variety of products for different uses and applications. We became the first fast moving electrical goods (FMEG) Company to offer doorstep service via our initiative 'Havells Connect' across the country.

OUR DOMESTIC PRESENCE



Map not to scale
For illustrative purposes only

Plants

- Alwar
- Baddi
- Faridabad
- Ghiloth
- Guwahati
- Haridwar
- Neemrana
- Sahibabad

Sales Offices

- Ahmedabad
- Amritsar
- Bengaluru
- Bhopal
- Bhubaneswar
- Calicut
- Chandigarh
- Chennai
- Cochin
- Coimbatore
- Dehradun
- Delhi
- Guwahati
- Hyderabad
- Indore
- Jabalpur
- Jaipur
- Jammu
- Jodhpur
- Kanpur
- Kolkata
- Lucknow
- Ludhiana
- Madurai
- Mumbai
- Nagpur
- Noida
- Patna
- Pune
- Raipur
- Rajkot
- Ranchi
- Siliguri
- Srinagar
- Surat
- Trichy
- Thiruvananthapuram
- Udaipur
- Vijayawada

Warehouses

- Ahmedabad
- Badli
- Bengaluru
- Banur
- Bhiwandi
- Bhubaneswar
- Burari
- Chennai
- Cochin
- Coimbatore
- Dadri
- Dehradun
- Delhi-Lloyd
- Goa
- Gurugram
- Guwahati
- Hubli
- Hyderabad
- IMT Manesar - Coolers
- Indore
- Jaipur
- Jammu
- Kanpur
- Kolkata
- Ludhiana
- Mumbai
- Nagpur
- Noida
- Patli
- Patna
- Pune
- Raigad-Taluja
- Raipur
- Ranchi
- Sahibabad
- Sikandrabad
- Surat
- Vijayawada

Governance that reinforces Value Creation

At Havells, we strongly believe that our reputation and brand is equally defined by the value we create for our stakeholders and the way it is created. Our value creation model is governed by an intrinsic sense of ownership, transparency and accountability. Besides explicitly defining the meaning of responsible governance, we disseminate this ethos through our actions right from senior management to individual employees.

Governance within the organization is built on transparency and accountable entrepreneurial traits. We proactively implement good governance practices even before they become a regulatory norm.

Our policies on Tenure of Independent Directors and Rotation of Chairpersons of various Board Committees, to name a few, were adopted before they became mandatory. Many of the amendments brought in by SEBI, upon recommendation of the Kotak Committee, are already being practiced at Havells. Independent woman director, convening AGM within 5 months from the close of the Financial year, are a few to name. For us, good governance is a key to strengthen and integrate our value creation.

Credit Analysis and Research (CARE), a corporate governance rating agency, has affirmed our commitment to good governance by assigning 2+ rating to our Corporate Governance practices.

Proactive Governance

More than 50% of the Board comprises of independent directors

Average Board Meeting attendance of 95% indicating high engagement of Board

Diverse Board with competencies in business, risk management, International Mergers & Acquisitions, Finance, Human Resources and Information Technologies providing a diverse experience for management of the organization

CARE CORPORATE GOVERNANCE Rating: 2 +

> *For us, governance is a philosophy, rather than a compliance discipline*

Culture of Compliance

Nurturing a culture of compliance is a key ingredient for success at Havells. We have in place effective controls, strong processes and ongoing reviews including checks and balances to ensure adherence to regulatory norms and organizational policies. We have implemented an ERP-linked Governance, Risk and Compliance (GRC) tool to monitor compliances.

These technology-enabled systems aim to instill an environment of compliance as a habit.

OUR VALUE CREATION JOURNEY

Havells' journey has been defined by consistent performance, strong relationships and leadership illustrated by our growth across all capitals.

	FINANCIAL	MANUFACTURED	INTELLECTUAL	HUMAN	NATURAL	SOCIAL & RELATIONSHIP
2019	PAT: ₹ 792 Cr Revenue: ₹ 10,058 Cr	Gross Block: 2,098 Cr Product Categories: 20	R&D Expenditure: ₹ 79 Cr	Employee Strength: 6,536 Employee Spend: ₹ 832 Cr	Renewable Energy Consumption: 4.6 GWh	Dealer Network: 10,500+ No. of Children served per day: 60,000
2015	PAT: ₹ 465 Cr Revenue: ₹ 5,239 Cr	Gross Block: 1,328 Cr Product Categories: 11	R&D Expenditure: ₹ 29 Cr	Employee Strength: 4,013 Employee Spend: ₹ 313 Cr	Renewable Energy Consumption: Nil	Dealer Network: 6,259 No. of Children served per day: 55,000
2010	PAT: ₹ 228 Cr Revenue: ₹ 2,371 Cr	Gross Block: 669 Cr Product Categories: 9	R&D Expenditure: ₹ 7 Cr	Employee Strength: 2,593 Employee Spend: ₹ 80 Cr	Renewable Energy Consumption: Nil	Dealer Network: 4,316 No. of Children served per day: 20,000
2005	PAT: ₹ 30 Cr Revenue: ₹ 582 Cr	Gross Block: 103 Cr Product Categories: 8	R&D Expenditure: ₹ 1 Cr	Employee Strength: 2,000+ Employee Spend: ₹ 26 Cr	Renewable Energy Consumption: Nil	Dealer Network: 3,500 No. of Children served per day: 3,000
2000	PAT: ₹ 3 Cr Revenue: ₹ 92 Cr	Gross Block: 19 Cr Product Categories: 4	R&D Expenditure: ₹ 0.6 Cr	Employee Strength: 1,000+ Employee Spend: ₹ 7 Cr	Renewable Energy Consumption: Nil	Dealer Network: 1,800 No. of Children served per day: Nil*

*Mid-day meal program started in 2005

Introduction
Integrated Report
Statutory Reports
Financial Statements

INTEGRATED VALUE CREATION MODEL

At Havells, we have identified three key strategic focus areas – Innovation, Market Reach and Brand Reinforcement which we prioritize to reinforce our value creation. The Company has defined goals and key priority areas for each capital along with KPIs which are periodically analyzed to measure the progress towards sustained value creation.

LONG-TERM STRATEGIC FOCUS AREAS

	INNOVATION		MARKET REACH		BRAND REINFORCEMENT	
	Financial Capital	**Human Capital**	**Manufactured Capital**	**Intellectual Capital**	**Social and Relationship Capital**	**Natural Capital**
Goal	Create sustained Economic Value for Stakeholders	Create conducive work environment to deliver value	Create integrated Infrastructure to provide an unparalleled customer experience through world-class products	Maintain the image of an "Aspirational Brand"	Contribution as a socially aware corporate citizen	Positively impact the environment through responsible actions
Key Priorities	Growth and Profitability	Retain and nurture talent	In-house manufacturing	Brand building	Contribution to exchequer	Use of renewable energy
	High ROACE	Value driven culture	High quality and energy-efficient solutions	Investment in R&D	Jobs creation	Minimise drain on Natural resources
	Manageable debt to equity	Training and development	Innovative technology to optimize resource usage	Enhance digitization	Support the underprivileged	Waste Management system
KPIs	▪ EBITDA Margin: 11.9% ▪ ROACE: 30% ▪ D/E Ratio: 0.02	▪ No. of training hours: 48,181 ▪ Employee Satisfaction score: 4.09 out of 5	▪ Over 90% in-house manufacturing ▪ Quality certifications ▪ Reduction in manufacturing rework	▪ Brand building expenditure: ₹ 384 Cr ▪ High top of the mind recall	▪ Contribution to exchequer: ₹ 2,454 Cr ▪ CSR Spend: ₹ 17.4 Cr ▪ Procurement Spend and local share: 78%	▪ Renewable energy consumed: 6% ▪ GHG emission: 76,000 mtCO_2e ▪ Amount of hazardous waste generated: 231 Mt

FINANCIAL CAPITAL

At Havells, we are focused on effectively deploying financial capital to grow other forms of capital and to create sustained economic value for all our stakeholders. The financial capital helps us in expanding our capabilities and delivering world-class products to our consumers.

Balancing Growth with risks and rewards

The Company has consistently delivered growth in its top line and bottom line with revenues and profits being at historical highs in FY 2019 at ₹ 10,058 cr and ₹ 792 cr respectively. The Company is net debt free as of 31st March, 2019 which is a reflection of strong operational efficiency, working capital management along with robust governance and risk management framework. We are focused towards excelling in performance, setting newer standards of achievement that ultimately result in enhancing revenues and thus value for each of our stakeholders including our consumers, dealers, vendors, employees and shareholders. Our stable business model, pre-defined strategies and homogeneous communications with internal and external stakeholders leads to transparency in decision-making and prudent capital allocation.

Revenue growth of CAGR

16%

during last 5 years

Healthy Financial Ratios

Focus on operating efficiencies and financial discipline has helped us maintain healthy return ratios.

Havells believes in inclusive growth and rewarding all its stakeholders. Giving back to shareholders is of prime importance which we have done consistently with regular dividends (and bonus issues) for over two decades.

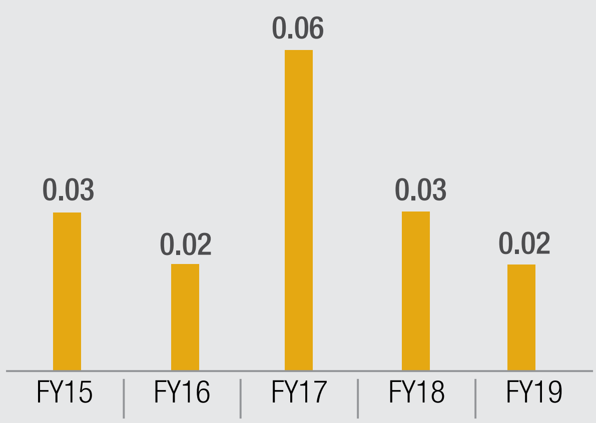
>40%

Maintaining dividend pay-out of 40%-50% since last 5 years

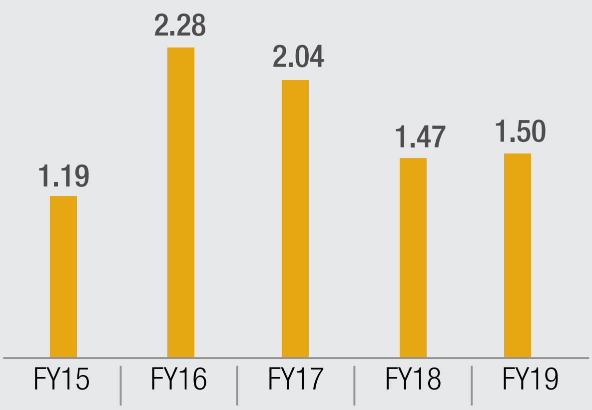
Healthy cash flow generation

The Company is consistently generating free cash flows which helps to fund organic as well as inorganic growth with minimum debt. We take pride in being a company which has been successful in financing significant investments through internal accruals thus retaining its debt-free status on a net basis. The Company has no working capital debt as of 31st March, 2019.

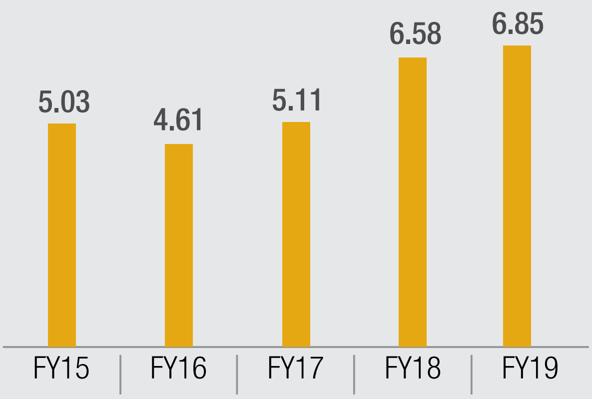
Debt-Equity Ratio



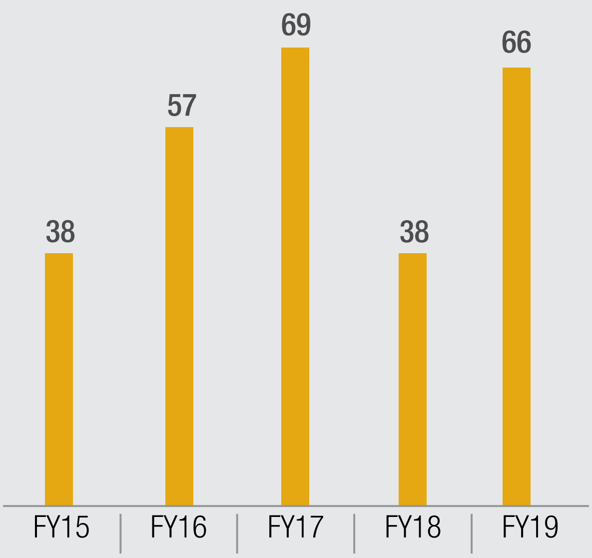
Current Ratio



Fixed Asset Turnover Ratio



Interest Coverage Ratio (in times)



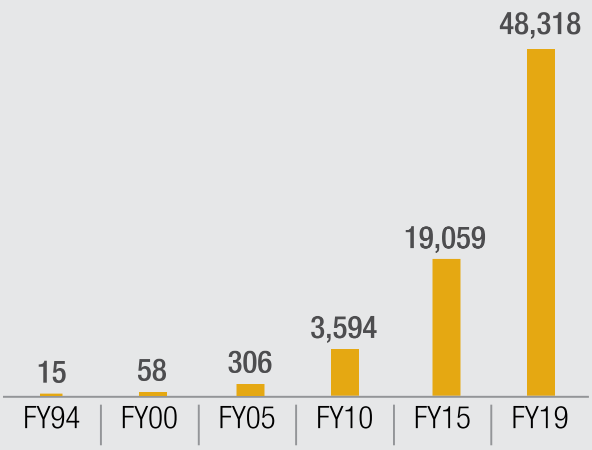
Sustained value creation for shareholders

During our 26 years of being listed on Indian stock exchanges, our market capitalization has grown from ₹ 15 cr in 1993 to ₹ 48,318 cr in 2019 giving our shareholders a compound annual growth rate return of 38%. An initial investment of ₹ 2,500 (on 100 equity shares) has, over this period, created a wealth of ₹ ~64 lakhs (including dividend payout of ₹ 1.95 lakhs*)

*This does not include proposed dividend for FY 2018-19

Market Capitalization

₹ in crores



We continue to deploy financial capital towards expansion, research and development, branding and marketing activity for equitable growth and profitability, thus reinforcing various capitals.

38%

Compounded growth in stock price over 26 years of listing

MANUFACTURED CAPITAL

Havells has believed in 'Make in India' since 1976, when it set-up its first manufacturing plant in Delhi. Today, we manufacture over 90% of our products in-house, allowing us to have better control over costs, maintain profitability and offer high quality products to cater to the ever-evolving needs of our discerning customers. It further reduces our import dependence thus lowering exposure to foreign currency fluctuation risks.

Leveraging Technology

The efficient use of our manufacturing capabilities enables us to be agile and innovative with stringent quality standards, thus retaining our leadership position across key product segments. We are constantly adopting new technologies, advanced machineries and exploring ways to operate our assets more efficiently and sustainably.

ALWAR –

Largest integrated single location cable plant in the country

BADDI –

India's No.1 MCB manufacturer

NEEMRANA –

Houses 3 plants. Motor plant, India's only large scale lighting fixture plant and world's most modern water heater plant. Won Smartest Industrial Building Award for 2017

SAHIBABAD –

State-of-the-art low voltage capacitor manufacturing with machinery from Switzerland

Our Greenfield Project

In FY 2018-19, the Company set-up its first AC manufacturing plant at Ghiloth, Rajasthan. Spread over an area of 50 acres, the plant will have an annual capacity of manufacturing 6 lakh units, expandable to 9 lakh units in the near future.

Set up with an initial investment of ₹ 350 cr, the plant is equipped with state-of-the-art injection molding machines, press shop, robots and automated guiding vehicles giving it substantial level of automation. The quality is being assured through various layers of rigorous tests in the manufacturing process as well as through in-house NABL accredited Laboratory.

Retaining Value through Efficient Manufacturing

We understand the importance of raw materials to manufacturing processes, and therefore aim to optimize its consumption. We continue with our strategy of reducing waste and increasing the share of recycled and alternative materials as input in the production process to improve material management for greater resource efficiency. For this, we have incorporated environmental and social considerations into every phase of the manufacturing processes across all our units.

GHILOTH –

Highly automated AC plant

FARIDABAD –

India's first Air Circuit Breaker with "C3" technology using common height, depth and panel door cutout

HARIDWAR –

Largest integrated fan factory in India

GUWAHATI –

Enhancing our presence in North East, the plant produces single and multi pole MCBs

INTELLECTUAL CAPITAL

Over the years, Havells has continued its investments in Intellectual capital through acquisition and development of physical assets, new technologies and people. Our R&D Center - Center for Research and Innovation (CRI), enables us to adopt disruptive technologies and develop newer customer-centric products thus delighting our consumers and, in the process, creating value for our stakeholders.

Research and Development (R&D)

Rigorous research led by experts at CRI has resulted in the development of several path-breaking technologies, innovative designs and high-efficiency products. Our CRI is ISO 9001: 2000 certified and recognized by the Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology, Government of India.

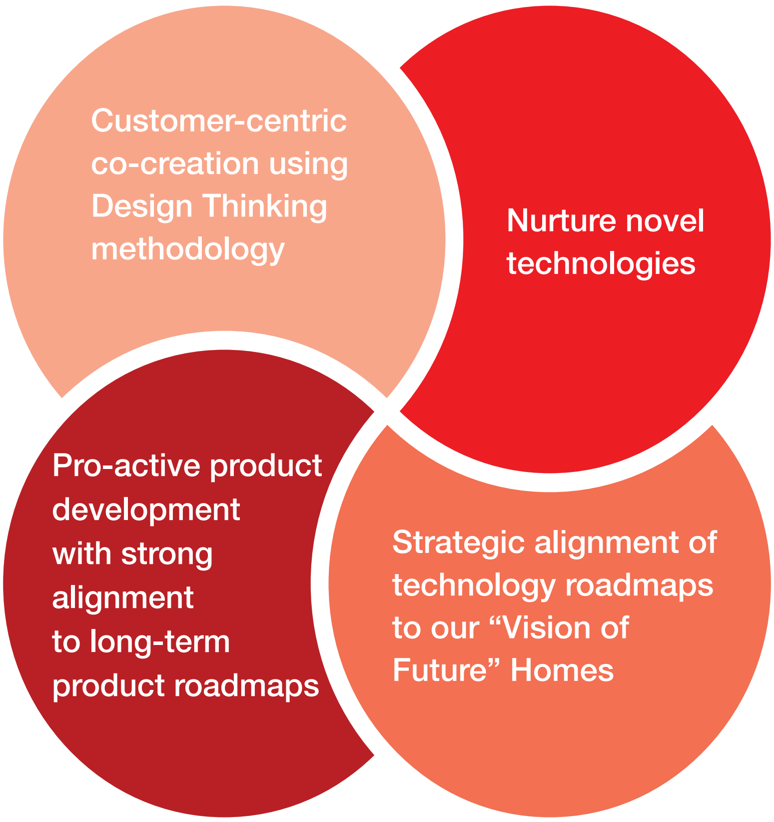
Our products have been certified by both national and international quality certification bodies including Bureau of Indian Standards, KEMA KEUR | DEKRA (Netherlands) Metrology, CB, CE, EDD (Bahrain), ESMA (Emirates Authority for Standardization and Metrology), GSO (GCC Standardization Organization), SONCAP (Nigeria), Bureau Veritas , TÜV Rheinland, and UL.

Creating Value through R&D and Product Development

Being in a consumer-centric business, we believe in providing focused solutions to existing and new customers. We are investing in futuristic technologies such as Internet of Things (IoT), Connectivity-based smart products and leveraging analytics, artificial intelligence and machine learning for smart services to deliver; differentiated, elevated and more humane experiences. We use simulation technology to test our prototypes. This helps in cost savings through reduction in number of prototypes, enhanced performance due to better design modifications and reduced testing time which leads to faster product development, ultimately resulting in improved value creation.

At Havells, we continuously work towards being future-ready through innovation for bringing about products of tomorrow, today.

Our R&D Drivers

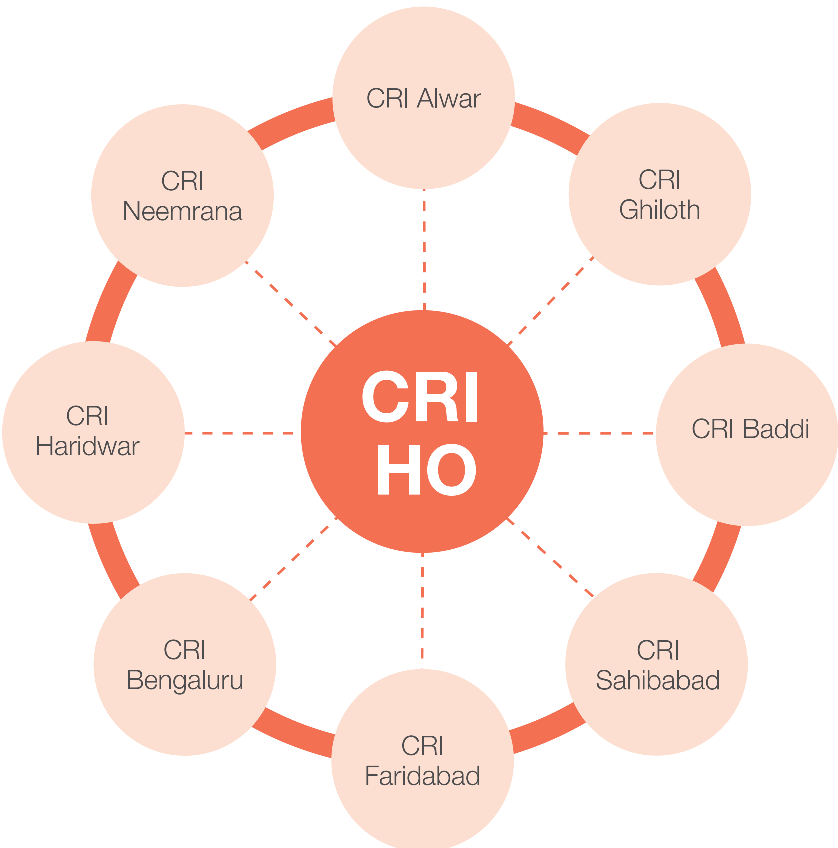


242	₹ 79 cr	9	400+
Total Intellectual property rights filed	Total R&D spend in FY 19	Development Centers	Engineers

Specialized pool of talent

Our workforce comprises of top-notch talent catering to R&D. Additionally, we have made a strategic decision to set up an Innovation hub in the Silicon Valley of India – Bengaluru with clear focus on select Centers of Excellence and to tap into skilled human capital.

The hub will also help us unfold opportunities for growing our external collaboration eco-space by targeting specific start-ups and academic partners. Presently employing 40+ R&D staff, we envisage recruiting more high-quality talent from leading Indian and international institutes.



- **All of the locations except Bengaluru are approved by Department of Scientific & Industrial Research, Ministry of Science & Technology.**
- **Test labs in Alwar and Neemrana plants are NABL-accredited.**

HUMAN CAPITAL

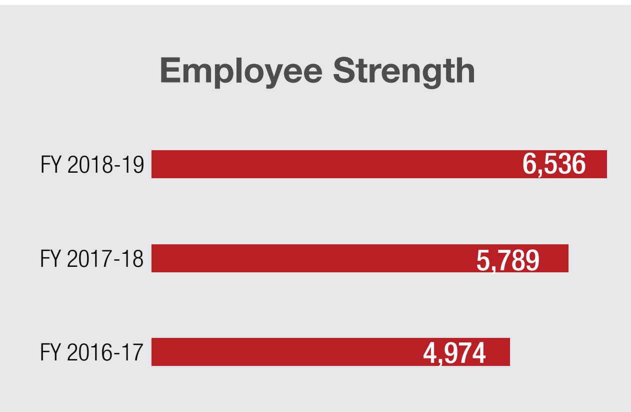
Human capital is a key enabler of Havells value creation. The knowledge base, skillset and dedication of our employees have enabled us to convert major opportunities, turn difficult corners and sustain ambitious growth.

Our focus on having the right talent with the right skill-sets deployed in the right place is creating value for both the Company and the employees. We continuously strive to align organizational values and ambitions with employees' aspirations. This translates individual performance into holistic organizational performance.

Talent Attraction

We invest in attracting talent that is a good fit with our organization. Our rigorous multi-layer filtration process is designed to find dedicated and passionate people, committed to grow with the Company. This is re-affirmed by the fact that 35% of our employees have been with the Company for more than five years. In FY 2018-19, we hired 2,083 new joinees across various levels including 23 in leadership roles. A majority of the new hiring has been in the area of Information Technology, R&D, emerging product lines; which is in line with our business priorities.

Our stringent internal hiring guidelines ensure structured, gender neutral and inclusive hiring. We have always encouraged internal movement of employees and job rotation to support career aspirations. In 2018, we formalized this process by launching an Internal Job Posting (IJP) initiative to establish a systematic process for existing employees to apply and take on larger roles.



Training and Development

We believe in empowering our people with the skill-sets required to build their career in present role, as well as meet aspirations for the future.

Our training framework looks at holistic development of the individual. Accordingly, we have different programs such as:

- Induction program for every new joinee to build awareness on the culture, values, policies, various systems and processes in place and transparent way of working of the Company.
- Mandatory programs such as sexual harassment sensitization program, Code of Conduct training and others.
- Need-Based Training (NBT)– These trainings are role-based and facilitate in improving the capabilities of the candidates to better deliver their job responsibilities. These trainings are developed based on inputs of the HR team and the user team, who also identify candidates requiring training. We use an online module as well as classroom lectures to deliver training.

Total Training manhours

48,181

in FY 2018-19

Sales Training Program

Havells established a Sales Training model and an Online Product Training model for sales employees in FY 2017-18. It provides certified basic selling skills, key account management, distribution management, people management and product technical training to empower them. In FY 2018-19, we have trained 867 sales employees on multiple sales effectiveness programs and 650 employees on product knowledge through our Online Training tools.

Cultivating Leadership

We have established a "Leadership Competency" framework that is based on eight competencies and behaviors to develop and exhibit leadership qualities. For General Manager and above positions, this framework is integrated into the performance management system.

In collaboration with IIM Bangalore, we have built a customized 6-day residential management program that provides classroom training to enable candidates to enhance their financial, strategic and people management skills. Started in 2017, 45 potential managers have attended the program so far, of which 7 have taken on larger roles within Havells.

Performance Management

We drive a culture of excellence and a fair work environment where the employees can give their best, facilitated by an online Performance Management System (PMS) established in FY 2016-17. The process enables clarity of role, key deliverables to be achieved and skill enhancement needed. It encourages a transparent two-way communication between managers and individuals.

In FY 2018-19, 100% employees were assessed through the PMS.

Engagement and Well-Being

As part of our values of transparent governance, we encourage employees to give their feedback and undertake necessary actions to ensure a better workplace. We conducted a Company-wide Employee Satisfaction Survey followed by dip-stick survey to assess improvements. Our last employee engagement survey - Gallup got a high score on satisfaction and a dip-stick score improvement of 4.09

Total New Joinees

2,083

in FY 2018-19

NATURAL CAPITAL

As a responsible corporate citizen, we adhere to ethical business practices and environmental benchmarks. It is economically and socially prudent for us to preserve or increase the functioning and integrity of the natural ecosystem around our manufacturing plants.

Tree Plantation

Forests are important in regulating climate, sustaining communities and supporting biodiversity. Conserving nature is the best gift we can provide to our future generations. With this thought, we have planted over one lakh trees each in Bhopal, Madhya Pradesh and Neemrana, Rajasthan. In addition we have also planted over 50,000 trees across other plant locations in Alwar, Rajasthan and Baddi, Himachal Pradesh over the last few years. Starting FY 2019-20, the Company will be planting 4 lakh trees annually with an aim to develop over 800 hectares of forest area by 2023.

We are also developing a “Kanya Upvan” in the Alwar district of Rajasthan by planting a tree on the birth of every girl child in the district.

Madhya Pradesh

Raw Materials and Resource Optimisation

We monitor and optimize use of primary raw materials and this has a direct impact on our operating costs. We focus on optimizing their sourcing and reducing their usage, without compromising on product quality. These materials include copper, aluminum, brass and plastics, constituting 78% of our total procurement budget for sourcing within India. Our domestic procurement checks transportation costs and promotes the growth of local businesses. We have reduced the consumption of raw materials in our packaging without diluting packaging standards leading to savings in both cost and virgin raw material use.

We have actively introduced non-hazardous materials in our manufacturing stream by complying with Restriction of Hazardous Substances (RoHS) and Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) in raw materials. This has increased the quantity of recyclable and reusable items in our supply chain. Complying with RoHS enables us to contribute to the growing momentum for sustainability and energy efficiency and set an industry standard. Compliant with RoHS and REACH.

Promoting Waste Management Practices

We comply with e-waste, plastic waste and biomedical waste management regulations by ensuring safe disposal of hazardous materials and recycling of non-hazardous materials. We dispose our entire waste through authorized vendors and reuse/recycle most of it, which has resulted in substantial savings. In FY 2018-19, we generated 10,176 tons of non-hazardous waste and 231 tons of hazardous waste and 97% of our total waste generated was recycled.

Harnessing the power of Renewable Energy

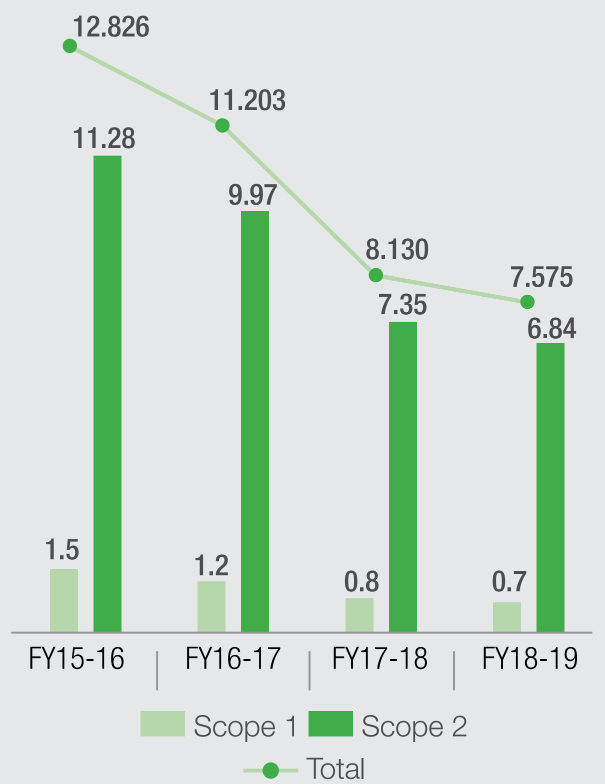
In FY 2018-19, we generated 4.5 GWh of rooftop solar power including 0.6 GWh generated from the newly installed rooftop solar facility at Alwar. This investment safeguards us from rising electricity costs and helps us reduce carbon emissions from fossil-fuel based power.

3.9 MWp | 4.6 GWh | 4,312 tCO_2 saved

Improving Energy Footprint

Commodity and energy price changes are particularly significant for our profitability because a large proportion of operating costs are attributable to the use of energy in the manufacturing process. Over the last four years, we have continuously worked to reduce our total energy consumption by 7% from FY 2015-16 as baseline to 1,19,372 MWh in FY 2018-19. Our initiatives led to a reduction in energy intensity by 42% in the same period along with lowering of manufacturing costs. The catalyst for these measures was involvement of the senior management in educating the employees about the potential business and environmental benefits of energy efficiency. These values have subsequently

GHG Emission Intensity In $mtCO_2e$ / ₹

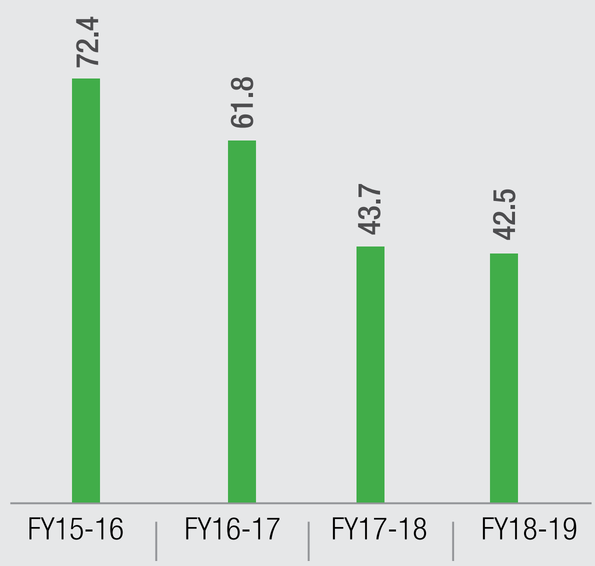


become an important part of the Company culture and aid us in continuing to be leaders in the industry.

As part of our commitment toward sustainability, we continuously work towards providing energy-efficient product offerings. As a testament to this, we currently offer 5-star rated products across each appliance category.

In order to become a paper and carbon positive organization, we propose a massive tree plantation initiative in Madhya Pradesh and Rajasthan. We have taken up a target to develop over 800 hectares of forest cover by 2023, of which 160 hectares has been developed till now.

Energy Intensity In GJ / ₹



Initiatives:

- **Interlocking in paint shop department to improve productivity**
- **Introduction of new Variable Frequency Drives (VFD) and thermal insulation jackets in moulding shop**
- **Using Oxsalin in paint shop**
- **Department-wise daily energy tracking**
- **Tree plantation in Madhya Pradesh and Rajasthan plant locations**

SOCIAL AND RELATIONSHIP CAPITAL

Havells' sustained value creation is driven by its strong relationships with stakeholders. Their faith and collaboration has made us an engine for societal change and value creation. The vision of our leadership is to enrich these relationships on the basis of mutual trust and shared value creation.

Building Relations with Local Communities

> *Mid-day Meal Program has benefited these students, they have started attending school regularly. Earlier lack of nourishment caused diseases which resulted in absenteeism. Now we don't see any of this*
>
> *- Bimal Devi Gupta (Teacher, RUMV, Desula)*

Health and Nutrition

- Serving mid-day meals to over 60,000 students across 693 schools daily in the Alwar district
- We have served over 93 million meals since 2005

Healthcare

- We adopted 2 children suffering from Thalassemia disease and provided them complete support

Sanitation

- Havells has built over 4,000 bio-toilets in 400 schools in Alwar
- Provided sanitary pads to 22,000 + girls across 285 schools

Environment

- Havells planted one lakh+ trees each in Bhopal and Neemrana

Heritage Conservation

- Havells is contributing to conserve Subz Burj, a 15th century monument
- Building India's first underground heritage museum beneath Humayun's Tomb

Skill Development

- Havells has contributed to ITI's in Nagaon, Assam, Kangra, Himachal Pradesh and PUSA, Delhi

Humanitarian Cause

- Recently, during Kerala floods, Havells contributed ₹ 5 crores to the Chief Minister's Distress and Relief Fund

Education

- We have donated over 2,000 sets of tables and benches in schools in Alwar, Neemrana and Haridwar made from waste food at our plant

Maintaining Ties with our Dealer Network

Our dealers are an extension of the Havells family. We diligently work on building transparent, mutually beneficial relationships with our dealer network.

Our dealer relationships are defined by:

- Principle of 'Peace of mind to the dealer' so that they can deliver their best
- Consistent Revenue – Dealer should benefit financially through association with us. Key initiatives include:
  - Brand building to ensure consumer pull for our products.
  - Establishing a strong service network for prompt after sales service of our products thus increasing customer satisfaction and recall.
  - Innovative schemes to increase dealer profitability
  - Business expansion – Dealers who were originally dealing in Havells wires and cables have extended to our lighting, consumer durables and other product categories. So, using the same channels at the dealers' disposal they can sell more units and products.
- Technology enablement :
  - Dealer management system gives a systematic approach to distributors and also establishes better connect with Indirect channel partners.
  - Dealer portal provides a one-stop tool for all dealer related queries and needs.

Strengthening Relations with our Vendors

Our vendors provide critical support to our value creation. To ensure that we build a win-win relationship with them, in 2015, we implemented a vendors management system by categorizing them into A, B, C and D bands. We implemented capacity building, systems and incentives that motivated vendors to aspire for higher bands of A and B.

We have also established the Havells Association of Business Innovation and Transformation (HABIT), which identified a cluster of 57 medium and small vendors for capability enhancement. We assisted identified vendors in implementing government schemes such as the Lean Manufacturing Competitiveness Scheme to help them improve their manufacturing efficiency and quality. The entire exercise spanning 18 months was so effective that a second phase of capacity enhancement is being rolled out in the forthcoming year.

Nurturing Customer-Centric Relations

We repositioned our brand to reflect the stance of "Making a difference". The brand purpose is to bring small positive changes and make a difference in daily lives of people. We disseminate this purpose by providing innovative & efficient products, superior performance and better design.

Since the beginning, Havells brand has always been taking up issues and causes that impact or have a bearing on the way the society functions. Whether it is ushering in winds of change with "Hawa Badlegi" or portraying woman empowerment, our impactful marketing and advertising campaigns strives to bring about a visible difference in the society.

We strongly believe that new age electrical products are a symbol of progress and Havells is the harbinger of it.

I would like to congratulate you for your excellent customer service.
You took me by surprise in regards to professionalism, efficiency and speed, how my service request was handled from the internet registration till successful completion from your Puducherry service branch. Since my 23 years of living here in India as German national, I never ever experienced any customer service so well performed

- Volker Jörk

OUR BUSINESS MODEL

Our business model is based on our vision to provide superior electrical and consumer durable products, delivered by skilled people. Customer-centricity is at the core of our business model. The operations are within the boundary created by our core values which guide and enable us to leverage our pillars of growth in delivering value creation.

Inputs (FY 2018-19)

Financial Capital

- Equity*: ₹ **3,739 Cr**
- Net Borrowings Availed/ (Repaid) During the Year: ₹ **-14 Cr**
- Capital Expenditure during the Year: ₹ **498 Cr**

Manufactured Capital

- Manufacturing Plants: **13** (nos.)
- Gross Block Value: ₹ **2,098 Cr**

Intellectual Capital

- Total R&D Spend: ₹ **79 Cr**
- % Increase in R&D Team Strength: **23%**
- Number of R&D Centers: **9**
- Investment in IT Assets: ₹ **40 Cr**

Human Capital

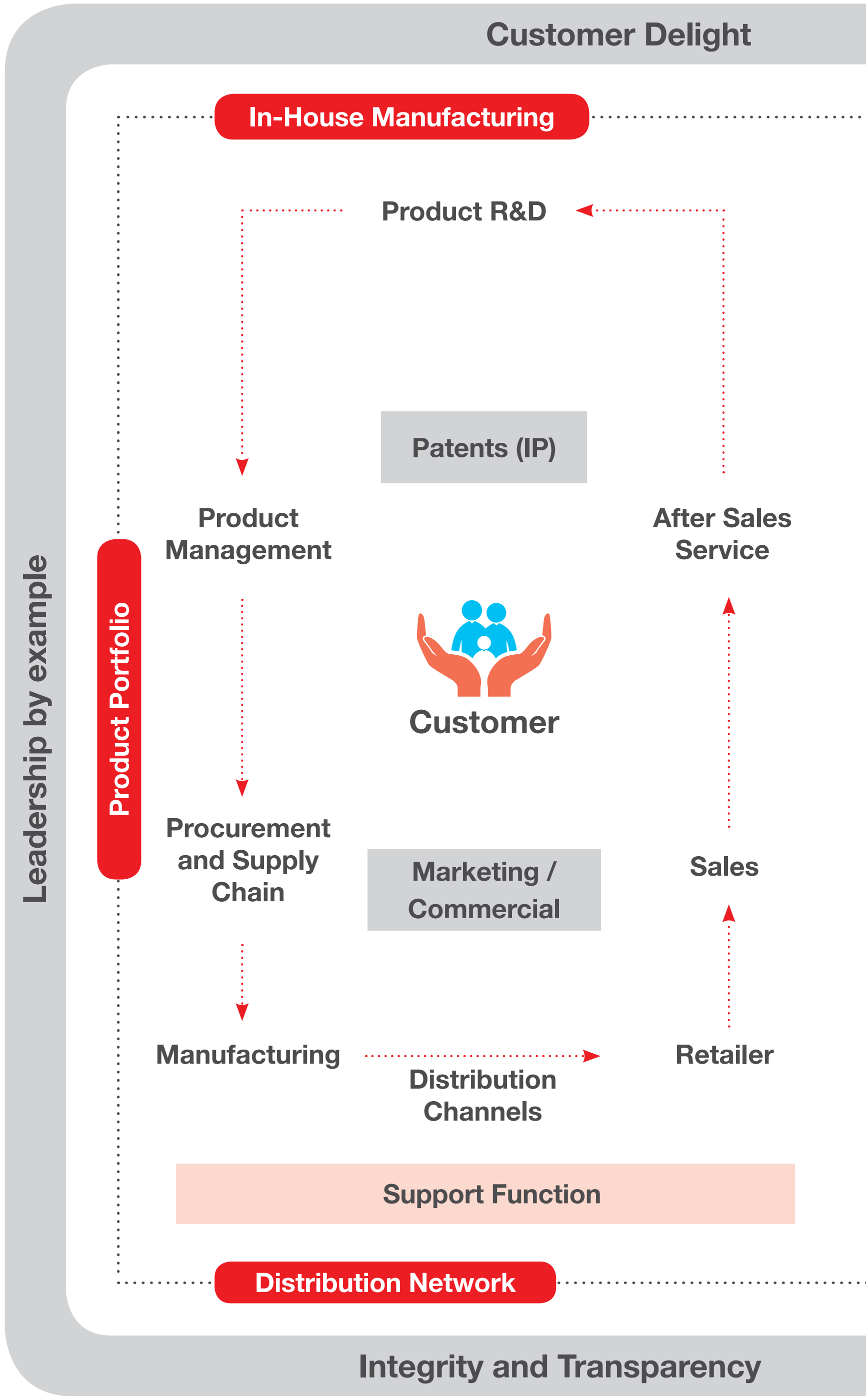
- Total Employee Count: **6,536**
- No. of Training Hours: **48,841**
- No. of New Hires: **2,083**

Social & Relationship Capital

- No. of Dealers: **10,500+**
- Raw Materials Supplier Base: **819**
- Domestic RM procurement %: **78%**
- CSR Spend: ₹ **17 Cr**
- No. of Mid-day meals served: **60,000** Daily

Natural Capital

- Energy Consumed: **1,19,372 MWh**
- Renewable Energy Consumed: **~6%**
- Number of Trees Planted: **2,00,000+**



*As on 31st March, 2018

Brand Reinforcement

Outputs

Key Products

- Switchgear
- Cable
- Lighting & Fixtures
- Electrical Consumer Durables
- Air Conditioners
- TVs

Outcomes (FY 2018-19)

Financial Capital

- Revenue: ₹ **10,058 Cr**
- EBIDTA: ₹ **1,192 Cr**
- PAT: ₹ **792 Cr**
- Dividend Payout Ratio: **43%**

Manufactured Capital

- No. of Product Categories: **20**
- No. of Stock Keeping Units (SKUs): **10,740**

Intellectual Capital

- New SKUs launched: **1,612**
- No. of Intellectual Property Rights (IPRs) filed: **242**

Human Capital

- Employees Trained: **1,500+**
- No. of fatalities: **Nil**
- Employee Satisfaction: **4.09 out of 5**

Social & Relationship Capital

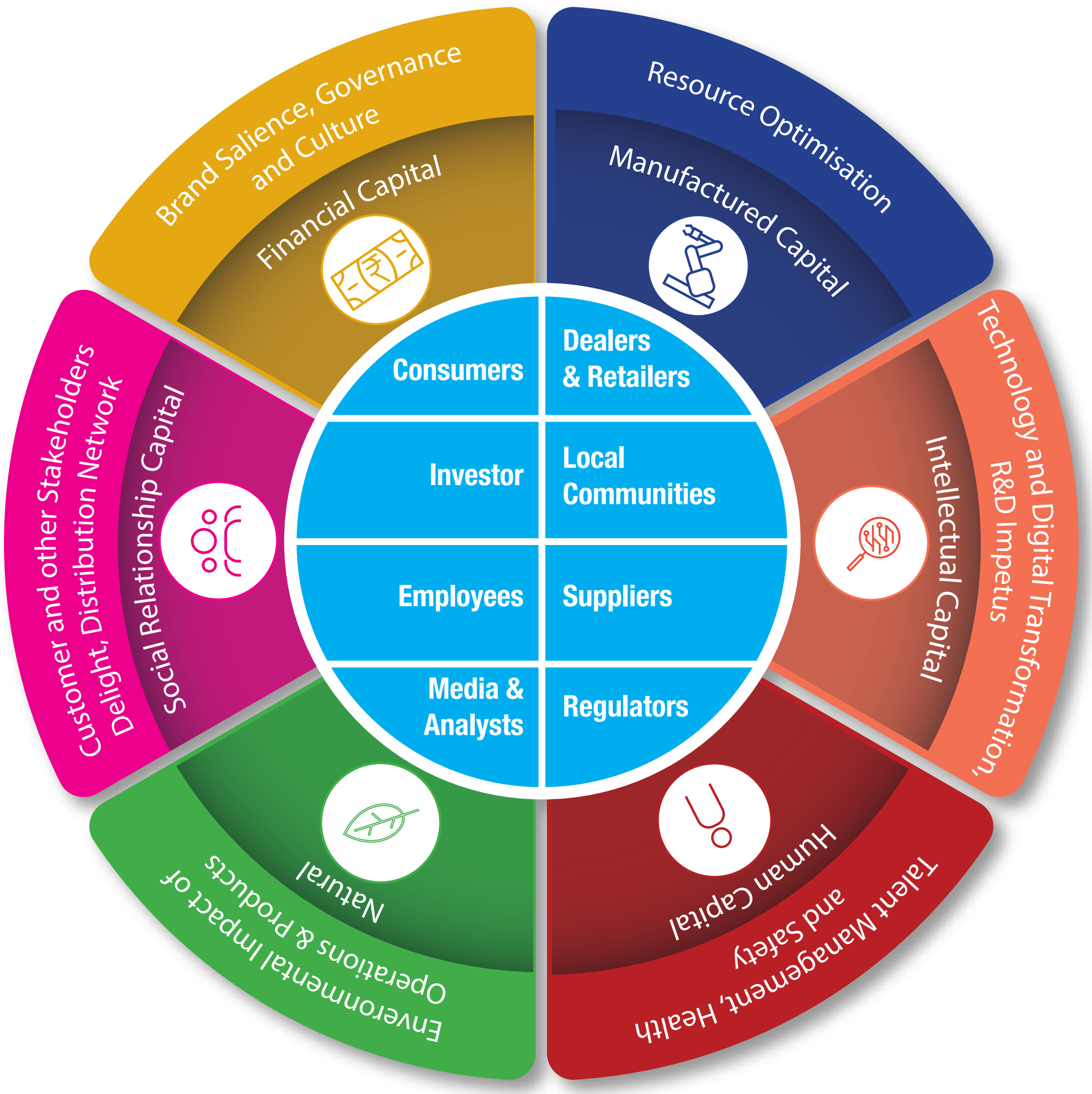
- Body Mass Index (BMI) amongst Girls: **14.3 from 13.7**
- Enrollment Rate: **15% from 10%**
- Number of Vendors Engaged for Capacity Building: **320**

Natural Capital

- Water Recycled: **0.072 Mn Cubic Meter**
- Emission Intensity Reduction: **42%**
  (As per baseline of FY 2015-16)
- % Waste Recycled: **94%**

OUR STAKEHOLDERS AND MATERIAL ASPECTS

As a Company that is rapidly growing by expanding into new products and markets, we want to build a business footprint that is inclusive and responsible in its impact. This necessitates a periodic re-evaluation of our material aspects to ensure our initiatives remain aligned to our business vision. This is further analyzed keeping in mind the needs of the business, interest of our varied stakeholders and the impact that our business has on the society. Our material aspects are derived through continuous interaction with relevant stakeholders.



We link material issues with the capitals they impact the most along with synchronizing them with our risks to integrate their management with our vision for value creation. This ensures that our business model delivers integrated value creation to our stakeholders who are at the center of this process.

Material Aspects and Definitions

TALENT MANAGEMENT

Employees are the driving force behind our success. Our Talent management policies and programs strive to balance employee-company aspirations to build lasting, mutually rewarding relationships.

BRAND SALIENCE

Our brand value reflects our passion to create value for our customers and the commitment to bring a difference in the consumers' lives.

ENVIRONMENTAL IMPACT OF OPERATIONS & PRODUCTS

We are conscious of our responsibility towards the environment. Accordingly, we have integrated sustainable considerations into all phases of our value chain to minimize the environmental impact of our products and operations.

HEALTH AND SAFETY

Providing a safe and secure workplace to our employees is a top priority for us. We are dedicated and vigilant in maintaining a zero-fatality workplace.

CUSTOMER AND OTHER STAKEHOLDERS DELIGHT

Customer delight is central to our value creation. Our business reach, product portfolio and strong service network is nurturing a growing customer base that is creating shared value for all our stakeholders.

GOVERNANCE AND CULTURE

Transparent, accountable and entrepreneurial culture of leadership has been the bedrock on which Havells has been built.

TECHNOLOGY AND DIGITAL TRANSFORMATION

Technology and digital infusion has been a major focus area for us to ensure future readiness and meet the intrinsic needs of our consumers for IoT devices.

R&D IMPETUS

Innovation and improvements to herald next generation products and features is a continuous and critical phase in our product development process.

DISTRIBUTION NETWORK

Our dealer network is an extension of Havells family and the backbone through which we reach our customers and consumers. With our expanding product portfolio, our distribution network has unlocked potential for growth.

RESOURCE OPTIMISATION

Natural resources are an inheritance that we strive to responsibly use and positively impact. Our energy footprint, waste and water management, reduction in use of virgin material are top priorities for us.

RISK MANAGEMENT

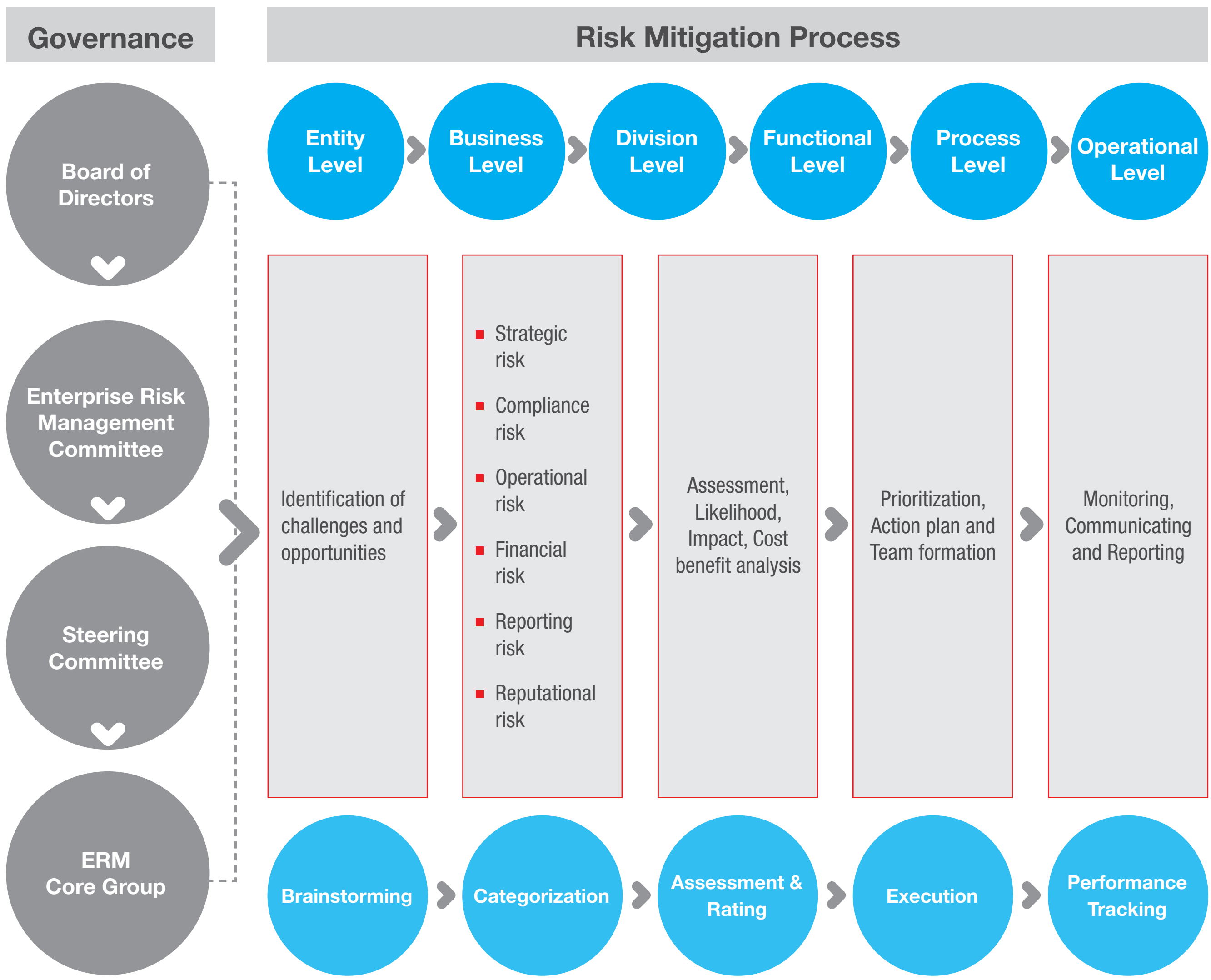
Risk is an inherent part of any organisation, however, a well-structured risk management allows the Company to take risks in a controlled manner. We believe risk management is a value creating activity and it is an integral part of our business process.

A robust internal financial control system forms the backbone for our risk management and governance. Havells continues to strengthen its Internal Financial Controls (IFC) based on the internationally accepted frameworks. A structured risk management system permits the management to take calibrated risks, wherein risks are identified in a structured manner using a top down to bottom up approach.

The bottom-up approach is conducted through workshops with respective teams at branches, factories, and corporate functions. The top-down approach involves discussion of all risks and opportunities at the management level.

The twin purpose of Enterprise Risk Management at Havells is to minimize adverse impacts and to leverage market opportunities effectively and efficiently. The objective is to sustain and enhance short-term and long-term competitive advantage to the Company.

Our Enterprise Risk Management (ERM) framework at a glance:



Havells has adopted internationally accepted best practices to strengthen its Enterprise Risk Management Framework. The Risk Management framework is reviewed by the Steering Committee which comprises of the management team reporting to the Enterprise Risk Management Committee of the Board. The Steering Committee has further formed an ERM core group assigned with the task of providing inputs regarding the risk framework.

Regular meetings and focused discussions are done by the ERM Core group with respective business divisions to identify and prioritize risks and to formulate an appropriate mitigation plan which is periodically reviewed. Moreover, a strong and independent internal audit function also conducts risk-based audit across all businesses to identify processes requiring strengthening of Risk Management.

Havells manages all statutory compliances and internal control adherence across the organization through SAP, GRC and Compliance Management Tool. The Company has also automated various control frameworks which have minimized human interventions and enhanced preventive control. The Risk Management team continuously keeps evaluating the existing business practices and effectiveness of Risk & Control Matrices (RCMs).

The Company has identified key enterprise risks and rated them on likelihood of occurrence as well as consequence. Basis this, mitigation plans are designed and implemented. Risk Control Matrices (RCM) for both financial and operational functions are mapped with ERP and Compliance management system to ensure their adequacy.

HEAT MAP

Likelihood	Insignificant	Minor	Moderate	High	Major
Likely			1	2 4	3
Possible			8 9 11 12	5 6 7	10
Unlikely					
Rare					

Consequence Type

Key Risks

Strategic Risk

1. Geographical & Channel Concentration

Reputational Risk

3. Brand Salience

Operational Risk

7. Cyber Security
8. Quality Assurance
9. Health & Safety
10. Technological Changes and Obsolescence
11. Product Life Cycle Management w.r.t. Business and Environment
12. Recruitment, Retention and Succession Planning

Financial Risk

2. Commodity Markets and Currency Fluctuation

Compliance Risk

4. Protection of Intellectual Property Rights & Counterfeit Products
5. Regulatory Compliance
6. Data Security

Risk and Action Plan

In order to extend the integrated approach to risk reporting, we have mapped our risk and mitigation actions to respective capitals. The identified risks, their impact on our business model and key initiatives to minimise / optimise the same are given below:

GEOGRAPHICAL AND CHANNEL CONCENTRATION

- The Company is expanding reach in tier II, III cities and rural market to reach 1,00,000+ active retailers.
- Alternate channels have been formed to strengthen sales through :
  a. Formation of a separate team to focus on Modern Format Retail & E-Commerce.
  b. Different models for different channels (DMDC) approach to avoid conflict with existing channel.

Severity > Moderate and Likely

PROTECTION OF INTELLECTUAL PROPERTY RIGHTS (IPRs) AND COUNTERFEIT PRODUCTS

- The Company has a renewed thrust on Intellectual Property awareness.
- A dedicated and expert legal team is in place.
- Legal agreement with all existing and new OEM's and other vendors (both domestic and international) to avoid consequences of any IPR Violation.

Severity > High and Likely

COMMODITY MARKETS AND CURRENCY FLUCTUATIONS

The Company has a dynamic Forex risk management policy to take care of exchange rate fluctuations. Commodity items have been categorised based on their value and price, which is monitored on a day-to-day basis considering commodity stock exchange rates.

Severity > High and Likely

REGULATORY COMPLIANCE

- All statutory compliances and internal control adherence are managed through SAP, GRC and Compliance Management tool.
- Periodical review, monitoring and reporting mechanism are in place.

Severity > Possible and High

BRAND SALIENCE

- Key Brand health parameters are monitored round the year, and appropriate corrective/preventive measures are taken accordingly.
- Social media command center at Head office aids in this monitoring, with appropriate response, across all social media platforms.

Severity > Major and Likely

DATA SECURITY

- The Company has implemented Data Leakage Protection (DLP) and cloud security tools to ensure data protection on premise and on cloud advanced threat protection technology and data encryption tool.
- Completed encryption of laptops which helps to protect the data in the event of theft or loss of laptop.

Severity > Possible and High

CYBER SECURITY

- Advanced Technology Program (ATP) has been implemented which has resulted in protecting endpoints from the advanced threats.
- Implemented technology solution to provide advanced threat protection for phishing emails.
- Implemented various dashboards to monitor and report realtime threat status and compliance.

Severity Possible and High

TECHNOLOGICAL CHANGE AND OBSOLESCENCE

- Havells has been a frontrunner in adoption of latest technologies and is now moving towards becoming "trend setter" in its sector.
- The Company has developed IOT-enabled connected devices including Indoor smart light meeting requirements of HCL (Human centric light), IPS (Indoor positioning system), OLED & Li-Fi to name a few.
- Company has developed smart and connected appliances such as Adonia and Droid water heater.
- Dedicated resources are being deployed to track technology trends in order to determine technical obsolescence.

Severity Major and Possible

QUALITY ASSURANCE

- Central quality structure has been created cutting across all business verticals.
- Business wise product quality reviews, mitigation plan devised and monitored periodically.
- Effective controls have been placed for induction and right-sizing of suppliers.
- Proactive systems and processes to strengthen right-first time quality.
- New product introduction has been reinforced with gate-wise quality deliverables.

Severity Possible and moderate

PRODUCT LIFE CYCLE MANAGEMENT W.R.T. BUSINESS AND ENVIRONMENT

- The Company implemented design thinking methodology to co-innovate and co-create products with customers.
- Introduce structured approach to product life cycle management with clear focus on product phase-out at end of useful life.
- Continuous efforts are being taken to minimize impact of raw materials and other components on health & environment.
- Design for sustainability, serviceability and six sigma (product robustness and customer-centric) have been incorporated into early part of design development stages in SOP.

Severity Possible and moderate

ENVIRONMENT, HEALTH AND SAFETY

- The Company has OHSAS 18001 certification for most of the plants.
- Periodic mock drills are organized for emergency preparedness.
- Health checkup camps are organized for all employees and workers across plants.
- Training and awareness session on Environment, Health & Safety is held periodically.

Severity Possible and moderate

RECRUITMENT, RETENTION AND SUCCESSION PLANNING

- The Company is evaluating employee skills with respect to new technologies and focus on re-skilling / acquisition of new competencies.
- Succession planning for all critical talents and leadership positions are in place for smooth transition of roles.
- The Company has revisited its HR policy framework to attract and retain talent and focus on hiring fresh graduates from 'A' grade institutions.

Severity Possible and moderate

OUTLOOK FOR SUSTAINED VALUE CREATION

At Havells, we focus on creating value by ensuring a fine balance between growth and profitability. This is reinforced by our 'Pillars of Growth', along with the external growth drivers which present an unprecedented opportunity for growth of the Company.

PILLARS OF GROWTH

Brand Reinforcement	Product Portfolio	Strong Distribution Network	In-House Manufacturing
Havells is identified as a brand that makes a difference in lives of consumer, value chain partners and society at large	Wide product portfolio with 10,740 SKUs with constant push on quality and innovation to cater to consumer preference	Multi-channel presence and existing dealer network utilised for multiple product distribution	Expanding manufacturing capabilities for backward integration to create high quality products using sustainable processes
1. Reinforcing essence of brand "Havells" 2. Focused investment in branding to create a strong connect with consumers 3. Enhancing Brand reach through multiple channels	1. Wide and diversified product portfolio 2. Investment in R&D for Innovative quality products 3. Digital transformation by leveraging IT infrastructure for improving overall product experience	1. Strengthening connect with dealer network 2. Tie-up with multi-brand outlets, regional retailers and modern formats 3. Focus on e-commerce platforms	1. Leveraging technology to optimize resources and increase efficiency 2. Capital expenditure in enhancing manufacturing capacity

External Growth Drivers

MACRO LEVEL DRIVERS

GROWING URBANIZATION	FOCUS ON ELECTRIFICATION	SHIFT TOWARDS ORGANIZED SECTOR	YOUNG DEMOGRAPHIC

OPPORTUNITY FOR HAVELLS

EVOLVING CONSUMER PREFERENCES – VERTICAL GROWTH

Constant change and improvement in technology and consumer preferences

Focus on energy-efficient and 'smart' products

GROWTH ACROSS ALL PRODUCT CATEGORIES

Focused expansion of product categories

Penetration into rural and semi-urban markets to tap the increased demand

INCREASED DEMAND FOR OUR PRODUCTS – HORIZONTAL GROWTH

Government's heavy focus electrification

Increased investment on infrastructure and housing

India has a large young population with growing urbanization, so demand for fast-moving electrical goods (FMEG) is bound to expand.

The Government of India has taken several initiatives like focus on electrification; investments in infrastructure and housing; change in tax regime creating a shift from unorganized to organized sector, encouraging 'Make in India' to name a few for promoting a healthy environment for the growth of manufacturing sector in the country. These initiatives have also helped create a pool of new consumers ensuring the next leg of growth for Havells.

To cater to this upcoming opportunity, Havells is investing in capability building, increased channel penetration, brand proliferation, augmenting production capacity, building innovative solutions and expanding the product portfolio. The Company is also focusing on in-house manufacturing and has invested in brownfield and greenfield projects to expand capacity.

We will continue to invest in our domestic operations and increase our contribution to the country's economic growth through sustained value creation.

CORPORATE INFORMATION

Company Secretary
Sanjay Kumar Gupta

Auditors
Statutory Auditors

S. R. Batliboi & Co. LLP
Chartered Accountants

Internal Auditors

KPMG

Cost Auditors

M/s Sanjay Gupta & Associates
Cost Accountants

Secretarial Auditors

M/s MZ & Associates
Company Secretaries

Bankers
- Canara Bank
- IDBI Bank Limited
- Yes Bank Limited
- HSBC Limited
- Standard Chartered Bank
- Citi Bank
- Axis Bank Limited
- ICICI Bank Limited

Registrars and Share Transfer Agent
Link Intime India Private Limited
Noble Heights, 1st Floor,
Plot No. NH 2, LSC, C-1 Block,
Near Savitri Market,
Janakpuri, New Delhi-110 058
Tel: 011-41410592, 93,
011-49411000
Fax: 011-41410591
Email id: delhi@linkintime.co.in;
Website: www.linkintime.co.in

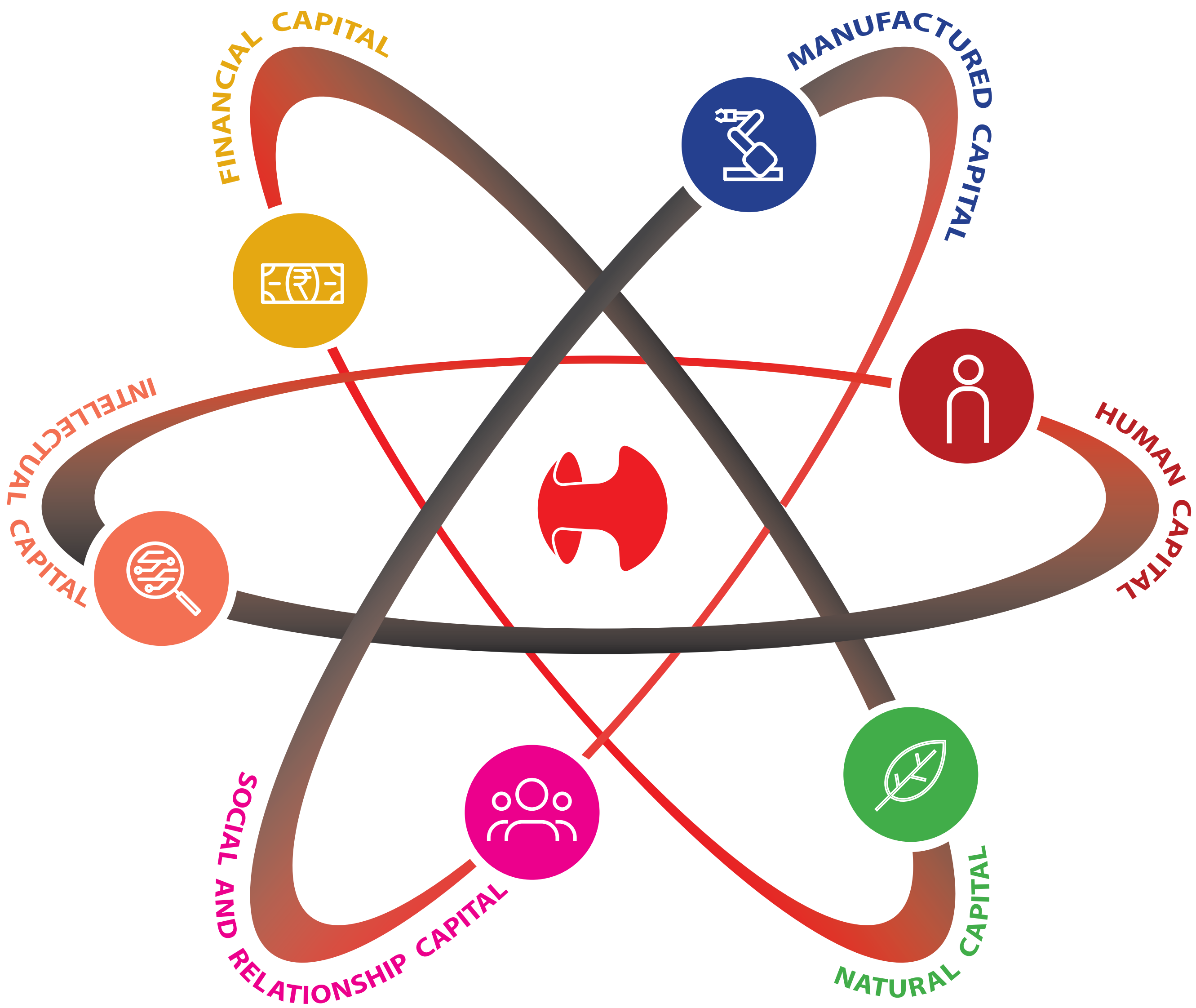
Listed on
- National Stock Exchange of India Ltd.
- BSE Limited

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



HAVELLS INDIA LIMITED

36TH ANNUAL REPORT 2018-19

Directors' Report

To
The Members

Your Directors take pleasure in presenting their 36th Annual Report on the business and operations of the Company and the accounts for the Financial Year ended 31st March, 2019.

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	
	2018-19	2017-18	2018-19	2017-18
Revenue from Operations	10,057.62	8,260.27	10,073.43	8,269.01
Other Income	127.55	116.99	128.65	117.90
Operating Profit before Finance Costs, Depreciation, Tax and Extraordinary items	1,319.74	1,166.28	1,313.00	1,161.30
Less: Depreciation and amortisation expenses	148.57	139.52	152.61	140.49
Finance Cost	15.91	23.97	16.25	24.83
Profit before Tax and Exceptional Expenses	**1,155.26**	**1,002.79**	**1,144.14**	**995.98**
Add: Exceptional items	-	11.91	-	(18.67)
Less: Tax	363.74	302.18	358.27	303.83
Net Profit for the Year from Continuing operations	791.52	712.52	785.87	673.48
Net Profit for the Year from Discontinued Operations	-	-	(0.33)	(12.51)
Profit for the year	791.52	712.52	785.54	660.97
Other Comprehensive Income	(4.77)	1.68	(4.77)	8.62
Total comprehensive income for the year, net of tax	**786.75**	**714.20**	**780.77**	**669.59**
Profit for the year attributable to				
Equity holders of the parent company	791.52	712.52	785.98	662.37
Non-controlling interest	-	-	(0.44)	(1.40)
Total comprehensive income for the year attributable to:				
Equity holders of the parent company	786.75	714.20	781.21	670.99
Non-controlling interest	-	-	(0.44)	(1.40)

The year that went by was quite eventful as all major political parties were warming up for general elections leading to slowing down of government spend. Implementation of GST, which was rolled out in 2017, was a complex exercise involving overhauling the existing systems to align with the new tax regime. Things are now stabilized. GST is a great reform as there are no hidden taxes and the complex labyrinth of taxes has been simplified. Thanks to the Input Tax credit, the cascading effect of taxes has reduced and price rise has been kept in check. However, the banking and NBFC sector also witnessed a major downsizing of their balance sheet impacting the liquidity in the trade.

The year has been encouraging for Havells, registering year on year 24% revenue growth across product verticals with market share gains and stable profits. Water Heaters, SDA (Small Domestic Appliances), Motors and Industrial Switchgears have been trailblazers with growth >40% over last year. Water Purifier, as a new category launch, has been well accepted by trade and consumers.

The Company posted profit before exceptional items and tax (PBT) of ₹ 1,155.26 Crores in financial year 2018-19 as against ₹ 1,002.79 Crores in financial year 2017-18, a growth of 15.20% on year to year basis.

2. Brief Description of the Company's Working During the Year/ State of Company's Affairs

The year 2018-19 has been a year of revival despite transitional impact of GST, fluctuation in commodity prices & foreign exchange rates, hike in custom duty and liquidity shortage due to NBFC crisis. Your Company registered robust revenue growth across product verticals, gained market share and achieved stable profits. Acceptance of new product segments from trade and consumers has been motivating.

The Company continues to enhance its larger focus of optimum growth with profitability backed by numerous small steps for an overall improvement in its strength and brand salience. This is evident from the massive investment that your Company made in air conditioner manufacturing facility at Ghiloth, Rajasthan alongside the expansion of its brand shops and progressive positioning in newer channels like organized retail (MFR) and E-commerce (online). Added to this, the Company targets to create positive foot prints in the semi urban and rural markets too.

The switchgear segment experienced a reasonable market growth in both, domestic and industrial switchgears resulting from a strategic planning of focusing on government's rural electrification and low-cost housing program. Contrarily, some of the segment's operationally efficient products like Surge Protection Devices, PV Switchgear range, Industrial Plug and Socket and Modular Contactor have received excellent response owing to a strong and continuous investment in R&D.

Huge investments in power and infrastructure sector and implementation of GST, helped Cable business grow in revenues and margins. Government led investments in transmission and distribution segment, renewable energy, urban infrastructure especially smart cities and metro networks, digitalization as well as in telecommunication infrastructure would further propel growth momentum.

Introduction of multiple new products and buoyancy in the consumer segment led the growth in electrical consumer durable segment. The newly launched technologically superior premium fans, LED light changing water heaters, latest models under the small domestic appliances category and the much-appreciated products category of water purifiers and personal grooming were well accepted and applauded by consumers and trade partners alike.

Growth in the consumer durable industry was affected by modest summer, unseasonal rainfall and increase in import duties. Lloyd retained its focus on enhancing its reach and brand salience amidst its first air conditioner plant commencing commercial production. The latest campaign from Lloyd - 'Khayal Rakhenge, Khush Rakhenge' featuring Deepika Padukone and Ranveer Singh has positively impacted the brand and gained over 75 million views on various digital platforms since its launch in April this year.

Since beginning, Information Technology has played an important role in the success of the Company. Continuous investment in the cutting-edge technology and innovation has helped the organization to stay ahead in the highly competitive landscape. Various tools like Service App for consumers, Distribution Management System, Dealer Portal, Retailer App and Sales Force Automation has helped the Company delight its customers, achieve better channel partner relationship and improve engagement with employees. The investments in the artificial intelligence, natural language processing, IOT and IIOT ensures that the Company is building future ready products and services.

During the year we were awarded with India's buzziest brand and were part of top 75 brands of the country by BrandZ. We came out with 15 advertising campaigns across 10 product categories ensuring visibility across the year. We launched focused campaign for rural areas and added regional flavour to all our campaigns. Our presence on social and digital media was also enhanced targeting younger audience. We continue to participate in various industry exhibitions from Solar to LED Lighting, IEEMA and IIID showcasing our latest product range and innovative designs.

In line with our commitment to enhancing green cover we planted over 1 lac trees each in Madhya Pradesh and Neemrana thereby developing 100 hectares of forest area. We even extended our green footprint to marketing collaterals by using bio-degradable material and energy efficient LED lights. We continue to enhance our renewable energy coverage at our plants. Today over 6% of our total energy used is from renewable sources.

Awards and Accolades

Your Company has received the following awards during the financial year ended 31st March, 2019:

1. Mr. Anil Rai Gupta was honored with 2019 AACSB Influential Leader Award in recognition of his outstanding achievements, entrepreneurial success and his contribution towards the industry & the society.

2. Digital Marketing of the Year 2018 – Consumer Durable Category.

3. Best Digital Display Campaigns 2018 – Gold.

4. Havells Fan won Effies bronze award for 5th Wall - Ceiling Art fan campaign in Durables category.

5. Havells - "School of Grooming campaign" was awarded "The Best Content marketing launch/ Relaunch award" by the Audacity e4m Indian Content Marketing Awards.

6. Havells got "Best Incentive program in the Middle East" award at MALT Excellence Award 2019 at Dubai for exemplary role played in the field of MICE, business & luxury travel.

7. Havells won BrandZ India rankings of the Most Valuable Indian Brands 2018. Havells has featured as a new comer at Rank #41, with a Brand Value of $1,510 Million.

8. Havells won the Gold award for Buzziest brand in the building segment by Afaqs.

9. Bhamashah Award.

10. Shiksha Vibhushan Award.

11. Indywood Award for excellence in CSR in Child health and education.

Subsidiary Companies, Joint Venture and Consolidated Financial Statements

As on 31st March, 2019, your Company had 9 (Nine) subsidiary companies whereby 4 (Four) entities are registered in India and remaining 5 (Five) are registered outside India. 7 (Seven) of these are direct subsidiaries and rest 2 (Two) are step-down subsidiaries.

Three direct overseas subsidiaries:

1. Havells Holdings Limited based at Isle of Man. This entity is a holding company for the 2 (Two) step-down subsidiaries of the Company viz., Havells International Limited and Havells Sylvania Illuminacion (Chile) Limited.

2. Havells Guangzhou International Limited based at China. The entity acts as a procurement and trading Company for the Group.

3. Havells Exim Limited based at Hong Kong. This entity acts as a facilitator for sourcing of material from China. The company closed its operations with effect from 31st August, 2018. Thereafter, all the requisite procedures for closure of the entity have been completed.

Two Indirect (step-down) overseas subsidiaries:

1. Havells International Limited at Malta, as a 100% subsidiary of Havells Holdings Limited. The Company initiated process for winding up with concerned authorities on 12th November, 2018. Thereafter, all the requisite procedures for closure of the entity have been completed.

2. Havells Sylvania Illuminacion (Chile) Limited at Chile, as a 100% subsidiary of Havells Holdings Limited. The process of winding up of the entity was initiated during the year.

Four direct domestic subsidiaries:

1. Promptec Renewable Energy Solutions Pvt. Ltd. based at Bengaluru. This entity is engaged in marketing and manufacturing of LED products including Street lighting, Office lighting and Solar lighting.

2. Standard Electrical Limited based at New Delhi.

3. Havells Global Limited based at New Delhi.

4. Lloyd Consumer Private Limited based at New Delhi.

Scheme of Amalgamation

As part of the group restructuring, during the year the Shareholders and Creditors of the Company in their Meetings held on 28th January, 2019, approved the Scheme of Amalgamation for merger of all the 4 (Four) wholly-owned domestic subsidiaries, viz. Havells Global Limited, Standard Electrical Limited, Lloyd Consumer Private Limited and Promptec Renewable Energy Solutions Private Limited with Havells India Limited. The Hon'ble National Company Law Tribunal ("NCLT") has fixed the next date of hearing in the matter as 3rd June, 2019.

The Appointed Date for the Scheme of Amalgamation is 1st April, 2018. As a result of the implementation of the aforesaid amalgamation, the four domestic subsidiaries as aforesaid will be dissolved without winding up.

The consolidated profit and loss account for the period ended 31st March, 2019, includes the profit and loss account for the subsidiaries and the joint venture company for the complete financial year ended 31st March, 2019.

The Board of Directors of the Company has, by Resolution passed in its Meeting held on 29th May, 2019, 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, 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 (Form No. 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. https://www.havells.com/en/discover-havells/investor-relation/financials/balance-sheet.html. 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 had formed a 50:50 joint venture in People's Republic of China with Shanghai Yaming Lighting Co. Limited under the name of Jiangsu Havells Sylvania Lighting Co. Limited (JV). This Joint Venture Company was created with an objective to produce energy efficient lighting lamps.

In financial year 2017-18, owing to the technological changes in the lighting Industry, the Company along with its JV partner had decided to close down the business and liquidate the JV. Accordingly, the regular operations were fully closed in October 2017. Liquidation of the company is under process.

3. Names of Companies which have become or ceased to be its Subsidiaries, Joint Ventures or Associate Companies during the year

During the Financial Year 2018-19, Thai Lighting Assets Company Limited, a subsidiary of Havells International Limited, was liquidated on 29th June, 2018.

Havells USA Inc., a 100% subsidiary of Havells Holdings Limited, was dissolved on 31st October, 2017 and after completion of necessary procedures the same ceased to be a subsidiary during the year.

During the financial year ended 31st March, 2019, no company became a subsidiary of the Company or Joint Venture or Associate Company.

4. Reserves

Your Directors do not propose to transfer any amount to the general reserve and entire amount of profit for the year forms part of the 'Retained Earnings'.

5. Dividend

In line with the Dividend Policy of the Company which is available in the "Codes & Policies" section in the Investor section on the website of the Company and can be accessed at https://havells.com/en/aboutus/corporate-governance.html, Your Directors are pleased to recommend a Final Dividend @ ₹ 4.50/- per equity share for the year 2018-19.

The proposed dividend, subject to approval of Shareholders in the ensuing Annual General Meeting of the Company, would result in appropriation of ₹ 339.32 crores (including Dividend Distribution Tax of ₹ 57.86 crores). The dividend would be payable to all Shareholders whose names appear in the Register of Members as on the Book Closure Date.

The Register of Members and Share Transfer books shall remain closed from 20th July, 2019, Saturday, to 26th July, 2019, 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.

However, in terms of the Employee Stock Purchase Schemes of the Company, which are administered by Havells Employees Welfare Trust, 3,32,102 Equity Shares of ₹ 1/- each, were approved for Grant on 29th May, 2019 and Vested (pursuant to the respective Employee Stock Purchase Plan as hereunder) to the eligible employees, which, if exercised, shall result in an equivalent no. of Equity Shares of ₹ 1/- each to be allotted/ transferred to the eligible employees under the respective schemes. A summary is given below:

	No. of Shares Granted	No. of Shares Vested
Havells Employees Stock Purchase Plan 2014	1,69,597	1,69,597
Havells Employees Stock Purchase Scheme 2015	1,50,000	1,50,000
Havells Employees Stock Purchase Scheme 2016	16,273	10,729*

** 5,424 Shares vested as 1st tranche out of a total of 16,273 Shares Granted for financial year 2018-19, 2,937 Shares vested as 2nd tranche out of a total of 11,533 Shares Granted for financial year 2017-18 and 2,368 Shares vested as 3rd tranche out of a total of 10,377 Shares Granted for financial year 2016-17*

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, 2019.

8. Details of directors or key managerial personnel including those who were appointed or have resigned during the year

There was no change in the composition of the Board during the financial year 2018-19.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri Anil Rai Gupta (DIN: 00011892) and Shri Rajesh Kumar Gupta (DIN: 00002842), are due to retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment. The Board recommends their appointment.

Shri Anil Rai Gupta (DIN: 00011892), was last re-appointed by the Shareholders of the Company in the Annual General Meeting held on 5th July, 2013 for a period of 5 (Five) years with effect from 1st April, 2014. His term expired on 31st March, 2019.

Accordingly, the Board of Directors, upon the recommendation of the Nomination and Remuneration Committee, in its Meeting held on 20th March, 2019, approved the re-appointment of Shri Anil Rai Gupta, as the Chairman and Managing Director and the CEO of the Company for a period of another 5 (Five) years with effect from 1st April, 2019 to 31st March, 2024. The re-appointment is subject to approval of the shareholders in General Meeting.

Further, Shri Ameet Kumar Gupta (DIN: 00002838), was last appointed as a Whole-time Director by the Shareholders of the Company in the Annual General Meeting held on 13th July, 2015 for a period of 5 (Five) years with effect from 1st January, 2015. Accordingly, his prevailing term will be expiring on 31st December, 2019. The Board of Directors, upon the recommendation of the Nomination and Remuneration Committee, in its Meeting held on 29th May, 2019, approved the re-appointment of Shri Ameet Kumar Gupta, as the Whole-time Director of the Company for a period of another 5 (Five) years with effect from 1st January, 2020 to 31st December, 2024. The re-appointment is subject to approval of the shareholders in General Meeting.

Also, Shri Rajesh Kumar Gupta (DIN: 00002842), was last appointed as the Whole-time Director (Finance) and Group CFO by the Shareholders of the Company in the Annual General Meeting held on 13th July, 2015 for a period of 5 (Five) years with effect from 1st April, 2015. Accordingly, his prevailing term will be expiring on 31st March, 2020. The Board of Directors, upon the recommendation of the Nomination and Remuneration Committee, in its Meeting held on 29th May, 2019, approved the re-appointment of Shri Rajesh Kumar Gupta, as the Whole-time Director (Finance) and Group CFO for a period of another 5 (Five) years with effect from 1st April, 2020 to 31st March, 2025. The re-appointment is subject to approval of the shareholders in General Meeting.

Further, the Board of Directors upon the recommendation of the Nomination and Remuneration Committee, in its Meeting held on 29th May, 2019, and subject to the approval of members of the Company also appointed Mr Siddhartha Pandit (DIN: 03562264) as an Additional Director on the Board of Directors of the Company and also a Whole-time Director for a period of 3 (Three) years with effect from 29th May, 2019.

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 re-appointment of Directors are also included in the Notice.

9. Number of Meetings of the Board of Directors

During the financial year 2018-19, the Board of Directors of the Company, met 5 (Five) times on 11th May, 2018, 20th July, 2018, 17th October, 2018, 22nd January, 2019 and 20th March, 2019.

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 22nd January, 2019, 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, taking into account the views of Executive Directors, Non-Executive Non-Independent Directors 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 and loss 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 directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are 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.

Details in respect of frauds reported by auditors

There were no instances of fraud reported by the auditors.

11. Declaration by Independent Director(s) and re-appointment, if any

All the Independent Directors have submitted their disclosures to the Board that they fulfil all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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. During the financial year 2018-19 the Policy was reviewed by the Board of Directors on 20th March, 2019.

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. The Policy is also available in the Investor Relations section, under the "Codes & Policies" tab, on the website of the Company and can be accessed at the weblink https://havells.com/en/aboutus/corporate-governance.html

13. Formal Annual Evaluation

Having a formalised board evaluation gives board members an opportunity of assessing their own performance and brings out the importance of the contributions of individual directors. It is a mechanism by which the board members candidly reflect on how well the board is meeting its responsibilities.

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and Individual Directors pursuant to the provisions of the Companies Act 2013 and Regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Performance evaluation of the Board and Committees

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors covering aspects like:

- Board composition (size, diversity, skill set);
- Board processes, structure and communication (frequency of meetings, attendance thereof, flow of information, accessibility to product heads, senior management for informed decision making);
- Board responsibilities (disclosure of information and other key functions like monitoring effectiveness of Company's governance practices, ensuring integrity of Company's accounting and financial reporting systems, including independent audit, adequacy of controls for risk management, compliance with statutory laws).

The performance of the committees was evaluated by the Board after seeking inputs from the committee members covering aspects like:

- appropriateness of size basis the complexity and operations of the organisation;

- encouraging a tone at the top that conveys basic values of ethical integrity;
- legal compliance and strong financial reporting and control;
- reports after each Meeting to the Board on the Committee's activities;
- major issues discussed and recommendations for Board actions;
- effectively performing support functions to the Board in fulfilling its responsibilities.

Performance Evaluation of Individual 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;
- Displays efficient 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;
- demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.).

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, unpublished price sensitive information, etc.;
- support to CMD and executive directors in instilling appropriate culture, values and behaviour in the boardroom;
- 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

Based on the evaluation carried out, it was reaffirmed that the Board of Directors as a whole and each of the individual directors continued to work effectively and efficiently in fulfilling their advisory role through in-depth discussion and exchange of ideas about specific topics, strategic subjects, leadership development and succession planning.

The Board is continually kept informed on the financial reporting, risk & audit, HR, marketing, legal and governance related affairs of the Company. The management had been vigilant of the expected changes notified under various statutes that need to be brought in and is working cohesively to concur and decide on the respective norms. Further, the deadlines have been well mapped in the respective departments to ensure due compliance.

The Board continues to operate through an appropriate Committee structure with 7 (Seven) Committees, namely, Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship/ Grievance Redressal Committee, Enterprises Risk Management Committee, Corporate Social Responsibility Committee, Executive Committee and the Share Allotment and Transfer Committee. The Directors expressed their satisfaction at the overall engagement and effectiveness in the working of all the Committees of the Board.

The Directors were satisfied on the peer review conducted. The performance criteria items were assessed positively. Team spirit was considered strong, which encouraged mutual trust and open discussions among the Board members.

It was affirmed that the Company being a conscious corporate citizen is working on both business succession planning and executive succession planning. A sustainable hierarchy and leadership are the prime focus for the planning outlay and due recognition to principles of law and management are being considered.

14. Annual Return

A copy of the Annual Return of the Company containing the particulars prescribed u/s 92 of the Companies Act, 2013, as they stood on the close of the financial year i.e. 31st March, 2019 is furnished in **ANNEXURE – 2** and forms part of this Report.

15. Auditors

1. Statutory Auditors

As per provisions of Section 139(1) of the Companies Act, 2013, the Company has appointed M/s S.R. Batliboi & Co. LLP, Chartered Accountant (Regn. No. 301003E/ E300005) as Statutory Auditors for a period of 5 (Five) years in the AGM of the Company held on 13th July, 2016.

Statutory Auditors' Report

The observations of Statutory Auditor in its 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 Auditor of the Company for the year ending 31st March, 2019.

The due date for filing the Cost Audit Report of the Company for the financial year ended 31st March, 2018 was 9th June, 2018 and the same was filed in XBRL mode by the Cost Auditor within due date.

Disclosure on maintenance of Cost Records

The Company made and maintained the Cost Records under Section 148 of the Companies Act, 2013 (18 of 2013) for the financial year 2018-19.

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, 2019.

Annual Secretarial Audit Report

In terms of Section 204 of the Companies Act, 2013 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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.

Annual Secretarial Compliance Report

A Secretarial Compliance Report for the financial year ended 31st March, 2019 on compliance of all applicable SEBI Regulations and circulars/ guidelines issued thereunder, was obtained from M/s MZ & Associates Secretarial Auditors, and submitted to both the stock exchanges.

16. Particulars of Loans, Guarantees or Investments under section 186

The particulars of loans given, investments made and guarantees provided by the Company, under Section 186 of the Companies Act, 2013, as at 31st March, 2019, 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 if 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 ₹ 301.44 crores towards Corporate Income Tax (including Dividend Distribution Tax) as Compared to ₹ 295.59 Crores paid during the last financial year. The Company has also paid an amount of ₹ 2,203.14 crores on account of GST and Custom duty and claimed a government assistance and support of ₹ 50.65 Crores during financial year 2018-19 as compared to ₹1,934.62 Crores paid and claimed a government assistance and support of ₹ 29.94 Crores during last Financial Year.

19. Details relating to deposits covered under Chapter V of the Companies Act, 2013

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 has always believed in the concept of 'Shubh-Laabh' that suggests doing good deeds and profits would follow. Since 2005, Havells has set out on a journey of social change dedicated to the cause of Children- the future of the country. To support this journey, the company has identified eight strong pillars of health & nutrition, sanitation, education, environment, skill development, heritage conservation, healthcare and humanitarian causes. Most of these initiatives are not only aligned with the ones envisioned by the government but also with United Nations Sustainable Development Goals.

Havells Mid-Day Meal Program

A lot of Children, especially from the economically weaker sections of the society do not even get three meals a day. The Company not only realized the consequences of not having enough – or the wrong – food cause suffering and poor health, but also slow the progress in many other areas of development like education and employment.

To counter malnutrition, eradicate hunger and promote education, Havells decided to provide mid-day meal in Alwar district in Rajasthan. A humble beginning in this direction that started with serving just 1,500 children across 5 schools has grown to serving over 60,000 students across 693 schools daily in the district. Since then there has been a constant rise in school enrolments, reduction in dropout rates, better BMI amongst children, interest in going to school and better academic performance. You would be happy to know that your Company has served close to 1 billion meals so far. The fresh, hygienic and nutritious food is prepared in the state-of-the-art kitchen in accordance with government-approved diet charts.

Ownership of the entire mid-day meal value chain from procurement of food materials to food preparation, storage and transportation to school, gives Havells complete control over the quality and hygiene of the meals. This goes in line with your Company's philosophy of providing the best quality in all its offerings.

Sanitation

Sanitation is one of the most basic amenities but continues to be neglected in the Country. Government schools are no different. In most government schools, either there are no toilets, or they are not usable due to lack of upkeep and proper usage.

Your Company realizes that schools are a powerful agent of change for enabling and encouraging changes in the society and that WaSH (Water, Sanitation and Health) are critical for ensuring overall development of children and their families. It therefore adopted a 360 degrees approach towards sanitation.

Since 2014, your Company has built over 4,000 bio-toilets in 400 government schools in the Alwar district of Rajasthan and continues to sensitize students as well as the teachers about the importance of sanitation and inculcating good hygiene habits amongst children from tender age. To further improve sanitation facilities, the Company contributed equal amount of money as given by the government for maintenance. This step perfectly amalgamates with the ambitious 'Swachh Bharat Mission' advocated by the Government of India and dovetails with United Nations Sustainable Development Goal No-3 & 6.

Continuing with its mission to empower adolescent girls, Havells provided reusable sanitary napkins to over 22,000 girls in the Financial Year 2018-19. This not only saves girls from various diseases due to unhygienic clothes used during menstruation but also reduces waste to landfills.

All these initiatives helped improve attendance, health and cognitive development, increased girls' participation, established positive hygiene behaviour and offers the opportunity to introduce better WaSH practices in families and communities and addresses issues of inequity and exclusion.

Conserving Heritage

Your Company has always thought of future generations when it comes to being socially responsible. The Company realizes the need to preserve country's rich heritage and pass it on to the future generations in the best possible condition.

Keeping this in mind, your Company tied-up with Aga Khan Trust for Culture (AKTC) for contributing towards building Humayun's Tomb Interpretation Centre. The 10,000 sqm facility will be the largest public cultural facility built since the National Museum and is expected to receive 2 million visitors annually. Your Company has also contributed towards conserving the 15th century monument of National importance called the "Sabz Burj" situated at Nizamuddin, New Delhi. We are committed to keep contributing towards preserving our wonderful heritage.

School infrastructure

With an objective to strengthen the school infrastructure, your Company has built two classrooms for ITI in Kangra, Himachal Pradesh and has also donated tables and benches made from waste wood to needy government schools in Alwar, Neemrana and Haridwar. During the year, the Company donated over 2,000 tables and benches.

An Environment Friendly Company

Forests are important in regulating climate, sustaining communities and supporting biodiversity. Conserving nature is the best gift we can provide to our future generations. With this thought, the Company planted over one lakh trees each in Bhopal, Madhya Pradesh and Neemrana, Rajasthan. It also planted over 50,000 trees across other plant locations in Alwar, Rajasthan and Baddi, Himachal Pradesh over last few years.

Healthcare

During the year, your Company supported two children with the life-threatening blood disorder- Thalassemia. Both the kids are undergoing treatment in a specialty hospital in Jaipur. One of the kids has fully recovered and is ready to live a normal life.

Humanitarian cause

The company contributed ₹ 5 crore (Rupees Five Crors) to the Chief Minister's Distress and Relief Fund (CMDRF) in order to support the State Government's efforts of providing relief and rehabilitation work in the flood affected areas of the state. All the employees of Havells pledged their one day salary for the noble cause.

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, 2019, the Audit Committee of the Board of Directors of the Company comprised of 4 (Four) Members, namely Shri Surender Kumar Tuteja, Shri Vijay Kumar Chopra, Smt. Pratima Ram 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 Surender Kumar Tuteja, an Independent Director, is the Chairman of the Audit Committee.

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

22. Enterprises Risk Management Framework

Havells is committed for global benchmarking in good Corporate Governance, which promotes the long-term interests of all stakeholders, strengthens Board, create self-accountability and helps in building trust in the Company.

A robust internal financial control system forms the backbone for our risk management and governance. Havells continues to strengthen its robust Enterprises Risk Management Framework based on the internationally accepted COSO Framework.

A structured risk management system permits the management to take calibrated risks, which provides a holistic view of the business, wherein risks are identified in a structured manner from Top down to Bottom up approach. The bottom-up approach is conducted through workshops with respective team at Branch, Factory and Corporate functions. The top-down approach enables discussion of all risks and opportunities at the management level.

The twin purpose of Enterprises Risk Management at Havells is to minimize adverse impacts and to leverage market opportunities effectively & efficiently. The objective is to sustain and enhance short-term and long-term competitive advantage to the Company.

23. Details in respect of adequacy of internal financial controls with reference to the Financial Statements

The Company has robust internal financial controls systems, which facilitates efficiency, reliability and completeness of accounting records, and timely preparation of financial statements 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 the interests of all its stakeholders.

The Company has a clearly defined Policies, Standard Operating Procedures (SOP), Financial & Operational Delegation of Authority (DOA) and Organisational structure for its business functions and verticals to ensure orderly and efficient conduct of its business across the organisation. Our ERP system supports in process standardization, access control to users and also to mitigate Segregation of Duties (SOD) conflicts.

Risk based internal audit is performed and root cause analysis along with action taken status is presented before the Audit Committee on a periodical interval.

Risk Control Matrix (RCM) has been prepared with respect to each Business functions and their mapping are being done with Functional Dashboard/ Compliance management system/ GRC Process Control.

24. Details of establishment of Vigil Mechanism for Directors and Employees

The Company has a very strong Whistle Blower policy under the name "Satark", where by a forum is available for all Employee(s), business associate(s) engaged with the Company who can report any fraud, irregularity, wrong doing and unethical behaviour. The Policy provides that the Company investigates such reported matters in an impartial manner and takes appropriate action to ensure that requisite standards of confidentiality, professional and ethical conduct are always upheld. Any complaint received under Satark policy are even mapped to the Chairman of the Audit Committee.

This Satark policy is available on the website https://havells.com/en/aboutus/corporate-governance.html

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 valuable asset and ensure strategic alignment of Human Resource practices with business objectives. We constantly strive to establish strong systems and processes to build capabilities, drive performance and increase employee engagement to support organizational growth.

Building a highly engaged workforce, developing internal talent, hiring leadership capabilities will continue to be our strategic imperative to support our growth plans.

In Building Leadership Capabilities, we have hired around 35 lateral talent at various leadership roles, from similar/diversified industries to support us in Business, CRI (R&D) & Manufacturing.

Our Performance Management Process and discussion at various levels has helped employees get developmental feedback. To encourage performance dialogue, a Training program covering over 400 Branch Product Heads across branches was conducted focusing on handling better performance and development discussion with the Frontline.

On Skill enhancement, 285 Frontline Sales teams have been trained on Essential Selling Skills with special focus on KAM (Key Account Management) Working. Strengthening technical capabilities within the sales team was another initiative by the Company wherein an online product training portal was introduced. Around 80% (1,800 sales employees) have gone through these modules, taken the test and got certified on various product categories.

Second batch of General Management Program that started last year was conducted at IIM-Bengaluru in which a team of 24 potential leaders had gone through a 7 days residential program which focused on developing them for larger roles.

In continuation to improvement on the GALLUP Survey conducted in 2016, a Sample Survey was conducted in Q3 2018-19 to get employee feedback to assess overall engagement levels in the Company. There has been an improvement in the "Overall Engagement" score from 3.91 to 4.09 on a scale of 5.0.

At Havells, we ensure that there is full adherence to the Code of Ethics and fair business practices. Havells is an equal opportunity employer and employees are evaluated solely on the basis of their qualification and performance. We provide equal opportunity in all aspects of employment, including retirement, training, work conditions, career progression etc. that reconfirms our commitment that equal employment opportunity is 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

Prevention and control of sexual harassment at workplace constitutes an important part of corporate culture while aligning with international best practices and improving management processes. As part of the legal responsibility and zero tolerance towards sexual harassment at the workplace Havells has implemented the "Nirbhaya" policy for women employees and other workplace participants.

As statutorily required an Internal Complaints Committee has been constituted under the policy which provides a forum to all female personnel to lodge complaints (if any) therewith. The Committee meets at specified intervals to take note of useful tools, mobile applications, media excerpts, interactive sessions, etc. that enhance security of female employees.

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.

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 Long Term Incentive Plan 2014 (LTIP 2014), Havells Stock Purchase Scheme 2015 (ESPS 2015) and Havells 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 29th May, 2019 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 9th June, 2014, 4th December, 2015 and 13th July, 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 except for the revision in threshold of basic salary approved by the Nomination and Remuneration Committee with effect from 1st April, 2019, as a criteria for determining eligible employees under the LTIP 2014. Disclosures pursuant to SEBI (Share Based Employee Benefits) Regulations, 2014, in respect of LTIP 2014, ESPS 2015 and ESPS 2016 as at 31st March, 2019 are available on the website of the Company at https://www.havells.com/en/discover-havells/investor-relation/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 to go for a Corporate Governance Rating from CARE. For a third year in a row, CARE has re-affirmed **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.

- 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.

30. Global Certifications

The Company augmented its global certifications armory from its existing bucket like BASEC, KEMA, TIS, TÜV Rheinland and CB, for its various products to expand its reach in international arena.

The Company further obtained the following certifications during the year 2018-19:

- IEC 60598 for LED Lighting products;
- CB / ROHS certification for LED Lamps;
- ESMA & ECAS for Middle East for LED Lamps;
- KEMA for Offload Changeovers;
- Dual certification for (EURO 2 Breakers);
- KEMA for MCCB (HIM Series);
- UL for Wires;
- KEMA certification for MC (WIP stage).

31. Corporate Governance

Your Company has transformed over the years as a global brand not only commercially but also ethically. Corporate Governance is all about faith and faith leads to long term relationship with stakeholder like our Bankers, Customers to name a few.

The contribution that the culture of governance has on a Company is evident from our growth trajectory. From indigenous products to creating synergy with another trusted brand like Lloyds, reinforces the strong credentials that your Company has earned over the years. The goodwill that your Company demands in the global market has been greatly reinforced by the transparency it strongly believes in.

It may also be emphasized that the recent changes in the corporate governance landscape in India has ushered a new revolution. Your Company has been on the forefront in adopting such changes and creating a sustainable environment. The changes in law are integrated in our operations so that compliance is in true spirit.

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 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 Annual Report.

32. Environment, Health and Safety

Your Company is committed to providing a safe working environment to all employees and protecting the nature in which it operates. Our leadership has an unswerving belief that no task or business objective can take priority over health and safety of our employees. We have incorporated globally acknowledged frameworks such as IIRC (International Integrated Reporting Council) framework, GRI standards, and UNGC principles for measuring, monitoring and reporting our Sustainability initiatives. Abiding by these frameworks helps us in maintaining high standards and strict compliance of Environment, Health and Safety parameters.

Our debut participation in Dow Jones Sustainability Index, in which we were ranked 7th globally in Electrical Components & Equipment Category and have scored 96 in both Environmental Reporting and Occupational Health & Safety section is a testimony to our commitment towards environment, health and safety of our employees.

We have had an excellent track record over the years with no fatalities or major injuries. To keep that track record alive, we share an embedded focus on continually improving our management systems, standards and approach by developing a culture where we proactively identify potential risks and hazards and eliminate, or if not possible, mitigate the risk to as low as reasonably attainable. We have implemented the systems, strategies, resources and structures necessary to meet our EHS goals. We constantly review and measure our systems, standards and behaviours to implement corrective and preventative actions for continuous improvement.

At each plant location, annual events were organized and commemorated like National Safety Week, World Environment Day and Road Safety Week. Mock-drills for electrical safety, fire safety, evacuation, earth-quake, chemical spillage were conducted to strengthen the safety at workplace. During the year we provided extensive training to our people. In FY 2018-19 we recorded 48,181 man-hours of training.

Your Company has implemented ISO 14001 and ISO 50001 at most of its manufacturing sites. During the year, the Company not only optimized the use of energy by regularly conducting energy audits but also focused on enhancing our renewable energy footprint thus reducing Greenhouse gas emissions. Today, renewable power contributes close to 6% of the total energy consumed at all manufacturing facilities. The Company also intensified its drive to eliminate water wastage, efficiently managing our waste thereby reducing burden on landfills.

Committed to the vision of being wood, paper and carbon positive, your Company is continuously adopting new techniques to eliminate and minimize the environment impact. During the year, we planted over 2 lac trees across the state of Madhya Pradesh, Rajasthan and Himachal Pradesh. In the coming year, we have pledged to plant 4.5 lac trees to be closer to our vision.

To ensure the well-being of our employees, we have implemented some of the world's best practices such as OHSAS and identified processes concerned with Critical to Health (CTH) and Critical to Safety (CTS). All our employees at plants regularly undergo medical check-ups for any occupational health hazard. We conduct ergonomics studies in our production process to enhance employee's fitness and productivity. Numerous health camps aim to promote the general wellbeing of our employees were organized during the year.

33. Research and Development

Being a Fast-Moving Electrical Goods (FMEG) Company we are operating in product portfolios which are characterized by rapid changes in consumer preferences and technological advances. The Company's ability to compete successfully depends heavily upon its ability to ensure a continual and timely flow of competitive products, services and technologies to the marketplace. With a vision of being recognized as a Company with early mover advantage and as an early adopter of new technologies, our objective is to launch highly innovative products addressing explicit and latent needs of our customers. We do realize that early adoption of relevant technologies will be the cornerstone of our product innovation strategy. With this broader mission we have been investing in strengthening our in-house R&D capabilities which will form the foundation for future. The Company continues to invest in world class infrastructure and test laboratories at all plant locations with a strong focus on in-house research & development thus promoting a strong culture for open and collaborative 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 (in-field) phases. As part of this mission, the Company has come up with a dedicated R&D Center at Sector-59, Noida Location. This R&D Center spans over a covered area of 1,00,000 square feet (including 50,000 square feet of world-class lab facilities) and houses great majority of the product development teams. 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 niche premium segment with an objective of having clear product differentiation in our product portfolios which are common across different brands of Havells group (Crabtree / Havells/ Standard / Reo).

We enhanced our focus on open Innovations with wider proliferation of 'SOCH' platform – our in-house platform for crowd sourcing of novel ideas. This portal has been extended to our varied stakeholders – including vendors and customers to further boost innovation. Our innovation focus has led to launch of smart connected products such as our digital wi-fi water heaters Adonia and Droid. The pH balancing and periodic disinfection technologies used by our water purifiers Max, Pro and UV Plus, is gaining favour with our customers. In line with smart city and smart office ecosystem initiatives, Havells launched "LitM" – our smart and connected platform for individual and group lighting control. We also launched a high end fully flat switch under our premium Crabtree brand. Our investments over the earlier years in specific technologies/design methodologies such as Design for Six Sigma (DFSS) and Multi-physics simulations is already having an impact in not just gaining stronger understanding of our products under harsh operating conditions (high temperature, unreliable power quality, to name a few) but also enhancing our capabilities to reduce time-to-market with enhanced product quality. For example, the recently launched digital mixer grinder Sonido used Taguchi methodologies to reduce noise by 50% compared to previous versions. Our product safety goals are to meet and exceed global standards and towards this, the Company is investing significantly in testing infrastructure and processes. Havells, in partnership with Hyundai, is launching power circuit protection products that comply with global standards.

These technology-based innovations complement several other aesthetically designed premium products by our in-house Industrial Design team. Our product designs have been widely acknowledged on national and international forums and the company is the recipient of numerous awards some of which are a) Red Dot Award for Stealth Dry Iron, b) CII Design Excellence Award and India Design Award for Stealth Air Fan c) 2018 Product of the Year Awards for Adonia – R water heater, Stilus Juicer Mixer Grinder, Enticer Fan.

The Company currently holds a broad collection of intellectual property rights. This includes patents, copyrights, trademarks and other forms of intellectual property rights in India and a number of foreign countries. The Company continues to strengthen its Intellectual Property position with new 100+ IPR's during the year (includes Design Registrations and Patent Filings).

Year 2018-19 clearly stands out as the year where we have taken a quantum leap in our R&D focus to strengthen our competitive position. We are confident that these steps will make us future ready with relevant technology based and customer centric innovative products – paving the way for our future growth aspirations. We made a conscious decision to bring in new thinking into our R&D thought leadership by attracting talent from diverse set of acclaimed R&D organizations across all levels within CRI.

We also made a strategic decision to set up an Innovation hub in the Silicon Valley of India – Bengaluru with clear focus on select Centers of Excellence. The Bengaluru Innovation hub will also help us tap into a wider talent pool within the country and unfold opportunities for growing our external collaboration eco-space – targeting specific start-ups and academic partners. Our Bengaluru hub is already employing 40+ R&D staff operating out of a dedicated facility in central business district of Bengaluru.

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 ₹ 6,90,058 during the year to the Investor Education and Protection Fund. This amount was lying unclaimed/ unpaid with the Company for a period of 7 (Seven) years after declaration of Final Dividend for the Financial Year ended 2010-11.

(B) Transfer of Shares underlying Unpaid Dividend

During the Financial Year, the Share Allotment and Transfer Committee, in its Meeting held on

12th September, 2018, transmitted 28,758 Equity Shares of the Company into the DEMAT Account of the IEPF Authority held with NSDL (DPID/ Client ID IN300708/10656671) in terms of the provisions of Section 124(6) of the Companies Act, 2013 and the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time.

These Equity Shares were the Shares of such 28 Shareholders whose unclaimed/ unpaid dividend pertaining to Financial Year 2010-11 had been transferred into IEPF and who had not encashed their dividends for 7 (Seven) subsequent Financial Years.

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

With the transfer of abovesaid shares into IEPF, as at 31st March, 2019, a total of 1,98,448 Shares of the Company were lying in the Demat A/c of the IEPF Authority, hereinabove mentioned.

Concerned Shareholders may still claim the shares or apply for refund to the IEPF Authority by making an application in the prescribed Form.

The voting rights on shares transferred to the IEPF Authority shall remain frozen until the rightful owner claims the shares. The shares held in such DEMAT account shall not be transferred or dealt with in any manner whatsoever except for the purposes of transferring the shares back to the claimant as and when he approaches the Authority. All benefits except rights issue accruing on such shares e.g. bonus shares, split, consolidation, fraction shares etc., shall also be credited to such DEMAT account.

Any further dividend received on such shares shall be credited to the IEPF Fund.

35. Shares lying in unclaimed suspense account in electronic mode

As at 31st March, 2019, 2,12,100 Shares were lying in the Unclaimed Suspense Account in dematerialised form in the Havells India Limited Unclaimed Suspense A/c held with IDBI Bank Limited (DP). The voting rights on the said shares shall remain frozen till the rightful owner of such shares claims the shares. The rightful owner can still claim his/ her shares from the suspense account after complying with the procedure laid down in the statute regarding the same.

Initially, during the Financial Year 2017-18, the Company had transferred 2,27,100 (Two Lakhs Twenty Seven Thousand and One Hundred Only) Equity Shares into Unclaimed Share Suspense Account in terms of Regulation 39(4) read with Schedule VI to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These Equity Shares were lying with the Company as unclaimed since the sub-division of Company's Equity Shares of the nominal value of ₹ 5/- each into 5 Equity Shares of the nominal value of ₹ 1/- each.

Subsequently, 15,000 Shares of ₹ 1/- each were transferred to the rightful owners as approved by the Share Transfer and Allotment Committee, in its Meeting held on 13th April, 2018. Further, the unpaid dividend for the last 7 (Seven) years was also paid to the said shareholders.

36. 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 2019-20 has already been paid to the credit of both the Stock Exchanges.

37. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

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

38. Business Responsibility Report (BRR)

The BRR aims at describing the initiatives taken by the Company in discharging its responsibilities from an environmental, social and governance perspective. However 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.

Our Company has been annually publishing its Sustainability Report as per GRI Standards of the Global Reporting Initiative. Our Sustainability Report has been assured by KPMG India. We have also provided the requisite mapping of principles between the Sustainability Report and the Business Responsibility Report as prescribed by SEBI. The same is also available on the website www.havells.com.

39. 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

Noida, May 29, 2019

Anil Rai Gupta
Chairman and Managing Director

ANNEXURE - 1

Nomination and Remuneration Policy of Directors, Key Managerial Personnel and Other Employees

(updated 20th March, 2019)

Principle and Rationale

Section-178 of the Companies Act, 2013 and the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 endeavoured to ensure the guiding principles as prescribed u/s 178(4) of the Companies Act, 2013 and the section on Responsibilities of Board under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 the Companies Act, 2013.

Appointment and remuneration of Managing Director and Whole-time Director

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

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

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

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

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

- Financial and operating performance of the Company.
- Relationship between remuneration and performance.

- Industry/ sector trends for the remuneration paid to executive Directorate.

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

Insurance Premium as Part of Remuneration

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

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

Remuneration of Independent Directors

Independent Directors may receive remuneration by way of

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

Independent Directors shall not be entitled to any stock options.

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

Remuneration to Directors in other Capacity

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

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

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

Evaluation of the Directors

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

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

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

Nomination and Remuneration of the Key Managerial Personnel (other than Managing/ Whole-time Directors), Key-Executives and Senior Management

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

The KMPs are the point of first contact between the Company and its stakeholders. While the Board of Directors are responsible for providing the oversight, it is the key managerial personnel and the senior management who are responsible for not just laying down the strategies as well as its implementation.

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

(i) the Chief Executive Officer or the Managing Director or the Manager;

(ii) the Whole-time Director;

(iii) the Chief Financial Officer;

(iv) the Company Secretary;

(v) such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board 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 which here means, the core management team comprising of such members of management as determined by the Company under Layer 1 of the System-Driven Disclosures in respect of Regulation 7(2)(b) of PIT Regulations, 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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, 2019

[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 Email: investors@havells.com Website: www.havells.com**
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	**Noble Heights, 1st Floor, Plot No. NH 2, LSC, C-1 Block, Near Savitri Market, Janakpuri, New Delhi-110058**
	Contact	**Telephone No.: 011-41410592, 93, 011-49411000 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:

Sr. No.	Name and Description of main Products / Services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Cable	2,732	32%
2	Switchgears	2,710	17%
3	Electric Consumer Durables	2,750	20%
4	Lighting & Fixtures	2,740	13%
5	Lloyd Consumer	2750, 2640	18%

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name	Address	CIN/ GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Havells Sylvania Iluminacion (Chile) Ltda	Av. Apoquindo 3710, 13th Floor, Las Condes, Santiago	76.031.321-1	Subsidiary	100%	Section 2(87) of the Companies Act, 2013
2	Havells Holdings Limited	33, Athol Street, Douglas, Isle of Man	00475V	Subsidiary	100%	Section 2(87) of the Companies Act, 2013
3	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 the Companies Act, 2013
4	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 the Companies Act, 2013
5	Havells Exim Limited	Unit 613, 6/F Tower A, Hunghom Commercial Centre, 39 Ma Tau Wai Road, Hunghom, Kowloon, Hong Kong	67829336-000-06-17-9	Subsidiary	100%	Section 2(87) of the Companies Act, 2013
6	Promptec Renewable Energy Solutions Private Limited	"SHIBRA FARMS", Nagasandra Main Road, 8th Mile, Tumkur Road, Bengaluru, Karnataka 560073	U40108KA2008PTC047683	Subsidiary	100%	Section 2(87) of the Companies Act, 2013
7	Havells Global Limited	904, 9th Floor, Surya Kiran Building, K G Marg, Connaught Place, New Delhi – 110001	U31909DL2016PLC302444	Subsidiary	100%	Section 2(87) of the Companies Act, 2013
8	Standard Electrical Limited	904, 9th Floor, Surya Kiran Building, K G Marg, Connaught Place, New Delhi – 110001	U31900DL2016PLC305794	Subsidiary	100%	Section 2(87) of the 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	Lloyd Consumer Private Limited	904, 9th Floor, Surya Kiran Building, K G Marg, Connaught Place, New Delhi – 110001	U29309DL2017PTC317324	Subsidiary	100%	Section 2(87) of the Companies Act, 2013

IV. Shareholding Pattern (Equity Share Capital breakup as percentage of total Equity)

i) Category-wise shareholding

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	9,49,94,980	0	9,49,94,980	15.20	1,35,84,000	0	1,35,84,000	2.17	-13.02
(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	41.37	25,86,00,540	0	25,86,00,540	41.34	-0.02
(e) Financial Institutions/ Banks	0	0	0	0.00				0.00	0.00
(f) Any Other - Trust	1,88,62,400	0	1,88,62,400	3.02	10,02,73,380	0	10,02,73,380	16.03	13.01
Sub-Total (A)(1)	**37,24,57,920**	**0**	**37,24,57,920**	**59.58**	**37,24,57,920**	**0**	**37,24,57,920**	**59.55**	**-0.03**
(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

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	
(d) Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00
(e) Any Other	0	0	0	0.00			0	0.00	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)	**37,24,57,920**	**0**	**37,24,57,920**	**59.58**	**37,24,57,920**	**0**	**372,457,920**	**59.55**	**-0.03**
B. Public Shareholding									
(1) Institutions									
(a) Mutual Funds	2,82,91,508	0	2,82,91,508	4.53	2,42,40,406	0	2,42,40,406	3.88	-0.65
(b) Financial Instititions/Banks	31,05,430	0	31,05,430	0.50	21,21,963	0	21,21,963	0.34	-0.16
(c) Central Government	7,53,376	0	7,53,376	0.12	9,76,512	0	9,76,512	0.16	0.04
(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) FPIs	15,58,41,064	0	15,58,41,064	24.93	17,06,51,205	0	17,06,51,205	27.28	2.35
(h) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(i) Others									
(a) Alternate Investment Funds	1,84,217	0	1,84,217	0.03	5,29,623	0	5,29,623	0.08	0.06
Sub-Total (B)(1)	**18,81,75,595**	**0**	**18,81,75,595**	**30.12**	**19,85,19,709**	**0**	**19,85,19,709**	**31.74**	**1.62**
(2) Non-institutions									
(a) Bodies Corporate									
1) Indian	1,98,03,974	0	19,803,974	3.17	1,14,05,187	0	1,14,05,187	1.82	-1.34
2) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
(b) Indivldual								0.00	0.00
(i) Indiv. hldg. nom. shr. cap.<= ₹1 Lakh	3,06,79,842	13,39,077	3,20,18,919	5.12	3,04,22,320	11,46,167	3,15,68,487	5.05	-0.07
(ii) Indiv. hldg. nom. shr. cap.> ₹1 Lakh	60,38,157	0	60,38,157	0.97	50,33,218	0	50,33,218	0.80	-0.16
(c) Others									
(1) Trusts	14,44,464	0	14,44,464	0.23	17,46,810	0	17,46,810	0.28	0.05
(2) Non Resident Indians	24,44,637	7,13,000	31,57,637	0.51	23,95,664	5,69,000	29,64,664	0.47	-0.03
(3) Clearing Members	9,51,611	0	9,51,611	0.15	6,94,375	0	6,94,375	0.11	-0.04
(4) Hindu Undivided Families	7,03,406	0	7,03,406	0.11	6,71,992	0	6,71,992	0.11	-0.01
(5) IEPF	1,69,690	0	1,69,690	0.03	1,98,448	0	1,98,448	0.03	0.00
(6) Unclaimed Shares	2,27,100	0	2,27,100	0.04	2,12,100	0	2,12,100	0.03	0.00
Sub-Total (B)(2)	**6,24,62,881**	**20,52,077**	**6,45,14,958**	**10.32**	**5,27,80,114**	**17,15,167**	**5,44,95,281**	**8.71**	**-1.61**
Total Public Shareholding(B)= (B)(1)+(B)(2)	**25,06,38,476**	**20,52,077**	**25,26,90,553**	**40.42**	**25,12,99,823**	**17,15,167**	**25,30,14,990**	**40.45**	**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)	**62,30,96,396**	**20,52,077**	**62,51,48,473**	**100.00**	**62,37,57,743**	**17,15,167**	**62,54,72,910**	**100.00**	**0.00**

$The percentage(%) change in Promoters' shareholding is due to fresh allotment of 3,24,437 Equity Shares under the ESPS Plans of the Company..

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the Year			Shareholding at the end of the Year			% Change in share 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	Shri Qimat Rai Gupta#	1,35,84,000	2.17	N.A	0	0.00	N.A	-2.17
2	Shri Surjit Kumar Gupta	2,86,50,800	4.58	N.A	0	0.00	N.A	-4.58
3	Smt. Vinod Gupta	3,09,50,240	4.95	N.A	1,35,84,000	2.17	N.A	-2.78
4	Shri Ameet Kumar Gupta	15,66,160	0.25	N.A	0	0.00	N.A	-0.25
5	Shri Anil Rai Gupta	1,17,97,340	1.89	N.A	0	0.00	N.A	-1.89
6	Smt. Santosh Gupta	23,16,720	0.37	N.A	0	0.00	N.A	-0.37
7	Smt. Shalini Gupta	38,98,500	0.62	N.A	0	0.00	N.A	-0.62
8	Smt. Sangeeta Rai Gupta	22,31,220	0.36	N.A	0	0.00	N.A	-0.36
9	Shri Abhinav Rai Gupta	N.A.	N.A.	N.A.	0	0.00	N.A	0.00
10	Shri Anil Rai Gupta (as Managing Trustee of ARG Family Trust)	1,88,62,400	3.02	N.A	6,38,41,200	10.21	N.A	7.19
11	Shri Surjit Kumar Gupta (as Trustee of SKG Family Trust)	N.A.	N.A.	N.A	3,64,32,180	5.82	N.A.	5.82
12	QRG Investments and Holdings Limited (Formerly Ajanta Mencantile Limited)	6,87,41,660	11.00	N.A	6,87,41,660	10.99	N.A	-0.01
13	QRG Enterprises Limited	18,98,58,880	30.37	N.A	18,98,58,880	30.35	N.A	-0.02
	TOTAL	**37,24,57,920**	**59.58**		**37,24,57,920**	**59.55**		**-0.03**

#During the year the shares of Shri Qimat Rai Gupta were transmitted to Smt. Vinod Gupta, spouse.

The percentage (%) changed in Promoters' shareholding is due to fresh allotment of 3,24,437 Equity Shares made during the year under various ESPS plans of the Company.

iii) Change in promoters' shareholding

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Compnay	No. of shares	% of total shares of the Compnay
1	**Shri Anil Rai Gupta**				
	At the beginning of the year	1,17,97,340	1.89		
	Date wise Increase/Decrease in promoters Shareholding during the year Specifying the reasons for increase / decrease (allotment/transfer/bonus/sweat etc.) **13th July, 2018: Inter-se transfer by way of gift of shares to Smt. Sangeeta Rai Gupta (spouse)**	-1,17,97,340	-1.89	0	0.00
	At the End of the Year	0	0.00		
2	**Shri Surjit Kumar Gupta**				
	At the beginning of the year	2,86,50,800	4.58		
	Date wise Increase/Decrease in promoters Shareholding during the year Specifying the reasons for increase / decrease (allotment/transfer/bonus/sweat etc.) **21st December, 2018: Settlement of shares into SKG Family Trust pursuant to SEBI exemption order**	-2,86,50,800	-4.58	0	0.00
	At the End of the Year	0	0.00		
3	**Smt. Vinod Gupta**				
	At the beginning of the year	3,09,50,240	4.95		
	Date wise Increase/Decrease in promoters Shareholding during the year Specifying the reasons for increase / decrease (allotment/transfer/bonus/sweat etc.) **21st December, 2018: Settlement of shares into ARG Family Trust pursuant to SEBI exemption order**	-3,09,50,240	-4.95	0	0.00
	25th January, 2019: Shares received by Transmission of shares	1,35,84,000	2.17	1,35,84,000	2.17
	At the End of the Year	1,35,84,000	2.17		

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the compnay	No. of shares	% of total shares of the compnay
4	**Shri Ameet Kumar Gupta**				
	At the beginning of the year	1,5,66,160	0.25		
	Date wise Increase/Decrease in promoters Shareholding during the year Specifying the reasons for increase / decrease (allotment/transfer/bonus/sweat etc.) **13th July, 2018: Inter-se transfer by way of gift of shares to Smt. Santosh Gupta (Mother)**	-15,66,160	-0.25	0	0.00
	At the End of the Year	0	0.00		
5	**Smt. Santosh Gupta**				
	At the beginning of the year	23,16,720	0.37		
	Date wise Increase/Decrease in promoters Shareholding during the year Specifying the reasons for increase / decrease (allotment/transfer/bonus/sweat etc.) **13th July, 2018: Inter-se transfer by way of gift of shares received from Shri Ameet Kumar Gupta and Smt. Shalini Gupta**	54,64,660	0.87	77,81,380	1.24
	21st December, 2018: Settlement of shares into SKG Family Trust pursuant to SEBI exemption order	-77,81,380	-1.24	0	0.00
	At the End of the Year	0	0.00		
6	**Smt. Sangeeta Rai Gupta**				
	At the beginning of the year	22,31,220	0.36		
	Date wise Increase/Decrease in promoters Shareholding during the year Specifying the reasons for increase / decrease (allotment/transfer/bonus/sweat etc.) **13th July, 2018: Inter-se transfer by way of gift of shares received from Shri Anil Rai Gupta (Spouse)**	1,17,97,340	1.89	1,40,28,560	2.24
	21st December, 2018: Settlement of shares into ARG Family Trust pursuant to SEBI exemption order	-1,40,28,560	-2.24	0	0.00
	At the End of the Year	0	0.00		
7	**Smt. Shalini Gupta**				
	At the beginning of the year	38,98,500	0.62		
	Date wise Increase/Decrease in promoters Shareholding during the year Specifying the reasons for increase / decrease (allotment/transfer/bonus/sweat etc.) **13th July, 2018: Inter-se transfer by way of gift of shares to Smt. Santosh Gupta (Mother-in -law)**	-38,98,500	-0.62	0	0.00
	At the End of the Year	0	0.00		
8	**Shri Anil Rai Gupta as Managing Trustee of ARG Family Trust**				
	At the beginning of the year	1,88,62,400	3.02		
	Date wise Increase/Decrease in promoters Shareholding during the year Specifying the reasons for increase / decrease (allotment/transfer/bonus/sweat etc.) **21st December, 2018: Settlement of shares pursuant to SEBI exemption order as received from Smt. Vinod Gupta and Smt. Sangeeta Rai Gupta, Trustee of the ARG Family Trust**	4,49,78,800	7.19	6,38,41,200	10.21
	At the End of the Year	6,38,41,200	10.21		
9	**Shri Surjit Kumar Gupta as Trustee of SKG Family Trust**				
	At the beginning of the year	0	0.00		
	Date wise Increase/Decrease in promoters Shareholding during the year Specifying the reasons for increase / decrease (allotment/transfer/bonus/sweat etc.) **21st December, 2018: Settlement of shares pursuant to SEBI exemption order as received from Shri Surjit Kumar Gupta and Smt. Santosh Gupta, Trustee of SKG Family Trust**	3,64,32,180	5.82	3,64,32,180	5.82
	At the End of the Year	3,64,32,180	5.82		

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 Employees Long Term Incentive Plan 2014 (LTIP Plan), Havells Employees Stock Purchase Scheme 2015 (ESPS 2015) and Havells Employees Stock Purchase Scheme 2016 (ESPS 2016).

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

Sr. 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	5.28		
2	**GOVERNMENT PENSION FUND GLOBAL**						
	At the beginning of the year			1,32,25,441	2.12		
	Sale(-)/Purchase(+) during the Year	**As on Benpos Date**	**No. of shares**				
		21.12.2018	1,34,759			1,33,60,200	2.14
		28.12.2018	67,265			1,34,27,465	2.15
		11.01.2019	1,95,968			1,36,23,433	2.18
		18.01.2019	1,08,574			1,37,32,007	2.20
		01.02.2019	2,04,955			1,39,36,962	2.23
		01.03.2019	2,04,503			1,41,41,465	2.26
		15.03.2019	98,591			1,42,40,056	2.28
		29.03.2019	8,488			1,42,48,544	2.28
	At the End of the Year (or on the date of Separation, if Separated during the Year)			1,42,48,544	2.28		
3	**SMALLCAP WORLD FUND, INC**						
	At the beginning of the year			76,71,266	1.23		
	Sale(-)/Purchase(+) during the Year	**As on Benpos Date**	**No. of shares**				
		26.10.2018	4,35,007			81,06,273	1.30
		16.11.2018	2,30,419			83,36,692	1.33
		23.11.2018	10,07,081			93,43,773	1.49
		14.12.2018	3,17,421			96,61,194	1.54
		28.12.2018	44,294			97,05,488	1.55
		25.01.2019	12,28,785			1,09,34,273	1.75
	At the End of the Year (or on the date of Separation, if Separated during the Year)			1,09,34,273	1.75		
4	**NEW WORLD FUND INC**						
	At the beginning of the year			72,65,000	1.16		
	Sale(-)/Purchase(+) during the Year	**As on Benpos Date**	**No. of shares**				
		05.10.2018	2,53,696			75,18,696	1.20
		12.10.2018	3,39,542			78,58,238	1.26
		19.10.2018	1,18,872			79,77,110	1.28
		26.10.2018	1,33,134			81,10,244	1.30
	At the End of the Year (or on the date of Separation, if Separated during the Year)			81,10,244	1.30		

Sr. 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
5	**HDFC STANDARD LIFE INSURANCE COMPANY LIMITED**						
	At the beginning of the year			52,39,334	0.84		
	Sale(-)/Purchase(+) during the Year	**As on Benpos Date**	**No. of shares**				
		13.04.2018	-5,94,455			46,44,879	0.74
		20.04.2018	-1,19,190			45,25,689	0.72
		04.05.2018	-2,164			45,23,525	0.72
		11.05.2018	-30,794			44,92,731	0.72
		18.05.2018	-64,005			44,28,726	0.71
		25.05.2018	-18,199			44,10,527	0.71
		01.06.2018	-80,125			43,30,402	0.69
		08.06.2018	1,669			43,32,071	0.69
		06.07.2018	25,000			43,57,071	0.70
		13.07.2018	-50,411			43,06,660	0.69
		20.07.2018	-8,49,589			34,57,071	0.55
		27.07.2018	-23,99,161			10,57,910	0.17
		03.08.2018	-198			10,57,712	0.17
		10.08.2018	4			10,57,716	0.17
		24.08.2018	-25,926			10,31,790	0.16
		31.08.2018	-600			10,31,190	0.16
		07.09.2018	25,000			10,56,190	0.17
		05.10.2018	23,666			10,79,856	0.17
		12.10.2018	2,692			10,82,548	0.17
		19.10.2018	20			10,82,568	0.17
		26.10.2018	-1,49,869			9,32,699	0.15
		02.11.2018	120			9,32,819	0.15
		16.11.2018	-1,08,031			8,24,788	0.13
		23.11.2018	-623			8,24,165	0.13
		30.11.2018	96			8,24,261	0.13
		07.12.2018	-2,652			8,21,609	0.13
		14.12.2018	61			8,21,670	0.13
		28.12.2018	16			8,21,686	0.13
		04.01.2019	10			8,21,696	0.13
		11.01.2019	2,761			8,24,457	0.13
		18.01.2019	-1,93,797			6,30,660	0.10
		25.01.2019	-34,422			5,96,238	0.10
		08.02.2019	-12,128			5,84,110	0.09
		15.02.2019	17			5,84,127	0.09
		01.03.2019	23			5,84,150	0.09
		15.03.2019	3,583			5,87,733	0.09
		22.03.2019	-750			5,86,983	0.09
		29.03.2019	24			5,87,007	0.09
	At the End of the Year (or on the date of Separation, if Separated during the Year)			5,87,007	0.09		

Sr. 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
6	**SBI MAGNUM BALANCED FUND**						
	At the beginning of the year			45,20,000	0.72		
	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)			45,20,000	0.72		
7	**VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUND**						
	At the beginning of the year			40,02,551	0.64		
	Sale(-)/Purchase(+) during the Year	**As on Benpos Date**	**No. of shares**				
		04.05.2018	-8,700			39,93,851	0.64
		11.05.2018	-8,265			39,85,586	0.64
		01.06.2018	-6,525			39,79,061	0.64
		15.06.2018	-6,525			39,72,536	0.64
		22.06.2018	-16,851			39,55,685	0.63
		30.06.2018	-27,126			39,28,559	0.63
		06.07.2018	-11,097			39,17,462	0.63
		13.07.2018	-17,673			38,99,789	0.62
		16.11.2018	6,030			39,05,819	0.62
		23.11.2018	15,678			39,21,497	0.63
		07.12.2018	7,638			39,29,135	0.63
		21.12.2018	21,708			39,50,843	0.63
		01.02.2019	21,634			39,72,477	0.64
		08.02.2019	69,005			40,41,482	0.65
		22.03.2019	-124,276			39,17,206	0.63
		29.03.2019	8,579			39,25,785	0.63
	At the End of the Year (or on the date of Separation, if Separated during the Year)			39,25,785	0.63		
8	**GOVERNMENT OF SINGAPORE**						
	At the beginning of the year			35,72,908	0.57		
	Sale(-)/Purchase(+) during the Year	**As on Benpos Date**	**No. of shares**				
		06.04.2018	2,915			35,75,823	0.57
		20.04.2018	-30,328			35,45,495	0.57
		27.04.2018	-1,882			35,43,613	0.57
		04.05.2018	-2,582			35,41,031	0.57
		11.05.2018	141			35,41,172	0.57
		18.05.2018	-5,364			35,35,808	0.57
		25.05.2018	3,75,750			39,11,558	0.63
		01.06.2018	8,183			39,19,741	0.63
		08.06.2018	1,35,930			40,55,671	0.65
		15.06.2018	1,05,754			41,61,425	0.67
		22.06.2018	22,931			41,84,356	0.67
		13.07.2018	-8,217			41,76,139	0.67
		20.07.2018	27,517			42,03,656	0.67
		27.07.2018	-2,050			42,01,606	0.67

Sr. 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
		03.08.2018	-2,532			41,99,074	0.67
		10.08.2018	-22,626			41,76,448	0.67
		24.08.2018	65,596			42,42,044	0.68
		31.08.2018	1,47,598			43,89,642	0.70
		07.09.2018	-2,72,993			41,16,649	0.66
		14.09.2018	86,449			42,03,098	0.67
		21.09.2018	49,216			42,52,314	0.68
		29.09.2018	81,442			43,33,756	0.69
		05.10.2018	1,20,178			44,53,934	0.71
		12.10.2018	-4,478			44,49,456	0.71
		19.10.2018	1,80,392			46,29,848	0.74
		02.11.2018	8,513			46,38,361	0.74
		16.11.2018	-8,482			46,29,879	0.74
		23.11.2018	29,725			46,59,604	0.74
		30.11.2018	1,46,455			48,06,059	0.77
		07.12.2018	-17,442			47,88,617	0.77
		14.12.2018	-63			47,88,554	0.77
		21.12.2018	41,040			48,29,594	0.77
		28.12.2018	-2,144			48,27,450	0.77
		04.01.2019	25,272			48,52,722	0.78
		18.01.2019	7,989			48,60,711	0.78
		08.02.2019	77,808			49,38,519	0.79
		15.02.2019	-63			49,38,456	0.79
		01.03.2019	-88,479			48,49,977	0.78
		08.03.2019	-85,468			47,64,509	0.76
		22.03.2019	24,513			47,89,022	0.77
	At the End of the Year (or on the date of Separation, if Separated during the Year)			47,89,022	0.77		
9	**VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND**						
	At the beginning of the year			32,82,865	0.53		
	Sale(-)/Purchase(+) during the Year	**As on Benpos Date**	**No. of shares**				
		08.06.2018	99,091			33,81,956	0.54
		24.08.2018	93,881			34,75,837	0.56
		07.09.2018	74,748			35,50,585	0.57
		02.11.2018	69,628			36,20,213	0.58
		14.12.2018	62,446			36,82,659	0.59
	At the End of the Year (or on the date of Separation, if Separated during the Year)			36,82,659	0.59		
10	**COLUMBIA ACORN INTERNATIONAL**						
	At the beginning of the year			30,83,000	0.49		
	Sale(-)/Purchase(+) during the Year	**As on Benpos Date**	**No. of shares**				
		11.05.2018	-3,08,000			27,75,000	0.44
		12.10.2018	-2,44,799			25,30,201	0.40
		19.10.2018	-2,97,201			22,33,000	0.36
		07.12.2018	-5,82,000			16,51,000	0.26
		04.01.2019	-1,13,901			15,37,099	0.25
	At the End of the Year (or on the date of Separation, if Separated during the Year)			15,37,099	0.25		

v) Shareholding of Directors and Key Managerial Personnel:

Sr. 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 Anil Rai Gupta**						
	At the beginning of the year			1,17,97,340	1.89		
	Increase(+)/Decrease(-) during the Year	**As on Benpos Date**	**No. of shares**				
	Gifted to Spouse	13.07.2018	-1,17,97,340	0	0.00	0	0.00
	At the End of the Year (or on the date of Separation, if Separated during the Year)			0	0.00		
2	**Shri Surjit Kumar Gupta**						
	At the beginning of the year			2,86,50,800	4.58		
	Increase(+)/Decrease(-) during the Year	**As on Benpos Date**	**No. of shares**				
	Transfer to Family Trust	21.12.2018	-2,86,50,800	0	0.00	0	0.00
	At the End of the Year (or on the date of Separation, if Separated during the Year)			0	0.00		
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**				
	Gifted to Mother	13.07.2018	-15,66,160	0	0.00	0	0.00
	At the End of the Year (or on the date of Separation, if Separated during the Year)			0	0.00		
4	**Shri Rajesh Kumar Gupta**						
	At the beginning of the year			13,00,688	0.21		
	Increase(+)/Decrease(-) during the Year	**As on Benpos Date**	**No. of shares**				
	Shares allotted under Havells Employees Stock Purchase Scheme 2015	30.06.2018	1,00,000			14,00,688	0.22
	Sale of shares	27.07.2018	-6,00,000			8,00,688	0.13
	At the End of the Year (or on the date of Separation, if Separated during the Year)			8,00,688	0.13		
5	**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		

Sr. 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
6	**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		
7	**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		
8	**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		
9	**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		
10	**Shri Puneet Bhatia**						
	At the beginning of the year			0	0.00		
	Increase(+)/Decrease(-) during the Year	**As on Benpos Date**	**No. of shares**				
		N.A.	0			0	0.00
	At the End of the Year (or on the date of Separation, if Separated during the Year)			0	0.00		

Sr. 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 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		
12	**Shri Jalaj Ashwin Dani**						
	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		
13	**Shri Upendra Kumar Sinha**						
	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 (KMP)**						
	At the beginning of the year			1,939	0.00		
	Increase(+)/Decrease(-) during the Year	**As on Benpos Date**	**No. of shares**				
	Shares alloted under Havells Employees Long Term Incentive Plan 2014	30.06.2018	1,037			2,976	0.00
	At the End of the Year (or on the date of Separation, if Separated during the Year)			2,976	0.00		

V. Indebtedness

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

(₹ in Crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total
Indebtedness at the beginning of the financial year				
i) Principal Amount	108.00	-	-	108.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**108.00**	**-**	**-**	**108.00**
Change in Indebtedness during the financial year				
• Addition	-	-	-	-
• Reduction	13.50	-	-	13.50
Net Change	**(13.50)**	**-**	**-**	**(13.50)**
Indebtedness at the end of the financial year				
i) Principal Amount	94.50	-	-	94.50
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
TOTAL (i+ii+iii)	**94.50**	**-**	**-**	**94.50**

VI. Remuneration of Directors and Key Managerial Personnel

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

Sr. 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	4,81,65,193	1,92,15,000	4,37,65,000	11,11,45,193
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	39,600	39,600	39,600	1,18,800
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-	-
2.	Stock Option / ESPS (no. of shares)	-	-	1,00,000$	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify…	14,79,68,750*	5,91,87,500**	5,91,87,500**	26,63,43,750
5.	Others, (PF Contribution)	57,60,000	23,04,000	52,50,000	1,33,14,000
	TOTAL (A)	**20,19,33,543**	**8,07,46,100**	**10,82,42,100**	**39,09,21,743**
	Ceiling as per the Act	10% of Net profit for all Executive Directors - Managing and Whole-time Directors; 5% of Net profit to any one Managing or Whole-time Director			

$ Perquisites exclude value of shares exercised during financial year 2018-19 under the Havells Employees Stock Purchase Scheme, 2015.

 # During the year 2018-19, 1,00,000 Equity Shares of ₹ 1/- each, were allotted to Shri Rajesh Kumar Gupta under Havells Employees Stock Purchase Scheme 2015.

** 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*

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors										Total Amount (₹)
		Shri Vijay Kumar Chopra (ID)	Dr. Adarsh Kishore (ID)	Shri Surender Kumar Tuteja (ID)	Smt. Pratima Ram (ID)	Shri Surjit Kumar Gupta (NED, Non-Independent)	Shri Vellayan Subbiah (ID)	Shri Jalaj Ashwin Dani (ID)	Shri Upendra Kumar Sinha (ID)	Shri Puneet Bhatia (NED, Non-Independent)	Shri T. V. Mohandas Pai (NED, Non-Independent)	
1.	Independent Directors (ID)											
	• Fee for attending board committee meetings	6,60,000	5,10,000	8,40,000	6,00,000	NA	3,90,000	3,90,000	3,30,000	NA	NA	37,20,000
	• Commission	10,00,000	10,00,000	1,0,00,000	10,00,000	NA	10,00,000	10,00,000	10,00,000	NA	NA	70,00,000
	• Others	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
	Total (1)	**16,60,000**	**15,10,000**	**18,40,000**	**16,00,000**	**NA**	**13,90,000**	**13,90,000**	**13,30,000**	**NA**	**NA**	**1,07,20,000**
2.	Other Non-Executive Directors (NED)											
	• Fee for attending board committee meetings	NA	NA	NA	NA	-	NA	NA	NA	1,80,000	2,40,000	4,20,000
	• Commission	NA	NA	NA	NA	-	NA	NA	NA	10,00,000	10,00,000	20,00,000
	• Others	NA	NA	NA	NA	-	NA	NA	NA	NA	NA	NA
	Total (2)	**NA**	**NA**	**NA**	**NA**	**-**	**NA**	**NA**	**NA**	**11,80,000**	**12,40,000**	**24,20,000**
	Total (B)=(1+2)	**16,60,000**	**15,10,000**	**18,40,000**	**16,00,000**	**NA**	**13,90,000**	**13,90,000**	**13,30,000**	**11,80,000**	**12,40,000**	**1,31,40,000**
	Total Managerial Remuneration											**40,40,61,743**
	Overall Ceiling as per the Act	1% of Net Profits of the Company for all Non-executive Directors										

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

Sr. 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	-	71,32,929	-	71,32,929
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-	-
2.	Stock Option / ESPS (No. of shares)	-	1,037#	-	1,037#
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify…	 - -	 - -	 - -	 - -
5.	Others, (PF Contribution)	-	3,58,287	-	3,58,287
	TOTAL	**-**	**74,91,216**	**-**	**74,91,216**

**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 2018-19, 1,037 Equity Shares of ₹ 1/- each, were allotted to the Company Secretary under Havells Employees Long Term Incentive Plan 2014. In respect of these shares, contribution of Company as perquisite is to the extent of ₹ 65,280 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 31st March, 2019

[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 conduct/ 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, 2019, 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, 2019 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) The 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, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

  (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;

  (g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations 2015;

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

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. There was no change in the composition of the Board of Directors during the period under review.
- 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.
- Dissenting member's view were not required to be captured and recorded as part of the Minutes as there was no such instance.
- 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, Havells Employees Stock Purchase Scheme 2015 and Havells Employees Stock Purchase Scheme 2016 which were successfully listed and currently traded at both the Stock Exchanges. Further during the year under review the shareholders have approved the Scheme of Amalgamation between Havells Global Limited, Standard Electrical Limited, Lloyd Consumer Private limited & Promptec Renewable Energy Solutions Private Limited ("Transferor Companies") with Havells India Limited ("Transferee Company") and the same is under consideration of NCLT. 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. Foreign technical collaborations

Note: This report is to be read with our letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.

For **MZ & Associates**
Company Secretaries

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

Place: New Delhi
Date: 7th May, 2019

Annexure A

To
The Members,
Havells India Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

5. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **MZ & Associates**
Company Secretaries

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

Place: New Delhi
Date: 7th May, 2019

ANNEXURE - 4

Details of Investments as on 31st March, 2019

Name of Company	Amount (INR)
Havells Holdings Limited	11,874,365
Jiangsu Havells Sylvania Lighting Limited	172,872,388
Havells Exim Limited	329,050
Havells Guangzhou International Limited	4,529,301
Promptec Renewable Energy Solutions Private Limited	564,461,872
Havells Global Limited	500,000
Standard Electrical Limited	500,000
Lloyd Consumer Private Limited	500,000
TOTAL	**755,566,976**

Notes:

a) *The Company is carrying an amount of ₹12.47 crores and 0.10 crores as provision for impairment of investment held in Havells Holdings Limited and Havells Exim Limited, respectively.*

b) *The Company has measured its investment in its Joint Venture (Jiangsu Havells Sylvania Lighting Limited) at fair value less cost to sell (refer note 33(3)(c)) of Standalone Financials Statement.*

Details of Loans as on 31st March, 2019

As at 31st March, 2019, the amount of loan given by the Company to its wholly-owned subsidiary company, namely, Promptec Renewable Energy Solutions Private Limited, stood at ₹ 8.85 crores.

Details of Guarantees as on 31st March, 2019

As at 31st March, 2019, 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

Noida, 29th May, 2019

Chairman and Managing Director

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 Integrated Report under 'Social Capital' section on pages 26 & 27.

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. Further, during the reported Financial Year 2018-19, the Board had again reviewed the CSR Policy on 20th March, 2019.

   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 Relation Section'** under **"Codes & Policies'**.

2. The composition of CSR committee:

   As at 31st March, 2019, the Corporate Social Responsibility Committee comprises of 5 (Five) Members of the Board, 3 (Three) of which are Independent Directors and 2 (Two) are Executive. The Chairman of the Committee is an Independent Director.

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

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

   The Average Net Profit of three financial years preceding the reporting financial year (i.e. 2017-18, 2016-17 and 2015-16) calculated in accordance with Section-135 of the Companies Act, 2013 is ₹ **864.51 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. 2018-19 is ₹ **17.29 crores**.

5. Details of CSR spent during the Financial Year:

   (a) Total amount to be spent for the Financial Year = ₹ **17.29 crores**

   (b) Amount unspent, if any = **Nil**

(c) Manner in which the amount spent during the Financial Year 2018-19 is detailed below:

₹ in Crores

Sr. 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. - Serving Mid-day Meal to children in schools	(i)	Alwar, Rajasthan	5.00	2.47	19.26	Through QRG Foundation.
2.	Providing sanitation facilities. - Building toilets in schools where mid-day meals are provided.	(i)	Alwar, Rajasthan	4.00	3.25	15.34	Direct
	- Distribution of re-usable sanitary pads for young girls				0.41		Direct
3.	Supporting education of underprivileged children. - Providing tables and benches to children in government primary schools.	(ii)	Haridwar, Baddi, Alwar	0.50	0.21	11.43	Direct
	Skill Development - Adoption and refurbishment of Electrical Wing		Assam, Delhi		0.25		Direct
4.	Contributing to Aga Khan Foundation India, a private non-profit foundation registered under the Companies Act, 2013. Engaged in restoration and conservation of various heritage monuments. - Restoration of Subz-Burj & Completion of Humayun's Tomb Interpretation Centre	(v)	Delhi	4.00	6.07	15.07	Direct
5.	Plantation works	(iv)	Baddi, Alwar, Neemrana and Madhtya Pradesh	2.00	1.02	1.74	Direct
6.	Supporting healthcare - Treatment of Thalassemia Patients	(iii)	Delhi	2.00	0.18	0.60	Direct
7.	Contribution to Relief/ Welfare Fund	(viii)	Kerala	-	3.58	3.59	Direct
	TOTAL			**17.50**	**17.44**	**67.02**	

**Sector refers to the Entries specified in Schedule VII to the Companies Act, 2013.*
#Budget represents yearly budget for the reported financial year.

6. In case the Company has failed to spend the 2% of the average net profit of the last 3 (Three) Financial Years or any part thereof, the Company shall provide the reason for not spending the amount in its Board's Report.

   Not Applicable.

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 Meeting

Date: 29th May, 2019
Place: Noida

*(*In the absence of Shri Vellayan Subbiah, the CSR Committee Chairman, who could not attend the Meeting in which the Report was approved, Shri Surender Kumar Tuteja, Independent Director & Member of the CSR Committee was appointed as the Chairman of the Meeting held on 29th May, 2019)*

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 – **290:1** - Ratio of the remuneration of Shri Ameet Kumar Gupta, Whole-time Director to the median remuneration of the employees – **116:1** - Ratio of the remuneration of Shri Rajesh Kumar Gupta, Whole-time Director (Finance) and Group CFO – **155:1**
(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 – **19.79%** - Shri Ameet Kumar Gupta, WTD – **19.49%** - Shri Rajesh Kumar Gupta, WTD (CFO) – **18.43%** - Shri Sanjay Kumar Gupta, CS – **17.20%**
(iii)	Percentage increase in the median remuneration of employees in the financial year	**12.36%**
(iv)	Number of permanent employees on the rolls of Company	**6,536** 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 – **19.35%** - Average increase in remuneration of employees other than the Managerial Personnel – **10.78%** 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

(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, 2019 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 20,18,93,943 MBA 27 30-09-1992 50; Shri Ameet Kumar Gupta Whole-time Director 8,07,06,500 BE,MBA 24 01-01-2015 47; Shri Rajesh Kumar Gupta Whole-time Director (Finance) and Group CFO 10,82,02,500 (excluding the value of share exercised under ESPS) CA 38 21-03-1992 61; Shri Rajiv Goel Executive Director 6,10,18,775 (excluding the value of share exercised under ESPS) CA,CS 27 01-04-2009 48 Rosewood Advisors (Director); Shri Shashi Arora CEO Lloyd 2,54,25,713 MBA 29 01-02-2018 54 Bharti AIRTEL (Director); Shri Saurabh Goel President 2,11,62,960 PGDBM 24 01-02-2016 50 Bharti Airtel Limited (Sr. Vice President); Shri Sachin Gupta Executive Vice President & CIO 1,84,06,900 M.Sc. 30 16-02-2016 51 Times Group (CIO); Shri Cecil Prem Treasure Executive Vice President 1,70,47,842 MBA 26 20-01-2016 57 Jubilant Life Sciences (Director); Shri Sachin Sharma EVP (Finance) 1,50,79,648 CA 22 01-09-2017 47 Jubilant Food Works (President & CFO);

Shri Vivek Yadav Senior Vice President 1,49,46,126 M.Tech 29 01-02-2016 53 Schneider Electric India Pvt Ltd (Vice President).

Persons employed for part of the year ended 31st March, 2019 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 Date of Commencement Date of Cessation Age in Years Last Employer & Designation Held

Shri Mukul Saxena Executive Vice President 2,41,58,305 Ph.D 35 05-04-2018 – 56 Siemens Technology Services Pvt. Ltd. (Sr Vice President); Shri Rajesh Rathi Senior Vice President 70,59,598 Diploma in Mgmt. 23 03-09-2018 - 43 Videocon Industries Ltd (VP); Shri Ramesh Viswanathan Vice President 60,36,979 M. Tech 32 03-09-2018 - 54 Siemens Technology and Services (AVP); Shri Sanjeev Kumar Senior Vice President 49,68,550 MBA 22 13-11-2018 - 48 Videocon Industries Ltd (VP).

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. 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/ impact on conservation of energy and the steps taken for utilising alternate sources of energy:

Your Company undertook several initiatives for reducing power and fuel consumption across all our plants which have helped us in effective utilization of resources. Some of these initiatives are mentioned below:

Alwar

- Conversion of DC Motor and DC drive with VFD & AC motor to save 837804 kWh.
- Installation of Solar Roof Top System of 600 KW to save 627096 kWh per annum.
- Self-cure compound usage in LT cables to save INR 96L per annum.
- Efficiency improvement of Air Compressor to save 166279 kWh per annum.
- Conversion of conventional lights replaced with LED light to save 856320 kWh per annum.
- IGBC (Indian Green Building Council) – GOLD certification initiated for one section.

Baddi

- Implementation of LEDs in place of conventional lighting which saved 51012 kWh per annum.
- Auto shut off Timer installed on Power presses, Calibration benches to save electricity in ideal position.
- Use of VFD based compressor for meeting air requirement in night saved 30960 kWh per annum.
- Automatic Lighting control installed (motion sensor, lux sensor) resulted in saving of 1500 kWh per annum.
- Cavity enhancement of molds is done to save INR 18.6 L per annum.
- Layout of MCB lines changed in modular system to increase productivity and save INR 3.6 L per annum.

Faridabad

- Use of Oxsilan Chemical in Automatic powder coating shop for improvement in Energy consumption which saved INR 12 L approx.

- Replacement from FTL to LED to improve lighting efficiency by 25%.
- Thermal Interlocking in Paint shop department to improve productivity and energy efficiency.
- Increase in the conveyor speed from 3.2m/s to 3.5m/s to save ₹ 14 L approx.
- Changeover to efficient Air Compressor (Elgi to Kaezer) which saved ₹ 12.8 L per annum.

Haridwar

- Replaced 200 nos of 250 watt Lights with 100 watt LED Lights in ware house to save INR 6.74 L per annum.
- Replaced 3000 nos of 54 watt Lights with 18 watt LED Lights in plant to save INR 32.35 L per annum.
- VFD Installation for Liquid Paint Shop to save INR 14 L per annum.
- Varnish Oven Modification for Cycle time reduced to 7 Hours 07 Min to 5 hours 49 Min to save INR 15.6 L per annum.

Neemrana

- Auto cut off in Hydraulic Pressing Machine in (Assembly) to save 4799 kWh per annum.
- Auto cut off in Hydraulic Pressing Machine in (Winding & Machine Shop) to save 1274 kWh per annum.

Sahibabad

- 16 nos AC replaced for better energy efficiency to save INR 1.2 L per annum.
- 150 CFL/ Sodium vapour lamp changed with LED to save INR 1.44 L per annum.
- Material Change of SPG Frame base design from DMC to Nylon to save INR 43 L per annum.
- Material Change of SPG Frame Rotary design from DMC to Nylon to save INR 14 L per annum.

Haridwar (Standard)

- SCADA system to be incorporated for compressors to save 27000 kWh per annum.
- Cut-off valve for isolation of air supply within specified area during non-productive hours to save 24000 kWh per annum.

Guwahati

- 100% implementation of LEDs during project commissioning.
- Energy saving through timer controller in Exhaust fan & Street light of 4000 kWh per annum.
- Energy Saving through Temperature Controller in cooling tower of approx. 12291 kWh. per annum.
- Implemented UPS supply in Molding machine PLC & Touch screen and saved 62500 kWh per annum.

(ii) Capital investment on energy conservation equipment – Approximately INR 4.62 crores

(B) Technology Absorption

A majority of our products being in the B to C category, which is characterized by high speed in terms of changes in customer preferences and technological advances, Havells is extremely focused on using R&D as a lever to meet these market needs. We are using a combination of both our internal R&D resources and those of our partners to ensure that we are at the forefront of these changes that are happening in the industry that we operate in.

Connected Products – There is a technological revolution happening in the field of connected products and we are an active participant. Havells, in conjunction with local service partners, has organically developed and launched multiple connected products such as the Adonia I – a wireless water heater which can be operated remotely or locally using a mobile app. In the past, Havells has launched Lloyd's wireless AC as well as the Futuro Bluetooth© ceiling fan and more are planned in the near future. Havells also launched AI based energy saving office light "ACTIVE" and "LitM", our smart and connected lighting platform for individual and group lighting control.

New Product – Havells also has developed a water purifier that uses pH balancing and periodic disinfection technologies and has launched products such as Max, Pro, UV Plus, Digitouch and Digiplus which incorporates these technologies.

Energy Conservation – Havells continues to launch products that are energy efficient, whether it be in the field of star labeled LED lighting (both indoor and outdoor) or appliances. In the last year, we launched Neo Efficiencia – a 60% more efficient 26W BLDC ceiling fan, along with other 5 star rated fans Samraat 50 and Aeroking 50. Additionally, the Company launched 8 Water Heaters, all of which were 5 star rated as per current guidelines during launch.

Sustainability – Havells is committed to Sustainability, whether it be in the choice of materials during the design development process or in operational practices at its manufacturing plants or other locations. From a design side, Havells has decided to use only RoHS compatible materials and manufacturing processes. Our RO water purifiers have a higher recovery of purified water resulting in reduction in wastewater wastage. In Packaging design, the focus areas were technology innovations for ecofriendly and recyclable. The organization wants to ensure increase in usage of Sustainable material (bio-degradable or recyclable or recycled or material from renewable sources) by 15% in our overall packaging material footprint by 2020 against the baseline of Financial Year 2017-18.

Benefits derived as the result of the above efforts

- Launch of new products – Over 200 projects completed in the Financial Year 2018-19. This includes multiple new category projects such as water purifiers, connected products in the appliance, switches and lighting areas, low noise ceiling fans and mixer grinders, power saving BLDC fans. In many cases, products are evolved from previous versions to be more robust and better performing. This has been achieved through a combination of prevention and detection methodologies used in the development process. Prevention methodology includes FMEA, Finite Element and CFD Simulation, DFSS (Design for Six Sigma). The organization used larger sample size and failure testing amongst others as a way to detect potential field issues prior to launch of product in the market. All of these efforts have led to a new product revenue of approximately ₹ 320 Cr for products launched in the year 2018.

- Development of globally acceptable electrical and electronic products – Our goal is to design, develop and launch products that will meet global requirements for safety, performance and reliability. Towards this, we are adopting global best practices such as the adoption of safety standard IEC60335, RoHS compliance, relevant certifications as required for all our products. Our export markets continues to expand.

- Value enhancement through product engineering – Havells has a continuous improvement methodology consisting of analyzing field returns, finished goods rejects, in process rejects and validation rejects. Based on the data, we continuously improve our products using FMEA's (Failure Mode Effects Analysis), Structured Problem solving methodologies, Stress and Failure testing. We also continuously improve the cost of our products by using tools such as Functional Analysis where cost is assigned to important functions and cost due to unimportant functions are deleted using brainstorming and innovation.

- Havells is focused on innovative products and encourages employees to be creative and file for patents and registrations as part of their day to day activity. In Financial Year 2018-19, the Company filed for 11 Patents and 56 Design Registrations.

Future Plan of Action

Havells is investing significantly in R&D, both in people and infrastructure. With an aim to being a global peer in Electrical products, Havells has invested in a new R&D center in Noida where there are plans for more than 400 R&D engineers and technicians, multiple labs for performance and endurance testing, prototyping, materials testing, metrology, tool room for multiple product categories. Additionally, the Company has invested in another center in Bengaluru which will focus on Innovation, platform creation and digital products and services. While the Company is and will continue to be very focused on the building blocks for organic R&D activities, it is also working with academic institutions, product and services vendors for creating future products. The open innovation portal "Soch" will be an enabler for such partnerships. Finally, the Company wants an Innovative culture and plans to meaningfully increase the number of Intellectual Property filings going forward, by having the right framework in place.

Technology absorption, adaptation and innovation

The organization continues to absorb, adapt and innovate new technologies, some of which are summarized below:

- Smart, connected products, for residential, commercial and external. Company has launched mobile app based products that are compatible with Wi Fi© and/ or Bluetooth© technologies.

- Aerodynamic and noise reduced products such as ceiling fans and motor driven appliances e.g., mixer grinders.

- Reduction in scale formation in water heaters and water purifiers.

- Flush type push on off fan regulator.

- Socket with in-built switch for safe on off mechanism.

- Anti bacterial surfaces on switches.

- 3D surface printing technology for enhanced aesthetics.

- Additive manufacturing technology in mold making.

- Functional coating for specialty surfaces.

- Specialty engineering plastics in switchgear and pumps.

- Human Centric lights with automatic control of light metrics.

The Company has imported following technologies during last three years reckoned from the beginning of the financial year.

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
Ansys license for CFD (Computational Fluid Dynamics)	2018	Yes	N.A.
Microsoft Project Online	2018	Yes	N.A.
Goniometer for luminaire spatial	2018	Yes	N.A.
Validation equipment for Appliances	2018	Yes	N.A.
Microsoft Office PMO – Project Management Office	2018	Yes	N.A.
Laser marking 8 no's from china	2017	Yes	N.A.
Laser welding machine from china	2017	Yes	N.A.
Ansys license for FEA (Structural & Thermal)	2017	Yes	N.A.
Troester make DCDC CCV insulation line for voltage grade upto 220 KV	2017	Yes	N.A.
12 nos IMM Robots from china	2017	Yes	N.A.
Minitab licenses	2017	Yes	N.A.
Ansys – Multiphysics software	2016	Yes	N.A.
Lambda make power source from USA (6 nos)	2016	Yes	N.A.

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

The expenditure incurred on Research and Development Particulars

₹ in Crores

Particulars	2018-2019	2017-2018
(a) Capital	11.28	4.34
(b) Recurring	68.15	53.62
Total	79.43	57.96
Total R & D expenditure as % of Total Turnover	0.79%	0.70%

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Financial Year 2018-19 was a year of growth for Havells International Business division with an Export sales of INR 328 Cr as against INR 230 Cr of last financial year. All Major markets (Middle East, Africa, SAARC & ASEAN) registered healthy positive growth. The overall profitability remained intact, which was helped by positive currency fluctuations.

Major Highlights on markets:

- All major markets continued to grow, with high growth in West Africa and SAARC. Middle East also grew in double digits.
- We are building on the strategic alliance with International players with growth on exports of Switchgear and exploring collaborations across other product categories.
- We have successfully entered into newer markets like Mauritius, Senegal, Ivory Coast, Egypt, Fiji etc and exploring other markets like Tunisia, Algeria, UK, and other ASEAN countries for 2019-20.

Major highlights on Product Management, Marketing & Brand building:

- Switchgear was the flagship growth category followed by Cables & Wires.
- We have invested on country-specific local certifications/ approvals like CB (Middle East), CE (Africa) and SABs (South Africa) across identified product categories.
- We are continuing the investment in Brand building & Channel engagement activities like Retail branding, display, merchandising and other dealers/ electrician/ architect meets across different markets.

Other Highlights: Channel expansion & Building Team

- We have expanded the distribution channel, with more than 50 new channel partners added across International markets.
- We are continuously investing in human resources for India and Overseas markets.

Besides, the Company has set up a state-of-the-art plant for manufacturing air conditioners, which will serve as import substitution in coming years. Hence the foreign exchange outgo should see substantial reduction in the next two years.

The details of Foreign exchange earnings and outgo during the period under review is as under:

₹ in Crores

Particulars	2018-2019	2017-2018
Foreign Exchange earned	328.80	230.17
Foreign Exchange used	2,330.60	1,832.99

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

Anil Rai Gupta
Chairman and Managing Director

Noida, 29th May, 2019

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	http://www.havells.com/
5. Email id	investors@havells.com
6. Financial Year reported	FY 2018-19
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	Fast Moving Electrical and Consumer Goods

Industrial Group	Description
Please refer to MGT- 9 of annual return in Director's report on page 61	

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. SWITCHGEAR: Switches,Capacitors, Industrial and Domestic Switchgears, Motors, Pumps, Automation and Control 2. CABLE AND WIRES : Power Cable and Flexible Cables 3. LIGHTING AND FIXTURES : LED, Luminaire, Professional and Consumer Luminaires 4. ELECTRICAL CONSUMER DURABLES : Fans, Small Domestic Appliances, Water Heaters, Air Coolers, Personal Grooming 5. LLOYD Consumer Division : AC, TV and Washing Machine
9. Total number of locations where business activity is undertaken by the Company	Manufacturing Locations: 8
Number of International Locations (Provide details of major 5)	Nil
Number of National Locations	8 Locations; Alwar (Rajasthan), Neemrana (Rajasthan), Baddi (Himachal Pradesh), Faridabad (Haryana), Ghiloth (Rajasthan), Haridwar (Uttrakhand), Sahibabad (Uttar Pradesh), and Guwahati (Assam)
10. Markets served by the Company - Local / State / National / International	We have sales presence in over 50 countries

Section B: Financial Details of the Company

1. **Paid up capital (₹)**: Please refer Director's report
2. **Total turnover (₹)**: Please refer Director's report
3. **Total profit after taxes (₹):** Please refer Director's report
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):** Please refer Director's report.
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 Gupta

Designation : Director

b) Details of the BR head:

Name : Shri Anil Sharma

Designation : Head (Corporate Communications, CSR and Sustainability)

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	All the policies have been developed considering relevant national and international standards including but not limited to Companies Act, Factories Act, ISO standards and UN Global Compact, GRI Standards.
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

Sr. 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, ISO standards and UN Global compact –GRI.								
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

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
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
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 principle; 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)

Sr. 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 Company annually publishes Sustainability Report on Global Reporting Initiative standard (GRI- Standards). The link to view Sustainability 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)

1. *Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No.*

   NO

   Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

   Yes, Havells Code of conduct defines the commitment on ethical behaviour by the Company and all employees sign the Havells Code of Conduct. Awareness program conducted for all employees across the locations and corporate and marketing offices.

   Please refer page 17 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 16 of Sustainability Report

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

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

   We only manufacture energy efficient LED Luminaires, Energy efficient water heaters and also are pioneers of Five star rated fans in the country and continue to manufacture them.

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 28-34 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 28-34 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 53 of Sustainability Report

Principle 3: Businesses should promote employee well-being

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

   Please refer page 58 of Sustainability Report as on 31st March 2019.

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

   Please refer page 58 of Sustainability Report as on 31st March 2019.

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

   Please refer page 58 of Sustainability Report as on 31st March 2019.

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

   Please refer page 62 of Sustainability Report as on 31st March 2019.

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 62 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 60-62 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.

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

   Yes, Please refer page no. 26 of Sustainability Report

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

   Please refer page no. 55-57 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 55-57 of the Sustainability report

Principle 5: Businesses should respect and promote human rights

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 62 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 16 of the Sustainability report

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

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

   The policies cover the Company, Suppliers and Contractors

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 01 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 44 – 45 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?*

   Yes

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.*

   None

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

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 63 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)

   No

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

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 55-57 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 55-57 of the Sustainability report

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

   No

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

   Please refer Director's 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 55-57 of the Sustainability report

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

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

   Please refer page 38-39 of 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).*

   We display product information on the product label as mandated by the law

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.*

   During the year we have not received any such complaints

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

   Please refer page 38-39 of the Sustainability report

Management Discussion and Analysis

Annual Overview

2018-19 was a year of recovery with economic environment gradually improving post the transitional impact caused during Goods and Services Tax (GST) implementation. The year also witnessed adversities like commodity head winds, sharp fluctuations in foreign exchange rates and hike in customs duty and liquidity shortage in the NBFC sector. Recent Government measures like rationalisation of GST rates, focus on availability of quality electricity and investment in infrastructure is expected to drive long term sustainable growth. Rural housing is expected to play a important role in coming years, over 1 crore rural households have been built in last 4 years, the momentum of which is likely to trigger the latent demand. Medium to long term outlook remains promising for the industry.

The year has been encouraging for Havells registering robust revenue growth across product verticals, market share gains and stable profits. We achieved a good balance of price and volume growth. While the core product categories fans, wires, lighting continued to be among the top consideration set for the customers, the recent introductions like Water Purifiers, Personal Grooming, Small Appliances and Water Heaters have been well accepted by trade and customers. Lloyd has been successfully assimilated with Havells' culture and the organization. The brand embarked on a journey 2 years ago and we believe it is on the right course firming up its position in the minds of the consumers and trade partners.

Havells- Reinforcing Institution

Over the years we have cultivated our strengths in technology and manufacturing, built relationships of assurance with our customers and nurtured our brand salience. This journey continues, with management's commitment to improve upon these building blocks strength to strength. While the organization took several small steps towards new ventures around products, networks and infrastructure but the focus remained on the ultimate goal of delivering growth with profitability.

Strategic investment in Air conditioner manufacturing facility in pursuit of performance, quality and usability is one among such initiatives taken during the year.

The results in 2018-19 re-affirm the enduring strength of Havells brands and our organizational model. By empowering the SBUs our organizational model is helping to increase speed and agility, as well as giving rise to a greater entrepreneurial spirit inside the company.

Company has been quick to adapt to the trends in the society such as Urbanization, Digitization and Consumerism. Such changes have created host of new opportunities and Havells is well capitalized to take advantage of the same.

The way people shop and access brands is changing rapidly and we made good progress in positioning ourselves effectively in newer and fast-growing channels such as Organised Retail (MFR) and E-commerce (online). The Company believes in providing a high-quality buying experience with availability of large range of SKUs, comfortable display area, attractive corporate and product branding. This is achieved through building and expanding its Brand shops (exclusive retail outlets).

The digital transformation of the company also continues apace. We are working towards building technology and data analytics infrastructure. We are test marketing several data led initiatives including predictive demand scenarios, improving sales efficiency and simplifying supply chain.

The company continued to invest in acquiring quality talent and brand building. To reap benefits from improved and expanding electrification, company is now targeting semi-urban and rural markets.

Creating Medium To Long Term Opportunities Via Strategic Levers:

(A) Enterprise Business:

Apart from traditional trade business, B2B and B2G businesses also offer opportunities for Havells' product portfolio. Havells is developing on this potential. This requires us to focus on engaging the Influencers, System Installers and Enterprise customers to generate demand. We are investing in driving this strategic Enterprise Business initiative as it would be one of the growth engines in the coming years.

We are adopting "Key Account Management" approach to develop, manage and harvest Enterprise Business wherein our Enterprise Team is working with more than 800 Architects and Consultants and more than 1,000 end customer accounts across different verticals. Specification-led revenue generation model in place to create sustainable pull in the market.

(B) Semi-Urban and Rural

Almost 70% of population still resides in rural India and a large % of national expenditure is incurred in rural markets. FMCG companies sensed this potential several years ago and now these territories constitute a large market for these companies. However, till few years back access to electricity in rural markets was limited. That was a big constraint for categories like kitchen appliances, building segment, lighting and fans. In past few years, a significant improvement in power supplies to rural areas has been witnessed. Apart from this, internet penetration created an awareness for good quality products in rural markets. Havells with a large range of electrical products backed by R&D investments and manufacturing capabilities is well placed to capture rural markets. Havells' approach is to focus on consumers in towns with population ranging from 10,000 to 50,000 and delight them with our products and services. We have so far launched building segment and lighting products in these markets last year. There is also an increasing demand for home appliances and quality fans as well. To meet these aspirations of rural consumers, Havells has started expansion in semi-urban and rural markets. In last one year we now have direct reach in more than 1,000 semi-urban and rural towns. Plan is to make presence in more than 3,000 towns in financial year 2019-20.

(C) Research & Development

Vision of being recognized as a company with early mover advantage and as an early adopter of new technologies, our objective is to launch innovative products addressing explicit and latent needs of our customers. Company's CRI (Centre for Research and Innovation) team focusses on continuous and sustainable product innovations, design, development, manufacturing and use (in-field) phases.

In light of this mission, the company has come up with a large R&D Center in NCR (including 50,000 square feet lab facilities). We also made a strategic decision to set up an Innovation hub in the Silicon Valley of India – Bangalore with clear focus on select Centers of Excellence.

During financial year 2018-19, Company incurred 0.79% of total revenue on research and development which we are targeting to increase to a level of ~2% in coming period.

(D) Information Technology:

This year we have leveraged technology to further enhance our market reach and simultaneously get rich data of real time business by our channel partners as Dealers, Distributors, Retailers and Customers. Appropriate use of data analytics captured through technology has been a tool to build strategies to achieve next level growth in company.

Various digital initiatives undertaken for driving business efficiencies are as follows:

i. Sales Force Automation (SFA):

Sales Force Automation (SFA), an in-house developed mobile application with geo tagging technology. A team of 3,000 sales representatives visit an average of unique 75,000 retailers and 7,000 direct channel partners every month. Retailer registration was also incorporated in SFA app through "Sampark – Retailer Loyalty Program".

ii. Distribution Management System (DMS):

Distribution Management System (DMS), is a mini-ERP billing solution given to Havells' distributors to cater retailers registered with Havells. Company has successfully implemented DMS across the distribution network. DMS was also utilized for settlement of secondary schemes bringing transparency and expedient claim settlement.

iii. Dealer Portal:

Dealer portal is a technological conduit between Havells and its Direct Channel Partners basis which the dealers get real-time information pertaining to their business transactions with Havells like booking of orders, information related to their billing, sales performance, scheme qualifications, credit note intimation, and real time updates on price list and product catalogue, bringing transparency. Dealer portal has been effective in bringing 80% of company sale from the orders booked in dealer portal.

iv. Retailer App:

Havells had initiated an application specially designed for Havells' retailers bringing a digital platform, making it a single point of access for various business related information. During this year, we have engaged with 1.2 lac registered retailers in Sampark Loyalty Program. It also features instant redemption of loyalty points directly transferred to their bank accounts, get real-time updates on pricelist and brochures, Sampark scheme updates and ledger of balance points in scheme.

v. Service App for Consumers:

To cater and provide service support to consumers of Havells, keeping in mind to build a one stop solution for them, we have designed a user friendly mobile application that serves all the service related queries like product installation, maintenance (AMC), services and repairs.

Segment Wise Overview

- **Switchgears**

  Switchgear market growth remains muted. Slowdown in residential and commercial space development continues. However, our strategy to gain from government rural electrification and low cost housing drives resulted in a reasonable growth for both our domestic and industrial switchgears. Our rural retail outreach initiative also helped us to grow our Domestic switch gear business.

- **Cables**

  Cables business has witnessed good growth owing to large investments in Power and Infrastructure sector. Margins have also improved due to robust demand and implementation of GST. Going forward, large outlays for Transmission and Distribution segment, urban infrastructure particularly smart cities and metro networks, renewable energy and construction sector led by investment in infrastructure are expected to maintain the growth momentum. Emphasis to enhance share of non-trade business with a significant capacity expansion going forward.

- **Lighting and Fixtures**

  New Consumer behavior and newer applications are expanding the market opportunity. Huge investment in infrastructure and Government's push is enabling rapid growth. Standardization and regulations are also coming in shape. LED Lighting is moving into SMART and DATA domain in many application specific jobs. However, LED lighting Business is experiencing price erosion which is impacting the value growth of business. Increasing performance and higher reliability of the LED Lighting products is enabling everyday use. Declining prices is also triggering mass adoption.

- **Electrical Consumer Durables**

  Market driven buoyancy in the consumer segment prevalent during the year, helped Havells ECD register good growth and gain market shares in all categories. While in premium fans our silent and technologically superior offering "Stealth Air" led the growth, "Adonia" – the LED light changing Water Heater was a runaway success. Our factory produced models led the growth in Small Domestic Appliances whereas Water Purifiers and Personal Grooming products were much liked and appreciated in both traditional trade and the organised sector (Modern retail) outlets. Ever increasing product portfolio from our own factories gives Havells a unique opportunity to satisfy the needs of a wider range of customers.

- **Lloyd Consumer**

  Lloyd, an evolving journey for the Company, with thrust on brand building, people and distribution, is expanding reach through presence in Regional Retail Chains, Modern Trade Formats, Brand Shops and Online platforms. The consumer durables industry went through disruption during the year owing to tepid summers caused by unseasonal rainfall. The industry was further negatively impacted by currency headwinds and increase in import duties.

  The Company has setup manufacturing facility for Air Conditioners to achieve superior quality, product differentiation, better customer serviceability and efficient supply chain management system. The plant would have one of the highest level of in-house component manufacturing in the industry. It would be highly integrated plant having substantial levels of automation.

  The facility has started operations in March 2019 and is expected to scale upto its potential towards the end of the year. Strategic shift towards local sourcing to substitute imports across product categories to insulate cost escalation caused by currency movements and custom duty hikes.

  Consumer durables industry is highly competitive and include many large, well-funded and experienced participants. We are confident that in coming years, Lloyd would be able to establish itself as an aspirational brand in the consumer durables space.

  The latest campaign 'Khayal Rakhenge, Khush Rakhenge' has been very well appreciated by millons of consumers, where Deepika and Ranveer have endorsed the brand. Their massive fan following and youth appeal is expected to have a positive impact on the brand.

Key Opportunities:

(A) **Favourable Demographics:** Increase in Urbanisation (from 32.78% in 2015 to 34.03% in 2018) is positively impacting the demand for electrical products. With emerging middle class people, improved net disposable income, Nuclearization of families, increase in female participation in the workforce, customers are likely to pay for convenience.

(B) **Improvement in Electrification:** Government's focus on investment towards provision of adequate electricity supply is providing necessary stimulus to generate demand for electrical products. Few of the initiatives like 'Saubhagya scheme' and 'Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY)' are driving demand for electrical products in semi-urban and rural territories.

(C) **Affordable Housing**: Though overall housing segment remains subdued, rise in affordable housing projects offers potential to generate demand for electrical products.

(D) **Increasing Premiumisation:** The Consumer's preference for aesthetically superior and feature laden products provides Havells a greater opportunity to connect with its customers given its presence and serviceability to cater to these aspirations.

(E) Under Penetration: Majority of consumer facing products in India have lower penetration vis-à-vis other emerging countries. It is expected that increase in per capita income and yearning for comfort could lead to exponential rise in penetration in medium to long term time frame.

Key Threats:

(A) Slower than Expected Pick-up in Housing: Demand for new housing has been sluggish since couple of years. Continued weak demand for housing could impact demand for electrical goods.

(B) Increase in Competition: In view of growth potential in electrical and durables industries with relatively low entry barriers, recent trend had witnessed new players entering the space which could intensify the competitive landscape.

(C) Non-Availability of Regular and Quality Power: Non-availability of regular and quality electricity supply may impact overall demand for electrical products.

(D) Commodities price: As a substantial portion of revenue of Company is dependent on consumption of commodities like Copper and Aluminium, high volatility in their prices may impact margins in the short term.

Significant changes in key financial ratios along with their explanation:

During the financial year ended 31st March 2019, there is no change of 25% or more in key financial ratios except for the Interest Coverage Ratio which improved from 38 times (in preceding financial year 2017-18) to 66 times in financial year 2018-19, on account of reduction in the interest cost and improvement in EBIT.

Human Resources:

At Havells, we constantly strive to establish strong systems and processes that build capabilities, drive performance, and increase employee engagement to support organizational growth.

On Skill enhancement front, Frontline Sales teams has been trained on Essential Selling Skills. An online product training portal was also introduced during the year to strengthen technical capabilities of our sales team with ~80% of sales employees achieving certification in various product categories.

Second batch of General Management Program, initiated in FY18 and continued in FY19, was conducted at IIM-Bangalore in which a team of 24 potential leaders had gone through a residential program focusing on developing them for larger roles. In continuation to improvement on the GALLUP survey conducted in 2016, there has been an improvement in the "Overall Engagement" score from 3.91 to 4.09 on a scale of 5.0 in financial year 2018-19. During the financial year 2018-19, we recruited 2,083 permanent employees in company.

Internal Control Systems and Their Adequacy

The Company has robust internal financial controls systems, which facilitates efficiency, reliability and completeness of accounting records, and timely preparation of financial statements and management information. The internal control system ensures compliance with all applicable laws and regulations, facilitates in optimum utilization of resources and protect the Company's assets and the interests of all its stakeholders.

The Company has a clearly defined Policies, Standard Operating Procedures (SOP), Financial & Operation Delegation of Authority (DOA) and Organizational structure for its business functions and verticals to ensure orderly and efficient conduct of its business across the organization. Our ERP system supports in process standardization and access control to users & also to mitigate Segregation of Duties (SOD) conflicts.

Risk based internal audit is performed and root cause analysis along with action taken status is presented before the Sub Audit Committee and Audit Committee on a periodical interval.

Risk Control Matrix (RCM) has been prepared with respect to each Business functions and their mapping are being done with Functional Dashboard/ Compliance management system/GRC Process Control.

Vigil Mechanism: The Company also has a very strong Whistle blower policy in place under the name "Satark", whereby a forum is available for all Employee(s), business associate(s) engaged with the Company who can report any fraud, irregularity, wrong doing and unethical behavior. The Policy provides that the Company investigates such reported matters in an impartial manner and takes appropriate action to ensure that requisite standards of confidentiality, professional and ethical conduct are always upheld. Any complaint received under Satark policy are even mapped to the Chairman of the Audit Committee. This Satark policy is also available on the website of the company www.havells.com

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, 2019 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 growth is our intention, how we achieve this growth 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 from 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 recognise 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 social 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 comprises of Non-Executive and Independent Directors. The Chairperson of the Board is an Executive Director. The Board meets at least 4 (Four) times a year and more often if Company needs merit additional oversight and guidance. During the Financial Year 2018-19, the time gap between any two Board Meetings did not exceed 120 (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 informed to the Board to enable it to discharge its responsibility of strategic supervision of the Company.

Lead Independent Director

The Independent Directors of the Board have nominated Shri Surender Kumar Tuteja as the Lead Independent Director of the Company. The role of the Lead Independent Director is to provide leadership to the Independent Directors, liaise on their behalf and ensure effective functioning of the Board.

(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, 2019, 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		Non-Executive Non-Independent Director
3	Shri Ameet Kumar Gupta		Executive Whole-time Director
4	Shri Rajesh Kumar Gupta	Non-Promoters	Executive Whole-time Director (Finance) and Group CFO
5	Shri Vijay Kumar Chopra		Independent Director
6	Shri Surender Kumar Tuteja		Independent Director
7	Dr. Adarsh Kishore		Independent Director
8	Smt. Pratima Ram		Independent Director
9	Shri T. V. Mohandas Pai		Non-Executive Non-Independent Director
10	Shri Puneet Bhatia		Non-Executive Non-Independent Director
11	Shri Vellayan Subbiah		Independent Director
12	Shri Jalaj Ashwin Dani		Independent Director
13	Shri Upendra Kumar Sinha		Independent Director

Upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors, in its Meeting held on 29th May, 2019, had, subject to the approval of shareholders in the ensuing AGM, also appointed Shri Siddhartha Pandit, Head – Legal of the Company, as an Additional Director and a Whole-time Director with effect from 29th May, 2019.

(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					AGM 20 Jul 18
		11 May 18	20 July 18	17 Oct 18	22 Jan 19	20 Mar 19	
1	Shri Anil Rai Gupta	✓	✓	✓	✓	✓	✓
2	Shri Surjit Kumar Gupta	✓	✓	✓	✓	✓	✓
3	Shri Ameet Kumar Gupta	✓	✓	✓	✓	✓	✓
4	Shri Rajesh Kumar Gupta	✓	✓	✓	✓	✓	✓
5	Shri Vijay Kumar Chopra	✓	✓	✓	✓	✓	✓
6	Shri Surender Kumar Tuteja	✓	✓	✓	✓	✓	✓
7	Dr. Adarsh Kishore	✓	✓	✓	✓	✓	×
8	Smt. Pratima Ram	✓	✓	✓	✓	✓	✓
9	Shri T. V. Mohandas Pai	×	✓	✓	✓	✓	×
10	Shri Puneet Bhatia	✓	✓	✓	×	×	×
11	Shri Vellayan Subbiah	✓	✓	✓	✓	✓	×
12	Shri Jalaj Ashwin Dani	✓	✓	✓	✓	✓	✓
13	Shri Upendra Kumar Sinha	✓	✓	✓	✓	✓	×

(c) Number of other Board of Directors or Committees in which a Director is a member or chairperson as on 31st March, 2019

Sr. No.	Name of the Director	Directorships in Other Board of Directors*	Membership of Committees of Other Boards**	Chairmanship 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

Sr. No.	Name of the Director	Directorships in Other Board of Directors*	Membership of Committees of Other Boards**	Chairmanship of Committees of Other Boards**
5	Shri Vijay Kumar Chopra	4	7	4
6	Shri Surender Kumar Tuteja	4	10	5
7	Dr. Adarsh Kishore	1	1	1
8	Smt. Pratima Ram	5	4	1
9	Shri T. V. Mohandas Pai	1	1	0
10	Shri Puneet Bhatia	2	2	0
11	Shri Vellayan Subbiah	4	2	0
12	Shri Jalaj Ashwin Dani	3	3	1
13	Shri Upendra Kumar Sinha	3	2	0

Data presented above is after taking into account the disclosures furnished by the Directors in the first Board Meeting of the Financial Year 2019-20.

**Directorships are reported for listed Companies only including Havells India Limited in terms of Regulation 17A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The count for the number of listed entities on which a person is a Director / Independent Director is of only those whose equity shares are listed on a Stock Exchange*

***Committee Memberships/ Chairmanships are reported for listed and unlisted public companies put together (including Havells India Limited) in terms of Regulation 26(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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.*

Names of the Listed entities where the person is a Director and the category of Directorship as on 31st March, 2019

Sr. No.	Name of Director	Name of Listed Entity in which Director	Category of Directorship
1	Shri Anil Rai Gupta	Havells India Limited	Chairman and Managing Director
2	Shri Surjit Kumar Gupta	Havells India Limited	Non-Executive Non-Independent Director
3	Shri Ameet Kumar Gupta	Havells India Limited	Whole-time Director
4	Shri Rajesh Kumar Gupta	Havells India Limited	Whole-time Director (Finance) and Group CFO
5	Shri Vijay Kumar Chopra	Havells India Limited	Independent Director
		Greenlam Industries Limited	Independent Director
		Future Enterprises Limited	Chairman and Independent Director
		Sheela Foam Limited	Independent Director
6	Shri Surender Kumar Tuteja	Havells India Limited	Independent Director
		Shree Renuka Sugars Limited	Independent Director
		SML Isuzu Limited	Chairman and Independent Director
		A2Z Infra Engineering Limited	Independent Director
7	Dr. Adarsh Kishore	Havells India Limited	Independent Director
8	Smt. Pratima Ram	Havells India Limited	Independent Director
		Suzlon Energy Limited	Non-Independent Nominee Director
		Deccan Gold Mines Limited	Independent Director
		Nandan Denim Limited	Independent Director
		Minda Corporation Limited	Independent Director
9	Shri T. V. Mohandas Pai	Havells India Limited	Non-Executive Non-Independent Director
10	Shri Puneet Bhatia	Havells India Limited	Non-Executive Non-Independent Director
		Shriram Transport Finance Company Limited	Non-Executive Non-Independent Director

Sr. No.	Name of Director	Name of Listed Entity in which Director	Category of Directorship
11	Shri Vellayan Subbiah	Havells India Limited	Independent Director
		SRF Limited	Independent Director
		Tube Investments of India Limited	Managing Director
		Shanthi Gears Limited	Non-Executive Non-Independent Director
12	Shri Jalaj Ashwin Dani	Havells India Limited	Independent Director
		Hitech Corporation Limited (Hitech Plast Limited)	Non-Executive Non-IndependentDirector
		Housing Development Finance Corporation Limited (HDFC Ltd.)	Independent Director
13	Shri Upendra Kumar Sinha	Havells India Limited	Independent Director
		Vedanta Limited	Independent Director
		Housing Development Finance Corporation Limited (HDFC Ltd.)	Independent Director

The count for the number of listed entities on which a person is a director/ independent director is of only those whose equity shares are listed on a stock exchange.

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

During the financial year 2018-19, 5 (Five) Board Meetings were held. The dates on which these Meetings were held are given in the table provided in pt. no. (b) hereinabove.

(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 Non-Independent 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.

(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, 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 https://www.havells.com/en/aboutus/corporate-governance.html

(h) Skills/ Expertise/ Competence of the Board of Directors including the areas as identified by the Board in the Context of the Company's Business

The Company is a Fast Moving Electrical Goods (FMEG) Company with the individual Members of its Board of Directors bringing in knowledge and experience from a variety of sectors, demonstrating breadth and depth of management and leadership experience in the following competence areas:

- Financial and business acumen;
- Guiding and setting the pace for Company's operations and future development by aiding implementation of best systems and processes;
- Building effective sales & marketing strategies, corporate branding and advertising functions;
- Overseeing the development and implementation of Risk Management/ GRC tools;
- Management and strategy of the Information Technology function;
- Human Resources Management.

The Nomination and Remuneration Policy of Directors, KMPs and Other Employees of the Company sets out the criteria which serve as guidelines in considering potential nominees to the Board of Directors to ensure the continuance of a dynamic and forward-thinking Board.

(i) Confirmation that in the opinion of the Board, the Independent Directors fulfill the conditions specified in these Regulations and are Independent of the Management

Based on the declaration submitted by the Independent Directors of the Company provided at the beginning of the Financial Year 2019-20, the Board hereby certify that all the Independent Directors appointed by the Company fulfills the conditions specified in these Regulations and are independent of the management.

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 financial 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 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 the financial year 2018-19, the Independent Directors met separately on 22nd January, 2019 without the presence of any Non-Independent Directors or representatives of management and discussed the aforesaid items.

Company's Code of Conduct to Regulate, Monitor, Report trading by Designated Persons

The Company has formulated a Code of Conduct to Regulate, Monitor, Report trading by Designated Persons 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 said policy was updated and adopted by the Board of Directors on 20th March, 2019 pursuant to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018.

The full text of the Code is available on the website of Company under "Codes & Policies" in the Corporate Governance section and can be accessed at https://havells.com/en/aboutus/corporate-governance.html

For the purpose of monitoring the Policy, the Company uses a system-based software through which reports and analytics are made available based on the criteria defined in the SEBI (Prohibition of Insider Trading) Regulations, 2015.

Subsidiary

During the year, the Shareholders and Creditors of the Company approved the Scheme of Amalgamation of the domestic wholly-owned subsidiaries of the Company, namely, Havells Global Limited, Standard Electrical Limited, Lloyd Consumer Private Limited and Promptec Renewable Energy Solutions Private Limited with Havells India Limited. The Hon'ble NCLT has fixed the next date of hearing in the matter as 3rd June, 2019.

Besides, the Company has 5 (Five) Subsidiary Companies which are incorporated outside India. Out of the subsidiaries incorporated out side India, 3 (Three) have been put in voluntary liquidation.

Please refer to the Directors' Report section for further details regarding subsidiaries.

The Board has approved a "Policy 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 and can be accessed at https://havells.com/en/aboutus/corporate-governance.html

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(s) of the Company held at the end of every quarter for approval of financial results.

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 "Related Party Transactions" and also on dealing with Related Party Transactions and the same was reviewed by the Board of Directors on 22nd January, 2019.

The Policy is available on the website of the Company under "Codes & Policies" in the Corporate Governance section and can be accessed at https://havells.com/en/aboutus/corporate-governance.html

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, the Audit Committee and Board approve the annual limits for related party transactions projected for the next 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:

(i) 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;

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

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

(iv) 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;

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

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

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

(viii) approval or any subsequent modification of transactions of the Company with related parties;

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

(x) valuation of undertakings or assets of the Company, wherever it is necessary;

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

(xii) reviewing, with the management, performance of statutory and internal auditors,

(xiii) reviewing the adequacy of the internal control systems;

(xiv) 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;

(xv) discussion with internal auditors of any significant findings and follow up thereon;

(xvi) 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;

(xvii) 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;

(xviii) 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;

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

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

(xxi) considering such other matters as the Board may specify;

(xxii) reviewing other areas that may be brought under the purview of role of Audit Committee as specified in SEBI Regulations and the Companies Act, from time to time.

The Audit Committee has been granted powers as prescribed under Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary. The Committee also mandatorily reviews the information as specified in the SEBI Regulations– management discussion and analysis of financial condition and results of operations, statement of significant related party transactions, submitted by management, management letters/ letters of internal control weaknesses issued by the statutory auditors, if any, internal audit reports relating to internal control weaknesses, and the appointment, removal and terms of remuneration of the chief internal auditor.

(b) Composition, Name of Members and Chairperson

The Audit Committee comprises of 4 (Four) Non-Executive Directors as Members. All Members are financially literate and possess sound knowledge of accounts, finance and audit matters. The Company Secretary of the Company acts as Secretary to the Audit Committee. The Internal/ Statutory 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, 2019, 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	Smt. Pratima Ram	Non-Executive Independent	Member
4	Shri Surjit Kumar Gupta	Non-Executive Non-Independent	Member

(c) Meetings and attendance during the year

Sr. No.	Name	Attendance in Audit Committee Meetings held on						
		10 May 18	4 June 18	20 Jul 18	14 Sep 18	17 Oct 18	21 Jan 19	20 Mar 19
1	Shri Surender Kumar Tuteja	✓	✓	✓	✓	✓	✓	✓
2	Shri Vijay Kumar Chopra	✓	✓	✓	✓	✓	✓	✓
3	Smt. Pratima Ram	✓	×	✓	✓	✓	✓	✓
4	Shri Surjit Kumar Gupta	✓	✓	✓	✓	✓	✓	✓

(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 Managing Director and 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, 2019, is given below:

Sr. No.	Name	Category	Designation
1	Shri Vijay Kumar Chopra	Non-Executive Independent	Chairman
2	Shri Surender Kumar Tuteja	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	
		10 May 18	20 Mar 19
1	Shri Vijay Kumar Chopra	✓	✓
2	Shri Surender Kumar Tuteja	✓	✓
3	Shri Surjit Kumar Gupta	✓	✓

(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) Pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the listed entity

None except for the Sitting Fee or the payment of Commission to Non-Executive Directors, except for promoter director.

(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 https://havells.com/en/aboutus/corporate-governance.html 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 ₹ 10 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 2018-19 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$	-	-	539.25	0.40	1,479.69	2,019.34
2	Shri Ameet Kumar Gupta** (Whole-time Director)	1-1-15 to 31-12-19@	-	-	215.19	0.40	591.88	807.47
3	Shri Rajesh Kumar Gupta** (Whole-time Director (Finance) and Group CFO)	1-4-15 to 31-3-20^	8,00,688	-	490.15	0.40	591.88	1,082.43
4	Shri Surjit Kumar Gupta	-	-	-	-	-	-	-
5	Shri Vijay Kumar Chopra	-	-	6.60	-	-	10.00	16.60
6	Shri Surender Kumar Tuteja	-	-	8.40	-	-	10.00	18.40
7	Dr. Adarsh Kishore	-	-	5.10	-	-	10.00	15.10
8	Smt. Pratima Ram	-	-	6.00	-	-	10.00	16.00
9	Shri T. V. Mohandas Pai	-	-	2.40	-	-	10.00	12.40
10	Shri Puneet Bhatia	-	-	1.80	-	-	10.00	11.80
11	Shri Vellayan Subbiah	-	-	3.90	-	-	10.00	13.90
12	Shri Jalaj Ashwin Dani	-	-	3.90	-	-	10.00	13.90
13	Shri Upendra Kumar Sinha	-	-	3.30	-	-	10.00	13.30

$The renewal for the service term of Shri Anil Rai Gupta, Chairman and Managing Director, has been proposed in ensuing AGM for the approval of the shareholders of the Company.
@ The renewal with effect from 1st January, 2020, for the service term of Shri Ameet Kumar Gupta, Whole-time Director, has been proposed in ensuing AGM for the approval of the shareholders of the Company.
^ The renewal with effect from 1st April, 2020, for the service term of Shri Rajesh Kumar Gupta, Whole-time Director (Finance) and Group CFO, has been proposed in ensuing AGM for the approval of the shareholders of the Company.
** 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, all the Non-Executive Directors except the promoter Directors of the Company are entitled for a commission of ₹ 10 lakhs per annum w.e.f. 1st April, 2018 as decided by the Nomination and Remuneration Committee of the Board.
#Excluding the value of shares i.e. ₹ 553.90 lakhs, exercised during the financial year 2018-19 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 2018-19, 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 shareholder correspondences, queries, grievances etc. are endeavoured to be addressed instantaneously by the secretarial department and status thereof is also placed before the Stakeholders Relationship/ Grievance Redressal Committee which meets at quarterly intervals.

(a) Name of Non-Executive Director heading the committee

Dr. Adarsh Kishore, Non-Executive Independent Director is the Chairman of the Stakeholders Relationship / Grievance Redressal Committee.

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, 2019, is given below:

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

(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 shareholders' complaints received and resolved during financial year 2018-19 is given below:

(i) Number of shareholders' complaints received – 8

(ii) Number of shareholders' complaints resolved – 8

(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, 2019, 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			
		10 May 18	20 Jul 18	17 Oct 18	21 Jan 19
1	Dr. Adarsh Kishore	✓	✓	✓	✓
2	Shri Surender Kumar Tuteja	✓	✓	✓	✓
3	Shri Anil Rai Gupta	✓	✓	✓	✓
4	Shri Surjit Kumar Gupta	✓	✓	✓	✓

Besides the above, the Board of Directors has Corporate Social Responsibility (CSR) 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 No. 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 ("CSR Policy") is available on the website of the Company under "Codes & Policies" in the Corporate Governance section and can be accessed from https://havells.com/en/aboutus/corporate-governance.html

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 5 (Five) members of which 3 (Three) 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, 2019, is given below:

Sr. No.	Name	Category	Designation
1	Shri Vellayan Subbiah	Non-Executive Independent	Chairman
2	Shri Surender Kumar Tuteja	Non-Executive Independent	Member
3	Dr. Adarsh Kishore	Non-Executive Independent	Member
4	Shri Anil Rai Gupta	Executive	Member
5	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 18	27 Aug 18
1	Shri Vellayan Subbiah	✓	✓
2	Shri Surender Kumar Tuteja	✓	✓
3	Dr. Adarsh Kishore	✓	✓
4	Shri Anil Rai Gupta	✓	×
5	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 a Non-Executive and 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, 2019, is given below:

Sr. No.	Name	Category	Designation
1	Smt. Pratima Ram	Non-Executive Independent	Chairman
2	Shri Anil Rai Gupta	Executive	Member
3	Shri Rajesh Kumar Gupta	Executive	Member

During the financial year 2018-19, the Enterprises Risk Management Committee met once on 20th March, 2019 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/ transmission/ transposition/ split/ consolidation/ sub-division/ duplicate share certificate etc. and also to take note of 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, 2019, is given below:

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

During the financial year 2018-19, the Share Allotment and Transfer Committee met 9 (Nine) 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, 2019, is given below:

Sr. No.	Name	Category	Designation
1	Shri Surjit Kumar Gupta	Non-Executive Non-Independent	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 2018-19, the Executive Committee met 14 (Fourteen) times.

(7) General Body Meetings

(a) Location and time, where last three Annual General Meetings held:

Date of AGM	Location	Time
20th July, 2018	Kamani Auditorium, 1, Copernicus Marg, New Delhi - 110 001	10:00 a.m.
7th July, 2017	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi – 110 003	10:00 a.m.
13th July, 2016	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi – 110 003	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
20th July, 2018	1. Appointment of a Director in place of Shri Surjit Kumar Gupta (DIN: 00002810), who retires by rotation and being eligible, offers himself for re-appointment. 2. Re-appointment of Smt. Pratima Ram (DIN: 03518633) as an Independent Director for a Second Term. 3. Re-appointment of Shri T. V. Mohandas Pai (DIN: 00042167) as a Director for a Second Term. 4. Re-appointment of Shri Puneet Bhatia (DIN: 00143973) as a Director for a Second Term. 5. Amendment to Main Object Clause of the Memorandum of Association.
7th July, 2017	Nil
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, (DIN: 00161107) as an Independent Director of the Company for a Second Term. 5. Re-appointment of Shri Vijay Kumar Chopra, (DIN: 02103940) as an Independent Director of the Company for a Second Term. 6. Re-appointment of Shri Sunil Behari Mathur (DIN: 00013239) as an Independent Director of the Company for a Second Term. 7. Re-appointment of Shri Surender Kumar Tuteja (DIN: 00594076) as an Independent Director of the Company for a Second Term. 8. Re-appointment of Dr. Adarsh Kishore (DIN: 02902810) as an Independent Director of the Company for a Second Term.

(c) (1) Special Resolution passed last year through postal ballot – details of voting pattern and procedure thereof

In accordance with the order dated 06.12.2018 passed by the Hon'ble Principal Bench of the National Company Law Tribunal New Delhi, a Meeting of the equity shareholders of the Company, was held on 28.01.2019 approving the Scheme of Amalgamation of Havells Global Limited, Standard Electrical Limited, Lloyd Consumer Private Limited and Promptec Renewable Energy Solutions Private Limited with Havells India Limited. The said approval was through a Special Resolution which was conducted through e-voting, voting at the venue and through Postal Ballot procedures. The details of voting pattern in respect of the Special Resolution are mentioned below:

Approval of the Scheme of Amalgamation of Havells Global Limited, Standard Electrical Limited, Lloyd Consumer Private Limited and Promptec Renewable Energy Solutions Private Limited ('Transferor Companies') with Havells India Limited ('Transferee Company' or ('Company') ('Scheme').

Pursuant to an Order dated 06.12.2018, passed by the Hon'ble National Company Law Tribunal, Principal Bench New Delhi, in the Company Application No. CA(CAA) 160 (PB)/2018, a Meeting of the equity shareholders of Havells India Limited ("Transferee Company") was held on 28.01.2019 at 10:30 A.M. at Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi- 110 003 for the purpose of approving, the arrangement embodied in the Scheme of Amalgamation between Havells Global Limited, Standard Electrical Limited, Lloyd Consumer Private Limited and Promptec Renewable Energy Solutions Private Limited ("Transferor Company") and Havells India Limited ("Transferee Company").

The Company had also offered e-voting facility to its members enabling them to cast their votes electronically. The Company has signed an agreement with the National Securities Depository Limited (NSDL) to enable its members to cast their votes electronically pursuant to Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 108 and Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s), enactment(s) or reenactment(s) thereof for the time being in force). The postal ballot process was carried out as per the procedure laid down in terms of Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014. Mr. Ananda Rao Korada, had carried out the scrutiny of all the postal ballot forms received upto the close of working hours (5 P.M.) on 27th January, 2019 and that he had submitted his Report thereon to the Chairperson appointed by the NCLT Mr. Jaideep Tandan, Advocate. Based on the Scrutinizer's Report, Mr. Jaideep Tandan, submitted his report, the voting result is as follows:

Particulars	Voting in Person (No of Shares)	Electronic Voting (No. of Shares)	Postal Ballot (No. of shares)	Percentage
Assent	17,742	53,10,89,848	610	99.999
Dissent	20	1,114	3,000	0.001
Invalid	370	0	0	0.000
Total	**18,132**	**53,10,90,962**	**3,610**	**100.00**

Person who conducted the postal ballot exercise

Mr. Ananda Rao Korada, Practicing Company Secretary, was appointed as scrutinizer by the NCLT.

(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 and 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 and can be accessed from https://www.havells.com/en/discover-havells/investor-relation/financials/quarterly-results.html

(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.

(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 working and future outlook.

(9) General Shareholder Information

(a) Annual General Meeting - date, time and venue

Day	:	Saturday
Date	:	27th July, 2019
Time	:	10:00 a.m.
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 dividend of ₹ 4.50 per equity share of ₹ 1/- each i.e. @ 450% for the financial year 2018-19. Date of payment of dividend would be within 30 days from 27th July, 2019.

(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 Ltd. (NSE), Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai- 400 051
- BSE Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001

The annual listing fee for the Financial Year 2019-20 has been paid by the Company to both the stock exchanges 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

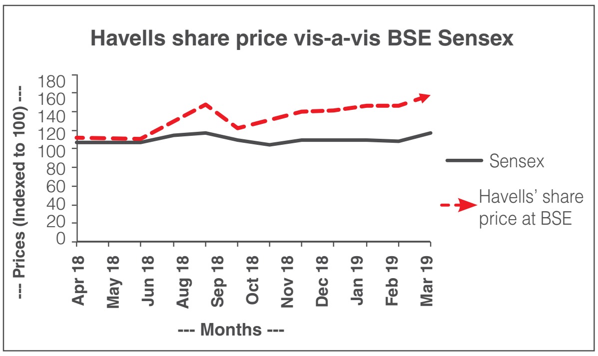
Monthly high & low prices and volumes of the equity shares of the Company at the National Stock Exchange of India Ltd. (Nifty) and BSE Limited (Sensex) during financial year 2018-19 are as under:

Period	NSE			BSE		
	High	Low	Volume (No. of shares)	High	Low	Volume (No. of shares)
Apr 2018	559.20	483.65	2,59,44,184	558.80	484.45	11,88,368
May 2018	569.45	514.70	3,24,15,570	569.95	514.75	16,83,194
Jun 2018	569.85	520.10	2,21,19,358	568.85	520.60	7,94,989
Jul 2018	636.00	530.50	4,22,93,634	640.00	531.00	43,70,408
Aug 2018	726.90	624.75	2,65,33,060	727.00	625.15	27,70,170
Sep 2018	728.75	581.85	2,46,51,469	728.95	582.55	13,52,941
Oct 2018	649.50	549.85	3,70,88,611	648.50	549.70	20,47,059
Nov 2018	707.00	638.25	2,46,36,411	706.50	638.40	12,15,724
Dec 2018	717.85	655.00	1,96,95,285	716.90	654.20	9,15,589
Jan 2019	724.60	667.05	3,06,15,280	725.00	667.30	15,12,911
Feb 2019	754.25	665.45	2,58,17,403	753.00	665.80	14,03,841
Mar 2019	780.00	705.10	2,50,77,392	780.35	705.20	13,80,049

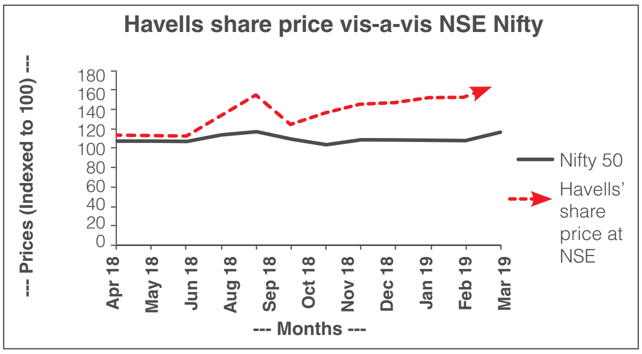
(Source: NSE and BSE website)

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 Exchanges.

(g) Performance in comparison to broad-based indices such as BSE sensex, CRISIL Index etc.



Note: The graph indicates monthly closing positions. Share prices and BSE Sensex are indexed to 100 as on 1st April.



Note: The graph indicates monthly closing positions. Share prices and NSE Nifty are indexed to 100 as on 1st April.

(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
Noble Heights, 1st Floor, Plot No. NH 2,
LSC, C-1 Block, Near Savitri Market,
Janakpuri, New Delhi-110 058
Telephone: 011-41410592, 93, 011-49411000
Fax: 011-41410591
Email: 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 terms of the amendment in Regulation 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 vide Gazette notification dated 8th June, 2018, transfer of securities were to be carried out in dematerialized form only with effect from 5th December, 2018 initially. With a further notification dated 3rd December, 2018, this date was extended to 1st April, 2019.

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, 2019

Shareholding of Nominal Value of ₹ 1/- each	Shareholders (Numbers)	% of Total Share holders	No. of Shares	Nominal Value (in ₹)	% of Nominal Value
Upto 5,000	1,00,212	98.16	2,04,95,102	2,04,95,102	3.27
5,001 - 10,000	864	0.85	63,87,645	63,87,645	1.02
10,001 - 20,000	357	0.35	52,23,577	52,23,577	0.84
20,001 - 30,000	140	0.14	35,00,329	35,00,329	0.56
30,001 - 40,000	94	0.09	33,49,679	33,49,679	0.54
40,001 - 50,000	47	0.05	21,10,363	21,10,363	0.34
50,001 - 1,00,000	131	0.13	94,01,326	94,01,326	1.50
1,00,001 & Above	242	0.23	57,50,04,889	57,50,04,889	91.93
GRAND TOTAL	**1,02,087**	**100.00**	**62,54,72,910**	**62,54,72,910**	**100.00**

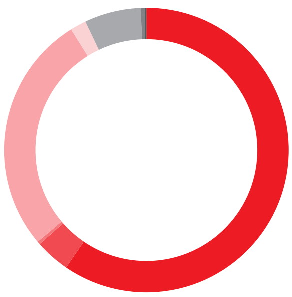
Ownership Pattern as on 31st March, 2019

Category	No. of Shareholders	No. of Shares Held	% of Total Holding
Promoters			
Indian Promoters	12	37,24,57,920	59.55
Non Promoters			
Institutional Investors			
Mutual Fund and Alternative Investment Funds	39	2,47,70,029	3.96
Foreign Portfolio Investors	466	17,06,51,205	27.28
Bank, Financial Institutions and Insurance Companies	8	21,21,963	0.34
Central Government / State Government(s)	2	9,76,512	0.16
Non-Institutions			
Indian Public*	94,596	4,00,83,470	6.41
NRI	3,041	29,64,664	0.47
Bodies Corporate	1,036	1,14,05,187	1.82
Non Promoter Non Public			
Employee Benefit Trust	1	41,960	0.01
GRAND TOTAL	**99,201**	**62,54,72,910**	**100.00**

**Indian Public shareholding includes shareholdings of individuals, shares with IEPF Authority, Trust, HUF, Unclaimed Suspense A/c, and Clearing Members.*

Details of Ownership Pattern given above are based on the Shareholding Pattern filed with the Stock Exchanges as at 31st March, 2019, wherein the Shareholding is consolidated on the basis of PAN in terms of SEBI Circular dated 19th December, 2017.

Ownership Pattern as on 31st March 2019



List of Shareholders other than Promoters holding more than 1% as on 31st March, 2019

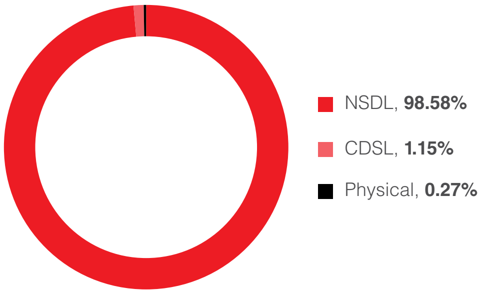
Sr. No.	Name of Shareholder	No. of Shares held	% of Total Shareholding
1	Nalanda India Equity Fund Limited	3,30,44,930	5.28
2	Government Pension Fund Global	1,42,48,544	2.28
3	Smallcap World Fund, Inc	1,09,34,273	1.75
4	Steadview Capital Mauritius Limited	1,06,73,488	1.71
5	New World Fund Inc	81,10,244	1.30
	TOTAL	**7,70,11,479**	**12.32**

(I) 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, 2019, 62,37,57,743 Equity shares out of 62,54,72,910 Equity Shares of the Company, forming 99.73% 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, 2019		As on 31st March, 2018	
	Number of Shares	Percentage	Number of Shares	Percentage
Shares in Demat Form	**62,37,57,743**	**99.73**	**62,30,96,396**	**99.67**
NSDL	61,65,84,618	98.58	61,57,04,856	98.49
CDSL	71,73,125	1.15	73,91,540	1.18
Shares in Physical Form	17,15,167	0.27	20,52,077	0.33
TOTAL	**62,54,72,910**	**100.00**	**62,51,48,473**	**100.00**

Ownership in Demat and Physical Mode



(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, 2019.

(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 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 minimise the financial statement impact of fluctuating foreign currency exchange rates.

(o) Plant locations:

Sr. No.	Unit / Plant	Products
1	Distt. Solan, Baddi, Himachal Pradesh	Electrical wire Accessories and Switchgears
2	Plot No. 2 and 2A, Sector - 12, SIDCUL Industrial Area, Haridwar, Uttarakhand	Switchgears and Appliances
3	NH-31, Dara Kahara (Bhahkajan) Mouza Madartoal, Kamrup, Assam	Electrical wire Accessories and Switchgears
4	14/3, Mathura Road, Faridabad, Haryana	Switchgears
5	Plot No.6, Site - IV, Sahibabad Industrial Area, Sahibabad (U.P.)	Switchgears and Capacitors
6	SP-181 – 189 & 191(A) Industrial Area, Phase II, Neemrana, Alwar, Rajasthan	Motor and Pump
		Lighting & Fixture, Water Heater, Water Cooler and Appliances
7	A/461-462, & SP – 215, 204 & 204(A) Matsya Industrial Area, Alwar, Rajasthan	Industrial & Domestic Cable
8	Plot No. 2A, Sector - 10, SIDCUL Industrial Area, Haridwar, Uttarakhand	Fan
9	SP1-133, Rico Industrial Area, Behror, Ghiloth, Alwar, Rajasthan	Air Conditioner

(p) Address for correspondence

The Company Secretary
Havells India Limited
(Secretarial Department)
QRG Towers, 2D, Sector – 126,
Expressway, Noida – U.P.
Pin – 201 304
Telephone No.: 0120 – 3331000
Fax No.: 0120 – 3332000
Email: investors@havells.com

Address for Correspondence with the Registrar and Transfer Agents

Link Intime India Private Limited
Noble Heights, 1st Floor, Plot No. NH 2,
LSC, C-1 Block, Near Savitri Market,
Janakpuri, New Delhi-110 058
Telephone: 011-41410592, 93, 011-49411000
Fax: 011-41410591
Email: delhi@linkintime.co.in

(q) List of all credit ratings obtained along with any revisions thereto during the relevant financial year:

The Company has obtained the following Credit Ratings from CARE:

Long-term Financial Facilities	AAA (Triple A)
Short-term Financial Facilities	CARE A1+ (A One Plus)
Corporate Governance	CARE CGR 2+ (Two Plus)

The details on credit ratings are provided in the Directors Report and are also available on the website of the Company in the Investor Relations section and can be accessed at https://www.havells.com/en/discover-havells/investor-relation/credit-rating.html

During the year ended 31st March, 2019, there was no change in the above ratings by CARE.

(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 2018-19, 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. 33 (8) 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. 'Satark' Policy is available on the website of the Company at https://havells.com/en/aboutus/corporate-governance.html

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 "Codes & Policies" in the Corporate Governance section and can be accessed at https://havells.com/en/aboutus/corporate-governance.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 "Codes & Policies" in the Corporate Governance section and can be accessed at https://havells.com/en/aboutus/corporate-governance.html

(g) Disclosure of commodity price risks, foreign exchange risk 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 minimise the financial statement impact of fluctuating foreign currency exchange rates.

Policy on Foreign Exchange Risk and Commodity Price Risk alongwith Foreign Currency exposure is given under Note No. 33(12) of Other Notes on Accounts of the Annual Report.

(h) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)

The Company did not raise any funds through preferential allotment or qualified institutions placement during the year.

(i) Certificate from a company secretary in practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board/ Ministry of Corporate Affairs or any such statutory authority

On the basis of written representations/ declaration received from the Directors, as on March 31, 2019, M/s MZ & Associates, Company Secretaries (Membership No. FCS 9184, CP No. 13875), have issued a certificate, confirming that none of the Directors on Board of the Company has been debarred or disqualified from being appointed or continuing as Director of Companies by SEBI/ MCA or any such authority.

(j) Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof

The Board accepted the recommendations of its Committees, wherever made, during the year.

(k) Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/ network entity of which the statutory auditor is a part.

The details of total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/ network entity of which the statutory auditor is a part, are as follows:

Type of Service	Amount (in ₹ crores)
Audit Fee	1.55
Certification Fee	0.14
Tax Audit Fee	0.05
Reimbursement of expenses	0.09
Total	**1.83**

(l) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company is committed to providing and promoting a safe and healthy work environment for all its employees. A Nirbhaya policy which is in line with the statutory requirements is in place.

(a) number of complaints filed during the financial year – 0

(b) number of complaints disposed of during the financial year – 0

(c) number of complaints pending as on end of the financial year – 0

(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 https://www.havells.com/en/discover-havells/investor-relation/financials/quarterly-results.html

(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 "Codes & Policies" in the Corporate Governance section and can be accessed at https://www.havells.com/en/aboutus/corporate-governance.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, 2019.

Anil Rai Gupta
Chairman and
Managing Director

Noida, May 29, 2019

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 forms an integral part of the Annual Report.

Disclosures with Respect to Demat Suspense Account/ Unclaimed Suspense Account

The Company has 2,12,100 Equity Shares of ₹ 1/- each in respect of 31 Shareholders, lying into one folio, namely, the Unclaimed Suspense A/c and in the demat account held with NSDL (IN30045014669162). Further, the dividend accruing on such Shares was also credited to Unpaid Dividend Account.

The requisite disclosures as per Schedule V (F) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard are given below:

(a) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the Year – 33 (No. of shareholders) 2,27,100 (No. of shares) respectively.

(b) Number of shareholders who approached listed entity for transfer of shares from suspense account during the year – 2 (No. of shareholders) 15,000 (No. of shares) respectively.

(c) Number of shareholders to whom shares were transferred from suspense account during the year – 2 (No. of shareholders) 15,000 (No. of shares) respectively

(d) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of year – 31 (No. of shareholders) 2,12,100 (No. of shares) respectively.

(e) that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

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.

Pursuant to SEBI circular dated 20th April, 2018, the Company has sent a letter through its RTA along with KYC form followed by 2 (Two) reminders to the shareholders requesting them to submit their PAN and Bank Account details for updation of their data in Company records. Further, pursuant to BSE circular dated 5th July, 2018 information about transfer of shares in demat mode was also intimated to the shareholder who are holding shares of the Company in physical mode.

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

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

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

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

Encash Dividend Promptly

The shareholders are advised to encash their dividend promptly to avoid hassles of revalidation or losing right to claim dividend owing to transfer of unclaimed dividends beyond 7 (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. 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 2011-12 will be due for transfer to Investor Education and Protection Fund on 22nd August, 2019 in terms of Section 124 of the Companies Act, 2013. Members who have not encashed their Dividends for the financial year ended 31st March, 2012 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, 2012, it will not be possible to entertain claims which are received by the Company after 22nd August, 2019. 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.

Financial Year	Dividend Type	Dividend Per Share (₹)	Date of Declaration	Due date of transfer to IEPF
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
2016-17	Final	3.50	07.07.2017	14.08.2024
2017-18	Final	4.00	20.07.2018	26.08.2025

**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.

Separate communications in this regard were 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) has amended Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 informing that transfer of securities would not be processed unless the securities are held in the dematerialized form with a depository with effect from April 1, 2019.

Any investor who is desirous of transferring shares (which are held in physical form) after April 1, 2019 can do so only after the shares are dematerialized.

The said amendment is not applicable for transmission (i.e. transfer of title of shares by way of inheritance / succession) and transposition (i.e. re-arrangement / interchanging of the order of name of shareholders) cases.

In terms of the relevant SEBI circulars, a copy of the PAN Card is to be furnished to the Company in the following cases:

- 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.

Nomination Facility

Provision of Section 72 of the Companies Act, 2013 read with rule 19(1) of the rules made thereunder extends nomination facility to individuals holding shares in the physical form. To help the legal heirs/ successors get the shares transmitted in their favour, shareholder(s) are requested to furnish the particulars of their nomination in the prescribed Nomination Form. Shareholder(s) holding shares in Dematerialized form are requested to register their nominations directly with their respective DPs.

Update your Correspondence Address / Bank Mandate / Email Id

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

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

Quote Folio No. / DP ID No.

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

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

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

Anil Rai Gupta
Chairman and Managing Director

Noida, May 29, 2019

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, 2019 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
Noida, May 29, 2019

For **Havells India Limited**

(Rajesh Kumar Gupta)
Whole-time Director (Finance) and Group CFO

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

The Members of Havells India Limited
Havells India Limited
QRG Tower, 2D, Sector 126,
Noida-Greater Noida Expressway
Noida, Uttar Pradesh 201 304

1. The Corporate Governance Report prepared by Havells India Limited (hereinafter the "Company"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended March 31, 2019. This report is required by the Company for annual submission to the stock exchange and to be sent to the Shareholders of the Company.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:

   i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;

   ii. Obtained and verified that the composition of the Board of Directors w.r.t Executive and Non-Executive Directors has been met throughout the reporting period;

   iii. Obtained and read the Directors Register as on March 31, 2019 and verified that atleast one women director was on the Board during the year;

iv. Obtained and read the minutes of the following committee meetings held April 01,2018 to March 31,2019:
   (a) Board of Directors Meeting;
   (b) Audit Committee Meeting;
   (c) Annual General Meeting;
   (d) Nomination and Remuneration Committee Meeting;
   (e) Stakeholders Relationship Committee Meeting;
   (f) Independent Directors Meeting; and
   (g) Risk Management Committee Meeting;

v. Verified the fee disclosures as required by Clause 10(k), Part C, Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and

vi. Obtained necessary representations and declarations from directors of the Company including the independent directors ; and

vii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2019, referred to in paragraph 2 above.

Other matters and Restriction on Use

9. This report 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.

10. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants
ICAI Firm Registration Number: 301003E/ E300005

Per Vikas Mehra

Partner
Membership Number: 094421
UDIN No. :19094421AAAAAQ8441
Place of Signature: Noida
Date: May 29, 2019

Independent Auditor's Report

To the Members of Havells India Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

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 2019, 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 notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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, 2019, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Assessment of impairment of investment in subsidiaries, goodwill and intangible assets with indefinite useful life *(as described in note 5 and 6 of the standalone Ind AS financial statements)*	
As at March 31, 2019 the Company balance sheet includes investment in subsidiaries of ₹ 58.26 crores, Goodwill of ₹ 310.47 crores and intangible assets having indefinite useful life of ₹ 1029.00 crores. In accordance with Indian Accounting Standards (Ind-AS), the management has allocated these balances to their respective cash generating units (CGU) and tested these for impairment using a discounted cash flow model. The management compares the carrying value of these assets with their respective recoverable amount. A deficit between the recoverable amount and CGU's net assets would result in impairment. The inputs to the impairment testing model which have most significant impact on the model includes: a) Sales growth rate; b) Operating margin;	As a part of our audit we have, carried out the following procedures: a) We assessed the Company's methodology applied in determining the CGUs to which these assets are allocated. b) We assessed the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used; c) Compared the cash flow forecasts to approved budget and other relevant market and economic information, as well as testing the underlying calculations. We discussed potential changes in key drivers as compared to previous year / actual performance with management in order to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable;

Key audit matters	How our audit addressed the key audit matter
Assessment of impairment of investment in subsidiaries, goodwill and intangible assets with indefinite useful life *(as described in note 5 and 6 of the standalone Ind AS financial statements)*	
c) Working capital requirements; d) Capital expenditure; and e) Discount rate applied to the projected cash flows. The impairment test model includes sensitivity testing of key assumptions. The annual impairment testing is considered a significant accounting judgement and estimate (Note 2.28 to the standalone Ind-AS financial statements) and a key audit matter because the assumptions on which the tests are based are highly judgmental and are affected by future market and economic conditions which are inherently uncertain, and because of the materiality of the balances to the financial statements as a whole.	d) We also assessed the recoverable value headroom by performing sensitivity testing of key assumptions used. e) We engaged expert to assess the assumption and methodology used by the management to determine the recoverable amount. f) We tested the arithmetical accuracy of the models g) Performed analysis of the disclosures related to the impairment tests and their compliance with Indian Accounting Standard (Ind-AS).

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of 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 the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 purposes of our audit;

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

(c) The Balance Sheet, the 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 Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) 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, as amended 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 32A to the standalone Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Vikas Mehra
Partner
Membership Number:094421
Place: Noida
Date: May 29, 2019

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

(c) According to the information and explanations given by the management the title deeds of immovable properties included in property, plant and equipment 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 gross block of ₹ 15.46 crores and net block of ₹ 14.49 crores.
- Freehold land having gross block of ₹ 15.89 crores and net block of ₹ 15.89 crores for which title deed is not in the name of the Company. The Company has constructed building on such land amounting to gross block of ₹ 2.43 crores and net block of ₹ 1.51 crores. The Company is in the process of getting them registered in its name.
- Land taken on lease having gross block of ₹ 34.95 crores and net block of ₹ 34.34 crores for which allotment and possession letter is in the name of the Company. As explained to us, the Company is in process of entering into lease deed for this land.

(ii) 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 year end and no material discrepancies were noticed in respect of such confirmations.

(iii) 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 given, investment made and guarantee 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 or service of electricals and electronic 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, goods and service 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, goods and service 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 on account of any dispute, are as follows:

Name of the Statute	Nature of the Dues	Amount of Demand without netting of amount paid under protest (₹ in crores)	Amount paid under protest (₹ in crores)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
Income Tax Act, 1961	Disallowances and additions to taxable income.	31.12	10.56	2003-04, 2005-06 to 2013-14	Income Tax Appellate Tribunal, New Delhi
Income Tax Act, 1961	Disallowances and additions to taxable income.	26.61	2.59	2005-06, 2009-10, to 2012-13	Commissioner of Income Tax (Appeal), New Delhi
Central Excise Act, 1944	Excise duty demand/ disallowance of Cenvat credit on various items.	0.23	-	2007-08 to 2009-10	CESTAT, (Chandigarh)
Sales Tax/ VAT	Sales tax demand on various matter	0.12	-	2001-02	Joint Commissioner (Appeal), Faridabad
Sales Tax/ VAT	Sales tax demand on various matter	3.06	1.07	2015-16	Joint Commissioner (Appeal), Patna
Sales Tax/ VAT	Sales tax demand on various matter	1.91	0.69	2010-11, 2013-14, 2014-15	Joint Commissioner (Appeal), Uttrakhand
Sales Tax/ VAT	Entry tax demand	0.03	0.03	2010-11	Nagpur Municipal Corporation Apealate Tribunal Commercial Tax, (Patna)
Sales Tax/ VAT	Sales tax demand on various matter	16.97	11.79	2007-08 to 2014-15	Apealate Tribunal Commercial Tax (Patna)
Sales Tax/ VAT	Sales tax demand on various matter	0.38	0.38	2005-06, 2013-14 and 2009-10	Appellate Tribunal, Commercial Tax, Ernakulam, (Kerala)
Sales Tax/ VAT	Sales tax demand on various matter	0.05	0.03	2007-08	Appellate Tribunal, Commercial Tax, (Tamilnadu)
Sales Tax/ VAT	Sales tax demand on various matter	2.32	0.30	2008-09 to 2011-12	Appellate Tribunal, Commercial Tax, (Orrissa)
Sales Tax/ VAT	Sales tax demand on various matter	1.25	1.23	2009-10 to 2012-13	Appellate Tribunal, Commercial Tax, (Uttrakhand)
Sales Tax/ VAT	Sales tax demand on various matter	0.24	0.20	2005-06, 2007-08, 2009-10 and 2011-12	Deputy Commissioner (Appeals), (Cochin)
Sales Tax/ VAT	Sales tax demand on various matter	0.34	-	2014-15	Deputy Commissioner (Appeals), (Gujrat)
Sales Tax/ VAT	Sales tax demand on various matter	0.25	0.15	2003-04, 2005-06 to 2006-07	High Court (Punjab and Haryana)

(viii) In our opinion and according to the information and explanations given by the management, 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 government or dues to debenture holders.

(ix) According to the information and explanations given by the management, the Company has not raised any money 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 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 Vikas Mehra
Partner
Membership Number: 094421

Place:
Date: May 29, 2019

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF HAVELLS INDIA LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Havells India Limited ("the Company") as of March 31, 2019 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 with reference to these standalone financial statements 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 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 with reference to these standalone financial statements was 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 over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, 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 over financial reporting with reference to these standalone financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these standalone financial statements 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 with reference to these standalone financial statements 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 With Reference to these Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone financial statements, 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 with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone financial statements 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, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2019, 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**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Vikas Mehra
Partner
Membership Number: 094421

Place: Noida
Date: May 29, 2019

Balance Sheet

as at March 31, 2019

(₹ in crores)

	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
1 Non-current assets			
Property, plant and equipment	3	1,430.60	1,247.90
Capital work in progress	3	232.15	24.05
Investment property	4	-	53.79
Goodwill	5	310.47	310.47
Other intangible assets	5	1,159.74	1,173.00
Intangible assets under development	5	0.51	-
Investment in subsidiaries	6	58.26	41.70
Financial assets	7		
(i) Trade receivables		17.62	-
(ii) Other bank balances		-	0.41
(iii) Loan		8.85	-
(iv) Other financial assets		21.38	17.21
Contract assets	8	69.84	-
Other non-current assets	9	58.74	40.15
		3,368.16	**2,908.68**
2 Current assets			
Inventories	10	1,917.03	1,621.65
Financial assets	11		
(i) Trade receivables		404.78	325.40
(ii) Cash and cash equivalents		678.08	301.20
(iii) Bank balances other than (ii) above		606.75	1,224.97
(iv) Other financial assets		29.65	7.97
Contract assets	8	9.27	-
Other current assets	12	147.48	135.21
		3,793.04	**3,616.40**
Assets classified as held for sale	13	17.88	16.33
		3,810.92	**3,632.73**
Total assets		**7,179.08**	**6,541.41**
EQUITY AND LIABILITIES			
1 Equity	14		
Equity share capital		62.55	62.51
Other equity		4,179.98	3,676.64
Total equity		**4,242.53**	**3,739.15**
2 Liabilities			
Non-current liabilities			
Financial liabilities	15		
(i) Borrowings		40.50	81.00
(ii) Other financial liabilities		0.92	5.48
Provisions	16	32.36	23.88
Deferred tax liabilities (Net)	17	321.67	206.95
Contract liability	8	2.63	-
Other non-current liabilities	18	17.71	17.71
		415.79	**335.02**
Current liabilities			
Financial liabilities	19		
(i) Trade payables			
a) Total outstanding dues of Micro and Small Enterprises		56.98	84.60
b) Total outstanding due other than Micro and Small Enterprises		1,502.38	1,549.39
(ii) Other financial liabilities		609.59	540.29
Contract liability	8	0.93	-
Other current liabilities	20	117.08	107.55
Provisions	21	202.86	154.09
Current tax liabilities (Net)	22	30.94	31.32
		2,520.76	**2,467.24**
Total liabilities		**2,936.55**	**2,802.26**
Total equity and liabilities		**7,179.08**	**6,541.41**
Summary of significant accounting policies	2		
Commitments and contingencies	32		
Other notes on accounts	33		

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 **Vikas Mehra**
Partner
Membership No. 094421

Date: May 29, 2019
Place: Noida

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

Sachin Sharma
Executive Vice President
(Finance)

Sanjay Kumar Gupta
Company Secretary
FCS No.: F 3348

Statement of Profit and Loss

for the year ended March 31, 2019

(₹ in crores)

		Notes	Year ended March 31, 2019	Year ended March 31, 2018
I	**INCOME**			
	Revenue from operations	23	10,057.62	8,260.27
	Other income	24	127.55	116.99
	Total Income		**10,185.17**	**8,377.26**
II	**EXPENSES**			
	Cost of materials consumed	25	4,513.04	3,586.69
	Purchase of traded goods	26	2,013.67	1,719.96
	Change in inventories of finished goods, traded goods and work in progress	27	(248.16)	(325.88)
	Excise duty	23(a)	-	121.70
	Employee benefits expense	28	832.42	649.73
	Finance costs	29	15.91	23.97
	Depreciation and amortisation expenses	30	148.57	139.52
	Other expenses	31	1,754.46	1,458.78
	Total Expenses		**9,029.91**	**7,374.47**
III	**Profit before exceptional items and tax**		**1,155.26**	**1,002.79**
	Add : Exceptional items {refer note 33(1)(d)}		-	11.91
IV	**Profit before tax**		**1,155.26**	**1,014.70**
V	**Income Tax expenses**	17		
	Current tax		269.53	208.99
	Less: MAT credit entitlement		-	(43.09)
	Deferred tax		94.21	136.28
	Total tax expense		**363.74**	**302.18**
VI	**Profit for the year**		**791.52**	**712.52**
VII	**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 33(6))		(7.34)	2.59
	ii) Income tax effect on above {refer note no 17(b)}		2.57	(0.91)
	Other comprehensive income for the year, net of tax		**(4.77)**	**1.68**
VIII	**Total comprehensive income for the year, net of tax**		**786.75**	**714.20**
IX	**Earnings per equity share (EPS) {refer note no. 33 (14)}**			
	(nominal value of share ₹ 1/-)			
	Basic EPS (₹)		12.66	11.40
	Diluted EPS (₹)		12.66	11.40
	Summary of significant accounting policies	2		
	Commitments and contingencies	32		
	Other notes on accounts	33		

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 **Vikas Mehra**
Partner
Membership No. 094421

Date: May 29, 2019
Place: Noida

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

Sachin Sharma
Executive Vice President
(Finance)

Sanjay Kumar Gupta
Company Secretary
FCS No.: F 3348

Statement of Changes in Equity

for the year ended March 31, 2019

A) Equity Share Capital

(₹ in crores)

Particulars	Numbers	Amount
As at April 1, 2017	**624,855,342**	**62.49**
Add: Exercise of Employee stock purchase plan - proceeds received	293,131	0.02
As at March 31, 2018	**625,148,473**	**62.51**
Add: Exercise of Employee stock purchase plan - proceeds received	324,437	0.04
As at March 31, 2019	**625,472,910**	**62.55**

B) Other Equity

(₹ in crores)

Particulars	Reserves and surplus					Total
	Capital reserve	Securities premium	General reserve	Share options outstanding	Retained earnings	
As at April 1, 2017	**7.61**	**23.77**	**748.84**	**-**	**2,430.87**	**3,211.09**
Profit for the year	-		-	-	712.52	712.52
Other comprehensive income for the year						
Re-measurement gains / (losses) on defined benefit plans	-	-	-	-	1.68	1.68
Total Comprehensive income for the year	**-**	**-**	**-**	**-**	**714.20**	**714.20**
Transaction with owners in their capacity as owners:						
Dividend paid	-	-	-	-	(218.80)	(218.80)
Dividend distribution tax	-	-	-	-	(44.54)	(44.54)
Addition on equity shares issued under Employee stock purchase plan		14.69	-	-	-	14.69
As at March 31, 2018	**7.61**	**38.46**	**748.84**	**-**	**2,881.73**	**3,676.64**
Profit for the year	-	-	-	-	791.52	791.52
Other comprehensive income for the year						
Re-measurement gains / (losses) on defined benefit plans	-	-	-	-	(4.77)	(4.77)
Total Comprehensive income for the year	**-**	**-**	**-**	**-**	**786.75**	**786.75**
Transaction with owners in their capacity as owners:						
Dividend paid	-	-	-	-	(250.19)	(250.19)
Dividend distribution tax	-	-	-	-	(51.43)	(51.43)
Employee stock option expense	-	-	-	0.27	-	0.27
Addition on account of equity shares issued under Employee stock purchase plan	-	17.94	-	-	-	17.94
As at March 31, 2019	**7.61**	**56.40**	**748.84**	**0.27**	**3,366.86**	**4,179.98**

Summary of significant accounting policies	2
Commitments and contingencies	32
Other notes on accounts	33

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 **Vikas Mehra**
Partner
Membership No. 094421

Date: May 29, 2019
Place: Noida

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

Sachin Sharma
Executive Vice President
(Finance)

Sanjay Kumar Gupta
Company Secretary
FCS No.: F 3348

Statement of Cash Flow

for the year ended March 31, 2019

(₹ in crores)

		Year ended March 31, 2019	Year ended March 31, 2018
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Profit before Income tax	1,155.26	1,002.79
	Adjustments to reconcile profit before tax to net cash flows		
	Depreciation and amortisation expense	148.57	139.52
	Loss on disposal of Property, plant and equipment	3.53	2.01
	Unrealised foreign exchange (gain) / loss (net)	(9.70)	(1.01)
	Impairment allowance for trade receivables considered doubtful	8.84	7.27
	Impairment of investment in subsidiary company	0.10	-
	Profit on sale of non-current financial investments	(0.07)	(18.49)
	Bad debts written off	2.12	1.21
	Unwinding of discount on long term provisions	2.55	1.18
	Interest income	(78.20)	(44.61)
	Interest expenses	13.20	19.74
	Liabilties no longer required written back	(4.32)	(3.42)
	Employee stock option expense	0.27	-
	Rental Income	(7.62)	(6.92)
	Reversal of Impairment allowance for trade receivables considered doubtful	-	(2.25)
	Operating Profit before working capital changes	**1,234.53**	**1,097.02**
	Movement in working capital		
	(Increase)/ Decrease in trade receivables	(109.06)	(102.32)
	(Increase)/ Decrease in contract assets	(79.11)	-
	(Increase)/ Decrease in contract liability	3.56	-
	(Increase)/ Decrease in financial assets	(25.85)	(6.15)
	(Increase)/ Decrease in non-financial assets	(20.28)	(62.59)
	(Increase)/ Decrease in inventories	(295.38)	(693.22)
	Increase/ (Decrease) in trade payables	(61.47)	1,006.03
	Increase/ (Decrease) in financial liabilities	55.48	40.65
	Increase/ (Decrease) in non financial liabilities	9.53	13.09
	Increase/ (Decrease) in provisions	47.39	60.11
	Cash generated from in operations	**759.34**	**1,352.62**
	Income tax paid (net of refunds)	(246.83)	(244.96)
	Net Cash flow from Operating Activities (A)	**512.51**	**1,107.66**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Payment of property, plant and equipment and intangible assets	(502.52)	(1,596.19)
	Proceeds from sale of property, plant and equipment	1.67	7.44
	Fixed deposits matured during the year	616.90	135.99
	Proceeds from sale of equity shares invested in subsidiary / associate	-	198.25
	Payment for purchase of shares in a subsidiary company	(16.66)	(0.63)
	Proceeds from sale of non-current investment	-	169.18
	Rental income	7.62	6.92
	Interest received	79.99	77.34
	Loan to subsidiary company	(8.85)	-
	Net Cash flow from/(used) in Investing Activities (B)	**178.15**	**(1,001.70)**

Statement of Cash Flow

for the year ended March 31, 2019

(₹ in crores)

		Year ended March 31, 2019	Year ended March 31, 2018
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds from share capital issued	0.04	0.02
	Proceeds from security premium received	17.94	14.69
	Repayment of short term borrowings	-	(198.05)
	Proceeds from long term borrowings	-	108.00
	Repayment of long term borrowings	(13.50)	-
	Interest paid	(13.20)	(19.74)
	Dividends paid to equity shareholders of the Company (including dividend distribution tax)	(301.62)	(263.23)
	Net Cash Flow used in Financing Activities (C)	**(310.34)**	**(358.31)**
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**380.32**	**(252.35)**
	Cash and cash equivalents at the beginning of the year	301.20	554.96
	Effect of exchange differences on cash and cash equivalents held in foreign currency	(3.44)	(1.41)
	Cash and Cash Equivalents at the end of the year/ period	**678.08**	**301.20**

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, 2019	As at March 31, 2018
a) **Cash and cash equivalents**		
Balances with banks:		
Current accounts	47.48	30.51
Cash credit accounts	374.80	75.33
Fixed deposits account with a original maturity of less than three months	255.67	195.23
Cash on hand	0.13	0.13
	678.08	**301.20**

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 **Vikas Mehra**
Partner
Membership No. 094421

Date: May 29, 2019
Place: Noida

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

Sachin Sharma
Executive Vice President
(Finance)

Sanjay Kumar Gupta
Company Secretary
FCS No.: F 3348

Notes to Financial Statements

for the year ended March 31, 2019

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 consumer electrical/electronics and power distribution equipment manufacturer with products ranging from Industrial and Domestic Circuit Protection Switchgears, Cables, Motors, Pumps, Fans, Power Capacitors, LED Lamps and Luminaries for Domestic, Commercial and Industrial applications, Modular Switches, Water Heaters, Domestic Appliances, Water Purifier, Air conditioner, Television and washing machine covering the entire range of household, commercial and industrial electrical/ electronics needs. The Company's manufacturing facilities are located at Faridabad in Haryana, Alwar, Ghiloth and Neemrana in Rajasthan, Haridwar in Uttarakhand, Sahibabad 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 also at some of the plant units. These facilities have been approved by Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India, New Delhi.

The Financial statements were authorised by the Board of Directors for issue in accordance with resolution passed on May 29, 2019.

2. Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these Ind AS financial statements. These policies have been consistently applied to all the years.

2.01 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the section 133 of the Companies Act 2013 (the Act) read with Companies (Indian Accounting Standards) Rule 2015 (as amended from time to time), presentation requirement of Division II of schedule III to the Companies Act, 2013, (Ind As compliant schedule III) and other relevant provision of the Act. 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 is 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

iv) Share - based payments

New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 01, 2018:

(i) Ind AS 115, Revenue from contracts with customers

(ii) Amendment to Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance

(iii) Amendment to Ind AS 21,the Effects of Changes in Foreign Exchange Rates in respect of Appendix B, Foreign Currency Transactions and Advance Consideration

(iv) Amendment to Ind AS 12, Incomes Taxes

(v) Amendment to Ind AS 40, Investment Property

The Company had to change its accounting policies following the adoption of Ind AS 115 and amendment to Ind AS 20. The amendments listed above did not have any Material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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 realised or intended to be sold or consumed in normal operating cycle
- Held primarily for purpose of trading
- Expected to be realised 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

Notes to Financial Statements

for the year ended March 31, 2019

- 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 Company has identified twelve months as its operating cycle.

2.03 Property, plant and equipment

Property, Plant and equipment including capital work in progress are stated at historical 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 input tax credit availed wherever applicable.

Subsequent costs are included in asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Company and the cost of item can be measured reliably. 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 calculated on prorata basis on straight-line method using the useful lives of the assets estimated by management. The useful life is as follows:

Assets	Useful life (in years)
Building	30 and 60
Plant and Equipment	15
Moulds and Dies	6
Furniture and Fixtures	10
Vehicles	8 and 10
R &D Equipment	5 and15
Office Equipment	3 and 5
Mobile Phones	3
Electric Fans and Installations	3 and 10
Computers	3

The useful lives have been determined based on technical evaluation done by the management's expert which are lower than those specified by schedule II to the Companies act 2013, in order to reflect the actual usage of assets in respect of moulds , dies and mobile phones which are depreciated over the estimated useful lives of 6 years and 3 years respectively. The residual values are not more than 5% of the original cost of the assets. The assets' residual values and useful lives are reviewed, and adjusted if appropriate.

Lease hold improvements are depreciated on straight line basis over shorter of the asset's useful life and 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 to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Notes to Financial Statements

for the year ended March 31, 2019

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. When significant parts of investment property are required to be replaced at intervals, the Company depreciates them separately based on their respective useful lives. All other repair and maintenance cost are expensed when incurred.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an external independent valuer applying a valuation model as per Ind AS 113 " Fair value measurement".

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Investment properties are depreciated using straight line method over their estimated useful life. Investment properties comprising of factory building is depreciated over useful life of 30 years and leasehold land is amortised on a straight line basis over the unexpired period of the lease.

Transfer of property from investment property to the property, plant and equipment is made when the property is no longer held for long term rental yields or for capital appreciation or both at carrying amount of the property transferred.

2.05 Intangible assets

Separately acquired intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Cost of intangible assets acquired in business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation 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 amortisation and accumulated impairment losses. Amortisation 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.

Brand and Trademarks

Brand and Trademarks acquired in business combination are initially recognised at fair value at the date of acquisition. Following initial recognition, brand and trademark are carried at the above recognised value less accumulated amortisation and accumulated impairment losses, if any. These Brand and trademarks have been in existence for considerable period and Company intends to continue use this intangible assets. Consequently it is believed that they 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.

Distributor/ Dealer Network

Distributor/ Dealer Network acquired in business combination are initially recognised at fair value at the date of acquisition. Following initial recognition, Distributor/ Dealer Network are carried at the above recognised value less accumulated amortisation

Notes to Financial Statements

for the year ended March 31, 2019

and accumulated impairment losses, if any. They are amortised on a straight line basis over their estimated useful life of 8 years assessed by the management at the time of acquisition.

Non-Compete Fee

Non-Compete fee is recognised based on agreement with seller or competitor. It is amortised on a straight line basis over their estimated useful life of 7 years based on agreed terms as per contract.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the fair value of 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 Company 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 other comprehensive income 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 other comprehensive income.

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 Company 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 recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

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 amortisation period and the amortisation 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 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 in the expense category 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

Notes to Financial Statements

for the year ended March 31, 2019

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 as under

Assets	Useful life (in years)
Computer Software	6
Technical Know-how	6
R&D Software	6
Distributor/ Dealer Network	8
Non-Compete Fee	7

2.06 Impairment of non- financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for the which there are separately identifiable cash inflows which largely independent of the cash inflows from other assets or groups of assets (cash - generating units). Non - financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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

The classification depends on entity's business model for managing the financial assets and the contractual terms of the cash flow

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. Transaction cost of financial assets carried at fair value through profit or loss are expensed in profit or loss

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 Company has made an irrevocable election at the time of initial recognition to account for equity instruments at FVTOCI.

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

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 financial asset 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.

Notes to Financial Statements

for the year ended March 31, 2019

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 amortisation is included in other 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 “Financial Instrument” 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 AS 103 “Business Combination” 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.

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.

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for the year ended March 31, 2019

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 recognises 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 analysed.

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.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

(i) All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument (ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) during the period is recognised as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

(a) Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the group does not reduce impairment allowance from the gross carrying amount.

(b) Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

(c) Debt instruments measured at FVTOCI: For debt instruments measured at FVTOCI, the expected credit losses do not reduce the carrying amount in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the asset was measured at amortised cost is recognised in other comprehensive income as the accumulated impairment amount

(ii) Financial liabilities:

Initial recognition and measurement

Financial liabilities are classified at initial recognition

Notes to Financial Statements

for the year ended March 31, 2019

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, trade payables, trade deposits, retention money, liabilities towards services, sales incentive and other payables.

The measurement of financial liabilities depends on their classification, as described below:

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

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 Company that are not designated as hedging instruments in hedge relationship as defined by Ind AS 109. The separated embedded derivate 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 as such at the initial date of recognition, 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.

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 30 to 90 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 Effective interest rate method.

Borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the Effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the Effective interest rate 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 Effective interest rate. The Effective interest rate amortisation is included as finance costs in the statement of profit and loss. Borrowing are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for atleast 12 months after the reporting period.

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 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 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.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-

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for the year ended March 31, 2019

derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

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/ financial liabilities

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 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 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at 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 purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Company's expected purchase, sale or usage requirements are held at cost. 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.

For the purpose of hedge accounting, hedges are classified as:

(i) Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment

(ii) Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

(iii) Hedges of a net investment in a foreign operation"

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

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for the year ended March 31, 2019

(i) Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs. For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss. The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other income or expenses. Amounts recognised as 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 OCI are transferred to the initial carrying amount of the non-financial asset or liability. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

2.09 Investment in Subsidiaries and joint venture

The investment in subsidiary and Joint venture are carried at cost as per IND AS 27. The Company regardless of the nature of its involvement with an entity (the investee), determines whether it is a parent by assessing whether it controls the investee. The Company 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, the Company controls an investee if and only if it 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 returns.

Investments are accounted in accordance with IND AS 105 when they are classified as held for sale. 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

2.10 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

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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.

2.11 Non-current assets held for sale

The Company classifies non-current assets as held for 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 assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold. The Company treats sale of the asset to be highly probable when:

i) The appropriate level of management is committed to a plan to sell the asset

ii) An active programme to locate a buyer and complete the plan has been initiated (if applicable)

iii) The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,

iv) The sale is expected to qualify for recognition as a completed sale within one year from the date of classification , and

v) Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

The criteria for held for sale classification is regarded as met only when the sale is highly probable 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 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.

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.

2.12 Taxes

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 adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax expense for the year comprises of current tax and deferred tax.

a) Current Tax

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 u/s 80IE in respect of unit located at Guwahati in Assam.

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.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Deferred Tax

Deferred tax is provided using the liability method on temporary differences arising between the tax

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bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the 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 that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the 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, except:

i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences 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 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.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognises MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of reduction from deferred tax liability. The company reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

In the situations where any unit of the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India, no deferred tax (asset or liability) is recognised in respect of temporary differences which reverse during the tax holiday period, to the extent the unit’s gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect

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of temporary differences which reverse after the tax holiday period is recognised in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

2.13 Revenue recognition

The Company manufactures/ trades and sells a range of consumer electrical and electronic products. Sale of these products is recognised at a point in time when control of the product has been transferred, being when the products are delivered to the customers and there are no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products are shipped to specific location and control has been transferred to the customers. The Company also provides installation, annual maintenance and extended warranty services that are either sold separately or bundled together with the sale of goods. The Company recognises these service revenue from sales of services over a time, because the customer simultaneously receives and consumes the benefits provided by the Company. The Company has objective evidence that all criterion for acceptance has been satisfied.

(a) Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

The Company considers, whether there are other promises in the contract in which their are separate performance obligations, to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company allocated a portion of the transaction price to goods bases on its relative standalone prices and also considers the following:-

(i) Variable consideration

The Company recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. If revenue cannot be reliably measured, the Company defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration, and are estimated at contract inception and updated thereafter.

(ii) Warranty obligations

The Company generally provides warranties for general repair of defects. These warranties are assurance-type warranties under Ind AS 115, which are accounted for under Ind AS 37 (Provisions, Contingent Liabilities and Contingent Assets), consistent with its current practice. The Company adjust the transaction price for the time value of money where the period between the transfer of the promised goods or services to the customer and payment by customer exceed one year. However, in certain non-standard contracts in respect of sale of consumer durable goods, the Company provides extended warranties and such warranties are termed as service-type warranties and therefore, accounted for as separate performance obligations to which the Company allocates a portion of the transaction price.

(iii) Significant Financing Components

In respect of short-term advances from its customers, using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be within normal operating cycle. In respect of long term contracts, the Company has used the incremental borrowing rate to discount the consideration as this is the rate which commensurate with rate that would be reflected in separate financing arrangement between the Company and its customer.

(iv) Schemes

The Company operates several sales incentive programmes wherein the customers are eligible for several benefits on achievement of underlying conditions as prescribed in the scheme programme such as credit notes, tours, reimbursement, investments etc. Revenue from contract with customer is presented deducting cost of all these schemes.

(b) Sale of service

The Company provides installation, annual maintenance and extended warranty services that are either sold separately or bundled together with the sale of goods.

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The Company recognises revenue from sales of services over time, because the customer simultaneously receives and consumes the benefits provided by the Company. Revenue from services related activities is recognised as and when services are rendered and on the basis of contractual terms with the parties.

(c) Contract balances

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. A receivables represents the Company's right to an amount of consideration that is unconditional.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

(d) 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.

(e) Interest Income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

(f) Export benefit

Revenue from export benefits arising from Duty entitlement pass book (DEPB scheme), duty drawback scheme, merchandise export incentive scheme are recognised on export of goods in accordance with their respective underlying scheme at fair value of consideration received or receivable.

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.

(ii) Other long-term employee benefit obligations

a) Gratuity

The Employee's Gratuity Fund Scheme, which is defined benefit plan, is managed by Trust with its investments maintained with Life insurance Corporation. 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 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 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

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on

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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 other comprehensive income 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 recognises 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) Other employee benefits

The Company provides long term incentive plan to employees via equity settled 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.

(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 at fair value of shares granted and allotted as employee benefit expense over the period of employee serving relevant period.

2.15 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.

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 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.

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for the year ended March 31, 2019

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.

2.16 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.

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. Government grant related to the non-monetary asset are recognised at nominal value and presented by deducting the same from carrying amount of related asset.

2.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Board of directors monitors the operating results of all product segments 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.

2.18 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.

2.19 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 (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

Notes to Financial Statements

for the year ended March 31, 2019

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.

2.20 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 in subsidiaries, associates and joint venture and impairment losses/ write down in value of investment in subsidiaries, associates and joint venture and significant disposal of fixed assets.

2.21 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposit held at call with financial institutions, other short - term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.22 Foreign currency translation

(i) Functional and presentation currency

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 (INR) which is also the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rate are generally recognised in the statement of profit and loss.

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).

2.23 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. 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 five years.

Provision for E-Waste

Provision for E-Waste management is recognised when the liability in respect of products sold to customer is established in accordance with E-waste Management Rules, 2016 as notified by Government of India. Initial recognition is based on liability computed based on Extended Producer Responsibility as promulgated in said Rules including cost to comply the said regulation and as reduced by expected realisation of collectable

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waste. The timing of outflow is expected to be with in one to ten years.

Contingent liabilities

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

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

2.24 Dividend Distributions

The Company recognizes a liability to make the payment of dividend to owners of equity, when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.25 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 ordinary 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 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 Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (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.

2.26 Business Combinations - common control transactions

(i) Business Combinations involving entities that are controlled by the group are accounted for using the pooling of interests method as follow.

(ii) The assets and liabilities of the combining entities are reflected at their carrying amounts.

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for the year ended March 31, 2019

(iii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. Adjustments are only made to harmonise accounting policies

(iv) The financial information in the financial statements is respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, where the business combination had occurred after that date, the prior period information is restated only from that date.

(v) The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.

(vi) The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.

(vii) The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to revenue reserves.

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 Company's financial statements are disclosed below. The Company intends to adopt these standards if applicable, when they become effective.

(i) Ind AS 116 Leases

Ind AS 116 Leases was notified by Ministry of Corporate Affairs (MCA) on March 30, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 01, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for leases – leases of 'low-value' assets and short-term leases (i.e., lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right of use assets.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company intends to adopt these standards from April 01, 2019. The Company will elect to apply the standard to contracts that were previously identified as leases applying Ind AS 17. The Company will therefore not apply the standard to contracts that were not previously identified as containing a lease applying Ind AS 17. The Company elects to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. During financial year ending March 31, 2019, the Company has performed a initial impact assessment of Ind AS 116. The effect of adoption as on the transaction date would result in an increase in right of use asset approximately by ₹ 125.33 crores, and an increase in lease liability approximately by ₹125.33 crores.

(ii) Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain

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for the year ended March 31, 2019

tax treatments. The Interpretation specifically addresses the following:

1. Whether an entity considers uncertain tax treatments separately
2. The assumptions an entity makes about the examination of tax treatments by taxation authorities
3. How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
4. How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. In determining the approach that better predicts the resolution of the uncertainty, an entity might consider, for example, (a) how it prepares its income tax filings and supports tax treatments; or (b) how the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination.

The interpretation is effective for annual reporting periods beginning on or after 1 April 2019, but certain transition reliefs are available. The Company will apply the interpretation from its effective date. The Company is evaluating the impact and it will account for it when it adopt amendments in Ind AS 12 during the year ending March 31, 2020.

(iii) Amendments to Ind AS 109: Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective for annual periods beginning on or after April 01, 2019. These amendments have no impact on the financial statements of the Company.

(iv) Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after April 01, 2019. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Company.

(v) Amendments to Ind AS 12: Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions

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to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after April 01, 2019. Since the Company's current practice is in line with these amendments, the Company does not expect any effect on its financial statements.

(vi) Amendments to Ind AS 23: Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after April 01, 2019. Since the Company's current practice is in line with these amendments, the Company does not expect any effect on its financial statements.

2.28 Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires the management to make judgments, 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 judgements, 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.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, 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. As at year end, the lessee has vacated the property and the Company has decided to use the property for its own use.

(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) Revenue from contract with customers

The Company applied judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers, such as identifying performance obligations in a bundled sales transactions, wherein, the Company sell goods and maintenance/ warranty services separately or bundled together with sales of goods. In certain non-standard contracts, where the Company provides extended warranties in respect of sale of consumer durable goods, the Company allocated the apportion of the transaction price to goods bases on its relative standalone prices. Also, certain contracts of sale includes volume rebates that give rise to variable consideration. In estimating the variable consideration the Company has used a combination of most likely amount method and expected value method. Further, in respect of long term contracts, the Company has used the incremental borrowing rate to the discount the consideration as this is the rate which commensurate with rate that would be reflected in separate financing arrangement between the Company and its customer.

(d) Assessment of lease contracts

Significant judgement is required to apply lease accounting rules under Appendix C to Ind

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for the year ended March 31, 2019

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.

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 India. Future salary increases and pension increases are based on expected future inflation rates for India. Further details about the assumptions used, including a sensitivity analysis, are given in Note 33(6).

(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 judgment is required in establishing fair values. Judgments 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 judgment 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

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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 asset'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) Provision for warranty and e- waste

Provisions for warranties and e-waste 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.In respect of e-waste, management calculates the obligation in accordance with E-Waste management Rules, 2016 and accounts/fulfil the obligation on its own account or on 3rd party service provider. 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/e-waste claims will exactly match the historical warranty/e-waste 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, 2019

3. Property, plant and equipment

(₹ in crores)

	Freehold Land	Leasehold Land	Buildings	Leasehold Improvements	Plant and Equipments	Moulds and Dies	Furniture and fixtures	Vehicles	R & D Equipment's	Office Equipment's	Electrical Installations	Total	Capital Work in progress	Grand Total
Gross carrying amount (at cost)														
At April 01, 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**
Additions	-	71.21	2.00	1.77	45.76	31.02	6.29	0.24	3.06	13.84	1.39	**176.58**	23.12	**199.70**
Acquisition of Lloyd business	-	-	-	-	0.42	0.38	2.00	0.36	-	1.19	-	**4.35**	-	**4.35**
Disposals/adjustments	(0.03)	-	(0.16)	-	(3.62)	(2.79)	1.68	(0.51)	(0.53)	(0.74)	0.04	**(6.66)**	(10.98)	**(17.64)**
Transfers to assets classified as held for sale	(0.10)	-	-	-	(9.61)	(4.13)	(0.35)	-	(0.23)	(0.05)	(0.04)	**(14.51)**	-	**(14.51)**
At March 31, 2018	**27.28**	**163.55**	**587.56**	**13.12**	**499.15**	**118.76**	**34.44**	**10.04**	**17.07**	**62.34**	**28.92**	**1,562.23**	**24.05**	**1,586.28**
Additions	-	12.97	65.28	3.69	87.65	29.19	4.63	2.08	9.68	29.79	13.79	**258.75**	227.54	**486.29**
Transfer from Investment Property (Refer note (vii) below)	-	8.86	52.01	-	-	-	-	-	-	-	-	**60.87**	-	**60.87**
Disposals/adjustments	-	-	-	-	(1.72)	(4.66)	(0.32)	-	(2.13)	(0.91)	(0.07)	**(9.81)**	(19.44)	**(29.25)**
Transfers to assets classified as held for sale	-	-	-	-	(5.65)	(0.38)	(0.19)	-	(0.22)	-	(0.18)	**(6.62)**	-	**(6.62)**
At March 31, 2019	**27.28**	**185.38**	**704.85**	**16.81**	**579.43**	**142.91**	**38.56**	**12.12**	**24.40**	**91.22**	**42.46**	**1,865.42**	**232.15**	**2,097.57**
Accumulated Depreciation	-													
At April 01, 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**
Charge for the year	-	1.25	23.23	1.71	51.64	18.49	1.67	1.55	1.16	10.71	3.98	**115.39**	-	115.39
Disposals/adjustments	-	-	(0.16)	-	(2.24)	(1.07)	1.68	(0.30)	(0.30)	(0.67)	0.04	**(3.02)**	-	(3.02)
Transfers to assets classified as held for sale	-	-	-	-	(6.26)	(2.40)	(0.07)	-	(0.04)	(0.05)	(0.02)	**(8.84)**	-	(8.84)
At March 31, 2018	-	**5.86**	**68.16**	**3.08**	**136.43**	**46.34**	**8.51**	**4.00**	**4.84**	**26.98**	**10.13**	**314.33**	-	**314.33**
Charge for the year	-	1.87	24.08	1.85	49.58	18.81	3.83	1.60	2.54	15.40	3.39	**122.95**	-	**122.95**
Transfer from Investment Property (Refer note (vii) below)	-	0.67	7.84	-	-	-	-	-	-	-	-	**8.51**	-	**8.51**
Disposals/adjustments	-	-	-	-	(0.63)	(3.40)	(0.20)	-	(1.35)	(0.86)	(0.04)	**(6.48)**	-	**(6.48)**
Transfers to assets classified as held for sale	-	-	-	-	(3.96)	(0.11)	(0.12)	-	(0.13)	-	(0.17)	**(4.49)**	-	**(4.49)**
At March 31, 2019	-	**8.40**	**100.08**	**4.93**	**181.42**	**61.64**	**12.02**	**5.60**	**5.90**	**41.52**	**13.31**	**434.82**	-	**434.82**
Net carrying amount														
At March 31, 2018	**27.28**	**157.69**	**519.40**	**10.04**	**362.72**	**72.42**	**25.93**	**6.04**	**12.23**	**35.36**	**18.79**	**1,247.90**	**24.05**	**1,271.95**
At March 31, 2019	**27.28**	**176.98**	**604.77**	**11.88**	**398.01**	**81.27**	**26.54**	**6.52**	**18.50**	**49.70**	**29.15**	**1,430.60**	**232.15**	**1,662.75**

Notes: -

(i) All property, plant and equipment are held in name of the Company, except:

(a) Building situated, at Sahibabad amounting to ₹ 14.49 Crores (March 31, 2018: ₹ 14.77 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, located at Samaypur Badli, Delhi amounting to ₹ 15.89 Crores (March 31, 2018: ₹ 15.89 Crores) and building constructed on such land amounting to ₹ 1.51 Crores (March 31, 2018: ₹ 1.74 Crores) which is pending for registration with appropriate authority.

(c) Leasehold Land at Tumakuru, Karnataka amounting to ₹ 34.35 Crores (March 31, 2018: ₹ 24.05 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) Capital work in progress as at March 31, 2019 includes assets under construction at various plants including air conditioning, cable and wires, switch gears, CRI, water heater etc.

(iv) Property, plant and equipment has been pledged/hypothecated as security by the Company (Refer note 32(C))

(v) Disclosure of Contractual commitments for the acquisition of property plant and equipment has been provided in note 32(B).

(vi) Adjustment in relation to capital work in progress relates to addition in property, plant and equipment made during the year.

(vii) During the year, property at Greater Noida, Uttar Pradesh has been transferred from Investment property to Property, Plant and Equipment upon termination of lease. This property is now held for its own use for normal business purpose. {refer note 4}.

Notes to Financial Statements

for the year ended March 31, 2019

4. Investment Property (At cost)

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Gross Carrying Amount		
Opening balance	60.87	60.87
Less: Transferred to property, plant and equipment {refer note 3}	(60.87)	-
Closing balance	-	60.87
Accumulated depreciation		
Opening balance	7.08	4.95
Depreciation for the period till the date of transfer to property, plant & equipment	1.43	2.13
Less: Transferred to property, plant and equipment {refer note 3}	(8.51)	
Closing balance	-	7.08
Net Carrying Amount	**-**	**53.79**
Amount recognised in statement of profit and loss for Investment property		
Rental income derived from investment property	7.62	6.92
Profit arising from investment property before depreciation	**7.62**	**6.92**
Less: Depreciation for the period till the date of transfer to property, plant and equipment	1.43	2.13
Profit arising from investment property	**6.19**	**4.79**
Fair value of Investment Property	-	**88.65**

Notes:

1. Investment property represented, land and building being a premise at Greater Noida, Uttar Pradesh given on lease w.e.f May 12, 2016 on a long term basis. During the year Investment property was transferred to property, plant and equipment on premature termination of lease on November 29, 2018. The Company has decided to use the said property for normal business purpose and accordingly the same is transferred to property, plant and equipment.
2. At the end of the previous financial year the Company had obtained independent valuation from certified valuer for its investment property and had 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 exchange between a willing buyer and willing seller, with equity or both.

5. Intangible assets

(₹ in crores)

	Computer Software	Technical Knowhow	R & D Software	Trademarks	Distributor/ Dealer Network	Non-compete Fee	Total Other Intangible Asset	Goodwill	Intangibles assets under development	Total Intangible Asset
Gross carrying amount (at cost)										
At April 01, 2017	**32.42**	**0.51**	**4.96**	**-**	**-**	**-**	**37.89**			**37.89**
Additions	5.66	-	1.28	-	-	-	**6.94**	-	-	**6.94**
Acquisition of Lloyd business {refer note below}	-	-	-	1,029.00	82.40	58.50	**1,169.90**	310.47	-	**1,480.37**
At March 31, 2018	**38.08**	**0.51**	**6.24**	**1,029.00**	**82.40**	**58.50**	**1,214.73**	**310.47**	**-**	**1,525.20**
Additions	9.56	-	1.60	-	-	-	**11.16**	-	0.51	**11.67**
Disposals/adjustments	(2.63)	(0.51)	(0.57)	-	-	-	**(3.71)**	-	-	**(3.71)**
At March 31, 2019	**45.01**	**-**	**7.27**	**1,029.00**	**82.40**	**58.50**	**1,222.18**	**310.47**	**0.51**	**1,533.16**
Accumulated amortisation										
At April 01, 2017	**17.25**	**0.50**	**1.98**	**-**	**-**	**-**	**19.73**	**-**	**-**	**19.73**
Charge for the year	4.40	-	0.80	-	9.30	7.50	**22.00**	-	-	**22.00**
At March 31, 2018	**21.65**	**0.50**	**2.78**	**-**	**9.30**	**7.50**	**41.73**	**-**	**-**	**41.73**
Charge for the year	4.65	-	0.88	-	10.30	8.36	**24.19**	-	-	**24.19**
Disposals/adjustments	(2.44)	(0.50)	(0.54)	-	-	-	**(3.48)**	-	-	**(3.48)**
At March 31, 2019	**23.86**	**-**	**3.12**	**-**	**19.60**	**15.86**	**62.44**	**-**	**-**	**62.44**
Net carrying amount										
At March 31, 2018	**16.43**	**0.01**	**3.46**	**1,029.00**	**73.10**	**51.00**	**1,173.00**	**310.47**	**-**	**1,483.47**
At March 31, 2019	**21.15**	**-**	**4.15**	**1,029.00**	**62.80**	**42.64**	**1,159.74**	**310.47**	**0.51**	**1,470.72**

Note:

Impairment testing of goodwill and intangible assets with indefinite lives

Goodwill and Trademarks acquired on acquisition of Lloyd business having indefinite useful lives have been allocated to a separate single cash generating unit i.e. LLOYD consumer which is also an operating and reportable segment for impairment testing. The Company has performed an annual impairment test to ascertain the recoverable amount of goodwill and Trademarks. The recoverable amount is determined based on value in use calculation. These calculations uses management assumptions and pre tax cash flow projections based on financed budgets approved by management covering a 10 years period. Cash flow projection beyond 10 years time period are extrapolated using the estimated growth rates which is consistent with forecasts included in industry reports specific to industry in which CGU operates. Management has determined following assumptions for impairment testing of Goodwill and Trademarks as stated below.

Notes to Financial Statements
for the year ended March 31, 2019

Conclusion:

Assumption	Rates	Approach used in determining value
Post-tax Discount Rate	14.00%	It has been determined basis risk free rate of return adjusted for equity risk premium.
Long Term Growth Rate	5.00%	Long term growth rate has been taken basis financial budgets and projections approved by management which is in line with industry growth rate

Management has performed a sensitivity analysis with respect to changes in assumptions for assessment of value-in-use of Goodwill and Trademark. Based on this analysis, management believes that change in any of above assumption would not cause any material change in carrying value of unit's Goodwill/Trademark.

6. Investments in Subsidiaries

(₹ in crores)

	As at March 31, 2019		As at March 31,2018	
Investments in equity instruments (unquoted)				
(valued at cost, unless stated otherwise) {refer note 33 (3) (b)}				
Havells Holdings Limited	13.65		13.65	
17,37,362 (March 31, 2018 : 17,37,362) ordinary shares of 1 GBP each fully paid up				
Less: Provision for impairment	12.47	1.18	12.47	1.18
Promptec Renewable Energy Solutions Private Limited {refer note 33(1)(c) and note 33(2)}		56.45		39.79
26,36,226 equity shares (March 31,2018 :18,16,943) of ₹ 10/- each fully paid up				
Standard Electrical Limited {refer note 33(2)}		0.05		0.05
50,000 equity shares (March 31,2018 : 50,000) of ₹ 10/- each fully paid up				
Havells Global Limited {refer note 33(2)}		0.05		0.05
50,000 equity shares (March 31,2018 : 50,000) of ₹ 10/- each fully paid up				
Havells Exim Limited {refer note 33(1)(a)}	0.13			
20,000 equity shares (March 31,2018 : 20,000) of 1 US Dollars each fully paid up				
Less: Provision for impairment	0.10	0.03		0.13
Lloyd Consumer Private Limited {refer note 33(2)}				
50,000 equity shares (March 31,2018 : 50,000) of Rs 10/- each fully paid up		0.05		0.05
Havells Guangzhou International Limited				
(100% contribution paid in capital) (March 31, 2018: 100% contribution paid in capital)		0.45		0.45
Aggregate amount of unquoted investments		**58.26**		**41.70**
Aggregate amount of Impairment in value of investments		**12.57**		**12.47**

7. Non-Current Financial Assets

(₹ in crores)

		As at March 31, 2019	As at March 31,2018
(A)	**TRADE RECEIVABLES**		
	(Unsecured) {refer note 11(A)}		
	Trade receivables - Considered good	17.62	-
		17.62	**-**
(B)	**OTHER BANK BALANCE (valued at amortised cost)**		
	Fixed deposits with banks having maturity period of more than twelve months	-	0.41
		-	**0.41**
(C)	**LOAN (valued at amortised cost)**		
	(Unsecured, considered good)		
	Loan to subsidiary company (refer note below)	8.85	-
		8.85	**-**

Notes to Financial Statements

for the year ended March 31, 2019

(₹ in crores)

		As at March 31, 2019	As at March 31,2018
(D)	**OTHER FINANCIAL ASSETS (valued at amortised cost)**		
	(Unsecured, considered good)		
	Earnest money and Security Deposits	21.38	17.21
		21.38	**17.21**

Notes:

(i) During the year the Company has given unsecured loan of Rs 8.85 crores (March 31, 2018 : Nil) to its wholly owned subsidiary company "Promptec Renewable Energy Solution Private Limited". The loan is interest-bearing and is repayable after completion of 24 months from date of granting the loan. {refer note 33(8)}

(ii) For terms and conditions with related parties. {refer to note 33(8)}

8. Contract Balances

(₹ in crores)

		As at March 31, 2019	As at March 31,2018
(A)	**Contract Assets {refer note (a)}**	79.11	-
		79.11	-
	Non-Current portion	69.84	-
	Current Portion	9.27	-
(B)	**Contract Liability {refer note (b)}**	3.56	-
		3.56	-
	Non-Current portion	2.63	
	Current Portion	0.93	

Notes:-

(a) The Company has entered in to an agreement with a customer wherein the Company has identified two performance obligations in contract as per Ind AS 115 "Revenue from contract with customers" . The Company's right to receive consideration is conditional upon satisfaction of both performance obligation. Accordingly, Company has recognised contract asset in respect of performance obligation satisfied during the year. Contract assets are in the nature of unbilled receivables which arises when Company satisfies a performance obligation but does not have an unconditional rights to consideration.

(b) The Company has entered into the agreements with customers for supply of products with extended warranty and annual maintenance contract. Accordingly, the Company has identified additional performance and recognised the same as contract liabilities in respect of contracts where the Company has obligation to perform specified services to a customer for which the Company has received consideration.

9. Other Non-Current Assets

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
(Unsecured, considered good)		
Capital advances	23.13	12.55
Others		
Prepaid expenses	1.90	1.29
Deposits with Statutory and Government authorities	33.71	26.31
	58.74	**40.15**

Notes to Financial Statements

for the year ended March 31, 2019

10. Inventories

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
(Valued at lower of cost and net realisable value unless otherwise stated) {refer accounting policy 2.10}		
Raw materials and components	306.28	267.47
Work-in-progress	98.57	83.45
Finished goods	621.59	530.50
Traded goods	852.47	711.28
Stores and spares	18.40	11.31
Loose tools	1.85	1.77
Packing materials	13.11	11.87
Scrap materials	4.76	4.00
	1,917.03	**1,621.65**

Notes:

(a) The above includes goods in transit as under:		
Raw materials	58.97	45.35
Finished goods	43.37	20.83
Traded goods	192.37	179.16
(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 32(C)}		
(d) During the year ₹ 1.98 crores (March 31, 2018 : ₹ 15.43 crores) was recognised as an expense for inventories carried at the net realisable value.		

11. Current Financial Assets

(A) Trade Receivables

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Unsecured		
Trade receivables - considered good	422.40	325.36
Trade receivables - credit impaired	25.53	16.69
Receivable from related parties - considered good	-	0.04
Trade receivables (gross) (A)	**447.93**	**342.09**
Less : Impairment allowance for trade receivables - credit impaired	25.53	16.69
	422.40	**325.40**
Current portion	404.78	325.40
Non - current portion {refer note 7 (A)}	17.62	-

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.

(c) The Company has availed Receivable Buyout facility from banks against which a sum of ₹ 649.15 crores (March 31, 2018: ₹ 648.99 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 utilisation has been reduced from trade receivables. A sum of ₹ 35.21 crores (March 31, 2018: ₹ 28.91 crores) have been charged on account of this facility.

(d) The Company has arranged channel finance facility for its customers from banks against which a sum of ₹ 627.98 crores (March 31, 2018: ₹ 593.37 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, 2019

(B) Cash and Cash Equivalents

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Balances with banks:		
Current accounts	47.48	30.51
Cash credit accounts {refer note no.32 (C)}	374.80	75.33
Fixed deposits account with a original maturity of less than three months {refer note (b)}	255.67	195.23
Cash on hand	0.13	0.13
(B)	**678.08**	**301.20**

Notes:

(a) There are no restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior period.

(b) Short-term deposits are made of varying periods between one date to three months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposits rates.

(c) Changes in liabilities arising from financing activities

Net debt reconciliation

	Cash and cash equivalents		Long term Borrowing		Short term Borrowing	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Opening balance	301.20	554.96	108.00	-	-	198.05
Cash flows	380.32	(252.35)	(13.50)	108.00	-	(198.05)
Foreign exchange fluctuation	(3.44)	(1.41)	-	-	-	-
Interest expense	-	-	7.79	2.12	-	9.58
Interest paid	-	-	(7.79)	(2.12)	-	(9.58)
Closing balance	**678.08**	**301.20**	**94.50**	**108.00**	**-**	**-**

(C) Other Bank Balances

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Escrow account {refer note (a)}	-	52.04
Fixed deposits account with original maturity of more than three months but less than twelve months {refer note (b)}	483.12	1101.32
Fixed deposits account with original maturity of more than twelve months {refer note (c)}	121.01	69.05
Unpaid dividend account {refer note (d)}	2.62	2.56
(C)	**606.75**	**1,224.97**
(B + C)	**1,284.83**	**1,526.17**

Notes:

(a) Escrow account represents amount held in a fixed deposit with bank under escrow arrangement with "LEEL Electricals Limited" on account of final settlement of Lloyd business acquisition which is closed in current year.

(b) 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.

(c) 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.

(d) The Company can utilise the balance towards settlement of unclaimed dividend.

Notes to Financial Statements

for the year ended March 31, 2019

(D) OTHER FINANCIAL ASSETS (valued at amortised cost)

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Unsecured, considered good		
Earnest money and security deposits	4.36	5.07
Retention money	0.89	1.92
Contractual claims and other receivables (refer note below)	24.40	0.98
	29.65	**7.97**

Note:

Contractual claims and other receivables includes claims in accordance with contract with vendor , recoverable from employees etc.

12. Other Current Assets

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Unsecured, considered good		
Advances other than capital advances		
Advances for materials and services	36.60	20.58
Others		
Prepaid expenses	12.95	15.00
Duty free licenses in hand	3.39	5.13
Insurance claim receivable	8.88	3.48
Government grant receivable	41.87	33.87
Balance with Statutory/ Government authorities	43.79	57.15
	147.48	**135.21**

Movement of Government grant receivable

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Opening balance	33.87	5.72
Grant accrued during the year	38.92	36.88
Grant realised during the year	(30.92)	(8.73)
Closing Balance	**41.87**	**33.87**

Note:

Government grant receivable includes export incentives, Budgetary support for refund of Goods and Service Tax and investment subsidy .

13. Assets Classified as Held for Sale

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Property, plant and equipment		
Assets retired from active use {refer note (a) below}	0.59	0.12
Investment in joint venture		
Jiangsu Havells Sylvania Lighting Co., Limited {refer note 33(1)}	17.29	16.21
(50% contribution paid in capital)		
	17.88	**16.33**

Note:

(a) The Company classified certain assets 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 September 2019 (previous year:- September 2018) by selling it in the open market.

Notes to Financial Statements

for the year ended March 31, 2019

14. Equity

(A) Equity share capital

a) Authorised

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
1,000,500,000 equity shares of Re.1/- each (March 31,2018: 1,000,500,000 equity shares of ₹1/- each)	100.05	100.05
Issued, subscribed and fully paid-up		
625,472,910 equity shares of ₹ 1/- each (March 31, 2018: 625,148,473 equity shares of ₹ 1/- each)	**62.55**	**62.51**

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

	As at March 31, 2019		As at March 31, 2018	
	No. of shares	₹ in crores	No. of shares	₹ in crores
At the beginning of the year	625,148,473	62.51	624,855,342	62.49
Add: Exercise of employee stock purchase plan - proceeds received	324,437	0.04	293,131	0.02
	625,472,910	62.55	625,148,473	62.51

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 31,2018 : ₹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):

Name of Shareholders	As at March 31, 2019		As at March 31, 2018	
	No. of shares	% holding	No. of shares	% holding
Shri Anil Rai Gupta as Managing Trustee of ARG Family Trust	63,841,200	10.21	18,862,400	3.02
Shri Surjit Kumar Gupta as Trustee of SKG Family Trust	36,432,180	5.83	-	-
QRG Enterprises Limited	189,858,880	30.36	189,858,880	30.37
QRG Investments and Holdings Limited	68,741,660	10.99	68,741,660	11.00
Nalanda India Equity Fund Limited	33,044,930	5.28	33,044,930	5.29
Smt Vinod Gupta	13,584,000	2.17	44,534,240*	7.12

*(13,584,000 equity shares were in the process of transmission)

Notes:

(a) Shareholding of Smt Vinod Gupta as at March 31,2019 is below 5%, however figures have been disclosed for comparative purpose.

(b) Shareholding of ARG Family Trust as at March 31, 2018 is below 5%, however figures have been disclosed for comparative purpose.

e) Shares reserved for issue under Employee Stock purchase plan

Information relating to employee stock purchase plan, including details of option issued, exercised and lapsed during the financial year and options outstanding as at end of the reporting period are set out in note 33 (9).

Notes to Financial Statements

for the year ended March 31, 2019

(B) Other Equity

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Capital reserve	7.61	7.61
Securities premium	56.40	38.46
Share option outstanding account	0.27	-
General reserve	748.84	748.84
Retained earnings	3,366.86	2,881.73
Total other equity	**4,179.98**	**3,676.64**
a) Capital reserve	**7.61**	**7.61**
b) Securities premium		
Opening balance	38.46	23.77
Add: Exercise of Employee Stock purchase plan - proceeds received	17.94	14.69
Closing balance	**56.40**	**38.46**
c) Stock options outstanding account		
Opening balance	-	-
Add : Employee stock option expense	0.27	-
Closing balance	**0.27**	**-**
d) General reserve	**748.84**	**748.84**
e) Retained earnings		
Opening balance	2,881.73	2,430.87
Net profit for the year	791.52	712.52
Items of other comprehensive income recognised directly in retained earnings		
Re-measurement gains / (losses) on defined benefit plans (net of tax)	(4.77)	1.68
Dividends		
Dividend of ₹ 4.00 per share of ₹ 1, for FY 2017-18 (₹ 3.50 per share for FY 2016-17)	(250.19)	(218.80)
Dividend distribution tax	(51.43)	(44.54)
Closing balance	**3,366.86**	**2,881.73**

(C) Nature and Purpose of Reserves

(a) Capital reserve

During amalgamation/ merger approved by honourable court, the excess of net assets taken over the consideration paid, if any, is treated as capital reserve.

(b) Securities premium

The amount received in excess of face value of the equity shares is recognised in securities premium reserve. In case equity - settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium reserve. This reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(c) General reserve

The reserve arises on transfer portion of the net profit pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

(d) Share options outstanding account

The fair value of the equity settled "share base payment transactions" is recognised to share options outstanding account.

Notes to Financial Statements

for the year ended March 31, 2019

15. Non Current Financial Liabilities

(A) Borrowings

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Term loans from banks (secured)		
Term loans {refer note (a) and (b)}	94.50	108.00
	94.50	**108.00**
Non-current portion	40.50	81.00
Current maturity of long term borrowing {refer note 19 (B)}	54.00	27.00

Notes:

(a) The Company has availed a secured loan of ₹ 94.50 Crores (March 31, 2019: ₹ 108 Crores) against sanctioned amount of ₹ 285.00 crores from CITI bank N.A. as of March 31, 2019. The loan was obtained for the purpose of reimbursement of prior capital expenditure incurred by the company during 12 months previous to sanction date. The loan was having 15 months moratorium period and repayable in 8 quarterly instalments thereafter. This loan is secured by way of first exclusive charge by way of a hypothecation over the Company's all movable fixed assets both present and future situated at SP 181 to 189 and 191 (A), Industrial Area, Phase II, Neemrana, Alwar, Rajasthan, India with an minimum fixed assets coverage ratio of 1.1x. The Company has complied with these covenants throughout the reporting period.

(b) The Company has not defaulted on any loans payable during the year and has satisfied all debt covenants prescribed in terms of term loan.

(B) Other Financial Liabilities (valued at amortised cost)

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Retention money and security deposits	-	4.86
Employee stock purchase plan compensation payable	0.92	0.62
	0.92	**5.48**

16. Non Current Provisions

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Product warranties and E-waste {Refer note 21(a)}	32.36	23.88
	32.36	**23.88**

17. Income Taxes

(A) Income tax expense in the statement of profit and loss comprises :

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Current income tax charge	269.53	208.99
MAT credit entitlement	**-**	**(43.09)**
Deferred Tax		
Relating to origination and reversal of temporary differences	94.21	136.28
Income tax expense reported in the statement of profit or loss	**363.74**	**302.18**

(B) Other Comprehensive Income

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Income tax related to items recognised in OCI during the year:		
Re-measurement gain / (losses) on defined benefit plans	2.57	(0.91)
Income tax related to items recognised in OCI during the year	**2.57**	**(0.91)**

Notes to Financial Statements

for the year ended March 31, 2019

(C) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate :

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Accounting Profit before tax	1,155.26	1,014.70
Applicable tax rate	34.944%	34.608%
Computed Tax Expense	**403.69**	**351.17**
Increase due to transfer of investment property to property, plant and equipment	4.86	-
Difference in tax rate	-	2.03
Adjustment of tax relating to earlier years	4.59	-
Income not chargeable to tax	-	(11.62)
Expense not allowed for tax	7.54	8.46
Additional allowances for tax	(56.94)	(47.86)
Income tax charged to Statement of Profit and Loss at effective rate of 31.49% (March 31, 2018: 29.78%) {Refer Note (c) below}	**363.74**	**302.18**

(D) Deferred tax liabilities comprises:

(₹ in crores)

	Balance Sheet		Statement of profit and loss	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Accelerated Depreciation for Tax purposes	370.48	266.31	104.17	125.86
Expenses allowable on payment basis	(18.52)	(10.45)	(8.07)	3.28
Allowance for doubtful debts	(8.92)	(5.82)	(3.10)	(1.75)
Other Items giving rise to temporary differences	1.21	-	1.21	8.89
	344.25	**250.04**	**94.21**	**136.28**
MAT credit entitlement as at end of the year	(22.58)	(43.09)	-	-
	321.67	**206.95**	**94.21**	**136.28**

Reconciliation of deferred tax liabilities (net)

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Opening balance as per last balance sheet	250.04	113.76
Deferred tax expense charged in profit and loss account during the year	94.21	136.28
	344.25	**250.04**
MAT credit entitlement as at end of the year	(22.58)	(43.09)
Closing balance	**321.67**	**206.95**

Notes:

a) There was unabsorbed capital loss of ₹ 368.85 crores as on March 31, 2019 (previous year 369.28 crores) with expiry in financial year 2023-24 on which no deferred tax asset has been created 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 after tax would have increased by ₹ 85.92 crores (Previous year 86.02 Crore).

b) During the year the Company has paid dividend to its shareholders for the year ended March 31, 2018, This has resulted in payment of corporate dividend tax (CDT) amounting to ₹ 51.43 crores 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.

Notes to Financial Statements

for the year ended March 31, 2019

18. Other Non Current Liabilities

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Creditors for capital good {refer note 32(F)}	17.71	17.71
	17.71	**17.71**

19. CURRENT FINANCIAL LIABILITIES

(A) Trade Payables

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Total outstanding dues of Micro and Small Enterprises	56.98	84.60
Total outstanding dues other than Micro and Small Enterprises	1,502.38	1,549.39
	1,559.36	**1,633.99**

* Trade Payables include due to related parties ₹ 5.11 crores (March 31, 2018 : ₹ 7.10 crores) {refer note 33(8)(D)}

* The amounts are unsecured and non interest-bearing and are usually paid within 30 to 90 days of recognition.

* For terms and conditions with related parties. {refer to note 33(8)}

* Trade payables includes acceptances of ₹ 281.76 Crores (March 31, 2018: ₹ 289.50)

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, 2019 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, 2019	As at March 31,2018
i) Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act:		
Principal	56.98	84.60
Interest	-	-
ii) The amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
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, 2018 : ₹ Nil)		

Notes to Financial Statements
for the year ended March 31, 2019

(B) Other Financial Liabilities

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Unpaid dividend {refer note (a)}	2.62	2.56
Other payables		
Current Maturity of Long term loan {refer note 15(A)}	54.00	27.00
Employee stock purchase plan compensation payable	2.89	1.89
Creditors for capital goods	40.43	12.43
Retention money	39.59	41.11
Other liabilities		
Payable for services	107.65	83.87
Payable to banks against receivable buyout facilities (refer note (b))	108.54	97.36
Sales incentives payable	241.85	232.65
Purchase consideration payable {refer note (c) below}	-	41.42
Others {refer note 21(a)(ii)}	12.02	-
	609.59	**540.29**

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 ₹ 0.07 crores (March 31,2018: ₹ 0.03 crore) out of unclaimed dividend to Investor Education and Protection Fund of Central Government in accordance with the provisions of section 124 of the Companies Act,2013.

b) Monies collected on behalf of banks and remitted after the balance sheet date.

c) Purchase consideration payable is related to amount payable in respect of acquisition of Lloyd business which was closed in current year.

20. Other Current Liabilities

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Revenue received in advance		
Advances payments from customers	21.75	30.82
Others		
Goods and Service Tax Payable	57.06	46.26
Other statutory dues payable	38.27	30.47
	117.08	**107.55**

21. Current Provisions

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
i) Provision for employee benefits		
Gratuity {refer note no. 33(6)}	19.38	12.19
	19.38	**12.19**
ii) Other provisions		
Product warranties and E-waste {refer note (a)}	175.88	134.20
Litigations {refer note (b)}	7.60	7.70
	183.48	**141.90**
	202.86	**154.09**

a) Provision for warranties and E-waste

(i) Warranties

A provision is recognised for expected warranty claims and after sales services on products sold during the last one to five years, based on past experience of the level of repairs and defective returns. It is expected that

Notes to Financial Statements

for the year ended March 31, 2019

significant portion of these costs will be incurred in the next financial year and all will be incurred within five years after the reporting date. Assumptions used to calculate the provisions for warranties are based on current sales levels and current information available about defective returns based on one to five years warranty period for all products sold.

(ii) E-waste

A provision is recognised for probable e-waste liability based on "Extended Producer Responsibility" as furnished by the Company to Central Pollution Control Board in accordance with E-Waste Management Rules, 2016 notified by Government of India during the earlier year. A provision for the expected costs of management of historical waste is recognised when the costs can be reliably measured. These costs are recognised as 'Other expenses' in the statement of profit and loss. As a part of acquisition of Lloyd business in previous year, The seller company had agreed to ensure compliance with " extended producer responsibility" (EPR) in accordance with E- waste management rules, 2016 in respect of sales made by the seller company in respect of lloyd consumer durable business prior to date of business acquisition i.e. May 08, 2017. Towards this, the seller company has paid an amount of ₹ 12.02 crore .

(iii) The table below gives information about movement in warranty and E-waste provisions:

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
At the beginning of the year	158.08	81.22
Liability on account of Lloyd business acquisition	-	15.90
Arising during the year	201.38	177.00
Utilised during the year	(153.77)	(117.22)
Unwinding of discount	2.55	1.18
At the end of the year	**208.24**	**158.08**
Current portion	175.88	134.20
Non-current portion {refer note no. 16}	32.36	23.88

b) Provision for litigations

Provision for litigation amounting to ₹ 7.60 Crores (March 31, 2018: ₹7.70 Crores) is created against demands raised in various ongoing litigations under Value Added Tax and Entry Tax in various states. Based on the facts of the case and legal precedents ,the management believes there would be a probable outflow of resources and accordingly, has created a provision in books of account.

The table below gives information about movement in litigation provisions:

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
At the beginning of the year	7.70	24.99
Arising during the year	-	0.14
Utilised during the year	(0.10)	(17.43)
At the end of the year	**7.60**	**7.70**
Current portion	7.60	7.70
Non-current portion	-	-

22. Current Tax Liabilities

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Income Tax (net of advance tax and Tax Deducted at Source)	30.94	31.32
	30.94	**31.32**

Notes to Financial Statements
for the year ended March 31, 2019

23. Revenue From Operations:

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Revenue from contract with customers:		
Sale of products {refer note (a) below}	9,959.72	8,178.31
Sales of services	7.70	5.33
Scrap sales {refer note (a) below}	51.28	39.75
	10,018.70	**8,223.39**
Other operating revenues		
Export Incentive	10.19	6.68
Government assistance for refund of Goods and Service Tax {refer note (b) below}	28.73	30.20
Total revenue from operations	**10,057.62**	**8,260.27**

Notes:

(a) Sale of products and scrap sales as reported above includes excise duty collected from customers of ₹ Nil (March 2018: ₹ 121.01 crores) and ₹ Nil (March 31, 2018 : ₹ 0.69 crores) respectively. Sale of Products and scrap sales net of excise duty are ₹ 9,959.72 crores (March 31, 2018: ₹ 8,057.30 crores) and ₹ 51.28 crores (March 31, 2018 : ₹ 39.06 crores) respectively. Effective July 01, 2017, the Government of India has implemented Goods and Service Tax ("GST") replacing Excise Duty, Service Tax and various other indirect taxes. The Company collects GST on behalf of the Government. Hence, GST is not included in Revenue from contract with customers. In view of the aforesaid change in indirect taxes, Revenue from operations for the year ended March 31, 2019 is not comparable with March 31, 2018.

(b) Government assistance for refund of Goods and Service Tax represents benefits provided by the Government to the Company in respect of its manufacturing units in the state of Assam, Himachal Pradesh and Uttarakhand in accordance with the 'Scheme of budgetary support under Goods and Service Tax Regime' as notified on October 05, 2017 which were earlier eligible for excise duty exemption. {refer accounting policy 2.16}

(i) Timing of revenue recognition

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Goods transferred at a point in time	9,930.48	8,218.06
Goods transferred over the time	80.52	-
Services transferred over the time	7.70	5.33
Total revenue from contract with customers	**10,018.70**	**8,223.39**

(ii) Disaggregation of revenue based on product

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Switchgears	1,656.27	1,403.81
Cables	3,232.72	2,682.74
Lighting and fixtures	1,292.67	1,167.84
Electrical consumer durables	1,981.48	1,554.86
Lloyd Consumer	1,855.56	1,414.14
Total revenue from contract with customers	**10,018.70**	**8,223.39**

(iii) Revenue by location of customers

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
India	9,696.97	7,991.37
Outside India	321.73	232.02
Total revenue from contract with customers	**10,018.70**	**8,223.39**

Notes to Financial Statements

for the year ended March 31, 2019

(iv) Reconciliation of revenue recognised in statement of profit and loss with contracted price

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Revenue as per contracted price	10,086.88	8,282.53
Less: Cash discount	(68.18)	(59.14)
Total revenue from contract with customers	**10,018.70**	**8,223.39**

(v) Performance obligation

Sale of products: Performance obligation in respect of sale of goods is satisfied when control of the goods is transferred to the customer, generally on delivery of the goods. {refer accounting policy 2.13}.

Sales of services: The performance obligation in respect of installation services is satisfied upon completion of installation and acceptance of customer. In respect of maintenance services, performance obligation is satisfied over a period of time and acceptance of the customer. {refer accounting policy 2.13}.

The transaction price allocated to remaining performance obligation (unsatisfied performance obligation) pertaining to sales of services as at March 31, 2019 is as follows:-

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
Within one year	0.93	-
More than one year	2.63	-
	3.56	**-**

Note: The remaining performance obligation expected to be recognised in more than one year relates to extended warranty and maintenance charges received from customer that is to be satisfied over the period of one to seven years All other remaining performance obligation are expected to be recognised within one year

24. Other Income

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Interest received on financial assets carried at amortised cost:		
Bank deposits	78.20	41.13
Bonds	-	3.48
Others	1.94	0.74
Other non-operating income		
Exchange fluctuations (net)	22.84	32.85
Reversal of Impairment allowance for trade receivables considered doubtful	-	2.25
Liabilities no longer required written back	4.32	3.42
Miscellaneous income	12.56	7.71
Rental income	7.62	6.92
Profit on sale of non-current financial investments	0.07	18.49
	127.55	**116.99**

25. Cost of Materials Consumed

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Copper	1,388.17	1,060.94
Aluminum	629.39	510.68
General and Engineering plastic	215.63	173.19
Paints and chemicals	327.15	268.18
Steel	177.81	141.13
Packing materials	197.38	170.26
Others	1,577.51	1,262.31
	4,513.04	**3,586.69**

Notes to Financial Statements
for the year ended March 31, 2019

26. Purchase of Traded Goods

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Switchgears	66.30	56.80
Lighting and fixtures	279.98	275.82
Electrical consumer durables	357.58	203.69
Lloyd Consumer	1,309.81	1,183.65
	2,013.67	**1,719.96**

27. Change in inventories of finished goods, traded goods and work-in-progress

(₹ in crores)

	As at March 31, 2019	As at March 31,2018	(Increase)/ Decrease
Inventories at the end of the year			
Finished goods	621.59	530.50	(91.09)
Traded goods	852.47	711.28	(141.19)
Work in progress	98.57	83.45	(15.12)
Scrap materials	4.76	4.00	(0.76)
	1,577.39	**1,329.23**	**(248.16)**

(₹ in crores)

	As at March 31, 2018	As at March 31,2017	(Increase)/ Decrease
Inventories at the beginning of the year			
Finished goods	530.50	489.35	(41.15)
Traded goods	711.28	124.14	(587.14)
Work in progress	83.45	77.33	(6.12)
Scrap materials	4.00	2.35	(1.65)
	1,329.23	**693.17**	**(636.06)**
Adjustment on account of Lloyd business combination	-	310.18	310.18
Change in inventories of finished goods, traded goods and work-in-progress	**(248.16)**	**(325.88)**	**(325.88)**

28. Employee Benefits Expenses

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Salaries, wages, bonus, commission and other benefits	758.68	586.14
Contribution towards PF, Family Pension and ESI	33.30	28.97
Employee stock purchase plan expense {refer note no. 33(9)}	12.83	10.74
Gratuity expense {refer note no. 33(6)}	12.04	10.52
Staff welfare expenses	15.57	13.36
	832.42	**649.73**

29. Finance Costs

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Interest expense	13.20	19.74
Unwinding of discount on long term provisions	2.55	1.18
Miscellaneous financial expenses	0.16	3.05
	15.91	**23.97**

Notes to Financial Statements

for the year ended March 31, 2019

30. Depreciation and Amortisation Expenses

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Depreciation of property, plant and equipment {refer note 3}	122.95	115.39
Depreciation of Investment property {refer note 4}	1.43	2.13
Amortisation of intangible assets {refer note 5}	24.19	22.00
	148.57	**139.52**

31. Other Expenses

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Consumption of stores and spares	45.06	38.87
Power and fuel	86.14	75.14
Job work and Installation charges	212.98	172.91
Increase / (Decrease) in excise duty on inventory of finished goods and scrap material	-	(24.55)
Rent	70.86	60.84
Repairs and maintenance:		
Plant and machinery	11.09	9.64
Buildings	3.30	3.07
Others	42.72	30.25
Rates and taxes	1.42	14.87
Insurance	15.65	13.06
Trade mark fee and royalty	0.17	0.45
Travelling and conveyance	89.74	92.31
Communication expenses	12.40	13.88
Legal and professional charges	15.58	25.58
Payment to Auditors		
As Auditors:		
Audit fee	1.25	1.25
Tax audit fee	0.05	0.05
Certification fee	0.14	-
Reimbursement of expenses	0.08	0.06
Contribution towards Corporate Social Responsibility (CSR) {refer note no. 33(10)}	17.44	14.95
Directors sitting fees	0.41	0.28
Selling and distribution expense	342.24	271.71
Advertisement and sales promotion	384.24	307.58
Secondary sales promotion expense	52.97	37.43
Commission on sales	68.30	56.73
Product warranties and after sales services (net of reversals)	201.38	177.00
Bank charges	38.95	28.91
Loss on sale/ discard of property, plant and equipment (net)	3.53	2.01
Bad debts written off	2.12	1.21
Impairment allowance for trade receivables considered doubtful	8.84	7.27
Impairment of Investment in subsidiary company {refer note no. 33(1)}	0.10	-
Miscellaneous expenses	25.31	26.02
	1,754.46	**1,458.78**

Notes to Financial Statements

for the year ended March 31, 2019

32. Commitments and Contingencies

A Contingent liabilities (to the extent not provided for)

(₹ in crores)

		As at March 31, 2019	As at March 31,2018
a	Claims / Suits filed against the Company not acknowledged as debts (Refer point (i))	6.61	6.22
b	Disputed tax liabilities in respect of pending litigations before appellate authorities {Amount deposited under protest ₹ 29.02 crores (March 31, 2018: ₹ 24.69 crores)} {refer point (ii)} (Included in "deposit with statutory and government authorities" in note no. 9)	78.01	77.22
c	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, 2018: ₹ 1.00 crore)}	1.00	1.00

Notes:

i) Claims / suits filed against the Company not acknowledged as debts which represents various legal cases filed against the company. The Company has disclaimed the liability and defending the action. The Company has been advised by its legal counsel that its position is likely to be upheld in the litigation process and accordingly no provision for any liability has been made in the financial statement.

ii) The various disputed tax litigations are as under:

(₹ in crores)

Sl.	Description {refer note below}	Period to which relates	Disputed amount As At March 31,2019	Period to which relates	Disputed amount As At March 31,2018
a)	**Excise / Customs / Service Tax**				
	Demands raised by Excise and Custom department.	2007-08 to 2009-10	0.23	2005-06 to 2014-15	0.35
b)	**Income Tax**				
	Disallowances / additions made by the income tax department.	2003-04 to 2013-14	57.73	2003-04 to 2013-14	55.34
c)	**Sales Tax / VAT**				
	Demands raised by Sales tax / VAT department .	2005-06 to 2015-16	19.90	2005-06 to 2015-16	21.38
d)	**Others**				
	Demand of local area development tax by the concerned authorities.	2001-02	0.12	2001-02	0.12
	Demand of octroi along with penalty in the state of Maharashtra by the concerned authorities.	2010-11	0.03	2010-11	0.03
			78.01		**77.22**

(a) The Company is contesting these demands and the management, including its tax advisors, believe that its favourable position will likely to be upheld in the appellate process and accordingly no provision has been accrued in the financial statements for these 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.

Based on favourable decisions in similar cases and discussions with the advisor, the Company does not expect any liability against these matters and hence no provision has been considered in the books of accounts. Besides the above, show cause notices from various departments received by the Company have not been treated as contingent liabilities, since the Company has adequately represented to the concerned departments and does not expect any liability on this account.

Notes to Financial Statements

for the year ended March 31, 2019

B Commitments

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
a) Estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	193.08	18.95
b) Corporate Social Responsibility commitment	4.54	6.00
	197.62	**24.95**

C Undrawn committed borrowing facility

(a) The Company has availed working capital limits amounting to ₹ 195.00 crores (March 31, 2018 : ₹ 200 crores) from banks under consortium of Canara Bank, IDBI Bank Limited, Standard Chartered Bank, ICICI Bank Limited, Yes Bank Limited and The Hong Kong and Shanghai Banking Corporation Limited. An amount of ₹ 195.00 crores remain undrawn as at March 31, 2019 (March 31, 2018 : ₹ 199.87 crores). Further The limit availed 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 first charge with other consortium lenders by way of hypothecation of plant and machinery, generators, furniture and fixtures, electric fans and installations.

(b) The Company has availed a secured loan of ₹ 94.50 Crores (March 31, 2019: ₹ 108 Crores) against sanctioned amount of ₹ 285.00 crores from CITI bank N.A. as of March 31, 2019. The loan was obtained for the purpose of reimbursement of prior capital expenditure incurred by the company during 12 months previous to sanction date. The loan was having 15 months moratorium period and repayable in 8 quarterly instalments thereafter. This loan is secured by way of first exclusive charge by way of a hypothecation over the Company's all movable fixed assets both present and future situated at SP 181 to 189 and 191 (A), Industrial Area, Phase II, Neemrana, Alwar, Rajasthan, India with an minimum fixed assets coverage Ratio of 1.1x. The Company has not defaulted on any loans payable during the year and has satisfied all debt covenants prescribed in terms of term loan.

D Other Litigations

The Company has some sales tax and other tax related litigation of ₹ 7.60 crores (March 31, 2018: ₹ 7.70 crores) against which liability has been assessed as probable and adequate provisions have been made with respect to the same.

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)

	As at March 31, 2019	As at March 31,2018
(i) Not later than one year	22.16	14.22
(ii) Later than one year and not later than five years	24.77	14.72
(iii) Later than five years	-	-
Total minimum lease payments	**46.93**	**28.94**
Lease payments recognised in the statement of profit and loss as rent expense for the year	**70.86**	**60.84**

Notes to Financial Statements
for the year ended March 31, 2019

Operating lease commitments - Company as lessor

a) The Company had entered into a sub-lease agreement to sublet a property situated at Kasna, Noida, which was considered as "Investment Property". The lease agreement was executed on May 12, 2016. The Company has decided to use the said property for normal business purpose and accordingly, the same was transferred to property, plant and equipment.

b) The total rent recognised as income during the year is ₹ 7.62 crores (March 31, 2018 : ₹ 6.92 crores). Present value of minimum rentals receivable under non-cancellable operating leases as at March 31,2019 are, as follows:

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
(i) Not later than one year	-	6.99
(ii) Later than one year and not later than five years	-	12.98
(iii) Later than five years	-	-
Present value of minimum lease payments	**-**	**19.97**
c) Unearned finance income	-	**2.21**

F During the previous year, land measuring 50 acres situated at Ghiloth District , General Zone Industrial Area RIICO in the state of Rajasthan has been allotted to the Company for a consideration of ₹ 71.21 crores. This consideration will be adjusted by way of rebate of ₹ 17.71 crores only after, the Company will incur total investment of ₹ 260.00 crores by November 2019 and an additional amount of ₹ 192.00 crores by March 2022, till March 31,2019 the Company has capitalised ₹ 177.95 crores in property, plant and equipment and ₹ 165.38 crores in Capital work in progress. Till then the Company has considered the rebate as a separate liability.

G The Company has given bonds amounting to ₹ 1.09 crores (March 31, 2018: 0.08 crores) to central tax department against import of goods without payment of basic custom duty.

33. OTHER NOTES ON ACCOUNTS

1 Change in interest in subsidiaries and joint venture

(a) During the current year wholly owned subsidiary of the Company "Havells Exim Limited" has been placed in to voluntary liquidation on December 04, 2018. Accordingly the Company has recognised impairment of investments in subsidiary Company of ₹ 0.10 Crores as disclosed in note 6 to the financial statements in accordance with Ind AS-27 "Separate Financial Statements".

(b) During the previous year, the Company and its joint venture partner in respect of Jiangsu Havells Sylvania Lighting Co. Limited, have applied for liquidation and formed a liquidation committee. The Company will receive agreed consideration of USD 2.5 million. Accordingly, the investment in joint venture has been classified as asset 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 is not liable for losses incurred by the joint venture as the Company will received agreed consideration upon completion of liquidation and accordingly the investment has been measured at lower of its caring amount and fare value less cost to sell.

(c) During the year, the Company has acquired an additional 31.08% equity interest in "Promptec Renewable Energy Solutions Private Limited", increasing its ownership interest to 100% for a consideration of ₹ 16.66 crore.

(d) During the previous year, Havells Holdings Limited, a wholly owned subsidiary of the Company completed sales of remaining 20% stake in Feilo Malta Limited and 100% stake in Havells Sylvania (Thailand) Limited to Shanghai Feilo Acoustics Company Limited, China based listed Company. Consequent to this, the Company reversed impairment loss recognised on investment in earlier years amounting to ₹ 11.91 Crores on such investments and reported as exceptional item in statement of profit and loss account.

Notes to Financial Statements

for the year ended March 31, 2019

2 Scheme of Amalgamation

During the year, the board of director vide their approval dated September 21, 2018 has approved the Scheme of Amalgamation, accordingly the Company has filed ("the Scheme") under section 230 to 232 of Companies Act 2013 with National Company law tribunal("NCLT"), among the Company and its wholly owned subsidiary companies, namely Promptec Renewable Energy Solutions Private Limited. ("Promptec"), Standard Electrical Limited ("Standard Electrical"), Lloyd Consumer Private Limited ("Lloyd Consumer") and Havells Global Limited ("Havells Global") which is subject to the approval of NCLT. The Company has received approvals from its shareholders and creditors at their meeting held on January 28, 2019 .The appointed date of the scheme is April 01, 2018. Further the NCLT order is awaited and the effect of the scheme would be recognised on receipt of the statutory approvals and scheme becoming effective in accordance with Appendix "C" of Ind AS 103 "Business combination". Management has evaluated that synergies created out of such merger shall generate operating benefit to the Company which are estimated to be significantly higher than the carrying value of investments in its books.

3 Investment in subsidiaries 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 subsidiaries are as under:

Name of the subsidiaries	Country of incorporation	Portion of ownership interest as at March 31, 2019	Portion of ownership interest as at March 31, 2018	Method used to account for the investment
Havells Holdings Limited	Isle of Man	100%	100%	At cost
Havells Guangzhou International Limited	China	100%	100%	At cost
Havells Exim Limited {refer note 33(1)}	Hong Kong	100%	100%	At cost
Promptec Renewable Energy Solutions Private Limited (refer note below)	India	100%	68.92%	At cost
Standard Electrical Limited	India	100%	100%	At cost
Havells Global Limited	India	100%	100%	At cost
Lloyd Consumer Private Limited	India	100%	100%	At cost

Note: During the year, the Company has acquired and additional 31.08% interest in Promptec Renewable Energy Solutions Private Limited increasing its ownership interest to 100%for a consideration of ₹ 16.66 crore.

(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, 2019	Portion of ownership interest as at March 31, 2018	Method used to account for the investment
Jiangsu Havells Sylvania Lighting Co. Limited {refer note 33(1)}	China	50%	50%	At cost

4

During the year, the Company has capitalised the following directly relatable cost 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, 2019	Year ended March 31,2018
Cost of material consumed	9.37	7.53
Employee benefits expense	5.04	3.31
Other expenses	1.99	0.40
	16.40	**11.24**

Notes to Financial Statements

for the year ended March 31, 2019

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

a) Revenue Expenditure

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Cost of materials consumed	9.16	8.26
Employee benefits expense	50.49	36.34
Rent	-	1.35
Travelling and conveyance	3.22	4.55
Legal and professional	1.06	0.12
Other expenses	4.22	3.00
	68.15	**53.62**

b) Capital Expenditure

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Property, plant and equipment	9.68	3.06
Intangible Assets	1.60	1.28
	11.28	**4.34**
Total expenditure of research and development (a+b)	**79.43**	**57.96**

The Research and Development facilities are located at the Head office, Noida and at some plants of the Company which are approved by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Govt. of India. The Company is entitled to a weighted deduction of 150% of the eligible expenditure incurred at these units under section 35 (2AB) of the Income Tax Act, 1961.

6 Gratuity and other post-employment benefit plans

Disclosures pursuant to Ind AS - 19 "Employee Benefits"(notified under the section 133 of the Companies Act 2013 (the Act) read with Companies (Indian Accounting Standards) Rule 2015 (as amended from time to time) and other relevant provision of the Act) are given below :

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

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Employer's Contribution towards Provident Fund (PF)	32.43	27.99
Employer's Contribution towards Employee State Insurance (ESI)	0.87	0.98
	33.30	**28.97**

There are numerous interpretative issues relating to Supreme Court (SC) judgement dated February 28, 2019 on Provident Fund on the inclusion of allowances for the purpose of PF contribution as well as its applicability of effective date. The company is evaluating and seeking legal inputs regarding various interpretative issues.

Defined Benefit Plan

The employees' Gratuity Fund Scheme, which is a defined benefit plan, is managed by the trust which maintains its investments with Life Insurance Corporation of India (LIC) . 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 basic 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.

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:

Notes to Financial Statements

for the year ended March 31, 2019

a) Reconciliation of opening and closing balances of Defined Benefit obligation

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Present value of Defined Benefit obligation at the beginning of the year	70.52	58.51
Obligation assumed on acquisition of Lloyd business	-	4.37
Interest expense	5.26	4.53
Current service cost	11.57	9.90
Benefit paid	(4.49)	(4.16)
Remeasurement of (gain)/loss recognised in other comprehensive income		
Actuarial changes arising from changes in financial assumptions	(6.95)	(2.51)
Actuarial changes arising from changes in experience adjustments	15.10	(0.12)
Defined Benefit obligation at year end	**91.01**	**70.52**

b) Reconciliation of opening and closing balances of fair value of plan assets

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Fair value of plan assets at beginning of the year	58.33	45.45
Expected return on plan assets	4.79	3.91
Employer contribution	12.19	13.17
Remeasurement of (gain)/loss in other comprehensive income		
Return on plan assets excluding interest income	0.81	(0.04)
Benefits paid	(4.49)	(4.16)
Fair value of plan assets at year end	**71.63**	**58.33**

c) Net defined benefit asset/ (liability) recognised in the balance sheet

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Fair value of plan assets	71.63	58.33
Present value of defined benefit obligation	(91.01)	(70.52)
Amount recognised in Balance Sheet- Asset / (Liability)	**(19.38)**	**(12.19)**

d) Net defined benefit expense (recognised in the Statement of profit and loss for the year)

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Current service cost	11.57	9.90
Net interest cost	0.47	0.62
Net defined benefit expense debited to statement of profit and loss	**12.04**	**10.52**

e) Remeasurement (gain)/ loss recognised in other comprehensive income

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	(6.95)	(2.51)
Actuarial changes arising from changes in experience adjustments	15.10	(0.12)
Return on plan assets excluding interest income	(0.81)	0.04
Recognised in other comprehensive income	**7.34**	**(2.59)**

Notes to Financial Statements

for the year ended March 31, 2019

f) Broad categories of plan assets as a percentage of total assets

	Year ended March 31, 2019	Year ended March 31,2018
Insurer managed funds	**100%**	**100%**

g) Principal assumptions used in determining defined benefit obligation

	Year ended March 31, 2019	Year ended March 31,2018
Mortality table (LIC)	**2012-14 (Ultimate)**	**2006-08 (Ultimate)**
Discount rate (per annum)	7.65%	7.70%
Salary escalation	8.50%	8.50%
Attrition rate	7.00%	7.00%

h) Quantitative sensitivity analysis for significant assumptions is as below:

	Year ended March 31, 2019	Year ended March 31,2018
Increase/(decrease) on present value of defined benefits obligations at the end of the year		
Discount rate		
Increase by 0.50%	(3.11)	(2.71)
Decrease by 0.50%	3.55	2.90
Salary increase		
Increase by 0.50%	3.51	2.54
Decrease by 0.50%	(3.14)	(2.42)
Attrition rate		
Increase by 0.50%	(0.27)	(0.34)
Decrease by 0.50%	0.30	0.19

I) Maturity profile of defined benefit obligation

	As at March 31, 2019	As at March 31,2018
Within the next 12 months (next annual reporting period)	6.83	5.39
Between 2 and 5 years	44.95	30.53
More than 5 years	133.44	116.69
Total expected payments	**185.22**	**152.61**

j) The average duration of the defined benefit plan obligation at the end of the reporting period is 23.36 years (March 31, 2018: 23.64 years)

k) The plan assets are maintained with Life Insurance Corporation of India (LIC).

l) The Company expects to contribute ₹ 19.38 crores (March 31,2018 : ₹ 12.19 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 analysis 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.

Notes to Financial Statements

for the year ended March 31, 2019

7 Segment Reporting

The segment reporting of the Company has been prepared in accordance with Ind AS-108, "Operating Segment" (specified under the section 133 of the Companies Act 2013 (the Act) read with Companies (Indian Accounting Standards) Rule 2015 (as amended from time to time) and other relevant provision of the Act). For management purposes, the Company is organised into business units based on its products and services and has five 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 (LED, Fixtures), Solar and luminaries.
Electrical Consumer Durables	:	Fans, Water Heaters, Coolers, Personal Grooming, Water Purifier, and Domestic Appliances
Lloyd Consumer	:	Air Conditioner, Television and Washing Machine

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

A. Revenue

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Segment Revenue		
Switchgears	1,680.20	1,424.45
Cables	3,234.60	2,683.41
Lighting and fixtures	1,293.40	1,168.70
Electrical consumer durables	1,993.86	1,569.57
Lloyd Consumer	1,855.56	1,414.14
	10,057.62	**8,260.27**
Inter Segment Sale	-	-
Total revenue	**10,057.62**	**8,260.27**

Notes to Financial Statements

for the year ended March 31, 2019

B. Results

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Segment Profit		
Switchgears	646.38	557.20
Cables	521.71	438.03
Lighting and fixtures	369.35	335.63
Electrical consumer durables	534.92	420.15
Lloyd Consumer	317.57	268.32
Segment operating profit	**2,389.93**	**2,019.33**
Reconciliation of segment operating profit to operating profit		
Unallocated:		
Employee benefits expense	(690.70)	(535.35)
Other expenses	(646.05)	(548.19)
Other income net of miscellaneous expenses	117.99	90.97
Operating Profit	**1,171.17**	**1,026.76**
Finance costs {refer note 29}	(15.91)	(23.97)
Profit before tax and Exceptional Item	**1,155.26**	**1,002.79**
Exceptional items {profit/(loss)}	-	11.91
Profit before tax after Exceptional Item	**1,155.26**	**1,014.70**
Income tax expense {refer note 17}	(363.74)	(302.18)
Profit after tax	**791.52**	**712.52**

C. Reconciliations to amounts reflected in the financial statements

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Segment Assets		
Switchgears	684.75	640.28
Cables	798.71	757.94
Lighting and fixtures	576.81	491.58
Electrical consumer durables	761.45	505.54
Lloyd Consumer	2,631.61	2,195.26
Segment operating assets	**5,453.33**	**4,590.60**
Reconciliation of segment operating assets to total assets		
Cash and bank balance {refer note 7(B), 11(B) and (C)}	1,284.83	1,526.58
Investment (refer note 6)	58.26	41.70
Assets classified as held for sale {refer note 13}	17.88	16.33
Others	364.78	366.20
Total assets	**7,179.08**	**6,541.41**
Segment Liabilities		
Switchgears	309.78	307.51
Cables	513.33	529.05
Lighting and fixtures	225.14	240.75
Electrical consumer durables	460.53	385.01
Lloyd Consumer	504.31	646.82
Segment operating liabilities	**2,013.09**	**2,109.14**
Reconciliation of segment operating liabilities to total liabilities		
Borrowings {refer note 15(A) and 19(B)}	94.50	108.00
Deferred tax liability {refer note 17(d)}	321.67	206.95
Others	507.29	378.17
Total liabilities	**2,936.55**	**2,802.26**

Notes to Financial Statements

for the year ended March 31, 2019

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Other non-current assets		
Switchgears	11.91	8.18
Cables	9.36	0.08
Lighting and fixtures	0.13	0.08
Electrical consumer durables	5.34	2.99
Lloyd Consumer	2.12	2.27
	28.86	**13.60**
Others	29.88	26.55
	58.74	**40.15**
Capital Expenditure		
Switchgears	41.02	37.38
Cables	79.14	15.75
Lighting and fixtures	9.29	11.09
Electrical consumer durables	22.71	21.16
Lloyd Consumer	270.12	1,555.93
	422.28	**1,641.31**
Others	56.24	39.07
	478.52	**1,680.38**
Depreciation and Amortisation Expenses		
Switchgears	40.74	41.52
Cables	43.05	40.21
Lighting and fixtures	16.06	17.26
Electrical consumer durables	28.36	22.12
Lloyd Consumer	20.36	18.41
	148.57	**139.52**
Non-cash expenses other than depreciation		
Switchgears	2.38	2.25
Cables	6.33	2.84
Lighting and fixtures	2.71	3.64
Electrical consumer durables	3.06	1.75
Lloyd Consumer	0.01	0.01
	14.49	**10.49**
Provision for diminution in value of investment	0.10	-
	14.59	**10.49**
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	9,735.89	8,028.25
Revenue-Overseas Market:	321.73	232.02
	10,057.62	**8,260.27**
Geographical Segment assets		
Within India	7,114.81	6,493.78
Outside India	64.27	47.63
	7,179.08	**6,541.41**
Geographical non-current operating assets		
Within India	3,177.09	2,849.36
Outside India	15.12	-
	3,192.21	**2,849.36**

Note: Non current assets for this purpose consist of Property, plant & equipment, investment property, intangible assets and other non current assets

Notes to Financial Statements
for the year ended March 31, 2019

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Geographical Capital Expenditure		
Within India	478.52	1,680.38
Outside India	-	-
	478.52	**1,680.38**

8 Related party transactions

The related parties as per the terms of Ind AS-24,"Related Party Disclosures", (under the section 133 of the Companies Act 2013 (the Act) read with Companies (Indian Accounting Standards) Rule 2015 (as amended from time to time), as 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	Wholly Owned Subsidiary (WOS)
3	Standard Electrical Limited	Wholly Owned Subsidiary (WOS)
4	Havells Global Limited	Wholly Owned Subsidiary (WOS)
5	Havells Guangzhou International Limited	Wholly Owned Subsidiary (WOS)
6	Lloyd Consumer Private Limited	Wholly Owned Subsidiary (WOS)
7	Havells Exim Limited	Wholly Owned Subsidiary (WOS) (under liquidation)

Step Down Subsidiary Companies		
1	Havells International Limited	WOS of Havells Holdings Limited (under liquidation)
2	Havells Sylvania (Thailand) Limited	Ceased to be subsidiary w.e.f November 29, 2017
3.	Havells Sylvania Iluminacion (Chile) Ltda	Wholly Owned Subsidiary (WOS) (under liquidation)
4	Havells USA Inc.	WOS of Havells Holdings Limited (Dissolved with effect from October 31, 2017)
5	Thai Lighting Asset Co. Ltd.#	49% held by Havells International Limited (Dissolved with effect from 29 June 2018)

Havells International Limited (WOS of Havells Holdings 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 Company. Based on facts and circumstances, management determine that in substance the Company control this entity and therefore reported the same as controlled entities. The company is currently in liquidation.

(ii) Joint Venture

Jiangsu Havells Sylvania Lighting Co. Limited
50% ownership interest held by Company.(Under Liquidation)

Notes to Financial Statements

for the year ended March 31, 2019

(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 Central Hospital and Research Centre Ltd
QRG Medicare limited

(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
Dr. Adarsh Kishore
Shri Sunil Behari Mathur (Retired on May 24, 2017)
Shri Surender Kumar Tuteja
Smt. Pratima Ram
Shri Vellayan Subbiah
Shri Puneet Bhatia
Shri T V Mohandas Pai
Shri Surjit Kumar Gupta
Shri Jalaj Ashwin Dani (w.e.f August 16, 2017)
Shri U K Sinha (w.e.f March 01, 2018)

(C) Transactions during the year

(i) Purchase of traded goods and stores and spares (Refer note (c) below)

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Subsidiaries / Step down Subsidiaries		
Promptec Renewable Energy Solutions Private Limited	15.39	49.02
Havells Guangzhou International Ltd.	9.24	6.44
Havells Exim Ltd.	6.85	19.22
Joint Venture		
Jiangsu Havells Sylvania Lighting Co. Limited	-	0.41
	31.48	**75.09**

(ii) Purchase of property, plant and equipment (Refer note (c) below)

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Subsidiaries / Step down Subsidiaries		
Promptec Renewable Energy Solutions Private Limited	1.40	-

Notes to Financial Statements
for the year ended March 31, 2019

(iii) Sale of products (Refer note (c) below)

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Subsidiaries / Step down Subsidiaries		
Promptec Renewable Energy Solutions Private Limited	0.31	1.38
Havells Sylvania (Thailand) Limited	-	0.51
Enterprises in which directors are interested		
QRG Central Hospital and Research Centre Ltd	0.05	0.19
QRG Medicare limited	0.43	0.33
	0.79	**2.41**

(iv) Commission on sales

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Enterprises in which directors are interested		
Guptajee & Company	**13.70**	**8.69**

(v) Rent / Usage Charges Paid

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Enterprises in which directors are interested		
QRG Enterprises Limited	**22.83**	**19.34**

(vi) Miscellaneous Income (Service charges received)

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Subsidiaries / Step down Subsidiaries		
Havells Exim Ltd.	**0.04**	**0.04**

(vii) CSR Contribution

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Enterprises in which directors are interested		
QRG Foundation	**2.47**	**2.55**

(viii) Reimbursement of Expenses received

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Subsidiaries / Step down Subsidiaries		
Promptec Renewable Energy Solutions Private Limited	**0.01**	**1.16**

Notes to Financial Statements

for the year ended March 31, 2019

(ix) Reimbursement of Expenses paid

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Subsidiaries / Step down Subsidiaries		
Havells Sylvania (Thailand) Ltd.	-	0.04
Promptec Renewable Energy Solutions Private Limited	1.51	2.67
	1.51	**2.71**

(x) Contribution to post employee benefit plan

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Havells India Limited Employees Gratuity Trust	12.19	13.18

(xi) Investments in equity shares

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Subsidiaries / Step down Subsidiaries		
Promptec Renewable Energy Solutions Private Limited	16.66	-
Lloyd Consumer Private Limited	-	0.05
Havells Guangzhou International Ltd.	-	0.45
Havells Exim Ltd.	-	0.13
	16.66	**0.63**

(xii) Sale/Redemption of Investment

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Subsidiaries / Step down Subsidiaries		
Havells Holdings Limited	-	198.25
	-	**198.25**

(xiii) Managerial remuneration

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Key Management Personnel		
Salaries, wages, bonus, commission and other benefits	38.46	32.36
Contribution towards PF, Family Pension and ESI	1.37	1.03
ESPP expense	5.54	5.03
Non-Executive Directors		
Director sitting fees	0.41	0.28
Commission	0.90	0.39
	46.68	**39.09**

Notes to Financial Statements
for the year ended March 31, 2019

(xiv) Purchase of equity shares in Llyod Consumer Private Limited

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Key Management Personnel {refer note below }		
Shri Anil Rai Gupta	-	0.00
Shri Ameet Kumar Gupta	-	0.00
	-	**0.00**

Note: During the previous year , the Company had purchased 500 equity shares of ₹ 10 each in Llyod Consumer Private Limited from directors. Since the amounts are rounded off to the nearest crore of rupees upto two decimal places, hence the figure 0.00 represents the amounto of ₹ 5,000/-

(xv) Interest received

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Subsidiaries / Step down Subsidiaries		
Promptec Renewable Energy Solutions Private Limited	**0.52**	**-**

(xvi) Loan to Subsidiary

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Subsidiaries / Step down Subsidiaries		
Promptec Renewable Energy Solutions Private Limited	**8.85**	**-**

(D) Balances at the year end

(i) Amount Receivables

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Subsidiaries / Step down Subsidiaries		
Havells Exim Ltd.	**-**	**0.04**

(ii) Amount Payables

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Enterprises in which directors are interest	2.68	3.29
Guptajee & Company		
Subsidiaries / Step down Subsidiaries	1.34	2.15
Promptec Renewable Energy Solutions Private Limited	1.09	0.53
Havells Guangzhou International Ltd.	-	1.13
	5.11	**7.10**

(iii) Loans Receivable

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Subsidiaries / Step down Subsidiaries		
Promptec Renewable Energy Solutions Private Limited {refer note 7(C)}	**8.85**	**-**

Notes to Financial Statements

for the year ended March 31, 2019

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 except a loan given to wholly owned subsidiary "Promptec Renewable Energy Solutions Private Limited". The settlement for these balances occur in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2019, 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, accordingly the amount pertaining to Key management personnel are not included above.

c) Purchase of goods and sale of goods has been reported gross off Goods and Service Tax.

9 Share based payments

The Company has in place following employee stock purchase plan approved by shareholder of the Company in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) regulators, 2014 :

a) Havells Employee Long Term Incentive Plan 2014 : In accordance with this scheme, 167,135 (March 31, 2018 : 139, 673) shares of ₹ 1 each were granted, vested and allotted on May 10, 2018 (March 31, 2018 : May 11, 2017) to eligible employees at ₹ 553.90 (March 31, 2018 : ₹ 502.15) per share as contributed by these employees. As per the scheme, 50% of the shares are under lock in period of 13 months and balance 50% for 2 years. Also as per the scheme, the Company is obliged to pay 50% of the contribution made by eligible employees as retention bonus over a period of two years in equal installments. Accordingly, a sum of ₹ 3.85 crores (March 31, 2018 : ₹ 3.04 crores) has been recognised as employee stock purchase plan expense in note 28.

b) Havells Employee Stock Purchase Plan 2015 : In accordance with this scheme, 150,000 (March 31, 2018: 150,000) shares of ₹ 1 each were granted, vested and allotted on May 10, 2018 (March 31, 2018 : May 11, 2017) at ₹ 553.90 (March 31, 2018 : ₹ 502.15) per share to eligible employees as contributed by the Company. As per the scheme, 78% of the shares are under lock in period of 13 months and remaining 22% are under lock in period for 2 years. Accordingly, a sum of ₹ 8.31 crores (March 2018 :₹ 7.53 crores) has been recognised as employee stock purchase plan in note 28.

c) Havells Employee Stock Purchase Plan 2016 : In accordance with the said scheme, 11,533 (March 31, 2018: 10,377) shares of ₹ 1 each were granted to eligible employees with graded vesting in three years starting from 2018. During the year, 7302 equity shares of ₹ 1 each (March 31, 2018 : 3458 equity shares) were allotted at ₹ 553.90 (March 31, 2018 : ₹ 502.15) per share on May 10, 2018. Accordingly, a sum of ₹ 0.67 crores has been recognised as employee stock purchase plan expense in note 28 and balance outstanding of ₹ 0.27 crores in note 14.

(i) Set out below is a summary of options granted during under the plan:

Summary of Stock Options	2018-19		2017-18	
	Number of Stock Options	Weighted average exercise price per share option	Number of Stock Options	Weighted average exercise price per share option
Options outstanding at the beginning of the year	6,919	502.15	-	-
Options granted during the year	3,28,668	553.90	3,00,050	502.15
Options vested and exercised during the year	3,24,437	553.90	2,93,131	502.15
Options outstanding at the end of the year	**11,150**	**-**	**6,919**	**-**

The weighted average share price at the date of exercise of options exercised during the year ended March 31, 2019 was ₹ 495.83 per share (March 31, 2018 : ₹ 471.20)

No options expired during the period covered in the above table

Notes to Financial Statements
for the year ended March 31, 2019

(ii) Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Particulars	As at March 31, 2019		As at March 31, 2018
Grant date	May 10, 2018	May 11, 2017	May 11, 2017
Expiry date	2020-21	2019-20	2019-20
Outstanding share options	7,689	3,461	6,919
Weighted average remaining contractual life of options outstanding at the end of the year	2 years	1 year	2 years

The fair value at grant date of options granted during the year ended March 31, 2019 was ₹ 549.12 per share (March 31, 2018 was ₹ 496.74 per share). The fair value at the grant date is determined using Black Scholes valuation model which takes into account the exercise price , the terms of the options , the share price at grant date and expected price volatility of the underlying shares , the expected dividend yield and the risk free interest rate for the term of the option.

(iii) The Model inputs for options granted:

Particulars	March 31, 2019	March 31,2018
Expected Price volatility of the company's share	31.76%	30.71%
Expected Dividend Yield	0.52%	0.65%
Share price at the grant date	₹ 553.90	₹ 502.15
Risk free interest rate	7.34%	7.50%

(iv) The expected price volatility is based on the historical volatility (based on remaining life of the options), adjusted for any expected change to future volatility due to publically available information.

(v) Expense arising from shared based payment transactions

(₹ in crores)

Particulars	Year ended March 31, 2019	Year ended March 31,2018
Havells Employees Long Term Incentive Plan 2014	3.85	3.04
Havells Employees Stock Purchase Plan 2015	8.31	7.53
Havells Employees Stock Purchase Plan 2016	0.67	0.17
Total expense recognised in the statement of profit and loss account as a part of employee benefit expense:	**12.83**	**10.74**

10 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 ₹ 17.44 crores (March 31, 2018: ₹ 14.95 crores) towards this cause and charged the same to the Statement of Profit And Loss. The funds are primary allocated to QRG foundation, a society exempted under section 12A of the Income Tax Act, 1961 for undertaking Mid-Day meal scheme and Aga Khan Foundation India, a private non-profit foundation registered u/s 592 of Companies Act, 1956 engaged in restoration and conservation of various heritage monuments, Kerala relief fund and construction of bio toilets.

(₹ in crores)

Details of CSR Expenditure:	Year ended March 31, 2019	Year ended March 31,2018
a) Gross amount required to be spent by the Company during the year	17.29	14.82

Notes to Financial Statements

for the year ended March 31, 2019

b) Amount spent during year

(₹ in crores)

Particulars	Amount spent		Amount yet to be spent		Total	
	Year ended March 31, 2019	Year ended March 31,2018	Year ended March 31, 2019	Year ended March 31,2018	Year ended March 31, 2019	Year ended March 31,2018
(i) Construction/ acquisition of assets	3.69	2.43	-	-	3.69	2.43
(ii) Contribution to Trust/Universities	12.12	2.55	-	-	12.12	2.55
(iii) On Purpose other than above	1.63	9.97	-	-	1.63	9.97
Total Amount Spent	**17.44**	**14.95**	**-**	**-**	**17.44**	**14.95**

11 Fair value measurements

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments and investment property:

(₹ in crores)

	Carrying value		Fair value	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Investment property valued at cost				
Investment property	-	53.79	-	88.65
Financial instruments by category				
Financial assets valued at amortised cost				
Cash and bank balances (current)	1,284.83	1,526.17	1,284.83	1,526.17
Trade receivables	422.40	325.40	422.40	325.40
Other bank balance (non-current)	-	0.41	-	0.41
Loans (non-current)	8.85	-	8.85	-
Other financial assets (current)	29.65	7.97	29.65	7.97
Other financial assets (non-current)	21.38	17.21	21.38	17.21
	1,767.11	**1,877.16**	**1,767.11**	**1,877.16**
Financial Liabilities valued at amortised cost				
Trade payables	1,559.36	1,633.99	1,559.36	1,633.99
Borrowings (non-current)	40.50	81.00	40.50	81.00
Other financial liabilities (non-current)	0.92	5.48	0.92	5.48
Other financial liabilities (current)	609.59	540.29	609.59	540.29
	2,210.37	**2,260.76**	**2,210.37**	**2,260.76**

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 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.

2) The fair values of the Company's interest-bearing borrowings and loans are determined by using effective interest rate (EIR) 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 2019 was assessed to be insignificant.

3) 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, 2019

4) The Company had an investment property in current year which was transferred to property, plant and equipment upon termination of lease. In last year, the Company had obtained independent valuation for its investment property as at March 31, 2018 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.

5) 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, 2019

	Carrying value	Fair value		
	As at March 31, 2019	Level 1	Level 2	Level 3
Assets carried at amortised cost for which fair value are disclosed				
Cash and bank balances (current)	1,284.83	1,284.83	-	-
Loans	8.85	-	-	8.85
Other financial assets (non-current)	21.38	-	-	21.38
Other financial assets (current)	29.65	-	-	29.65
Trade receivables	422.40	-	-	422.40
Liabilities carried at amortised cost for which fair value are disclosed				
Trade payables	1,559.36	-	-	1,559.36
Borrowings (non-current)	40.50	-	-	40.50
Other financial liabilities (non-current)	0.92	-	-	0.92
Other financial liabilities (current)	609.59	-	-	609.59

Quantitative disclosures of fair value measurement hierarchy for assets as on March 31, 2018

	Carrying value	Fair value		
	As at March 31, 2018	Level 1	Level 2	Level 3
Assets carried at cost for which fair value are disclosed				
Investment property	53.79	-		88.65
Assets carried at amortised cost for which fair value are disclosed				
Cash and bank balances (current)	1,526.17	1,526.17	-	-
Other bank balance (non-current)	0.41	0.41	-	-
Other financial assets (non-current)	17.21	-	-	17.21
Other financial assets (current)	7.97	-	-	7.97
Trade receivables	325.40	-	-	325.40
Liabilities carried at amortised cost for which fair value are disclosed				
Trade payables	1,633.99			1,633.99
Borrowings	81.00			81.00
Other financial liabilities (non-current)	5.48	-	-	5.48
Other financial liabilities (current)	540.29			540.29

Note: The management assessed that cash and cash equivalents, trade receivables, trade payables, 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, 2019

12 Financial risk management objectives and policies

The Company's principal financial liabilities 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 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 analysis in the following sections relate to the position as at reporting date. The analysis 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 and equity 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, 2019.

(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, LKR ,EUR. AED, NPR, JPY,CNY, KES, CHF and GBP exchange rates, with all other variables held constant. The impact on the Company profit before tax and equity 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:

(₹ in crores)

Currency	Currency Symbol	March 31,2019		Gain/ (loss) Impact on profit before tax and equity	
		Foreign Currency	Indian Rupees	1% increase	1% decrease
Nepalese Rupee	NPR	NPR (0.20)	(0.12)	(0.00)	0.00
United States Dollar	USD	$ (1.83)	(126.63)	(1.27)	1.27
EURO	EUR	€ (0.05)	(3.56)	(0.04)	0.04
Arab Emirates Dirham	AED	AED (0.01)	(0.26)	(0.00)	0.00
Kenyan Shilling	KES	KES (0.01)	(0.00)	(0.00)	0.00
Japanese Yen	JPY	JPY (12.84)	(8.03)	(0.08)	0.08
Chinese RMB\CNY	CNY	CNY (12.55)	(129.56)	(1.30)	1.30
Swiss Franc	CHF	CHF (0.00)	(0.08)	(0.00)	0.00
Great Britain Pound	GBP	GBP (0.15)	(13.58)	(0.14)	0.14

Notes to Financial Statements

for the year ended March 31, 2019

(₹ in crores)

Currency	Currency Symbol	March 31,2018		Gain/ (loss) Impact on profit before tax and equity	
		Foreign Currency	Indian Rupees	1% increase	1% decrease
Nepalese Rupee	NPR	NPR (0.05)	(0.03)	(0.00)	0.00
United States Dollar	USD	$(4.83)	(314.56)	(3.15)	3.15
EURO	EUR	€ 0.07	5.52	0.06	(0.06)
Arab Emirates Dirham	AED	AED (0.01)	(0.17)	(0.00)	0.00
Kenyan Shilling	KES	KES 0.12	0.07	0.00	(0.00)
Sri Lankan Rupee	LKR	LKR 0.10	0.04	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, 2019 comprise of term loan and working capital demand loan.

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.

	2018-19		2017-18	
	Increase/ decrease in basis points	Impact on profit before tax	Increase/ decrease in basis points	Impact on profit before tax
Term Loan/External Commercial Borrowing	+0.50	(0.47)	+0.50	(0.54)
	-0.50	0.47	-0.50	0.54

(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 aluminum, being the major input used in the manufacturing. Due to the significantly increased volatility of the price of the copper and aluminum, 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 mitigated the risk of price volatility by entering into the contract for the purchases of these material considering quantity discounts based on annual achievement of quantity targets.

(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.

(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

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for the year ended March 31, 2019

and other forms of security. As at March 31, 2019, the Company had 59.17% (March 31,2018: 65.48%) 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. ₹ 198.23 crores(March 31,2018 : 213.02 crores) and accounted for 44.26% (March 31,2018 : 63.38%) 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 counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2019 is the carrying amounts . The Company's maximum exposure relating to financial instrument is listed 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, 2019	As at March 31,2018
Financial assets for which allowance is measured using 12 months Expected Credit Loss Method (ECL)		
Cash and cash equivalents (current)	678.08	301.20
Bank balances other than above (current)	606.75	1,224.97
Other bank balances (non-current)	-	0.41
Others non current financial assets	21.38	17.21
Others current financial assets	29.65	7.97
Loans (non-current)	8.85	-
	1,344.71	**1,551.76**
Financial assets for which allowance is measured using Life time Expected Credit Loss Method (ECL)		
Trade receivables	422.40	325.40
	422.40	**325.40**

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, 2019	As at March 31,2018
Trade Receivables		
Neither past due nor impaired	232.62	166.30
0 to 180 days due past due date	130.48	97.43
More than 180 days past due date	59.30	61.67
Total Trade Receivables	**422.40**	**325.40**

Notes to Financial Statements

for the year ended March 31, 2019

The following table summarizes the change in loss allowance measured using the life time expected credit loss model:-

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
As at the beginning of year	16.69	11.67
Provision during the year	8.84	7.27
Reversal of provision	-	(2.25)
As at the end of year	**25.53**	**16.69**

(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, 2019	Less than 1 year	1 to 5 years	Total
Borrowings	54.00	40.50	94.50
Other non current financial liabilities	-	0.92	0.92
Trade payables	1,559.36	-	1,559.36
Other current financial liabilities	515.09	-	515.09

As at March 31, 2018	Less than 1 year	1 to 5 years	Total
Borrowings	27.00	81.00	108.00
Other non current financial liabilities	-	5.48	5.48
Trade payables	1,633.99	-	1,633.99
Other current financial liabilities	513.29	-	513.29

13 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 safeguard its ability to continue as going concern and 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, 2019 and March 31, 2018. The Company monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as loans and borrowings less cash and cash equivalent.

Notes to Financial Statements
for the year ended March 31, 2019

(₹ in crores)

Particulars	March 31, 2019	March 31,2018
Loans and borrowings {refer note 15(A) and 19(B)}	94.50	108.00
Cash and cash equivalents {refer note 11(B)}	(678.08)	(301.20)
Net Debt	**(583.58)**	**(193.20)**
Equity / net worth	4,242.53	3,739.15
Total Capital	**4,242.53**	**3,739.15**
Capital and Net Debt	**3,658.95**	**3,545.95**
Gearing ratio (Net Debt/Capital and Net Debt)	**(15.95%)**	**(5.45%)**

Note: No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2019 and March 31, 2018

14 Earnings per share

a) Basic Earnings per share

		Year ended March 31,2019	Year ended March 31,2018
Numerator for earnings per share			
Profit after taxation	(₹ in crores)	**791.52**	**712.52**
Denominator for earnings per share			
Weighted average number of equity shares outstanding during the year	(Numbers)	625,414,245	625,095,468
Earnings per share-Basic (one equity share of ₹ 1/- each)	₹	**12.66**	**11.40**

b) Diluted Earnings per share

		Year ended March 31,2019	Year ended March 31,2018
Numerator for earnings per share			
Profit after taxation	(₹ in crores)	**791.52**	**712.52**
Denominator for earnings per share			
Weighted average number of equity shares for basic earning per share	(Numbers)	625,414,245	625,095,468
Effect of dilution			
Share options	(Numbers)	**11,258**	**6,246**
Weighted average number of equity shares outstanding during the year adjusted for the effect of dilution	(Numbers)	**625,425,503**	**625,101,714**
Earnings per share- Diluted (one equity share of ₹ 1/- each)	₹	**12.66**	**11.40**

15 Dividend Paid and Proposed

Dividend declared and paid during the year:

	Year ended March 31, 2019	Year ended March 31, 2018
Final Dividend paid for the year ended March 31,2018 ₹ 4.00/- per share (March 31,2017 : ₹ 3.5/- per share)	250.19	218.80
Dividend distribution tax	51.43	44.54
	301.62	**263.34**
Proposed Dividends on equity shares:		
Final Dividend recommended by the board of directors for the year ended March 31, 2019 ₹ 4.50 per share (March 31,2018: ₹ 4.00/- per share) subject to approval of shareholders in the ensuing annual general meeting.	281.46	250.06
Dividend distribution tax	57.86	51.40
	339.32	**301.46**

Note: Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as liability (Including Corporate Dividend Tax) as at reporting date.

Notes to Financial Statements

for the year ended March 31, 2019

16 Disclosure required under Section 186 (4) of the Companies Act, 2013.

Particulars of Investments made:

Sr. No	Name of the Investee	As at March 31, 2019		As at March 31, 2018	
		Investment made	Outstanding Balance	Investment made	Outstanding Balance
1	Havells Holdings Limited	-	1.18	-	1.18
2	Jiangsu Havells Sylvania Lighting Co. Limited {refer note no. 33(1) and note 13}	-	17.29	-	16.21
3	Promptec Renewable Energy Solutions Private Limited	16.66	56.45	-	39.79
4	Standard Electrical Limited	-	0.05	-	0.05
5	Havells Global Limited	-	0.05	-	0.05
6	Lloyd Consumer Private Limited	-	0.05	0.05	0.05
7	Havells Guangzhou International Limited	-	0.45	0.45	0.45
8	Havells Exim Limited	-	0.03	0.13	0.13

Particulars of Loans given:

Sr. No	Name of the Investee	2018-19			2017-18		
		Loan given	Outstanding balance	Maximum amount outstanding	Loan given	Outstanding balance	Maximum amount outstanding
1	Promptec Renewable Energy Solutions Private Limited	8.85	8.85	9.37	-	-	-
2	Havells Employees Welfare Trust	-	0.57	0.57	-	0.57	0.57

17 Events occurring after balance sheet date

Refer to note 33(15) for the final dividend recommended by the Directors which is subject to approval of the shareholders in the ensuing annual general meeting.

18 The figures have been rounded off to the nearest crore of rupees upto two decimal places. The figure 0.00 wherever stated represents value less than ₹ 50,000/-.

19 Note No.1 to 33 form integral part of the balance sheet and statement of profit and loss.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Registration No. 301003E
/E300005

Per **Vikas Mehra**
Partner
Membership No. 094421

Date: May 29, 2019
Place: Noida

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

Sachin Sharma
Executive Vice President
(Finance)

Sanjay Kumar Gupta
Company Secretary
FCS No.: F 3348

Independent Auditor's Report

To the Members of Havells India Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

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") comprising of the consolidated Balance sheet as at March 31 2019, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

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, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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, as at March 31, 2019, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Assessment of impairment of goodwill and intangible assets with indefinite useful life *(as described in note 5 of the consolidated Ind AS financial statements)*	
As at March 31, 2019 the Group balance sheet includes Goodwill of ₹ 324.15 crores and intangible assets having indefinite useful life of ₹ 1036.02 crores In accordance with Indian Accounting Standards (Ind-AS), the management has allocated these balances to their respective cash generating units (CGU) and tested these for impairment using a discounted cash flow model. The management compares the carrying value of these assets with their respective recoverable amount. A deficit between the recoverable amount and CGU's net assets would result in impairment. The inputs to the impairment testing model which have most significant impact on the model includes:	As a part of our audit we have carried out the following procedures: a) We assessed the Group's methodology applied in determining the CGUs to which these assets are allocated. b) We assessed the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used; c) Compared the cash flow forecasts to approved budget and other relevant market and economic information, as well as testing the underlying calculations. We discussed potential changes in key drivers as compared to previous year / actual performance with management in order to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable;

Key audit matters	How our audit addressed the key audit matter
Assessment of impairment of goodwill and intangible assets with indefinite useful life *(as described in note 5 of the consolidated Ind AS financial statements)*	
a) Sales growth rate; b) Operating margin; c) Working capital requirements; d) Capital expenditure; and e) Discount rate applied to the projected cash flows. The impairment test model includes sensitivity testing of key assumptions. The annual impairment testing is considered a significant accounting judgement and estimate (Note 2.29 to the Consolidated Ind-AS financial statements) and a key audit matter because the assumptions on which the tests are based are highly judgmental and are affected by future market and economic conditions which are inherently uncertain, and because of the materiality of the balances to the financial statements as a whole.	d) We also assessed the recoverable value headroom by performing sensitivity testing of key assumptions used. e) We engaged expert to assess the assumption and methodology used by the management to determine the recoverable amount. f) We tested the arithmetical accuracy of the models g) Performed analysis of the disclosures related to the impairment tests and their compliance with Indian accounting standard (Ind-AS).

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of 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 in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; 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 consolidated Ind AS 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.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

(a) We did not audit the financial statements and other financial information, in respect of 7 subsidiaries whose Ind AS financial statements include total assets of Rs 26.28 crores as at March 31, 2019, and total revenues of Rs 12.57 crores and net cash outflows of Rs 10.82 crores for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of such other auditors.

Certain of these subsidiaries 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 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 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.

(b) The accompanying consolidated Ind AS financial statements include unaudited financial statements and other unaudited financial information in respect of 2 subsidiaries (1 subsidiary ceased to be subsidiary w.e.f . 29-06-2018 and 1 subsidiary is under liquidation) whose financial statements and other financial information reflect total assets of Rs Nil as at March 31, 2019, and total revenues of Rs Nil and net cash outflows of Rs 0.77 crores for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

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, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report 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 purposes 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, the 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 Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 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, none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2019 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 with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies incorporated in India, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries incorporated in India, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Holding Company, its subsidiaries incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) 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, as amended, 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, 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 in its consolidated Ind AS financial statements – Refer Note 32A to the consolidated Ind AS financial statements;

ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2019;

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 incorporated in India during the year ended March 31, 2019.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Vikas Mehra
Partner
Membership Number:094421

Place: Noida
Date: May 29, 2019

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HAVELLS INDIA LIMITED

Report on the Internal Financial Controls 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, 2019, 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 Holding Company, its subsidiary companies, 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 with reference to these consolidated financial statements 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 with reference to these consolidated financial statements was 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 over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated financial statements, 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 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 internal financial controls over financial reporting with reference to these consolidated financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

A company's internal financial control over financial reporting with reference to these consolidated financial statements 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 with reference to these consolidated financial statements 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 With Reference to these Consolidated Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated financial statements, 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 with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated financial statements 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, its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31, 2019, 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.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, insofar as it relates to 3 subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary incorporated in India.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Vikas Mehra
Partner
Membership Number:094421

Place: Noida
Date: May 29, 2019

Consolidated Balance Sheet
as at March 31, 2019

(₹ in crores)

	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
1 Non-current assets			
Property, plant and equipment	3	1,433.66	1,254.02
Capital work in progress	3	232.15	24.05
Investment property	4	-	53.79
Goodwill	5	324.15	324.15
Other intangible assets	5	1,170.12	1,186.66
Intangible assets under development	5	0.51	-
Financial assets	6		
(i) Trade receivables		17.62	-
(ii) Other bank balances		0.01	0.41
(iii) Other financial assets		21.38	17.62
Contract assets	7	69.84	-
Other non-current assets	8	58.74	40.15
		3,328.18	**2,900.85**
2 Current assets			
Inventories	9	1,918.97	1,633.03
Financial assets	10		
(i) Trade receivables		406.58	327.75
(ii) Cash and cash equivalents		704.54	336.46
(iii) Bank balances other than (ii) above		606.83	1,225.11
(iv) Other financial assets		30.05	28.36
Contract assets	7	9.27	-
Other current assets	11	149.99	138.85
		3,826.23	**3,689.56**
Assets classified as held for sale	12	17.88	17.10
		3,844.11	**3,706.66**
Total assets		**7,172.29**	**6,607.51**
EQUITY AND LIABILITIES			
1 Equity			
Equity share capital	13	62.55	62.51
Other equity		4,155.44	3,666.65
Equity attributable to equity holders of the parent company		**4,217.99**	**3,729.16**
Non-Controlling interest		-	7.65
Total equity		**4,217.99**	**3,736.81**
2 Liabilities			
Non-current liabilities			
Financial liabilities	14		
(i) Borrowings		40.50	81.00
(ii) Other financial liabilities		0.92	5.48
Provisions	15	32.68	24.72
Deferred tax liabilities (Net)	16	320.30	211.68
Contract liability	7	2.63	
Other non-current liabilities	17	17.71	17.71
		414.74	**340.59**
Current liabilities			
Financial liabilities	18		
(i) Borrowings		-	7.38
(ii) Trade payables			
a) Total outstanding dues of Micro and Small Enterprises		55.66	85.27
b) Total outstanding due other than Micro and Small Enterprises		1,504.14	1,554.74
(iii) Other financial liabilities		627.27	588.96
Contract liability	7	0.93	-
Other current liabilities	19	117.51	107.81
Provisions	20	203.12	154.50
Current tax liabilities (Net)	21	30.93	31.32
		2,539.56	**2,529.98**
Liabilities directly associated with assets classified as held for sale	22	-	0.13
Total liabilities		**2,954.30**	**2,870.70**
Total equity and liabilities		**7,172.29**	**6,607.51**
Summary of significant accounting policies	2		
Commitments and contingencies	32		
Other notes on accounts	33		

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 **Vikas Mehra**
Partner
Membership No. 094421

Date: May 29, 2019
Place: Noida

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

Sachin Sharma
Executive Vice President
(Finance)

Sanjay Kumar Gupta
Company Secretary
FCS No.: F 3348

Consolidated Statement of Profit and Loss

for the year ended March 31, 2019

(₹ in crores)

		Notes	Year ended March 31, 2019	Year ended March 31, 2018
CONTINUING OPERATIONS				
I	**INCOME**			
	Revenue from operations	23	10,073.43	8,269.01
	Other income	24	128.65	117.90
	Total Income		**10,202.08**	**8,386.91**
II	**EXPENSES**			
	Cost of materials consumed	25	4,524.15	3,626.06
	Purchase of traded goods	26	2,003.75	1,669.61
	Change in inventories of finished goods, traded goods and work in progress	27	(245.37)	(325.74)
	Excise duty	23(a)	-	122.60
	Employee benefits expense	28	841.72	659.54
	Finance costs	29	16.25	24.83
	Depreciation and amortisation expenses	30	152.61	140.49
	Other expenses	31	1,764.83	1,473.54
	Total Expenses		**9,057.94**	**7,390.93**
III	**Profit before exceptional items and tax from continuing operations**		**1,144.14**	**995.98**
	Exceptional Items {profit/(loss)} {refer note 33(1)}		-	(18.67)
IV	**Profit before tax from continuing operations**		**1,144.14**	**977.31**
V	**Income Tax expenses**	16		
	Current tax		270.16	209.01
	Less: MAT credit entitlement		-	(43.09)
	Deferred tax		88.11	137.91
	Total tax expense		**358.27**	**303.83**
VI	**Profit for the year from continuing operations**		**785.87**	**673.48**
	Discontinued Operations			
VII	Profit/ (loss) before tax from discontinued operations {refer note 33(4)}		(0.33)	(12.51)
	Tax Income/ (expense) of discontinued operations		-	-
	Profit/ (loss) for the year from discontinued operations		**(0.33)**	**(12.51)**
VIII	**Profit for the year**		**785.54**	**660.97**
IX	**Other comprehensive income**			
	Items that will not to be reclassified to profit or loss in subsequent periods			
	Re-measurement gains/(losses) on defined benefit plans {refer note 33(7)(e)}		(7.30)	2.53
	Income tax effect on above {refer note no 16(b)}		2.55	(0.89)
			(4.75)	**1.64**
	Items to be reclassified to profit or loss in subsequent periods			
	Exchange difference on translation of foreign operations		(0.02)	6.98
	Income tax effect		-	-
			(0.02)	**6.98**
	Other comprehensive income/(loss) for the year, net of tax		**(4.77)**	**8.62**
X	**Total comprehensive income for the year, net of tax**		**780.77**	**669.59**
	Profit for the year attributable to			
	Equity holders of the parent company		785.98	662.37
	Non controlling interests		(0.44)	(1.40)

Consolidated Statement of Profit and Loss

for the year ended March 31, 2019

(₹ in crores)

		Notes	Year ended March 31, 2019	Year ended March 31, 2018
			785.54	**660.97**
	Other comprehensive income / (loss) attributable to			
	Equity holders of the parent company		(4.77)	8.62
	Non controlling interests		-	-
			(4.77)	**8.62**
	Total Comprehensive income for the year attributable to			
	Equity holders of the parent company		781.21	670.99
	Non controlling interests		(0.44)	(1.40)
			780.77	**669.59**
XI	**Earnings per equity share (EPS) for continuing operations attributable to equity holders of the parent company {refer note no. 33(15)} (nominal value of share ₹1/-)**			
	Basic EPS (₹)		12.57	10.77
	Diluted EPS (₹)		12.57	10.77
	Earnings per equity share (EPS) for discontinued operations attributable to equity holders of the parent company {refer note no. 33(15)} (nominal value of share ₹1/-)			
	Basic EPS (₹)		(0.01)	(0.20)
	Diluted EPS (₹)		(0.01)	(0.20)
	Earnings per equity share (EPS) for continuing and discontinued operations attributable to equity holders of the parent Company {refer note no. 33(15)} (nominal value of share ₹1/-)			
	Basic EPS (₹)		12.56	10.57
	Diluted EPS (₹)		12.56	10.57
	Summary of significant accounting policies	2		
	Commitments and contingencies	32		
	Other notes on accounts	33		

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 **Vikas Mehra**
Partner
Membership No. 094421

Date: May 29, 2019
Place: Noida

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

Sachin Sharma
Executive Vice President
(Finance)

Sanjay Kumar Gupta
Company Secretary
FCS No.: F 3348

Consolidated Statement of Changes in Equity
for the year ended March 31, 2019

A) Equity Share Capital

(₹ in crores)

Particulars	Nos.	Amount
As at April 1, 2017	**624,855,342**	**62.49**
Add: exercise of employee stock purchase plan - proceeds received	293,131	0.02
As at March 31, 2018	**625,148,473**	**62.51**
Add: Exercise of employee stock purchase plan - proceeds received	324,437	0.04
As at March 31, 2019	**625,472,910**	**62.55**

B) Other Equity

(₹ in crores)

Particulars	Attributable to equity shareholders of parent company							Non-controlling Interest	Total other equity
	Reserves and surplus					Items of OCI	Total		
	Capital reserve	Securities premium	General reserve	Share option outstanding	Retained earnings	Foreign currency translation reserve			
As at April 1, 2017	**7.61**	**23.77**	**748.84**	**-**	**2,470.74**	**(36.63)**	**3,214.33**	**9.05**	**3,223.38**
Net profit for the year	-	-	-	-	662.37	-	662.37	(1.40)	660.97
Other comprehensive income for the year									
Re-measurement gains / (losses) on defined benefit plans	-	-	-	-	1.64	-	1.64	-	1.64
Exchange difference on translation of foreign operations	-	-	-	-	-	6.98	6.98	-	6.98
Total Comprehensive income for the year	**-**	**-**	**-**	**-**	**664.01**	**6.98**	**670.99**	**(1.40)**	**669.59**
Transaction with owners in their capacity as owners:									
Dividend paid	-	-	-	-	(218.80)	-	(218.80)	-	(218.80)
Dividend distribution tax	-	-	-	-	(44.54)	-	(44.54)	-	(44.54)
Transfer to statement of profit and loss account on account of sale/liquidation of group companies	-	-	-	-	-	29.98	29.98	-	29.98
Addition on account of equity shares issued under Employee stock purchase plan	-	14.69	-	-	-	-	14.69	-	14.69
As at March 31, 2018	**7.61**	**38.46**	**748.84**	**-**	**2,871.41**	**0.33**	**3,666.65**	**7.65**	**3,674.30**
Profit for the year	-	-	-	-	785.98	-	785.98	(0.44)	785.54
Other comprehensive income for the year					-	-	-	-	-
Re-measurement gains / (losses) on defined benefit plans	-	-	-	-	(4.75)	-	(4.75)	-	(4.75)
Exchange difference on translation of foreign operations	-	-	-	-	-	(0.02)	(0.02)	-	(0.02)
Total Comprehensive income for the year	**-**	**-**	**-**	**-**	**781.23**	**(0.02)**	**781.21**	**(0.44)**	**780.77**

Consolidated Statement of Changes in Equity

for the year ended March 31, 2019

(₹ in crores)

Particulars	Attributable to equity shareholders of parent company							Non-controlling Interest	Total other equity
	Reserves and surplus					Items of OCI	Total		
	Capital reserve	Securities premium	General reserve	Share option outstanding	Retained earnings	Foreign currency translation reserve			
Transaction with owners in their capacity as owners:									
Dividend paid	-	-	-	-	(250.19)	-	(250.19)	-	(250.19)
Dividend distribution tax	-	-	-	-	(51.43)	-	(51.43)	-	(51.43)
Transfer to statement of profit and loss account on account of liquidation of group companies	-	-	-	-	-	0.44	0.44	-	0.44
Addition on account of equity shares issued under Employee stock option	-	17.94	-	-	-	-	17.94	-	17.94
Transaction on account of acquistion of non-controlling interest in a subsidiary company {Refer note 33(2)}	-	-	-	-	(9.45)	-	(9.45)	(7.21)	(16.66)
Employee stock purchase plan expense	-	-	-	0.27	-	-	0.27	-	0.27
As At March 31, 2019	**7.61**	**56.40**	**748.84**	**0.27**	**3,341.57**	**0.75**	**4,155.44**	**-**	**4,155.44**

Summary of significant accounting policies	2
Commitments and contingencies	32
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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 **Vikas Mehra**
Partner
Membership No. 094421

Date: May 29, 2019
Place: Noida

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

Sachin Sharma
Executive Vice President
(Finance)

Sanjay Kumar Gupta
Company Secretary
FCS No.: F 3348

Consolidated Statement of Cash Flow

for the year ended March 31, 2019

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31, 2018
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continued operations	1,144.14	995.98
Profit before tax from discontinued operations	(0.33)	(12.51)
Profit for the year	**1,143.81**	**983.47**
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	152.61	140.96
Loss on disposal of Property, plant and equipment	4.57	2.01
Unrealised foreign exchange (gain) / loss (net)	(9.42)	(1.01)
Exchange difference on translation of foreign operations	0.02	(6.98)
Impairment allowance for trade receivables considered doubtful	8.81	7.86
Impairment allowances for the financial assets	-	0.19
Profit on sale of non-current financial investments	(0.07)	(18.49)
Bad debts written off	2.21	1.26
Unwinding of discount on long term provisions	2.55	1.18
Interest income	(78.20)	(44.86)
Interest expenses	13.54	23.62
Liabilties no longer required written back	(9.24)	(4.03)
Employee stock option expense	0.27	-
Rental Income	(7.62)	(6.92)
Reversal of Impairment allowance for trade receivables considered doubtful	-	(2.27)
Operating profit before working capital changes	**1,223.84**	**1,075.99**
Movement in working capital		
(Increase)/ Decrease in trade receivables	(108.57)	(100.31)
(Increase)/ Decrease in contract assets	(79.11)	-
(Increase)/ Decrease in contract liability	3.56	-
(Increase)/ Decrease in financial assets	(5.45)	(5.72)
(Increase)/ Decrease in non-financial assets	(19.15)	(45.37)
(Increase)/ Decrease in inventories	(285.94)	(684.97)
Increase/ (Decrease) in trade payables	(67.05)	994.08
Increase/ (Decrease) in financial liabilities	30.21	67.99
Increase/ (Decrease) in non financial liabilities	9.70	(11.03)
Increase/ (Decrease) in provisions	46.73	54.32
Cash generated from in operations	**748.77**	**1,344.98**
Income tax paid (net of refunds)	(247.49)	(245.05)
Net Cash flow from Operating Activities (A)	**501.28**	**1,099.93**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Payment of property, plant and equipment and intangible assets	(501.48)	(1,596.81)
Proceeds from sale of property, plant and equipment	1.91	7.58
Fixed deposits matured during the year	616.95	135.87
Proceeds from sale of equity shares invested in subsidiary /associate	-	255.97
Payment for purchase of non-controlling interest in a subsidiary company	(16.66)	-
Proceeds from sale of non-current investment	-	169.18
Rental income	7.62	6.92
Interest received	79.99	77.17
Net Cash flow from/(used) in Investing Activities (B)	**188.33**	**(944.12)**

Consolidated Statement of Cash Flow

for the year ended March 31, 2019

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31, 2018
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share capital issued	0.04	0.02
Proceeds from security premium received	17.94	14.69
Repayment of short term borrowings	(7.38)	(244.91)
Proceeds from long term borrowings	-	108.00
Repayment of long term borrowings	(13.50)	-
Interest paid	(13.57)	(23.62)
Dividends paid to parent company's shareholders (including Corporate Dividend Tax)	(301.62)	(263.23)
Net Cash Flow from/(used) in Financing Activities (C)	**(318.09)**	**(409.05)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**371.52**	**(253.24)**
Cash and cash equivalents at the beginning of the year	336.46	591.88
Effect of exchange differences on cash and cash equivalents held in foreign currency	(3.44)	(1.41)
Cash associated with Discontinued operations	-	(0.77)
Cash and Cash Equivalents at the end of the year/ period	**704.54**	**336.46**

Notes :

1. The above Consolidated 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, 2019	As at March 31, 2018
a) **Cash and cash equivalents**		
Balances with banks:		
Current accounts	73.94	65.65
Cash credit accounts	374.80	75.33
Fixed deposits account with a original maturity of less than three months	255.67	195.23
Cheque on hand	-	0.12
Cash on hand	0.13	0.13
	704.54	**336.46**

Summary of significant accounting policies	2
Commitments and contingencies	32
Other notes on accounts	33

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 **Vikas Mehra**
Partner
Membership No. 094421

Date: May 29, 2019
Place: Noida

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

Sachin Sharma
Executive Vice President
(Finance)

Sanjay Kumar Gupta
Company Secretary
FCS No.: F 3348

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

1 Corporate Information

"Havells India Limited ('the parent 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 parent company is listed on BSE Limited and National Stock Exchange of India Limited. The Group is consumer electrical/electronics and power distribution equipment manufacturer with products ranging from Industrial and Domestic Circuit Protection Switchgears, Cables, Motors, Pumps, Fans, Power Capacitors, LED Lamps and Luminaries for Domestic, Commercial and Industrial applications, Modular Switches, Water Heaters, Domestic Appliances, Water Purifier, Air conditioner, Television and washing machine covering the entire range of household, commercial and industrial electrical/electronics needs. The Group's manufacturing facilities are located at Faridabad in Haryana, Alwar, Ghiloth and Neemrana in Rajasthan, Haridwar in Uttarakhand, Sahibabad 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 also at some of the plant units. These facilities have been approved by Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India, New Delhi.

The Group along with its subsidiaries and its joint venture has been collectively hereinafter referred to as "the Group". The Financial statements were authorised by the Board of Directors for issue in accordance with resolution passed on May 29, 2019.

2 Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these Ind AS financial statements. These policies have been consistently applied to all the years.

2.01 Basis of preparation

The Consolidated financial statements of the Group, its subsidiaries, and its joint venture have been prepared in accordance with Indian Accounting Standards (IND AS) notified under the section 133 of the Companies Act 2013 (the Act) read with Companies (Indian Accounting Standards) Rule 2015 and other relevant provision of the Act. 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) Certain financial assets and liabilities 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

iv) Share - based payments

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing April 01, 2018:

(i) Ind AS 115, Revenue from contracts with customers

(ii) Amendment to Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance

(iii) Amendment to Ind AS 21,the Effects of Changes in Foreign Exchange Rates in respect of Appendix B, Foreign Currency Transactions and Advance Consideration

(iv) Amendment to Ind AS 12, Incomes Taxes

(v) Amendment to Ind AS 40, Investment Property

(vi) Amendment to Ind AS 28, Investment in associate and joint venture and Ind AS 112, disclosure of interest in other entities

The Group had to change its accounting policies following the adoption of Ind AS 115 and amendment to Ind AS 20. The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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 realised 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

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

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

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 Group'), its subsidiaries, and joint venture as at March 31, 2019. 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, or there is no significant transaction or event between the date of those financial statement and date of financial statement of parent company.

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.

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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

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.

If Group'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 Group 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 Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

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 less cost to sell 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

Business combinations other than under common control 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.

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(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 recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

2.05 Business Combinations - common control transactions

(i) Business Combinations involving entities that are controlled by the group are accounted for using the pooling of interests method as follow.

(ii) The assets and liabilities of the combining entities are reflected at their carrying amounts.

(iii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. Adjustments are only made to harmonise accounting policies

(iv) The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, where the business combination had occurred after that date, the prior period information is restated only from that date.

(v) The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.

(vi) The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.

(vii) The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to revenue reserves.

2.06 Property ,Plant and Equipment

Property, Plant and equipment including capital work in progress are stated at historical cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, taxes,

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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 input tax credit availed wherever applicable.

Subsequent costs are included in asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Group and the cost of item can be measured reliably. 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 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 calculated on prorata basis on straight-line method using the useful lives of the assets estimated by management. The useful life is as follows:

Assets	Useful life (in years)
Building	30 and 60
Plant and machinery	5 and 15
Moulds and Dies	6
Furniture and Fixtures	3 and 10
Vehicles	8 and 10
R &D Equipments	5 and 15
Office Equipments	3 and 5
Mobile Phones	3
Computers	3
Electric Fans and Installations	3 and 10

The useful lives have been determined based on technical evaluation done by the management's expert which are lower than those specified by schedule II to the Companies act 2013, in order to reflect the actual usage of assets in respect of moulds , dies and mobile phones which are depreciated over the estimated useful lives of 6 years and 3 years respectively. The residual values are not more than 5% of the original cost of the assets. The assets' residual values and useful lives are reviewed, and adjusted if appropriate.

Lease hold improvements are depreciated on straight line basis over shorter of the asset's useful life and 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.

2.07 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 to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

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 Group and the cost of the item can be measured reliably. When significant parts of investment property are required to be replaced at intervals, the Group depreciates them separately based on their respective useful lives. All other repair and maintenance cost are expensed when incurred.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an external independent valuer applying a valuation model as per Ind AS 113 " Fair value measurement"

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or

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loss in the period of derecognition.

Investment properties are depriciated using straight line method over their estimated useful life. Investment properties comprising of factory building is depreciated over useful life of 30 years and leasehold land is amortised on a straight line basis over the unexpired period of the lease.

Transfer of property from investment property to the property, plant and equipment is made when the property is no longer held for long term rental yields or for capital appreciation or both at carrying amount of the property transferred.

2.08 Intangible Assets

Separately acquired intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Cost of intangible assets acquired in business combination is their fair value at the date of acquisition 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.

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 amortisation and accumulated impairment losses. Amortisation 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 lives. During the period of development, the asset is tested for impairment annually.

Brand and Trademarks

Brand and Trademarks acquired in business combination are initially recognised at fair value at the date of acquisition. Following initial recognition, brand and trademark are carried at the above recognised value less accumulated amortisation and accumulated impairment losses, if any. These Brand and trademarks have been in existence for considerable period and Group intends to continue use this intangible assets. Consequently it is believed that they 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.

Distributor/ Dealer Network

Distributor/ Dealer Network acquired in business combination are initially recognised at fair value at the date of acquisition. Following initial recognition, Distributor/ Dealer Network are carried at the above recognised value less accumulated amortisation and accumulated impairment losses, if any. They are amortised on a straight line basis over their estimated useful life of 8 years assessed by the management at the time of acquisition.

Non-Compete Fee

Non-Compete fee is recognised based on agreement with seller or competitor. It is amortised on a straight line basis over their estimated useful life of 7 years based on agreed terms as per contract.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the fair value of 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

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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 other comprehensive income 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 other comprehensive income.

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 recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

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 recognised in the statement of profit and loss when the assets are disposed off.

Assets	Useful life (in years)
Computer Software	6
Technical Know-how	6
R&D Software	6
Distributor/ Dealer Network	8
Non-Compete Fee	7

2.09 Impairment of non-financial Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for the which there are separately identifiable cash inflows which are largely

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independent of the cash inflows from other assets or groups of assets (cash - generating units). Non - financial assets other than goodwill that suffered an impairment are reviewed are possible reversal of the impairment at the end of each reporting period.

2.10 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 amortised cost

The classification depends on entity's business model for managing the financial assets and the contractual terms of the cash flow

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. Transaction cost of financial assets carried at fair value through profit or loss are expensed in profit or loss

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.

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

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 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 EIR amortisation which 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

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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 recognised in the other comprehensive income (OCI). However, the Group recognised 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 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 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 “Financial Instruments” 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 AS 103 “Business Combination” 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.

If the Group 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 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 recognised 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 Group 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 recognised to the extent of continuing involvement in the financial asset.

Impairment of financial assets

In accordance with Ind AS 109 “Financial Instruments”, the Group applies expected credit losses (ECL) model for measurement and recognition of impairment loss on the following financial asset and credit risk exposure

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- 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 "Leases".

Under the simplified approach, the Group does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL 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.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

(i) All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Group is required to use the remaining contractual term of the financial instrument

(ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) during the period is recognised as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

(a) Financial assets measured as at amortised cost -ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the group does not reduce impairment allowance from the gross carrying amount.

(b) Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

(c) Debt instruments measured at FVTOCI: For debt instruments measured at FVTOCI, the expected credit losses do not reduce the carrying amount in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the asset was measured at amortised cost is recognised in other comprehensive income as the "accumulated impairment amount"

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition at fair value through profit or loss, loans and borrowings, and payables, net of directly attributable transaction costs. The Group's financial liabilities includes loans and borrowings, trade payables, trade deposits, retention money,

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liability towards services, sales incentive ,other payables and derivative financial instruments.

The measurement of financial liabilities depends on their classification, as described below:

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

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 “Financial Instruments”. 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, 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 P&L. However, the Group 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 Group has not designated any financial liability as at fair value through profit and loss.

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 30 to 90 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.

Borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the Effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the Effective interest rate 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 Effective interest rate. The Effective interest rate amortisation is included as finance costs in the statement of profit and loss. Borrowing are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for atleast 12 months after the reporting period.

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 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.

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Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

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 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.

2.11 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at 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 purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost

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.

For the purpose of hedge accounting, hedges are classified as:

(i) Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment

(ii) Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised

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asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

(iii) Hedges of a net investment in a foreign operation

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(i) Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other income or expenses.

Amounts recognised as 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 OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

(iii) Hedges of net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is reclassified to the statement of profit or loss (as a reclassification adjustment).

2.12 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.

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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.

2.13 Non-current assets held for sale and discontinued operations

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through its 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 assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold. The Group treats sale of the asset to be highly probable when:

i) The appropriate level of management is committed to a plan to sell the asset

ii) An active programme to locate a buyer and complete the plan has been initiated (if applicable)

iii) The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,

iv) The sale is expected to qualify for recognition as a completed sale within one year from the date of classification , and

v) Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

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

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

i) Represents a separate major line of business or geographical area of operations,

ii) Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or

iii) Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

Additional disclosures are provided in Note 33(3). All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

2.14 Taxes on Income

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

a) Current Tax

Current income tax, assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities and is calculated on the basis of tax law enacted or substantively enacted at the end of reporting period in the countries where the Group and its subsidiaries and joint venture operate and generate taxable income.

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.

Management periodically evaluates positions taken in the tax returns with respect to situations in which

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applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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 in the financial statements. However, deferred tax liabilities are not recognised if they arise from the 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 that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the 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, except:

i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences 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 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.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the concerned company recognises MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of reduction from deferred tax liability. The concerned company reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent that it is no longer probable

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that it will pay normal tax during the specified period.

In the situations where any unit of the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India, no deferred tax (asset or liability) is recognised in respect of temporary differences which reverse during the tax holiday period, to the extent the unit's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognised in the year in which the temporary differences originate. However, the Group restricts recognition of deferred tax assets to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

2.15 Revenue recognition

The Group manufactures/ trades and sells a range of consumer electrical and electronic products. Sale of these products is recognised at a point in time when control of the product has been transferred, being when the products are delivered to the customers and there are no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products are shipped to specific location and control has been transferred to the customers. The Group also provides installation, annual maintenance and extended warranty services that are either sold separately or bundled together with the sale of goods. The Group recognises these service revenue from sales of services over a time, because the customer simultaneously receives and consumes the benefits provided by the Group. The Group has objective evidence that all criterion for acceptance has been satisfied.

Revenue Recognition principal adopted by Group for its contracts with customers are given below:-

(a) Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

The Group considers, whether there are other promises in the contract those are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group allocated a portion of the transaction price to goods bases on its relative standalone prices and also considers the following:-

(i) Variable consideration

Some contracts with customers provide a right of return, trade discounts or volume rebates. Currently, the Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. If revenue cannot be reliably measured, the Group defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration, and are estimated at contract inception and updated thereafter.

(ii) Warranty obligations

The Group generally provides warranties for general repairs. As such, most existing warranties will be assurance-type warranties which are accounted for under Ind AS 37 (Provisions, Contingent Liabilities and Contingent Assets), consistent with its current practice. However, in certain non-standard contracts in respect of sale of consumer durable goods, the Group provides extended warranties and such warranties are termed as service-type warranties and therefore, accounted for as separate performance obligations to which the Group allocates a portion of the transaction price.

(iii) Significant Financing Components

In respect of short-term advances from its customers, using the practical expedient in Ind AS 115, "Revenue from contract with customers" the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be within normal operating cycle.

In respect of long term contracts, the Group has used the incremental borrowing rate to discount the consideration as this is the rate which commensurate with rate that would be reflected in separate financing arrangement between the Group and its customer.

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(iv) Schemes

The Group operates several sales incentive programmes wherein the customers are eligible for several benefits on achievement of underlying conditions as prescribed in the scheme programme such as credit notes, tours, reimbursement, investments etc. Revenue from contract with customer is presented deducting cost of all these schemes.

(b) Sale of service

The Group provides installation, annual maintenance and extended warranty services that are either sold separately or bundled together with the sale of goods. The Group recognises revenue from sales of services over time, because the customer simultaneously receives and consumes the benefits provided by the Group. Revenue from services related activities is recognised as and when services are rendered and on the basis of contractual terms with the parties.

(c) Contract balances

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. A receivables represents the Group's right to an amount of consideration that is unconditional.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(d) 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.

(e) Interest Income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

(f) Export benefit

Revenue from export benefits arising from Duty entitlement pass book (DEPB scheme), duty drawback scheme, merchandise export incentive scheme are recognised on export of goods in accordance with their respective underlying scheme at fair value of consideration received or receivable.

2.16 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.

(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) in case of parent company. 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

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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 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

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 Group has no obligation, other than the contribution payable to the provident fund. The Group recognises 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 recognised 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 recognised 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) Other employee benefits

The parent company (''Havells India Limited") provides long term incentive plan to employees via equity settled 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 Group 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 Group purchase shares of the parent 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"'.

2.17 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.

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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 lower of fair value of the leased property at inception date or, 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 capitalised 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.

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.

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.

2.18 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.

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. Government grant related to the non-monetary asset are recognised at nominal value and presented by deducting the same from carrying amount of related asset.

2.19 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

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the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated business.

2.20 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.

2.21 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.

2.22 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.

2.23 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.

2.24 Foreign currency translation

(i) Functional and presentation currency

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 Group's financial statements are presented in Indian rupee (INR) which is also the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rate are generally recognised in the statement of profit and loss.

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).

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:

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a) Assets and liabilities are translated at closing rate at the date of that balance sheet

b) Income and expenses are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions

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.

e) On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

2.25 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 recognised 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 five years.

c) Provision for E-Waste

Provision for E-Waste management is recognised when the liability in respect of products sold to customer is established in accordance with E-waste Management Rules, 2016 as notified by Government of India. Initial recognition is based on liability computed based on Extended Producer Responsibility as promulgated in said Rules including cost to comply the said regulation and as reduced by expected realisation of collectable waste. The timing of outflow is expected to be with in one to ten years.

d) Restructuring provisions

The provision for restructuring relates to the estimated costs of initiated reorganisations that have been approved by the Board of Management, and which involve the realignment of certain parts of the manufacturing, selling and administration organisation. When such reorganisations require discontinuance and/or closure of lines of activities, the anticipated costs of closure or discontinuance are included in restructuring provisions. A liability is recognised for those costs only when the 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.

e) 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.

2.26 Dividend Distributions

The Group recognises a liability to make the payment of dividend to owners of equity, when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.27 Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date.

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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.

2.28 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.

(i) Ind AS 116 Leases

Ind AS 116 Leases was notified by Ministry of Corporate Affairs (MCA) on March 30, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 01, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for leases – leases of 'low-value' assets and short-term leases (i.e., lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of use asset). Lessee will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right of use assets.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting

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under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Group intends to adopt these standards from April 01, 2019. The Group will elect to apply the standard to contracts that were previously identified as leases applying Ind AS 17. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying Ind AS 17.

The Group elects to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. During financial year ending March 31, 2019, the Group has performed a initial impact assessment of Ind AS 116. The effect of adoption as on the transaction date would result in an increase in right of use asset approximately by ₹ 125.33 crores, and an increase in lease liability approximately by ₹ 125.33 crores.

(ii) Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

1. Whether an entity considers uncertain tax treatments separately
2. The assumptions an entity makes about the examination of tax treatments by taxation authorities
3. How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
4. How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

In determining the approach that better predicts the resolution of the uncertainty, an entity might consider, for example, (a) how it prepares its income tax filings and supports tax treatments; or (b) how the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination.

The interpretation is effective for annual reporting periods beginning on or after 1 April 2019, but certain transition reliefs are available. The Group will apply the interpretation from its effective date. The Group is evaluating the impact and it will acount for it when it adopt amendments in Ind AS 12 during the year ending March 31, 2020.

(iii) Amendments to Ind AS 109: Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective for annual periods beginning on or after April 01, 2019. These amendments have no impact on the financial statements of the Group.

(iv) Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure

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the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.

- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after April 01, 2019. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

(v) Amendments to Ind AS 12: Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after April 01, 2019. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

(vi) Amendments to Ind AS 23: Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after April 01, 2019. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

2.29 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 grouping 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.

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 had entered into commercial property leases on its investment property portfolio. The Group had 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

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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

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 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) Revenue from contract with customers

The Group applied judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers, such as identifying performance obligations in a bundled sales transactions, wherein, the Group sell goods and maintenance/ warranty services separately or bundled together with sales of goods. In certain non-standard contracts, where the Group provides extended warranties in respect of sale of consumer durable goods, the Group allocated the apportion of the transaction price to goods bases on its relative standalone prices. Also, certain contracts of sale includes volume rebates that give rise to variable consideration. In estimating the variable consideration the Group has used a combination of most likely amount method and expected value method.

Further, in respect of long term contracts, the Group has used the incremental borrowing rate to the discount the consideration as this is the rate which commensurate with rate that would be reflected in separate financing arrangement between the Group and its customer.

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. Further details on taxes are disclosed in Note 16.

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

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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 33(7).

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 Group'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 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) Provision for warranty and e- waste

Provision for warranties 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. In respect of e-waste, management calculates the obligation in accordance with E-Waste management Rules, 2016 and accounts/fulfil the obligation on its own account or on 3rd party service provider. It is very unlikely that actual warranty claims/ e-waste will exactly match the historical warranty/E-waste 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	Buildings	Leasehold Improvements	Plant and Equipments	Moulds and Dies	Furniture and fixtures	Vehicles	R & D Equipment's	Office Equipment's	Electrical Installations	Total	Capital Work in progress	Grand Total
Gross carrying amount (at cost)														
At April 01, 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**
Additions	-	71.21	2.11	1.77	45.82	31.02	6.30	0.24	3.07	14.02	1.45	**177.01**	23.09	**200.10**
Acquisition of Lloyd business	-	-	-	-	0.42	0.38	2.00	0.36	-	1.19	-	**4.35**	-	**4.35**
Disposals/adjustments	(0.03)	-	(0.16)	-	(4.04)	(2.82)	1.68	(0.51)	(0.53)	(0.74)	0.04	**(7.11)**	(10.98)	**(18.09)**
Transfers to assets classified as held for sale	(0.10)	-	-	-	(9.61)	(4.13)	(0.35)	-	(0.23)	(0.05)	(0.04)	**(14.51)**	-	**(14.51)**
At March 31, 2018	**27.28**	**163.55**	**589.03**	**13.12**	**501.81**	**120.22**	**35.17**	**10.11**	**18.03**	**63.43**	**29.07**	**1,570.82**	**24.05**	**1,594.87**
Additions	-	12.97	65.28	3.69	86.57	29.20	4.60	2.08	9.68	29.87	13.77	**257.71**	227.54	**485.25**
Transfer from Investment Property (Refer note (vii) below)	-	8.86	52.01	-	-	-	-	-	-	-	-	**60.87**	-	**60.87**
Disposals/adjustments	-	-	-	-	(1.79)	(4.66)	(0.34)	(0.08)	(2.15)	(0.99)	(0.07)	**(10.08)**	(19.44)	**(29.52)**
Transfers to assets classified as held for sale	-	-	(0.28)	-	(6.29)	(1.51)	(0.41)	-	(0.22)	(0.22)	(0.24)	**(9.17)**	-	**(9.17)**
At March 31, 2019	**27.28**	**185.38**	**706.04**	**16.81**	**580.30**	**143.25**	**39.02**	**12.11**	**25.34**	**92.09**	**42.53**	**1,870.15**	**232.15**	**2,102.30**
Accumulated Depreciation														
At April 01, 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**
Charge for the year	-	1.25	23.28	1.71	51.89	18.74	1.73	1.57	1.26	10.89	3.99	**116.31**	-	116.31
Disposals/adjustments	-	-	(0.16)	-	(2.29)	(1.07)	1.68	(0.30)	(0.30)	(0.67)	0.04	**(3.07)**	-	(3.07)
Transfers to assets classified as held for sale	-	-	-	-	(6.26)	(2.40)	(0.07)	-	(0.04)	(0.05)	(0.02)	**(8.84)**	-	(8.84)
At March 31, 2018	**-**	**5.86**	**68.26**	**3.08**	**137.08**	**46.94**	**8.78**	**4.04**	**5.07**	**27.54**	**10.15**	**316.80**	**-**	**316.80**
Charge for the year	-	1.87	24.11	1.84	49.81	19.00	3.89	1.61	2.63	15.56	3.40	**123.72**	-	**123.72**
Transfer from Investment Property (Refer note (vii) below)	-	0.67	7.84	-	-	-	-	-	-	-	-	**8.51**	-	**8.51**
Disposals/adjustments	-	-	-	-	(0.65)	(3.40)	(0.21)	(0.05)	(1.37)	(0.92)	(0.04)	**(6.64)**	-	**(6.64)**
Transfers to assets classified as held for sale	-	-	(0.02)	-	(4.31)	(0.82)	(0.21)	-	(0.13)	(0.22)	(0.19)	**(5.90)**	-	**(5.90)**
At March 31, 2019	**-**	**8.40**	**100.19**	**4.92**	**181.93**	**61.72**	**12.25**	**5.60**	**6.20**	**41.96**	**13.32**	**436.49**	**-**	**436.49**
Net carrying amount														
At March 31, 2018	**27.28**	**157.69**	**520.77**	**10.04**	**364.73**	**73.28**	**26.39**	**6.07**	**12.96**	**35.89**	**18.92**	**1,254.02**	**24.05**	**1,278.07**
At March 31, 2019	**27.28**	**176.98**	**605.85**	**11.89**	**398.37**	**81.53**	**26.77**	**6.51**	**19.14**	**50.13**	**29.21**	**1,433.66**	**232.15**	**1,665.81**

Notes: -

(i) All property, plant and equipment are held in name of the Group, except:

(a) Building situated, at Sahibabad amounting to ₹ 14.49 Crores (March 31, 2018: ₹ 14.77 Crores) constructed on the land taken on lease by the parent company from its group company for which lease deed is yet to be registered with the appropriate authority.

(b) Freehold land, located at Samaypur Badli, Delhi amounting to ₹ 15.89 Crores (March 31, 2018: ₹ 15.89 Crores) and building constructed on such land amounting to ₹ 1.51 Crores (March 31, 2018: ₹ 1.74 Crores) which is pending for registration with appropriate authority.

(c) Leasehold Land at Tumakuru, Karnataka amounting to ₹ 34.35 Crores (March 31, 2018: ₹ 24.05 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) Capital work in progress as at March 31, 2019 includes assets under construction at various plants including air conditioning, cable and wires, switch gears, CRI, water heater etc.

(iv) Property, plant and equipment has been pledged/hypothecated as security by the Group {refer note 32(C)}

(v) Disclosure of Contractual commitment for the acquisition of property plant and equipment has been provided in note 32(B).

(vi) Adjustment in relation to capital work in progress relates to addition in property, plant and equipment made during the year.

(vii) During the year, property at Greater Noida, Uttar Pradesh has been transferred from Investment property to Property, Plant and Equipment upon termination of lease. This property is now held for its own use for normal business purpose. {refer note 4}

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4. Investment Property (At cost)

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Gross Carrying Amount		
Opening balance	60.87	60.87
Less :- Transferred to Property, plant and equipment {refer note 3}	(60.87)	-
Closing balance	-	60.87
Accumulated depreciation		
Opening balance	7.08	4.95
Depreciation for the period till the date of transfer to property, plant & equipment	1.43	2.13
Less :- Transferred to Property, plant and equipment {refer note 3}	(8.51)	
Closing balance	-	7.08
Net Carrying Amount	**-**	**53.79**
Amount recognised in statement of profit and loss for Investment property		
Rental income derived from investment property	7.62	6.92
Profit arising from investment property before depreciation	**7.62**	**6.92**
Less: Depreciation for the period till the date of transfer to property, plant and equipment	1.43	2.13
Profit arising from investment property	**6.19**	**4.79**
Fair value of Investment Property (refer point 2 below)	-	**88.65**

Notes:

1. Investment property represented, land and building being a premise at Greater Noida, Uttar Pradesh given on lease w.e.f May 12, 2016 on a long term basis. During the year Investment property was transferred to property, plant and equipment on premature termination of lease on November 29, 2018. The Group has decided to use the said property for normal business purpose and accordingly the same is transferred to property, plant and equipment.
2. At the end of the previous financial year the Group had obtained independent valuation from certified valuer for its investment property and had 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 exchange between a willing buyer and willing seller, with equity or both.

5. Intangible assets

(₹ in crores)

	Computer Software	Technical Knowhow	R & D Software	Trademarks	Distributor/ Dealer Network	Non-compete Fee	Total Other Intangible Asset	Goodwill	Intangibles assets under development	Total Intangible Asset
Gross carrying amount (at cost)										
At April 01, 2017	**32.68**	**0.51**	**4.96**	**7.02**	**6.46**	**-**	**51.63**	13.68	-	**65.31**
Additions	5.66	-	1.28	-	-	-	**6.94**	-	-	**6.94**
Acquisition of Lloyd business {refer note below}	-	-	-	1,029.00	82.40	58.50	**1,169.90**	310.47	-	**1,480.37**
At March 31, 2018	**38.34**	**0.51**	**6.24**	**1,036.02**	**88.86**	**58.50**	**1,228.47**	**324.15**	**-**	**1,552.62**
Additions	9.56	-	1.60	-	-	-	**11.16**	-	0.51	**11.67**
Disposals/adjustments	(2.63)	(0.51)	(0.57)	-	-	-	**(3.71)**	-	-	**(3.71)**
Transfers to assets classified as held for sale	(0.01)	-	-	-	-	-	**(0.01)**	-	-	**(0.01)**
At March 31, 2019	**45.26**	**-**	**7.27**	**1,036.02**	**88.86**	**58.50**	**1,235.91**	**324.15**	**0.51**	**1,560.57**
Accumulated amortisation										
At April 01, 2017	**17.28**	**0.50**	**1.98**	**-**	**-**	**-**	**19.76**	**-**	**-**	**19.76**
Charge for the year	4.45	-	0.80	-	9.30	7.50	**22.05**	-	-	**22.05**
At March 31, 2018	**21.73**	**0.50**	**2.78**	**-**	**9.30**	**7.50**	**41.81**	**-**	**-**	**41.81**
Charge for the year	4.70	-	0.88	-	13.52	8.36	**27.46**	-	-	**27.46**
Disposals/adjustments	(2.43)	(0.50)	(0.54)	-	-	-	**(3.47)**	-	-	**(3.47)**
Transfers to assets classified as held for sale	(0.01)	-	-	-	-	-	**(0.01)**	-	-	**(0.01)**
At March 31, 2019	**23.99**	**-**	**3.12**	**-**	**22.82**	**15.86**	**65.79**	**-**	**-**	**65.79**
Net carrying amount										
At March 31, 2018	**16.61**	**0.01**	**3.46**	**1,036.02**	**79.56**	**51.00**	**1,186.66**	**324.15**	**-**	**1,510.81**
At March 31, 2019	**21.27**	**-**	**4.15**	**1,036.02**	**66.04**	**42.64**	**1,170.12**	**324.15**	**0.51**	**1,494.78**

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

Impairment testing of goodwill and intangible assets with indefinite lives

Intangible assets	Lloyd Consumer Segment		Lighting and fixture segment		Total	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Goodwill	310.47	310.47	13.68	13.68	324.15	324.15
Trademarks	1,029.00	1,029.00	7.02	7.02	1,036.02	1,036.02

Goodwill and Trademarks acquired as a part of business combination having indefinite useful lives have been allocated to a separate cash generating unit, which are also operating and reportable segment for impairment testing. The Group has performed an annual impairment test to ascertain the recoverable amount of goodwill and Trademarks. The recoverable amount is determined based on value in use calculation. These calculations uses management assumptions and pre tax cash flow projections based on financed budgets approved by management covering a 8 to 10 years period. Cash flow projection beyond 8 to 10 years time period are extrapolated using the estimated growth rates which is consistent with forecasts included in industry reports specific to industry in which CGU operates. Management has determined following assumptions for impairment testing of Goodwill and Trademarks as stated below.

Assumptions used in impairment testing of Goodwill and intangible assets of "lighting and fixture" Cash generating unit

Assumption	March 31, 2019	Approach used in determining value
Post-tax Discount Rate	17.50%	It has been determined basis risk free rate of return adjusted for equity risk premium.

Assumptions used in impairment testing of Goodwill and intangible assets of "Lloyd Consumer" Cash generating unit

Assumption	March 31, 2019	Approach used in determining value
Post-tax Discount Rate	14.00%	It has been determined basis risk free rate of return adjusted for equity risk premium.
Long Term Growth Rate	5.00%	Long term growth rate has been taken basis financial budgets and projections approved by management which is in line with industry growth rate

Conclusion:
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 calculations performed indicate that there is no impairment of goodwill and trademark and brand of the Group.

Management has performed a sensitivity analysis with respect to changes in assumptions for assessment of value-in-use of Goodwill and Trademark. Based on this analysis, management believes that change in any of above assumption would not cause any material change in carrying value of unit's Goodwill/Trademark.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

6. Non-Current Financial Assets

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
(A) Trade receivables		
(Unsecured) {refer note 10(A)}		
Trade receivables - Considered good	17.62	-
	17.62	**-**
(B) Other bank balance (valued at amortised cost)		
Fixed deposits with banks having maturity period of more than twelve months	0.01	0.41
	0.01	**0.41**
Note:- Fixed deposits of ₹ 0.01 crores have been given as security against material supplied to customer		
(C) Others financial assets (valued at amortised cost)		
(Unsecured, considered good)		
Earnest money and security deposits	21.38	17.62
	21.38	**17.62**

7. Contract Balances

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
(A) Contract assets {refer note (a)}	79.11	-
	79.11	**-**
Non-current portion	69.84	-
Current Portion	9.27	-
(B) Contract liability {refer note (b)}	3.56	-
	3.56	**-**
Non-current portion	2.63	
Current Portion	0.93	

Note:-

(a) The Group has entered in to an agreement with a customer wherein the Group has identified two performance obligations in contract as per Ind AS 115 "Revenue from contract with customers". The Group's right to receive consideration is conditional upon satisfaction of both performance obligation. Accordingly, Group has recognised contract asset in respect of performance obligation satisfied during the year. Contract assets are in the nature of unbilled receivables which arises when Group satisfies a performance obligation but does not have an unconditional rights to consideration.

(b) The Group has entered into the agreements with customers for supply of products with extended warranty and annual maintenance. Accordingly, the Group has identified additional performance and recognised the same as contract liabilities in respect of contracts where the Group has obligation to perform specified services to a customer for which the Group has received consideration.

8. Other Non-Current Assets

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
(Unsecured, considered good)		
Capital advances	23.13	12.55
Others		
Prepaid expenses	1.90	1.29
Deposits with Statutory and Government authorities	33.71	26.31
	58.74	**40.15**

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

9. Inventories

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
(Valued at lower of cost and net realisable value unless otherwise stated) {refer accounting policy 2.12}		
Raw materials and components	307.08	274.67
Work-in-progress	98.77	85.35
Finished goods	623.31	532.88
Traded goods	851.66	710.90
Stores and spares	18.43	11.59
Loose tools	1.85	1.77
Packing materials	13.11	11.87
Scrap materials	4.76	4.00
	1,918.97	**1,633.03**

Note:-

(a)	The above includes goods in transit as under:		
	Raw materials	58.97	45.37
	Finished goods	43.42	20.95
	Traded goods	192.37	179.16
(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 32(C)}		
(d)	During the year ₹ (3.70) crores (March 31, 2018 : ₹ 15.90 Crores) was recognised as an expense/ (income) for inventories carried at the net realisable value.		

10. Current Financial Assets

(A) Trade Receivables

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Unsecured		
Trade receivables - considered good	424.20	327.75
Trade receivables - credit impaired	26.64	17.83
Trade receivables (gross)	**450.84**	**345.58**
Less : Impairment allowance for trade receivables - credit impaired	26.64	17.83
(A)	**424.20**	**327.75**
Current portion	406.58	327.75
Non - current portion {refer note 6 (A)}	17.62	-

Notes:

(a) Trade receivables are usually non-interest bearing and are on trade terms of 30 to 90 days.

(b) No trade or other receivables are due from directors or other officers of the Group 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.

(c) The Group has availed Receivable Buyout facility from banks against which a sum of ₹ 649.15 crores (March 31, 2018: ₹ 648.99 crores) has been utilised as on the date of Balance Sheet. The Group has assigned all its rights and privileges to the bank and there is no recourse on the Group. Accordingly the amount of utilisation has been reduced from trade receivables. A sum of ₹ 35.21 crores (March 31, 2018: ₹ 28.91 crores) have been charged on account of charges paid for this facility.

(d) The Group has arranged Channel finance facility for its customers from banks against which a sum of ₹ 627.98 crores (March 31, 2018: ₹ 593.37 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 Group.

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

(B) Cash and Cash Equivalents

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Balances with banks:		
Current accounts	73.94	65.65
Cash credit accounts {refer note no.32 (C)}	374.80	75.33
Fixed deposits account with a original maturity of less than three months {refer note (b)}	255.67	195.23
Cheques on hand	-	0.12
Cash on hand	0.13	0.13
(B)	**704.54**	**336.46**

Notes:

(a) There are no restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior period.

(b) Short-term deposits are made of varying periods between one date to three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposits rates.

(c) Changes in liabilities arising from financing activities

Net debt reconciliation

	Cash and cash equivalents		Long term Borrowing		Short term Borrowing	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Opening balance	336.46	591.88	108.00	-	7.38	208.33
Cash flows	371.52	(253.24)	(13.50)	108.00	(7.38)	(200.95)
Foreign exchange fluctuation	(3.44)	(1.41)	-	-	-	-
Cash associated with Discontinued operations	-	(0.77)				
Interest expense	-	-	7.79	2.12	0.24	10.34
Interest paid	-	-	(7.79)	(2.12)	(0.24)	(10.34)
Closing balance	**704.54**	**336.46**	**94.50**	**108.00**	**-**	**7.38**

(C) Other Bank Balances

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Escrow account {refer note (a)}	-	52.04
Fixed deposits account with original maturity of more than three months but less than twelve months {refer note (b)}	483.16	1,101.32
Fixed deposits account with original maturity of more than twelve months {refer note (c)}	121.05	69.19
Unpaid dividend account {refer note (d)}	2.62	2.56
(C)	**606.83**	**1,225.11**
(B + C)	**1,311.37**	**1,561.57**

Notes:

(a) Escrow account represents amount held in a fixed deposit with bank under escrow arrangement with "LEEL Electricals Limited" on account of final settlement of Lloyd business acquisition which got closed in current year.

(b) 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.

(c) 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.

(d) The Group can utilise the balance towards settlement of unclaimed dividend.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(D) Other Financial Assets (valued at amortised cost)

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Unsecured, Considered good unless otherwise stated		
Earnest money and security deposits	4.76	5.30
Retention money	0.89	1.92
Receivable against sale of Investment	-	20.16
Contractual claims and other receivables (refer note below)	24.40	0.98
Earnest money and security deposits - considered doubtful	-	0.19
	30.05	**28.55**
Less: Impairment allowance for other financial asset considered doubtful	-	0.19
	30.05	**28.36**

Note:

Contractual claims and other receivables includes claims in accordance with contract with vendor, recoverable from employees etc.

11. Other Current Assets

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Unsecured, considered good		
Advances other than capital advances		
Advances for materials and services	36.63	20.64
Others		
Prepaid expenses	13.11	15.18
Duty free licenses in hand	3.39	5.13
Insurance claim receivable	8.88	3.48
Government grant receivable	41.87	33.87
Balance with Statutory/ Government authorities	46.11	60.55
	149.99	**138.85**

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Movement of Government grant receivable		
Opening balance	33.87	5.72
Grant accrued during the year	38.92	36.88
Grant realised during the year	(30.92)	(8.73)
Closing Balance	**41.87**	**33.87**

Note:

Government grant receivable includes export incentives, Budgetary support for refund of Goods and Service Tax and investment subsidy.

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

12. Assets Classified as Held for Sale and Discontinued Operations

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Property, plant and equipment		
Assets retired from active use {refer note (a)}	0.59	0.12
Investment in joint venture (unquoted)		
Jiangsu Havells Sylvania Lighting Co. Limited	17.29	16.21
(50% contribution paid in capital)		
Disposal group {refer note 33(4)}	-	0.77
	17.88	**17.10**

Notes:

(a) The Group classified certain assets 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 Group expects to complete the sale by September 2019 (previous year:- September 2018) by selling it in the open market.

(b) Refer note 33(4) for information about assets and liabilities of disposal group that were classified as held for sale in relation to discontinued operation.

13. Equity

(A) Equity share capital

a) Authorised

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
1,000,500,000 equity shares of ₹1/- each (March 31,2018 :1,000,500,000 equity shares of ₹1/- each) equity shares of ₹1/- each)	**100.05**	**100.05**
Issued, subscribed and fully paid-up		
625,472,910 equity shares of ₹1/- each (March 31, 2018: 625,148,473 equity shares of ₹1/- each)	**62.55**	**62.51**

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

March 31, 2018	As at March 31, 2019		As at March 31, 2018	
	No. of shares	₹ in crores	No. of shares	₹ in crores
At the beginning of the year	625,148,473	62.51	624,855,342	62.49
Add: Exercise of employee stock purchase plan - proceeds received	324,437	0.04	293,131	0.02
	625,472,910	62.55	**625,148,473**	**62.51**

c) Terms/rights attached to equity shares

The Group has only one class of equity shares having a par value of Re.1/- per share (March 31,2018 : Re.1/- per share). Each holder of equity shares is entitled to one vote per share. The Group 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 Group, the holders of equity shares will be entitled to receive remaining assets of the Group after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

d) **Details of shareholders holding more than 5% shares in the Group is set out below (representing legal and beneficial ownership):**

Name of Shareholders	As at March 31, 2019		As at March 31, 2018	
	No. of shares	% holding	No. of shares	% holding
Shri Anil Rai Gupta as Managing Trustee of ARG Family Trust	63,841,200	10.21	18,862,400	3.02
Shri Surjit Kumar Gupta as Trustee of SKG Family Trust	36,432,180	5.83	-	-
QRG Enterprises Limited	189,858,880	30.36	189,858,880	30.37
QRG Investments and Holdings Limited	68,741,660	10.99	68,741,660	11.00
Nalanda India Equity Fund Limited	33,044,930	5.28	33,044,930	5.29
Smt Vinod Gupta	13,584,000	2.17	44,534,240*	7.12
*(13,584,000 equity shares were in the process of transmission)				

Note:

(a) Shareholding of Smt Vinod Gupta as at March 31, 2019 is below 5%, however figures have been disclosed for comparative purpose.

(b) Shareholding of ARG Family Trust as at March 31, 2018 is below 5%, however figures have been disclosed for comparative purpose.

e) **Shares reserved for issue under employee stock purchase plan**

Information relating to employee stock purchase plan, including details of option issued, exercised and lapsed during the financial year and options outstanding as at end of the reporting period are set out in note 33 (10).

(B) Other Equity

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Capital reserve	7.61	7.61
Securities premium	56.40	38.46
Share option outstanding account	0.27	-
General reserve	748.84	748.84
Retained earnings	3,341.57	2,871.41
Currency translation reserve	0.75	0.33
Total other equity	**4,155.44**	**3,666.65**
a) Capital reserve	**7.61**	**7.61**
b) Securities premium account		
Opening balance	38.46	23.77
Add: Exercise of employee stock purchase plan - proceeds received	17.94	14.69
Closing balance	**56.40**	**38.46**
c) Stock options outstanding account		
Opening balance	-	-
Add : Employee stock purchase plan expense	0.27	-
Closing balance	**0.27**	
d) General reserve	748.84	748.84
Opening balance	**748.84**	**748.84**
e) Retained earnings		
Opening balance	2,871.41	2,470.74
Net profit for the year	785.98	662.37
Items of other comprehensive income recognised directly in retained earnings		
Re-measurement gains/(losses) on defined benefit plans (net of tax)	(4.75)	1.64
Dividends		
Dividend of ₹ 4.00 per share of ₹ 1, for FY 2017-18 (₹ 3.50 per share for FY 2016-17)	(250.19)	(218.80)
Dividend distribution tax	(51.43)	(44.54)
Transaction on account of acquisition on non-controlling interest in a subsidiary company {Refer note 33(2)(B)}	(9.45)	-
	3,341.57	**2,871.41**
f) Currency translation reserves		
Opening balance	0.33	(36.63)
Add : Addition during the year	(0.02)	6.98
Less: Transfer to statement of profit and loss account on account of sale/ liquidation of group companies	0.44	29.98
	0.75	**0.33**

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

(C) Nature and Purpose of Reserves

(a) Capital reserve

During amalgamation/ merger approved by honorable court, the excess of net assets taken over the consideration paid, if any, is treated as capital reserve.

(b) Securities premium

The amount received in excess of face value of the equity shares is recognised in securities premium reserve. In case equity - settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium reserve. This reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(c) General reserve

The reserve arises on transfer portion of the net profit pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

(d) Share options outstanding account

The fair value of the equity settled "share base payment transactions" is recognised to share options outstanding account.

(e) Foreign currency translation reserve

Exchange differences arising on translation of foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to statement of profit and loss when net investment is disposed off or classified as held for sale.

14. Non Current Financial Liabilities

(A) Borrowings

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Term loans from banks (secured)		
Term loans {refer note (a) and (b)}	94.50	108.00
	94.50	**108.00**
Non-current portion	40.50	81.00
Current maturity of long term borrowing {refer note 18(C)}	54.00	27.00

Notes:

(a) The Group has availed a secured loan of ₹ 94.50 Crores (March 31, 2018: ₹ 108 Crores) against sanctioned amount of ₹ 285.00 crores from CITI bank N.A. as of March 31, 2019. The loan was obtained for the purpose of reimbursement of prior capital expenditure incurred by the Group during 12 months previous to sanction date. The loan was having 15 months moratorium period and repayable in 8 quarterly instalments thereafter. This loan is secured by way of first exclusive charge by way of a hypothecation over the Group's all movable fixed assets both present and future situated at SP 181 to 189 and 191 (A), Industrial Area, Phase II, Neemrana, Alwar, Rajasthan, India with an minimum fixed assets coverage ratio of 1.1x. The Group has complied with these convents throughout the reporting period.

(b) The Group has not defaulted on any loans payable during the year and has satisfied all debt covenants prescribed in terms of term loan.

(B) Other Financial Liabilities (valued at amortised cost)

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Retention money and security deposits	-	4.86
Employee stock purchase plan compensation payable	0.92	0.62
	0.92	**5.48**

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

15. Non Current Providions

(₹ in crores)

		As at March 31, 2019	As at March 31,2018
i)	Provision for employee benefits		
	Gratuity {refer note no. 33 (7)}	0.06	0.50
		0.06	**0.50**
ii)	Other provisions		
	Product warranties and e-waste {Refer note 20(a)}	32.62	24.22
		32.62	**24.22**
		32.68	**24.72**

16. Income Taxes

(a) Income tax expense in the statement of profit and loss comprises :

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Continuing Operation		
Current income tax charge	270.16	209.01
MAT credit entitlement	**-**	**(43.09)**
Deferred Tax		
Relating to origination and reversal of temporary differences	88.11	137.91
Income tax expense reported in the statement of profit or loss	**358.27**	**303.83**

(b) Other Comprehensive Income

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Income tax related to items recognised in OCI during the year:		
Current income tax charge related to Re-measurement gains / (losses) on defined benefit plans	2.55	(0.91)
Re-measurement gains / (losses) on defined benefit plans	-	0.02
Income tax related to items recognised in OCI during the year:	**2.55**	**(0.89)**

(c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate :

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Accounting Profit before tax from continuing operations	1,144.14	977.31
Accounting Profit before tax from discontinued operations	(0.33)	(12.51)
Accounting profit before tax	**1,143.81**	**964.80**
Applicable tax rate	34.944%	34.608%
Computed Tax Expense	**399.69**	**333.90**
Increase due to transfer of investment property to property, plant and equipment	4.86	-
Income not chargeable for tax purpose	(0.11)	(24.15)
Difference in tax rate	0.84	1.87
Adjustment to tax relating to earlier years	4.59	-
Tax exempt jurisdictions	(1.16)	(6.06)
Utilisation of unabsorbed depreciation and carried forward losses	(2.60)	-
Unabsorbed depreciation and carried forwarded tax losses	-	7.34
Expense not allowed for tax purpose.	9.58	39.35
Additional allowances for tax purpose	(57.42)	(48.42)
Income tax charged to Statement of Profit and Loss at effective rate of 31.31% (March 31, 2018: 31.09%) (refer point (j) below)	**358.27**	**303.83**
Income tax expense reported in the statement of profit and loss	358.27	303.83
Income tax attributable to discontinued operation	-	-
	358.27	**303.83**

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(d) Deferred tax liabilities comprises:

(₹ in crores)

	Balance Sheet		Statement of profit and loss	
	As at March 31, 2019	**As at March 31, 2018**	**As at March 31, 2019**	**As at March 31, 2018**
Accelerated depreciation for tax purposes	374.05	271.61	102.44	126.49
Expenses allowable on payment basis	(18.52)	(11.02)	(7.50)	2.71
Allowance for doubtful debts	(8.92)	(5.82)	(3.10)	(1.75)
Other Items giving rise to temporary differences	1.21	-	1.21	8.89
	347.82	**254.77**	**93.05**	**136.34**
MAT credit entitlement as at end of the year	(22.58)	(43.09)	-	-
(A)	**325.24**	**211.68**	**93.05**	**136.34**

e) Deferred tax assets comprises :

(₹ in crores)

	Balance Sheet		Statement of profit and loss	
	As at March 31, 2019	**As at March 31, 2018**	**As at March 31, 2019**	**As at March 31, 2018**
Accelerated depreciation for tax purposes	(0.22)	-	(0.22)	0.75
Expenses allowable on payment basis	0.34	-	0.34	0.30
Unabsorbed depreciation and carry forward losses	4.82	-	4.82	(2.60)
Others	-	-	-	(0.02)
(B)	**4.94**	**-**	**4.94**	**(1.57)**
Deferred tax liabilities (net) (A + B)	**320.30**	**211.68**	**88.11**	**137.91**

f) Reconciliation of deferred tax liabilities (net)

(₹ in crores)

	As at March 31, 2019	**As at March 31,2018**
Opening balance as per last balance sheet	254.77	116.88
Deferred tax charged/(credited) during the year		
to Profit and loss account from continuing operations	88.11	137.91
to Other comprehensive income	-	(0.02)
to discontinued operations	-	-
	342.88	**254.77**
MAT credit entitlement as at end of the year	(22.58)	(43.09)
Closing balance	**320.30**	**211.68**

(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 ₹ 368.85 crores in parent company as on March 31, 2019 (previous year 369.28 crores) with expiry in financial year 2023-24 on which no deferred tax asset has been created by the management due to lack of probability of future capital gain against which such deferred tax assets can be realised. If the parent company were able to recognise all unrecognised deferred tax assets, the profit after tax would have increased by ₹ 85.92 crores (previous year 86.02 crores).

(i) Certain subsidiaries of the group have accumulated losses of ₹ Nil (March 31, 2018 : ₹ 139.11 crores) and unabsorbed depreciation of ₹ Nil (March 31, 2019: ₹ 3.55 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 after tax would have increase by ₹ Nil. {March 31, 2018 : ₹ 43.90 crores}. These subsidiaries have been liquidated during the year.

(j) During the year the parent company has paid dividend to its shareholders for the year ended March 31, 2018, This has resulted in payment of corporate dividend tax (CDT) amounting to ₹ 51.43 crores. to the taxation authorities. The Group 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

17. Other Non Current Liabilities

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Creditors for capital good {refer note 32(F)}	17.71	17.71
	17.71	**17.71**

18. Current Financial Liabilities

(A) Borrowings

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Loans repayable on demand (secured)		
Working capital demand loan from bank {refer note 32(C)}	-	7.38
	-	**7.38**

(B) Trade Payables

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Total outstanding dues of Micro and Small Enterprises	55.66	85.27
Total outstanding dues of creditors other than Micro and Small Enterprises	1,504.14	1,554.74
	1,559.80	**1,640.01**

* Trade Payables include due to related parties ₹ 2.68 crores (March 31, 2018 : ₹ 3.29 crores) {refer note 33(9)}

* The amounts are unsecured and non interest-bearing and are usually paid within 30 to 90 days of recognition.

* For terms and conditions with related parties, refer to Note 33(9)

* Trade payables includes acceptances of ₹ 281.75 Crores (March 31, 2018: ₹ 289.50)

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, 2019 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Group.

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
i) Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act:		
Principal	55.66	85.27
Interest	-	0.04
ii) The amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	0.04
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, 2018 : ₹ Nil)	-	-

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

(C) Other Financial Liabilities

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Unpaid dividend {refer note (a)}	2.62	2.56
Other payables		
Current Maturity of long term loan {refer note 14(A)}	54.00	27.00
Employee stock purchase plan compensation payable	2.89	1.89
Creditors for capital goods	40.43	12.43
Retention money	39.68	41.32
Other liabilities		
Payable for services	107.97	84.25
Payable to banks against receivable buyout facilities (refer point (b))	108.54	97.36
Sales incentives payable	241.85	232.65
Purchase consideration payable {refer note (d) below}	-	41.42
Claims Payable {refer note (c) below}	17.27	48.08
Others {refer note 20(a)(ii)}	12.02	-
	627.27	**588.96**

a) Investor Education and Protection Fund is being credited by the amount of unclaimed dividend after seven years from the due date. the Group has transferred ₹ 0.07 crores (March 31,2018: ₹ 0.03 crore) out of unclaimed dividend to Investor Education and Protection Fund of Central Government in accordance with the provisions of section 124 of the Companies Act, 2013.

b) Monies collected on behalf of banks and remitted after the balance sheet date.

c) Claims payable includes an amount of ₹ 17.27 crores (March 31, 2018 : ₹ 48.08 crores) crores payable by Group under its global Sylvania business closure process.

d) Purchase consideration payable is related to amount payable in respect of acquisition of Lloyd business which was closed in current year.

19. Other Current Liabilities

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Revenue received in advance		
Advances and progress payments from customers	21.81	30.86
Others		
Goods and service tax payable	57.06	46.26
Other statutory dues payable	38.64	30.69
	117.51	**107.81**

20. Current Provisions

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
i) Provision for employee benefits		
Gratuity {refer note no. 33(7)}	19.40	12.35
	19.40	**12.35**
ii) Other provisions		
Product warranties and E-waste {refer note (a)}	176.12	134.45
Litigations {refer note (b)}	7.60	7.70
	183.72	**142.15**
(i+ii)	**203.12**	**154.50**

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

a) Provision for warranties and E-waste

(i) Warranties

A provision is recognised for expected warranty claims and after sales services on products sold during the last one to five 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 be incurred within five 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 five years warranty period for all products sold.

(ii) E-waste

A provision is recognised for probable e-waste liability based on “Extended Producer Responsibility” as furnished by the parent company to Central Pollution Control Board in accordance with E-Waste Management Rules, 2016 notified by Government of India during the earlier year. A provision for the expected costs of management of historical waste is recognised when the costs can be reliably measured. These costs are recognised as ‘Other expenses’ in the statement of profit and loss. As a part of acquisition of Lloyd business in previous year, The seller company had agreed to ensure compliance with “extended producer responsibility” (EPR) in accordance with E- waste management rules, 2016 in respect of sales made by the seller company in respect of Lloyd consumer durable business prior to date of business acquisition i.e. May 08, 2017. Towards this, the seller company has paid an amount of ₹ 12.02 crore.

(iii) The table below gives information about movement in Warranty and E-waste provisions:

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
At the beginning of the year	158.67	81.83
Liability on account of Lloyd business acquisition	-	15.90
Arising during the year	201.65	177.26
Utilised during the year	(154.13)	(117.50)
Unwinding of discount	2.55	1.18
At the end of the year	**208.74**	**158.67**
Current portion	176.12	134.45
Non-current portion (refer note no. 15)	32.62	24.22

b) Provision for litigations

Provision for litigation amounting to ₹ 7.60 Crores (March 31, 2018: ₹ 7.70 Crores) is created against demands raised in various ongoing litigations under Value Added Tax and Entry Tax in various states. Based on on the facts of the case and legal precedents, the management believes there would be a probable outflow of resources and accordingly, has created a provision in books of account.

The table below gives information about movement in litigation provisions:

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
At the beginning of the year	7.70	24.99
Arising during the year	-	0.14
Utilised during the year	(0.10)	(17.43)
At the end of the year	**7.60**	**7.70**
Current portion	7.60	7.70
Non-current portion	-	-

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

21. Current Tax Liabilities

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Income Tax (net of advance tax and Tax Deducted at Source)	30.93	31.32
	30.93	**31.32**

22. Liabilities Directly Associated with Assets Classified as Held for Sale

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Liabilities of disposal group classified as held for sale in relation to discontinued operation {(refer note 33(4)}	-	0.13
	-	**0.13**

23. Revenue From Operations:

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Revenue from contract with customers:		
Sale of products {refer note (a) below}	9,975.12	8,186.97
Sales of services	7.70	5.33
Scrap sales {refer note (a) below}	51.69	39.83
	10,034.51	**8,232.13**
Other operating revenues		
Export Incentive	10.19	6.68
Government assistance for refund of Goods and Service Tax {refer note (b) below}	28.73	30.20
Total revenue from operations	**10,073.43**	**8,269.01**

Notes:

(a) Sale of products and scrap sales as reported above includes excise duty collected from customers of ₹ Nil (March 2018: ₹ 121.91 crores) and ₹ Nil (March 31, 2018 : ₹ 0.69 crores) respectively. Sale of Products and scrap sales net of Goods and Service Tax are ₹ 9,975.12 crores (March 31, 2018: ₹ 8,065.06 crores) and ₹ 51.69 crores (March 31, 2018 : ₹ 39.14 crores) respectively. Effective July 01, 2017, the Government of India has implemented Goods and Service Tax ("GST") replacing Excise Duty, Service Tax and various other indirect taxes. The Group collects GST on behalf of the Government. Hence, GST is not included in Revenue from contract with customers. In view of the aforesaid change in indirect taxes, revenue from operations year ended March 31, 2019 is not comparable with March 31, 2018.

(b) Government assistance for refund of Goods and Service Tax represents benefits provided by the Government to the Group in respect of its manufacturing units in the state of Assam, Himachal Pradesh and Uttarakhand in accordance with the 'Scheme of budgetary support under Goods and Service Tax Regime' as notified on October 05, 2017 which were earlier eligible for excise duty exemption. {refer accounting policy 2.18}.

(i) Timing of revenue recognition

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Goods transferred at a point in time	9,946.29	8,226.80
Goods transferred over the time	80.52	-
Services transferred over the time	7.70	5.33
Total revenue from contract with customers	**10,034.51**	**8,232.13**

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(ii) Disaggregation of revenue based on product

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31, 2018
Switchgears	1,656.27	1,403.81
Cables	3,232.72	2,682.74
Lighting and fixtures	1,308.48	1,176.58
Electrical consumer durables	1,981.48	1,554.86
Lloyd Consumer	1,855.56	1,414.14
Total revenue from contract with customers	**10,034.51**	**8,232.13**

(iii) Revenue by location of customers

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31, 2018
India	9,707.08	8,000.11
Outside India	327.43	232.02
Total revenue from contract with customers	**10,034.51**	**8,232.13**

(iv) Reconciliation of revenue recognised in statement of profit and loss with contracted price

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31, 2018
Revenue as per contracted price	10,103.23	8,292.86
Less : Cash discount	(68.72)	(60.73)
Total revenue from contract with customers	**10,034.51**	**8,232.13**

(v) Performance obligation

Sale of products: Performance obligation in respect of sale of goods is satisfied when control of the goods is transferred to the customer, generally on delivery of the goods. {refer accounting policy 2.15}

Sales of services: The performance obligation in respect of installation services is satisfied upon completion of installation and acceptance of customer. In respect of maintenance services, performance obligation is satisfied over a period of time and acceptance of the customer. {refer accounting policy 2.15}

The transaction price allocated to remaining performance obligation (unsatisfied performance obligation) pertaining to sales of services as at March 31, 2019 is as follows:-

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Within one year	0.93	-
More than one year	2.63	-
	3.56	**-**

Note: The remaining performance obligation expected to be recognised in more than one year relates to extended warranty and maintenance charges received from customer that is to be satisfied over the period of one to seven years All other remaining performance obligation are expected to be recognised within one year.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

24. Other Income

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31, 2018
Interest received on financial assets carried at amortised cost :		
Bank deposits	78.20	41.38
Bonds	-	3.48
Others	1.42	0.74
Other non-operating income		
Exchange fluctuations (net)	19.49	32.85
Excess provisions no longer required written back	9.24	4.03
Reversal of Impairment allowance for trade receivables considered doubtful	-	2.27
Miscellaneous income	12.61	7.74
Rental Income	7.62	6.92
Profit on sale of non-current financial investments	0.07	18.49
	128.65	**117.90**

25. Cost of Materials Consumed

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31, 2018
Copper	1,388.17	1,060.94
Aluminum	629.39	510.68
General and Engineering plastic	215.63	173.19
Paints and chemicals	327.15	268.18
Steel	177.81	141.13
Packing materials	197.38	170.26
Others	1,588.62	1,301.68
	4,524.15	**3,626.06**

26. Purchase of Traded Goods

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31, 2018
Switchgears	66.30	56.80
Lighting and fixtures	270.06	225.47
Electrical consumer durables	357.58	203.69
Lloyd Consumer	1,309.81	1,183.65
	2,003.75	**1,669.61**

27. Change in Inventories of Finished Goods, Traded Goods and Work-in-Progress

(₹ in crores)

	As at March 31, 2019	As at March 31,2018	(Increase)/ Decrease
Inventories at the end of the year			
Finished goods	623.31	532.88	(90.43)
Traded goods	851.66	710.90	(140.76)
Work in progress	98.77	85.35	(13.42)
Scrap materials	4.76	4.00	(0.76)
	1,578.50	**1,333.13**	**(245.37)**

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(₹ in crores)

	As at March 31, 2018	As at March 31,2017	(Increase)/ Decrease
Inventories at the beginning of the year			
Finished goods	532.88	491.37	(41.51)
Traded goods	710.90	123.58	(587.32)
Work in progress	85.35	79.91	(5.44)
Scrap materials	4.00	2.35	(1.65)
	1,333.13	**697.21**	**(635.92)**
Addition on account of Lloyd business combination		310.18	310.18
Change in inventories of finished goods, traded goods and work-in-progress	**(245.37)**	**(325.74)**	**(325.74)**

28. Employee Benefits Expenses

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages, bonus, commission and other benefits	767.71	595.26
Contribution towards PF, Family Pension and ESI	33.55	29.36
Employee stock purchase plan expense {refer note no. 33(10)}	12.83	10.74
Gratuity expense {refer note no. 33(7)}	12.10	10.70
Staff welfare expenses	15.53	13.48
	841.72	**659.54**

29. Finance Costs

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31, 2018
Interest expense	13.54	20.55
Unwinding of discount on long term provisions	2.55	1.18
Miscellaneous financial expenses	0.16	3.10
	16.25	**24.83**

30. Depreciation and Amortisation Expenses

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation of property, plant and equipment (refer note 3)	123.72	116.31
Depreciation of Investment property (refer note 4)	1.43	2.13
Amortisation of intangible assets (refer note 5)	27.46	22.05
	152.61	**140.49**

31. Other Expenses

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31, 2018
Consumption of stores and spares	45.72	40.56
Power and fuel	86.33	75.38

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31, 2018
Job work and Installation charges	213.12	175.67
Increase / (Decrease) in excise duty on inventory of finished goods and scrap material	-	(24.72)
Rent	71.61	61.43
Repairs and maintenance:	-	
Plant and machinery	11.12	9.72
Buildings	3.30	3.09
Others	42.79	30.41
Rates and taxes	1.93	15.15
Insurance	16.23	13.17
Trade mark fee and royalty	0.17	0.45
Travelling and conveyance	91.32	93.29
Communication expenses	12.60	14.01
Legal and professional charges	16.96	27.14
Payment to Auditors	-	
As Auditors:	-	
Audit fee	1.30	1.30
Tax audit fee	0.05	0.05
Certification fee	0.14	-
Reimbursement of expenses	0.09	0.08
Contribution towards Corporate Social Responsibility (CSR) {refer note no. 33(11)}	17.44	14.95
Directors sitting fees	0.41	0.28
Selling and distribution expense	342.54	272.33
Advertisement and sales promotion	384.30	307.65
Secondary sales promotion expense	52.97	37.43
Commission on sales	68.31	56.75
Product warranties and after sales services (net of reversals)	201.65	177.26
Bank charges	39.01	28.91
Loss on sale/ discard of property, plant and equipment (net)	4.57	2.01
Bad debts written off	2.21	1.26
Impairment allowance for trade receivables considered doubtful	8.81	7.86
Impairment allowance for other financial assets considered doubtful	-	0.19
Miscellaneous expenses	27.83	30.48
	1,764.83	**1,473.54**

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

32. Commitments and Contingencies

A Contingent liabilities (to the extent not provided for)

(₹ in crores)

		As at March 31, 2019	As at March 31, 2018
a	Claims / suits filed against the group not acknowledged as debts {refer point (i) & (ii)}	6.61	15.29
b	Disputed tax liabilities in respect of pending litigations before appellate authorities {Amount deposited under protest ₹ 29.02 crores (March 31, 2018: ₹ 24.83 crores)} {refer point (iii)} (Included in "deposit with statutory and government authorities" in note no. 8)	78.10	77.80
c	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, 2018: ₹ 1.00 crore)}	1.00	1.00

Notes:

i) Claims / suits filed against the Group not acknowledged as debts includes sum amounting to ₹ 6.61 crores (March 31, 2018: ₹ 6.22 crores) which represents various legal cases filed against the Group. The Group has disclaimed the liability and defending the action. The Group has been advised by its legal counsel that its position is likely to be upheld in the litigation process and accordingly no provision for any liability has been made in the financial statement.

ii) During the previous year INESA UK Limited had filed the claim against the Group Company on February 02, 2018, which has been settled during the year and closing contingent liability against the same is ₹ NIL (March 31, 2018 ₹ 9.07 Crores)

iii) The various disputed tax litigations are as under:

(₹ in crores)

Sl.	Description {refer note below}	Disputed amount Period to which relates	As At March 31,2019	Disputed amount Period to which relates	As At March 31, 2018
a)	**Excise / Customs / Service Tax**				
	Demands raised by Excise and Custom department.	2007-08 to 2009-10	0.23	2005-06 to 2014-15	0.35
b)	**Income Tax**				
	Disallowances / additions made by the income tax department.	2003-04 to 2013-14	57.82	2003-04 to 2013-14	55.44
c)	**Sales Tax / VAT**				
	Demands raised by Sales tax / VAT department.	2005-06 to 2015-16	19.90	2005-06 to 2015-16	21.86
d)	**Others**				
	Demand of local area development tax by the concerned authorities.	2001-02	0.12	2001-02	0.12
	Demand of octroi along with penalty in the state of Maharashtra by the concerned authorities.	2010-11	0.03	2010-11	0.03
			78.10		**77.80**

(a) The Group is contesting these demands and the management, including its tax advisors, believe that its favourable position will likely to be upheld in the appellate process and accordingly no provision has been accrued in the financial statements for these 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. Based on favourable decisions in similar cases and discussions with the advisor, the Group does not expect any liability against these matters and hence no provision has been considered in the books of accounts. Besides the above, show cause notices from various departments received by the Group have not been treated as contingent liabilities, since the Group has adequately represented to the concerned departments and does not expect any liability on this account

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

B Commitments

(₹ in crores)

		As at March 31, 2019	As at March 31, 2018
a)	Estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	193.08	18.95
b)	Corporate Social Responsibility commitment	4.54	6.00
		197.62	24.95

C Undrawn committed borrowing facility

(a) The Group has availed working capital limits amounting to ₹ 195.00 (March 31, 2018 : ₹ 200 Crores) crores from banks under consortium of Canara Bank, IDBI Bank Limited, Standard Chartered Bank, ICICI Bank Limited, Yes Bank Limited and The Hong Kong and Shanghai Banking Corporation Limited. An amount of ₹ 195 crores remain undrawn as at March 31, 2019 (Previous year : ₹ 199.87 crores). The limit availed is secured by way of:

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 parent 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 first charge with other consortium lenders by way of hypothecation of plant and machinery, generators, furniture and fixtures, electric fans and installations.

(b) The Group has availed a secured loan of ₹ 94.50 Crores (March 31, 2019: ₹ 108.00 Crores) against sanctioned amount of ₹ 285.00 crores from CITI bank N.A. as of March 31, 2019. The loan was obtained for the purpose of reimbursement of prior capital expenditure incurred by the parent company during 12 months previous to sanction date. The loan was having 15 months moratorium period and repayable in 8 quarterly instalments thereafter. This loan is secured by way of first exclusive charge by way of hypothecation over the parent company's all movable fixed assets both present and future situated at SP 181 to 189 and 191 (A), Industrial Area, Phase II, Neemrana, Alwar, Rajasthan, India with an minimum fixed assets coverage ratio of 1.1x. The Group has not defaulted on any loans payable during the year and has satisfied all debt covenants prescribed in terms of term loan.

(c) The Group had availed the Working capital loan of ₹ Nil as on March 31, 2019 (March 31, 2018: ₹ 7.38 crores). As at March 31, 2019 an amount of ₹ 20.00 crores (March 31, 2018 : ₹ 12.62 crores) remain undrawn against the following terms and conditions

i) Whole of the current assets of the subsidiary company's (Promptec Renewable Energy Solutions Private Limited) 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) whether lying or stored in or about or shall hereinafter from time to time during the security of these presents be brought into or upon or be stored or be in or about of the subsidiary company's Manufacturing units, premises and godowns situated anywhere.

ii) Whole of the moveable fixed assets of the subsidiary company including plant and machinery located at shibra farms, near 8th Mile, tumkur road, Bangalore – 560073

iii) All the book debts and receivables (both present and future) of the subsidiary 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 subsidiary company in the course of its business.

Subsequent to year end, the bank has initiated process of satisfaction of above charge with registrar of company.

D Other Litigations

The Group has some sales tax and other tax related litigation of ₹ 7.60 crores (March 31, 2018: ₹ 7.70 crores) against which liability has been assessed as probable and adequate provisions have been made with respect to the same.

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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

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:

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
(i) Not later than one year	22.16	14.22
(ii) Later than one year and not later than five years	24.77	14.72
(iii) Later than five years	-	-
Total minimum lease payments	**46.93**	**28.94**
Lease payments recognised in the statement of profit and loss as rent expense for the year	**71.61**	**61.43**

Operating lease commitments - Group as lessor

a) The Group had entered into a sub-lease agreement to sublet a property situated at Kasna, Noida, which was considered as “Investment Property”. The lease agreement was executed on May 12, 2016. The Group has decided to use the said property for normal business purpose and accordingly , the same was transferred to property, plant and equipment.

b) The total rent recognised as income during the year is ₹ 7.62 crores (March 31, 2018 : ₹ 6.92 crores). Present value of minimum rentals receivable under non-cancellable operating leases as at March 31,2019 are, as follows:

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
(i) Not later than one year	-	6.99
(ii) Later than one year and not later than five years	-	12.98
(iii) Later than five years	-	-
Present value of minimum lease payments	**-**	**19.97**
c) Unearned finance income	-	**2.21**

F During the previous year, land measuring 50 acres situated at Ghiloth District , General Zone Industrial Area RIICO in the state of Rajasthan has been allotted to the parent company for a consideration of ₹ 71.21 crores. This consideration will be adjusted by way of rebate of ₹ 17.71 crores only after, the Group incur total investment of ₹ 260.00 crores by November 2019 and an additional amount of ₹ 192.00 crores by March 2022, till March 31,2019 the parent company has capitalised ₹ 177.95 crores in Property, plant and equipment and ₹ 165.38 crores in Capital work in progress. Till then the Group has considered the rebate as a separate liability.

G The Group has given bonds amounting to ₹ 1.09 crores (March 31, 2018: 0.08 crores) to central tax department against import of goods without payment of Basic Custom Duty.

33. OTHER NOTES ON ACCOUNTS

1 Divestment of interest in subsidiaries, joint ventures

(a) During the current year step down wholly owned subsidiary of the group “Thai lighting Assets Asia Co Ltd.” based out at Thailand has been liquidated on June 29, 2018.

(b) During the current year step down wholly owned subsidiary of the Group “Havells International Limited” has been placed into voluntary liquidation on March 27, 2019.

(c) During the current year wholly owned subsidiary of the Group “Havells Exim Limited” has been placed in to voluntry liquidation on December 04, 2018.

(d) During the previous year, the Group and its joint venture partner in respect of Jiangsu Havells Sylvania Lighting Co. Limited, have applied for liquidation and formed a liquidation committee. The Group will receive agreed consideration of USD 2.5 million. Accordingly, the investment in joint venture has been classified as asset 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 Group is not liable for losses incurred by the joint venture as the Group will received agreed consideration upon completion of liquidation and accordingly the investment has been measured at lower of its caring amount and fare value less cost to sell.

Notes to Consolidated Financial Statements
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(e) The total exceptional items disclosed in the statement of Profit and Loss is as under:

(₹ in crores)

		March 31, 2019	March 31, 2018
i)	Gain on disposal of balance 20% stage in Felio Malta Limited	-	24.99
ii)	Loss on closure of international business	-	(13.68)
iii)	Transfer of Foreign currency translation reserve to the statement of Profit and loss account on account of sale/liquidation of group companies.	-	(29.98)
		-	**(18.67)**

2 Business combinations

(A) Scheme of Amalgamation

During the year, the board of director's of parent company in its meeting dated September 21, 2018 has approved the Scheme of Amalgamation, accordingly the parent company "Havells India Limited" has filed ("the Scheme") under section 230 to 232 of Companies Act 2013 with National Company law tribunal("NCLT"), among the parent company "Havells India Limited" and its wholly owned subsidiaries , namely Promptec Renewable Energy Solutions Private Limited. ("Promptec"), Standard Electrical Limited ("Standard Electrical") ,Lloyd Consumer Private Limited ("Lloyd Consumer") and Havells Global Limited ("Havells Global"). The parent company has received approvals from its shareholders and creditors at their meeting held on January 28, 2019. The scheme is subject to the approval of NCLT and the appointed date of the scheme is April 01, 2018. Further the NCLT order is awaited and the effect of the scheme would be recognised on receipt of the approvals in accordance with Appendix "C" of Ind AS 103 "Business combination". Management has evaluated that synergies created out of such merger shall generate operating benefit to the Group, which are estimated to be significantly higher than the carrying value of investments in its books.

(B) Acquisition of additional interest in Promptec Renewable Energy Solutions Private Limited

During the year, the Group has acquired an additional 31.08% interest in Promptec Renewable Energy Solutions Private Limited increasing its ownership interest to 100%. Total consideration of ₹ 16.66 crores was paid to non controlling shareholders. The carrying value of the total non-controlling interest at the date of further acquisition was ₹ 7.21 crores

Particulars	Amount (₹ in crores)
Cash consideration paid to non-controlling shareholders	16.66
Carrying value of the additional interest in Promptec Renewable Energy Solutions Private Limited	(7.21)
Difference recognised in Equity	**9.45**

(C) Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

(₹ in crores)

Name of subsidiary	Country of incorporation and operation	Year ended March 31, 2019	Year ended March 31, 2018
Promptec Renewable Energy Solutions Private Limited	India		
Proportion of equity interest held by non-controlling interest holder		0.00%	31.07%
Information regarding non-controlling interest:			
Accumulated balances of material non-controlling interest		-	7.65
Loss allocated to material non-controlling interest		(0.44)	(1.40)

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(D) Individually Immaterial joint ventures

Group has interest in the following individually immaterial Joint Venture:

(₹ in crores)

Name of subsidiary	Year ended March 31, 2019	Year ended March 31, 2018
Aggregate carrying amount of individually immaterial joint venture {refer note 33(1)(d)}	17.29	16.21

3 Discontinued operations

a) During the year, the Group has completed the liquidation of its subsidiary "Thai Lighting Assets Company Limited". Accordingly the same was classified as Asset held for sale and discontinued operations.

b) (i) The financial performance and cash flow information for Disposal group is given as below :

(₹ in crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Revenue	-	104.39
Expenses	0.33	116.90
Profit before income tax	**(0.33)**	**(12.51)**
Income tax expense	-	-
Profit from discontinued operation	**(0.33)**	**(12.51)**
Re-measurement (gains)/ losses on defined benefit plans	-	-
Exchange difference on translation of foreign operations	-	-
Other comprehensive income from discontinued operation	-	-
Total comprehensive income from discontinued operation	**(0.33)**	**(12.51)**
Net Cash inflow (outflow) from Operating activities	(0.33)	(0.93)
Net Cash inflow (outflow) from Investing activities	-	(0.56)
Net Cash inflow (outflow) from Financing activities	-	28.57
Net Cash used in discontinued operations	**(0.33)**	**27.08**

(ii) The following is the detail of non-current assets held for sale:-

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Property, plant and equipment		
Plant and machinery retired from active use	0.59	0.12
Investment in joint venture (unquoted)		
Jiangsu Havells Sylvania Lighting Co. Limited {refer note no. 33(1)}	17.29	16.21
(50% contribution in paid in capital)		
Disposal group		
Other current assets	-	0.77
Total assets of disposal group held for sale	**17.88**	**17.10**
Liabilities directly associated with assets classified as held for sale		
Trade payables		-
Other current liabilities	-	0.13
Total liabilities of disposal group held for sale	**-**	**0.13**

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

4. Group information

(i) The Consolidated financial statement of the group includes subsidiaries are mentioned below :-

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 other comprehensive Income	Amount (₹ in crores)	As % of consolidated comprehensive Income	Amount (₹ in crores)
1	2	3	4		6	7	8	9	10	11	12	13	14
(I)	**Parent**												
	Havells India Limited {refer note 33(2)(A)}	India	Parent Company		Mar 31, 2019	99.51%	4,197.29	100.28%	787.75	100.00%	(4.77)	100.28%	782.98
					Mar 31, 2018	99.29%	3,710.31	106.00%	700.61	19.49%	1.68	104.88%	702.29
(II)	**Foreign Subsidiaries having no non-Controlling interest**												
1.	Havells Holdings Limited	Isle of Man	WOS	100%	Mar 31, 2019	0.10%	4.20	3.42%	3.32	3.56%	(0.17)	3.52%	27.48
				100%	Mar 31, 2018	0.06%	2.09	(2.96%)	(19.54)	48.84%	4.21	(2.29%)	(15.33)
2.	Havells International Limited (under liquidation)	Malta	WOS	100%	Mar 31, 2019	0.01%	0.23	(.41%)	(3.32)	0.00%	-	(3.53%)	(27.54)
				100%	Mar 31, 2018	0.05%	1.98	(1.75%)	(11.57)	4.87%	0.42	(1.67%)	(11.15)
3.	Havells Sylvania Iluminacion (Chile) Ltda (under liquidation)	Chile	WOS of Havells Holdings Limited	100%	Mar 31, 2019	0.00%	-	0.00%	-	0.00%	-	0.00%	-
				100%	Mar 31, 2018	0.00%	-	0.50%	3.31	(1.51%)	(0.13)	0.47%	3.18
4.	Havells USA Inc. (Dissolved with effect from October 31, 2017)	USA	WOS of Havells Holdings Limited	100%	Mar 31, 2019	0.00%	-	0.00%	-	0.00%	-	0.00%	-
				100%	Mar 31, 2018	0.00%	-	(0.43%)	(2.81)	(7.31%)	(0.63)	(0.51%)	(3.44)
5.	Havells Sylvania (Thailand) Limited (Ceased to be subsidiary with effect from November 29, 2017)	Thailand	49% held by Havells International Limited and 51% held by Thai Lighting Assets Co Ltd	100%	Mar 31, 2019	0.00%	-	0.00%	-	0.00%		0.00%	-
				100%	Mar 31, 2018	0.00%	-	(0.17%)	(1.14)	14.85%	1.28	0.02%	0.14
6.	Havells Sylvania Brasil Illuminacao Ltda. (Ceased to be subsidiary with effect from March 30, 2018)	Brazil	WOS of Havells International Limited	100%	Mar 31, 2019	0.00%	-	0.00%	-	0.00%		0.00%	-
				100%	Mar 31, 2018	0.00%	-	(0.49%)	(3.26)	21.69%	1.87	(0.21%)	(1.39)
7.	Havells Guangzhou International Limited	China	WOS	100%	Mar 31, 2019	0.04%	1.58	0.25%	1.94	0.00%	-	0.25%	1.94
				100%	Mar 31, 2018	0.00%	0.08	0.03%	0.18	0.00%	-	0.03%	0.18
8.	Havells Exim Limited (under liquidation)	Hong Kong	WOS	100%	Mar 31, 2019	0.00%	0.04	(0.03%)	(0.27)	(2.94%)	0.14	(0.02%)	(0.13)
					Mar 31, 2018	(0.02%)	(0.92)	0.01%	0.04	0.00%	-	0.01%	0.04
(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, 2019	0.00%	-	(0.04%)	(0.32)	(0.21%)	0.01	(0.04%)	(0.31)
				49%	Mar 31, 2018	0.02%	0.64	(0.05%)	(0.35)	(0.46%)	(0.04)	(0.06%)	(0.39)

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for the year ended March 31, 2019

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 other comprehensive Income	Amount (₹ in crores)	As % of consolidated comprehensive Income	Amount (₹ in crores)
1	2	3	4		6	7	8	9	10	11	12	13	14
(IV)	**Indian Subsidiary having no non-controlling interests {refer note 33 (2)(A)}**												
	1. Promptec Renewable Energy Solutions Private Limited	India	WOS	100.00%	Mar 31, 2019	0.34%	14.50	(0.41%)	(3.23)	(0.42%)	0.02	(0.41%)	(3.21)
	2. Standard Electrical Limited	India	WOS	100.00%	Mar 31, 2019	0.00%	0.05	0.00%	-	0.00%	-	0.00%	-
				100.00%	Mar 31, 2018	0.00%	0.05	0.00%	-	0.00%	-	0.00%	-
	3. Lloyd Consumer Private Limited	India	WOS	100.00%	Mar 31, 2019	0.00%	0.05	0.00%	-	0.00%	-	0.00%	-
				100.00%	Mar 31, 2018	0.00%	0.05	0.00%	-	0.00%	-	0.00%	-
	4. Havells Global Limited	India	WOS	100.00%	Mar 31, 2019	0.00%	0.05	0.00%	-	0.00%	-	0.00%	-
				100.00%	Mar 31, 2018	0.00%	0.05	0.00%	-	0.00%	-	0.00%	-
(V)	**Indian Subsidiary having non-controlling interests**												
	1. Promptec Renewable Energy Solutions Private Limited	India		68.93%	Mar 31, 2018	0.40%	14.83	(0.47%)	(3.10)	(0.46%)	(0.04)	(0.47%)	(3.14)
(VI)	**Non-controlling Interest in all subsidiaries**				Mar 31, 2019	0.00%	-	(0.06%)	(0.44)	0.00%	-	0.00%	-
					Mar 31, 2018	0.20%	7.65	(0.21%)	(1.40)	0.00%	-	0.00%	-
			Total - March 31, 2019			100%	4,217.99	108%	785.54	107%	(4.77)	108%	780.77
			Total - March 31, 2018			100%	3,736.81	113%	660.97	119%	8.62	111%	669.59

Notes

(a) WOS refers to 'Wholly Owned Subsidiary'

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

5 During the year, the Group has capitalised the following directly relatable cost 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 Group.

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Cost of material consumed	9.37	7.53
Employee benefits expense	5.04	3.31
Other expenses	1.99	0.40
	16.40	**11.24**

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

a) Revenue Expenditure

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Cost of materials consumed	9.16	8.49
Employee benefits expense	50.49	37.82
Rent	-	1.35
Travelling and conveyance	3.22	4.55
Legal and professional	1.06	0.12
Other expenses	4.22	3.01
	68.15	**55.34**

b) Capital Expenditure

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Property, plant and equipment	9.68	3.07
Intangible Assets	1.60	1.28
	11.28	**4.35**
Total (a+b)	**79.43**	**59.69**

The Research and Development facilities are located at the Head office, Noida and at some plants of the group which 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 150% of the eligible expenditure incurred at these units under section 35 (2AB) of the Income Tax Act, 1961

7 Gratuity and other post-employment benefit plans

Disclosures pursuant to Ind AS - 19 "Employee Benefits"(specified under the section 133 of the Companies Act 2013 (the Act) read with Companies (Indian Accounting Standards) Rule 2015 (as amended from time to time) and other relevant provision of the Act) 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

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

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Employer's Contribution towards Provident Fund (PF)	32.62	28.29
Employer's Contribution towards Employee State Insurance (ESI)	0.93	1.07
	33.55	**29.36**

There are numerous interpretative issues relating to Supreme Court (SC) judgement dated February 28, 2019 on Provident Fund on the inclusion of allowances for the purpose of PF contribution as well as its applicability of effective date. The Group is evaluating and seeking legal inputs regarding various interpretative issues.

Defined Benefit Plan

The employees' Gratuity Fund Scheme of parent company , which is a defined benefit plan managed by the trust which maintains its investments with Life Insurance Corporation of India (LIC). Under the gratuity plan, every employee who has completed atleast five years of service gets a gratuity on departure @ 15 days of last drawn basic 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.

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:

a) Reconciliation of opening and closing balances of Defined Benefit obligation

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Present value of Defined Benefit obligation at the beginning of the year	71.18	59.00
Obligation assumed on acquisition of Lloyd business	-	4.37
Obligation transferred to group companies	(0.10)	-
Interest expense	5.30	4.56
Current service cost	11.59	10.06
Benefit paid	(4.99)	(4.25)
Remeasurement of (gain)/loss in other comprehensive income		
Actuarial changes arising from changes in financial assumptions	(6.95)	(2.52)
Actuarial changes arising from changes in experience adjustments	15.06	(0.04)
Defined Benefit obligation at year end	**91.09**	**71.18**

b) Reconciliation of opening and closing balances of fair value of plan assets

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Fair value of plan assets at beginning of the year	58.33	45.45
Expected return on plan assets	4.79	3.91
Employer contribution	12.19	13.16
Remeasurement of (gain)/loss in other comprehensive income		-
Return on plan assets excluding interest income	0.81	(0.03)
Benefits paid	(4.49)	(4.16)
Fair value of plan assets at year end	**71.63**	**58.33**

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c) Net defined benefit asset/ (liability) recognised in the balance sheet

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Fair value of plan assets	71.63	58.33
Present value of defined benefit obligation	(91.09)	(71.18)
Amount recognised in Balance Sheet- Asset / (Liability)	**(19.46)**	**(12.85)**
Current portion {refer note 20(i)}	(19.40)	(12.35)
Non-current portion {refer note 15(i)}	(0.06)	(0.50)

d) Net defined benefit expense (recognised in the statement of profit and loss for the year)

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Current service cost	11.59	10.06
Net interest cost	0.51	0.64
Net defined benefit expense debited to statement of profit and loss	**12.10**	**10.70**

e) Remeasurement (gain)/ loss recognised in other comprehensive income

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	(6.95)	(2.52)
Actuarial changes arising from changes in experience adjustments	15.06	(0.04)
Return on plan assets excluding interest income	(0.81)	0.03
Recognised in other comprehensive income	**7.30**	**(2.53)**

f) Broad categories of plan assets as a percentage of total assets

	Year ended March 31, 2019	Year ended March 31,2018
Insurer managed funds	**100%**	**100%**

g) Principal assumptions used in determining defined benefit obligation

	Year ended March 31, 2019	Year ended March 31,2018
Mortality table (LIC)	2012-14	2006-08
	(Ultimate)	(Ultimate)
Discount rate (per annum)	6.85 to 7.65%	7.25% to 7.70%
Salary escalation	8.50% to 9.00%	8.50% to 9.00%
Attrition rate	7.00% to 28.00%	7.00% to 28.00%

h) Quantitative sensitivity analysis for significant assumptions is as below:

	Year ended March 31, 2019	Year ended March 31,2018
Increase / (decrease) on present value of defined benefits obligations at the end of the year		
Discount Rate		
Increase by 0.50%	(3.11)	(2.72)
Decrease by 0.50%	3.55	2.91

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

	Year ended March 31, 2019	Year ended March 31,2018
Salary Increase		
Increase by 0.50%	3.51	2.55
Decrease by 0.50%	(3.14)	(2.43)
Attrition Rate		
Increase by 0.50%	(0.27)	(0.35)
Decrease by 0.50%	0.30	0.20

I) **Maturity profile of defined benefit obligation**

	Year ended March 31, 2019	Year ended March 31,2018
Within the next 12 months (next annual reporting period)	6.85	5.54
Between 2 and 5 years	45.00	30.96
Between 5 and 10 years	133.46	116.89
Total expected payments	**185.31**	**153.39**

j) The average duration of the defined benefit plan obligation at the end of the reporting period is:

Havells India Limited	23.36 years	23.64 years
Promptec Renewable Energy Solutions Private Limited	3.45 years	25.70 years

k) The plan assets of parent company are maintained with Life Insurance Corporation of India (LIC).

l) The Group expects to contribute ₹ 19.40 Crores (March 31,2018 : ₹ 12.34 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.

8 Segment Reporting

The segment reporting of the Group has been prepared in accordance with Ind AS-108, “Operating Segment” (specified under the section 133 of the Companies Act 2013 (the Act) read with Companies (Indian Accounting Standards) Rule 2015 (as amended from time to time) and other relevant provision of the Act). For management purposes, the Group is organised into business units based on its products and services and has five 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 (LED), Solar and luminaries.
Electrical Consumer Durables	:	Fans, Water Heaters, Coolers, Personal Grooming, Water Purifier, and Domestic Appliances
Lloyd Consumer	:	Air Conditioner, Television and Washing Machine

Notes to Consolidated Financial Statements

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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

A. Revenue

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Segment Revenue		
Switchgears	1,680.20	1,424.45
Cables	3,234.60	2,683.41
Lighting and fixtures	1,309.21	1,177.44
Electrical consumer durables	1,993.86	1,569.57
Lloyd Consumer	1,855.56	1,414.14
	10,073.43	**8,269.01**
Inter Segment Sale	**-**	-
Total revenue	**10,073.43**	**8,269.01**

B. Results

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Segment Results		
Switchgears	646.38	557.20
Cables	521.71	438.03
Lighting and fixtures	381.13	333.83
Electrical consumer durables	534.92	420.15
Lloyd Consumer	317.57	268.32
Segment operating profit	**2,401.71**	**2,017.53**
Reconciliation of segment operating profit to operating profit		
Unallocated:		
Employee benefits expense	(690.70)	(535.35)
Other expenses	(673.13)	(552.34)
Other income net of miscellaneous expenses	122.51	90.97
Operating Profit	**1,160.39**	**1,020.81**
Finance costs {refer note 29}	(16.25)	(24.83)

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(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Profit before tax and Exceptional Item	**1,144.14**	**995.98**
Exceptional items {profit/(loss)}	-	(18.67)
Profit before tax and after Exceptional Item	**1,144.14**	**977.31**
Income tax expense {refer note 16}	358.27	303.83
Profit for the year from continuing operations	**785.87**	**673.48**
Profit/ (loss) for the year from discontinued operations	**(0.33)**	**(12.51)**
Profit after tax	**785.54**	**660.97**

C. Reconciliations to amounts reflected in the financial statements

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Segment Assets		
Switchgears	684.75	640.28
Cables	798.71	757.94
Lighting and fixtures	601.85	542.99
Electrical consumer durables	761.45	505.54
Lloyd Consumer	2,631.61	2,195.26
Segment operating assets	**5,478.37**	**4,642.01**
Reconciliation of segment operating assets to total assets		
Cash and bank balance {refer note 6(B),10(B) and (C)}	1,311.38	1,561.98
Assets classified as held for sale (refer note 12)	17.88	17.10
Others	364.66	386.42
Total assets	**7,172.29**	**6,607.51**
Segment Liabilities		
Switchgears	309.78	307.51
Cables	513.33	529.05
Lighting and fixtures	226.80	248.44
Electrical consumer durables	460.53	385.01
Lloyd Consumer	504.31	646.82
Segment operating liabilities	**2,014.75**	**2,116.83**
Reconciliation of segment operating liabilities to total liabilities		
Deferred tax liability {refer note 16(d)}	320.30	211.68
Borrowings {refer note 14(A), 18(A) and 18(C)}	94.50	115.38
Liabilities directly associated with disposal group classified as held for sale {Refer note 33(4)}	-	0.13
Others	524.75	426.68
Total liabilities	**2,954.30**	**2,870.70**
Other non-current assets		
Switchgears	11.89	8.33
Cables	9.36	0.08
Lighting and fixtures	0.12	0.08
Electrical consumer durables	5.35	2.99
Lloyd Consumer	2.12	1.74
	28.84	**13.22**
Others	29.90	26.93
	58.74	**40.15**

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Capital Expenditure		
Switchgears	41.02	37.38
Cables	79.14	15.75
Lighting and fixtures	8.22	11.49
Electrical consumer durables	22.71	21.16
Lloyd Consumer	270.12	1,555.93
	421.21	**1,641.71**
Others	56.27	39.07
	477.48	**1,680.78**
Depreciation and Amortisation Expenses		
Switchgears	40.75	41.52
Cables	43.05	40.21
Lighting and fixtures	20.10	18.23
Electrical consumer durables	28.36	22.12
Lloyd Consumer	20.35	18.41
	152.61	**140.49**
Non-cash expenses other than depreciation		
Switchgears	2.38	2.25
Cables	6.33	2.84
Lighting and fixtures	3.81	4.27
Electrical consumer durables	3.06	1.76
Lloyd Consumer	0.01	0.01
	15.59	**11.13**
Others	-	-
	15.59	**11.13**
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	9,746.00	8,036.99
Revenue-Overseas Market:	327.43	232.02
	10,073.43	**8,269.01**

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Geographical Segment assets		
Within India	7,083.43	6,505.99
Outside India	88.86	101.52
	7,172.29	**6,607.51**
Geographical Non-current operating assets		
Within India	3,203.70	2,882.82
Outside India	15.12	-
	3,218.82	**2,882.82**

Note:- Non Current assets for this purpose consist of Property, plant & equipment, investment property, goodwill, other intangible assets and other non current assets.

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Geographical Capital Expenditure		
Within India	477.48	1,680.78
Outside India	-	-
	477.48	**1,680.78**

9 Related party transactions

The related parties as per the terms of Ind AS-24,"Related Party Disclosures", (under the section 133 of the Companies Act 2013 (the Act) read with Companies (Indian Accounting Standards) Rule 2015 (as amended from time to time) and other relevant provision of the Act) 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 Group)

(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 Central Hospital and Research Centre Ltd
QRG Medicare limited

(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
Dr. Adarsh Kishore
Shri Sunil Behari Mathur (retired on May 24, 2017)
Shri Surender Kumar Tuteja
Smt. Pratima Ram
Shri Vellayan Subbiah
Shri Puneet Bhatia
Shri T.V. Mohandas Pai
Shri Surjit Kumar Gupta
Shri Jalaj Ashwin Dani (w.e.f August 16, 2017)
Shri U K Sinha (w.e.f March 01, 2018)

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(C) Transactions during the year

(i) Purchase of traded goods and stores and spares (Refer note (c) below)

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Joint Venture		
Jiangsu Havells Sylvania Lighting Co. Ltd.	-	0.41
	-	**0.41**

(ii) Sale of products (Refer note (c) below)

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Enterprises in which directors are interested		
QRG Central Hospital and Research Centre Ltd	0.05	0.19
QRG Medicare limited	0.43	0.33
	0.48	**0.52**

(iii) Commission on sales

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Enterprises in which directors are interested		
Guptajee and Company	**13.70**	**8.69**

(vi) Rent / Usage Charges Paid

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Enterprises in which directors are interested		
QRG Enterprises Limited	**22.83**	**19.34**

(v) CSR Contribution

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Enterprises in which directors are interested		
QRG Foundation	**2.47**	**2.55**

(vi) Contribution to post employee benefit plan

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Havells India Limited Employees Gratuity Trust	**12.19**	**13.18**

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

(vii) Managerial remuneration

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Key Management Personnel		
Salaries, wages, bonus, commission and other benefits	38.46	32.36
Contribution towards PF, Family Pension and ESI	1.37	1.03
ESPP expense	5.54	5.03
Non-Executive Directors		
Director sitting fees	0.41	0.28
Commission	0.90	0.39
	46.68	**39.09**

(viii) Purchase of equity shares in Llyod Consumer Private Limited

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31,2018
Key Management Personnel {refer note below}		
Shri Anil Rai Gupta	-	0.00
Shri Ameet Kumar Gupta	-	0.00
	-	**0.00**

Note: During the previous year , the parent company had purchased 500 equity shares of ₹ 10 each in Llyod Consumer Private Limited from directors. Since the amounts are rounded off to the nearest crore of rupees upto two decimal places, hence the figure 0.00 represents the amount of ₹ 5,000/-

(D) Balances at the year end

(i) Enterprises in which directors exercise significant influence

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
Guptajee & Company	2.68	3.29
	2.68	**3.29**

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 occur in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2019, 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, accordingly the amount pertaining to Key management personnel are not included above.

c) Purchase of goods and sale of goods has been reported gross off Goods and Service Tax

10 Share based payments

The Group has in place following employee stock purchase plan approved by shareholder of the parent company in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) regulators, 2014 :

a) Havells Employee Long Term Incentive Plan 2014 : In accordance with this scheme, 167,135 (March 31, 2018 : 139, 673) shares of Re. 1 each were granted, vested and allotted on May 10, 2018 (March 31, 2018 : May 11, 2017) to eligible employees at ₹ 553.90 (March 31, 2018 : ₹ 502.15) per share as contributed by these employees. As per the scheme, 50% of the shares are under lock in period of 13 months and balance 50% for 2 years. Also as per the

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

scheme, the parent company is obliged to pay 50% of the contribution made by eligible employees as retention bonus over a period of two years in equal installments. Accordingly, a sum of ₹ 3.85 crores (March 31, 2018 : ₹ 3.04 crores) has been recognised as employee stock purchase plan expense in note 28.

b) Havells Employee Stock Purchase Plan 2015 : In accordance with this scheme, 150,000 (March 31, 2018: 150,000) shares of Re. 1 each were granted, vested and allotted on May 10, 2018 (March 31, 2018 : May 11, 2017) at ₹ 553.90 (March 31, 2018 : ₹ 502.15) per share to eligible employees as contributed by the parent company. As per the scheme, 78% of the shares are under lock in period of 13 months and remaining 22% are under lock in period for 2 years. Accordingly, a sum of ₹ 8.31 crores (March 2018 :₹ 7.53 crores) has been recognised as employee stock purchase plan in note 28.

c) Havells Employee Stock Purchase Plan 2016 : In accordance with the said scheme, 11,533 (March 31, 2018: 10,377) shares of Re. 1 each were granted to eligible employees with graded vesting in three years starting from 2018. During the year, 7302 equity shares of Re.1 each (March 31, 2018 : 3458 equity shares) were attotted at ₹ 553.90 (March 31, 2018 : ₹ 502.15) per share on May 10, 2018. Accordingly, a sum of ₹ 0.67 crores has been recognised as employee stock purchase plan expense in note 28 out of which stock option outstanding of ₹ 0.27 crores in note 13.

(i) Set out below is a summary of options granted during under the plan:

Summary of Stock Options	Year ended March 31, 2019		Year ended March 31, 2018	
	Number of Stock Options	Weighted average exercise price per share option	Number of Stock Options	Weighted average exercise price per share option
Options outstanding at the beginning of the year	6,919	502.15	-	-
Options granted during the year	3,28,668	553.90	3,00,050	502.15
Options vested and exercised during the year	3,24,437	553.90	2,93,131	502.15
Options outstanding at the end of the year	**11,150**	**-**	**6,919**	

The weighted average share price at the date of exercise of options exercised during the year ended March 31, 2019 was ₹ 495.83 per share (March 31, 2018 : ₹ 471.20)

No options expired during the period covered in the above table

(ii) Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Particulars	As at March 31, 2019		As at March 31, 2018
Grant date	May 10, 2018	May 11, 2017	May 11, 2017
Expiry date	2020-21	2019-20	2019-20
Outstanding share options	7,689	3,461	6,919
Weighted average remaining contractual life of options outstanding at the end of the year	2 years	1 year	2 years

The fair value at grant date of options granted during the year ended March 31, 2019 was ₹ 549.12 per share (March 31, 2018 was ₹ 496.74 per share). The fair value at the grant date is determined using Black Scholes valuation model which takes into account the exercise price , the terms of the options , the share price at grant date and expected price volatility of the underlying shares , the expected dividend yield and the risk free interest rate for the term of the option.

(iii) The Model inputs for options granted:

Particulars	Year ended March 31, 2019	Year ended March 31,2018
Expected Price volatility of the company's share	31.76%	30.71%
Expected Dividend Yield	0.52%	0.65%
Share price at the grant date	₹ 553.90	₹ 502.15
Risk free interest rate	7.34%	7.50%

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

(iv) The expected price volatility is based on the historical volatility (based on remaining life of the options), adjusted for any expected change to future volatility due to publically available information.

(v) Expense arising from shared based payment transactions

(₹ in crores)

Particulars	Year ended March 31, 2019	Year ended March 31,2018
Havells Employees Long Term Incentive Plan 2014	3.85	3.04
Havells Employees Stock Purchase Plan 2015	8.31	7.53
Havells Employees Stock Purchase Plan 2016	0.67	0.17
Total expense recognised in the statement of profit and loss account as a part of employee benefit expense:	**12.83**	**10.74**

11 Corporate Social Responsibility

As per provisions of section 135 of the Companies Act, 2013, the parent 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 parent company has contributed a sum of ₹ 17.44 crores (March 31, 2018: ₹ 14.95 crores) towards this cause and charged the same to the Statement of Profit And Loss. The funds are primary allocated to QRG foundation, a society exempted under section 12A of the Income Tax Act, 1961 for undertaking Mid-Day meal scheme and Aga Khan Foundation India, a private non-profit foundation registered u/s 592 of Companies Act, 1956, engaged in restoration and conservation of various heritage monuments, Kerla relief fund and construction of bio toilet.

(₹ in crores)

Details of CSR Expenditure:	Year ended March 31, 2019	Year ended March 31,2018
a) Gross amount required to be spent by the Group during the year	17.29	14.82

b) Amount spent during year

(₹ in crores)

Particulars	Amount spent		Amount yet to be spent		Total	
	Year ended March 31, 2019	Year ended March 31,2018	Year ended March 31, 2019	Year ended March 31,2018	Year ended March 31, 2019	Year ended March 31,2018
(i) Construction/ acquisition of assets	3.69	2.43	-	-	3.69	2.43
(ii) Contribution to Trust/Universities	12.12	2.55	-	-	12.12	2.55
(iii) On Purpose other than above	1.63	9.97	-	-	1.63	9.97
Total Amount Spent	**17.44**	**14.95**	**-**	**-**	**17.44**	**14.95**

12 Fair value measurements

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments and investment property:

(₹ in crores)

	Carrying Value		Fair Value	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Investment property valued at cost				
Investment property	-	53.79	-	88.65
Financial assets valued at amortised cost				
Cash and bank balances (current)	1,311.37	1,561.57	1,311.37	1,561.57
Trade receivables	424.20	327.75	424.20	327.75
Other bank balance (non-current)	0.01	0.41	0.01	0.41

Notes to Consolidated Financial Statements
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Other financial assets (current)	30.05	28.36	30.05	28.36
Other financial assets (non-current)	21.38	17.62	21.38	17.62
	1,787.01	**1,935.71**	**1,787.01**	**1,935.71**
Financial Liabilities valued at amortised cost				
Trade payables	1,559.80	1,640.01	1,559.80	1,640.01
Borrowings (current)	-	7.38	-	7.38
Borrowings (non-current)	40.50	81.00	40.50	81.00
Other financial liabilities (non-current)	0.92	5.48	0.92	5.48
Other financial liabilities (current)	627.27	588.96	627.27	588.96
	2,228.49	**2,322.83**	**2,228.49**	**2,322.83**

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 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.

2) The fair values of the Group's interest-bearing borrowings and loans are determined by using effective interest rate (EIR) 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 2019 was assessed to be insignificant.

3) 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.

4) The Group had an investment property in current year which was transferred to property, plant and equipment upon termination of lease. In last year, the Group had obtained independent valuation for its investment property as at March 31, 2018 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.

5) **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

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

Quantitative disclosures of fair value measurement hierarchy for assets as on March 31, 2019

	Carrying value	Fair value		
	As at March 31, 2019	Level 1	Level 2	Level 3
Assets carried at amortised cost for which fair value are disclosed				
Cash and bank balances (current)	1,311.37	1,311.37	-	-
Other financial assets (current)	30.05	-	-	30.05
Trade receivables	424.20	-	-	424.20
Other financial assets (non-current)	21.38	-	-	21.38
Other bank balances (non-current)	0.01	0.01	-	-
Liabilities carried at amortised cost for which fair value are disclosed				
Trade payables	1,559.80	-	-	1,559.80
Borrowings (non-current)	40.50	-	-	40.50
Other financial liabilities (non-current)	0.92	-	-	0.92
Other financial liabilities (current)	627.27	-	-	627.27

	Carrying value	Fair value		
	As at March 31, 2018	Level 1	Level 2	Level 3
Assets carried at cost for which fair value are disclosed				
Investment property	53.79	-	-	88.65
Assets carried at amortised cost for which fair value are disclosed				
Cash and bank balances	1,561.57	1,561.57	-	-
Other financial assets (current)	28.36	-	-	28.36
Trade receivables	327.75	-	-	327.75
Other financial assets (non-current)	17.62	-	-	17.62
Other bank balances (non-current)	0.41	0.41	-	-
Liabilities carried at amortised cost for which fair value are disclosed				
Trade payables	1,640.01	-	-	1,640.01
Borrowings (current)	7.38	-	-	7.38
Borrowings (non-current)	81.00	-	-	81.00
Other financial liabilities (non-current)	5.48	-	-	5.48
Other financial liabilities (current)	588.96	-	-	588.96

Note: The management assessed that cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

13 Financial risk management objectives and policies

The Group's principal financial liabilities, 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 parent 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 Group are accountable to the Board of Directors and Audit Committee for their respective Group companies. This process provides assurance to

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

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 reporting date. The analysis 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 and equity 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, 2019.

(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 party 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,CNY,KES,CHF & GBP exchange rates, with all other variables held constant. The impact on the Group's profit before tax and equity 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:

(₹ in crores)

Currency	Currency Symbol	March 31, 2019		Impact on profit before tax and equity	
		Foreign Currency	Indian Rupees	1% increase	1% decrease
Nepalese Rupee	NPR	NPR (0.20)	(0.12)	(0.00)	0.00
United States Dollar	USD	$(2.08)	(143.90)	(1.44)	1.44
EURO	EUR	€ (0.05)	(3.56)	(0.04)	0.04
Arab Emirates Dirham	AED	AED (0.01)	(0.26)	(0.00)	0.00
Kenyan Shilling	KES	KES (0.01)	(0.00)	(0.00)	0.00
Japanese Yen	JPY	JPY (12.84)	(8.03)	(0.08)	0.08
Chinese RMB\CNY	CNY	CNY (12.55)	(129.56)	(1.30)	1.30
Swiss Franc	CHF	CHF (0.00)	(0.08)	(0.00)	0.00
Great Britain Pound	GBP	GBP (0.15)	(13.58)	(0.14)	0.14

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for the year ended March 31, 2019

(₹ in crores)

Currency	Currency Symbol	March 31,2018		Gain/ (loss) Impact on profit before tax and equity	
		Foreign Currency	Indian Rupees	1% increase	1% decrease
Nepalese Rupee	NPR	NPR (0.05)	(0.03)	(0.00)	0.00
United States Dollar	USD	$(4.92)	(319.45)	(3.19)	3.19
EURO	EUR	€ 0.07	5.50	0.06	(0.06)
Arab Emirates Dirham	AED	AED (0.01)	(0.32)	(0.00)	0.00
Kenyan Shilling	KES	KES (0.01)	(0.00)	(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 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, 2019 comprise of term loan and working capital demand loan.

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

	2018-19		2017-18	
	Increase/ decrease in basis points	Impact on profit before tax	Increase/ decrease in basis points	Impact on profit before tax
Term loan/external commercial borrowing	+0.50	(0.47)	+0.50	(0.54)
	-0.50	0.47	-0.50	0.54
Working capital demand loan from bank	-	-	+0.50	(0.03)
	-	-	-0.50	0.03

(iii) Commodity Price Risk

The Group 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 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 mitigated the risk of price volatility by entering into the contract for the purchases 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.

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for the year ended March 31, 2019

(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, 2019, the Group had 59.01% (March 31,2018: 65.25%)of its trade receivable discounted from banks under Trade Receivable buyout facility. Out of the remaining debtors, the Group has 10 customers that owed the Group approx. ₹ 198.23 crores(March 31,2018 : 213.02 crores) and accounted for 43.97% (March 31,2018 : 62.74%) 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 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.

(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 2019 is the carrying amounts. The Group's maximum exposure relating to financial instrument is listed 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, 2019	As at March 31,2018
Financial assets for which allowance is measured using 12 months Expected Credit Loss Method (ECL)		
Cash and cash equivalents (current)	704.54	336.46
Bank balances other than above (current)	606.83	1,225.11
Other bank balances (non-current)	0.01	0.41
Others non current financial assets	21.38	17.62
Others current financial assets	30.05	28.36
	1,362.81	**1,607.96**
Financial assets for which allowance is measured using Life time Expected Credit Loss Method (ECL)		
Trade receivables	424.20	327.75
	424.20	**327.75**

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

The ageing analysis of trade receivables has been considered from the date the invoice falls due

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31,2018
Trade Receivables		
Neither past due nor impaired	234.42	167.79
0 to 180 days due past due date	130.48	98.29
More than 180 days past due date	59.30	61.67
Total Trade Receivables	**424.20**	**327.75**

The following table summarises the change in loss allowance measured using the life time expected credit loss model:-

(₹ in crores)

	As at March 31, 2019	As at March 31,2018
As at the beginning of year	17.83	12.25
Provision during the year	8.81	7.86
Reversal of provision	-	(2.27)
Exchange loss/(gain) during the year	-	(0.01)
As at the end of year	**26.64**	**17.83**

(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, 2019	Less than 1 year	1 to 5 years	Total
Borrowings	54.00	40.50	94.50
Trade payables	1,559.80	-	1,559.80
Other non-current financial liabilities	-	0.92	0.92
Other current financial liabilities	573.27	-	573.27

As at March 31, 2018	Less than 1 year	1 to 5 years	Total
Borrowings	34.38	81.00	115.38
Trade payables	1,640.01	-	1,640.01
Other non-current financial liabilities	-	5.48	5.48
Other current financial liabilities	561.96	-	561.96

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

14 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 safeguard its ability to continue as going concern and 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, 2019 and March 31, 2018. The Group monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as loans and borrowings less cash and cash equivalent.

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31,2018
Loans and borrowings {refer note 14(A) and 18(C)}	94.50	115.38
Cash and cash equivalents {refer note 10(B)}	(704.54)	(336.46)
Net Debt	**(610.04)**	**(221.08)**
Equity / net worth	4,217.99	3,729.16
Total Capital	**4,217.99**	**3,729.16**
Total Capital and Net Debt	**3,607.95**	**3,508.08**
Gearing ratio (Net Debt/Capital and Net Debt)	**(16.91%)**	**(6.30%)**

Note: No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2019 and March 31, 2018

15 Earnings per share

a) Basic Earnings per share

(₹ in crores)

		Year ended March 31, 2019	Year ended March 31, 2018
Numerator for earnings per share			
Profit attributable to equity holders of the parent:			
Continuing operations	(₹ in crores)	785.87	673.48
Discontinued operations	(₹ in crores)	(0.33)	(12.51)
		785.54	**660.97**
Weighted average number of equity shares outstanding during the year for basic earning per share	(Numbers)	625,414,245	625,095,468
Effect of dilution			
Share options	(Numbers)	11,258	6,246
Weighted average number of equity shares outstanding during the year adjusted for the effect of dilution	(Numbers)	**625,425,503**	**625,101,714**
Earnings per equity share(EPS) from continuing operations			
(nominal value of share ₹1/-)			
Basic EPS (₹)	₹	12.57	10.77
Diluted (EPS) (₹)	₹	12.57	10.77
Earnings per equity share(EPS) from discontinued operations			
(nominal value of share ₹1/-)			
Basic EPS (₹)	₹	(0.01)	(0.20)
Diluted (EPS) (₹)	₹	(0.01)	(0.20)
Earnings per equity share (EPS) from continuing and discontinued operations			
(nominal value of share ₹1/-)			
Basic EPS (₹)	₹	12.56	10.57
Diluted (EPS) (₹)	₹	12.56	10.57

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

16 Dividend Paid And Proposed

Dividend declared and paid during the year:

	Year ended March 31, 2019	Year ended March 31, 2018
Final Dividend paid for the year ended March 31, 2018 ₹ 4.00/- per share (March 31, 2017 : ₹ 3.5/- per share)	250.19	218.80
Dividend distribution tax	51.43	44.54
	301.62	**263.34**
Proposed Dividends on equity shares:		
Final Dividend recommended by the board of directors for the year ended March 31, 2019 ₹ 4.50 per share (March 31, 2018: ₹ 4.00/- per share) subject to approval of shareholders in the ensuing annual general meeting.	281.46	250.06
Dividend distribution tax	57.86	51.40
	339.32	**301.46**

Note: Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as liability, (Including Dividend distribution Tax) as at reporting date.

17 Events occurring after balance sheet date

Refer to note 16 for the final dividend recommended by the Directors which is subject to approval of the shareholders in the ensuing annual general meeting.

18 The figures have been rounded off to the nearest crore of rupees upto two decimal places. The figure 0.00 wherever stated represents value less than ₹ 50,000/-.

19 Note No.1 to 33 form integral part of the balance sheet and statement of profit and loss.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Registration No. 301003E
/E300005

Per **Vikas Mehra**
Partner
Membership No. 094421

Date: May 29, 2019
Place: Noida

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

Sachin Sharma
Executive Vice President
(Finance)

Sanjay Kumar Gupta
Company Secretary
FCS No.: F 3348

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

(₹ in crores)

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	Investment other than Subsidiaries	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	OCI	Total OCI	Proposed Dividend	% of Shareholding
				Currency	Exchange Rate														
1	Havells Holdings Limited	Isle of Man	31/03/2019	EURO	77.70	13.65	(9.23)	21.99	17.57	4.42	-	-	3.32	-	3.32	(1.19)	2.13	-	100%
2	Havells International Limited	Malta	31/03/2019	EURO	77.70	161.24	(161.01)	0.27	0.04	0.23	-	-	(27.32)	-	(27.32)	-	(27.32)	-	100%
3	Havells Sylvania Iluminacion (Chile) Ltda	Chile	31/03/2019	CLP	0.10	3.88	(3.88)	-	-	-	-	-	-	-	-	-	-	-	100%
4	Standard Electrical Limited	India	31/03/2019	INR	1.00	0.05	(0.01)	0.04	-	0.04	-	-	-	-	-	-	-	-	100%
5	Havells Global Limited	India	31/03/2019	INR	1.00	0.05	(0.01)	0.04	-	0.04	-	-	-	-	-	-	-	-	100%
6	Lloyd Consumer Private Limited	India	31/03/2019	INR	1.00	0.05	-	0.05	-	0.05	-	-	-	-	-	-	-	-	100%
7	Promptec Renewable Energy Solutions Private Limited	India	31/03/2019	INR	1.00	2.64	4.34	14.05	7.07	6.98	-	24.06	(9.16)	(4.99)	(4.17)	0.02	(4.15)	-	100%
8	Havells Guanzhou International Limited	China	31/12/2018	CNY	10.18	0.45	2.12	3.23	0.66	2.57	-	5.72	2.58	0.64	1.94	0.02	1.96	-	100%
9	Havells Exim Limited	Hongkong	31/03/2019	USD	70.93	0.13	(0.09)	0.04	-	0.04	-	6.85	(0.27)	-	(0.27)	0.14	(0.13)	-	100%

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**	December 31, 2018
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 ₹ 17.29 crores) (Refer note no. 33(3)(c))
	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. 33(3)(c))
6	**Net worth attributable to shareholding as per latest audited Balance Sheet**	₹ 15.82 crores
7	**Profit / Loss for the year**	
	i. Considered in Consolidation	0
	ii. Not Considered in Consolidation	(₹ 2.62 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

Sachin Sharma
Executive
Vice President
(Finance)

Sanjay Kumar Gupta
Company Secretary
FCS No.: F 3348

Date: May 29, 2019
Place: Noida

Progress at a Glance of Last 10 Years- Havells India Limited (Standalone)

(₹ in crores)

Performance for the Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Turnover (Gross)*	2476.18	3045.60	3830.56	4506.37	5031.11	5557.79	5,775.42	6,585.96	8,260.27	10,057.62
Less: Excise Duty	104.77	163.95	214.95	281.38	311.42	319.10	397.10	450.70	121.70	-
Turnover (Net)	2,371.41	2,881.65	3,615.61	4,224.99	4,719.69	5,238.69	5,378.32	6,135.26	8,138.57	10,057.62
Profitability										
Earnings Before Interest, Depreciation, Taxes and Amortisation	305.48	337.30	459.07	534.86	641.60	699.10	754.93	824.14	1,049.29	1,192.19
Profit before Tax	290.31	309.87	373.81	457.18	595.10	646.25	909.03	768.83	1,014.70	1,155.26
Profit After Tax	228.16	242.05	305.43	371.39	478.69	464.94	712.03	539.04	712.52	791.52
Financial Position										
Share Capital	31.19	62.39	62.39	62.39	62.39	62.44	62.46	62.49	62.51	62.55
Other Equity	1,104.00	1,278.42	1,545.93	1,807.83	2,067.46	2,313.35	2,891.21	3,211.09	3,676.64	4,179.98
Loan funds	115.81	133.62	128.58	108.78	195.52	83.46	44.40	198.05	108.00	94.50
Other Liabilities	416.17	642.13	854.44	817.38	1,020.99	1,146.23	1,004.65	1,374.60	2,487.31	2,520.38
Gross Block	673.64	829.91	975.32	1,108.91	1,188.23	1,349.03	1,328.52	1,452.27	3,111.48	3,630.73
Net Block	601.23	730.30	833.95	913.54	934.06	1,007.32	1,208.56	1,221.74	2,755.42	3,132.96
Total investments	531.71	715.47	775.07	791.92	882.52	1,011.76	309.61	227.41	41.70	58.26
Cash and Bank Balance	68.23	49.18	136.21	246.54	626.16	522.34	1,365.21	1,937.53	1,526.17	1,284.83
Other Assets	509.79	675.23	901.72	906.28	955.36	1,107.43	1,205.60	1,573.31	2,218.12	2,703.03
Earning per share										
EPS-as reported	36.57	19.40	24.48	29.76	38.36	7.45	11.40	8.63	11.40	12.66
EPS-adjusted for bonus issue/split	3.66	3.88	4.90	5.95	7.67	7.45	11.40	8.63	11.40	12.66

Note: *The financial results summary from financial year 2015-16 onwards are prepared in accordance with Ind-AS and financial results for other financial years are prepared as per the prevailing GAAP.*

**Turnover gross is after deducting turnover discount , incentive and rebates.*

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HAVELLS

Havells India Limited

Regd. Office: 904, 9th Floor, Surya Kiran Building, K G Marg, Connaught Place, New Delhi – 110 001

Corp. Office: QRG Towers, 2D, Sector 126, Expressway, Noida – 201 304 (U.P.)
Ph.: +91-120-3331000, **Fax:** +91-120-3332000

Email: marketing@havells.com

www.havells.com

Consumer Care No.: 1800 11 0303, 1800 103 1313 (All Connections), 011- 41660303 (Landline)
Join us on Facebook at www.facebook.com/havells and share your ways to save the planet!

CIN: L31900DL1983PLC016304

27th June, 2019

The National Stock Exchange of India Limited Exchange Plaza, 5th Floor Plot No. C/1, G Block Bandra Kurla Complex Bandra (E) **Mumbai- 400 051** **NSE Symbol : HAVELLS**	BSE Limited Phiroze Jeejeebhoy Towers Dalal Street **Mumbai- 400 001** **Scrip Code : 517354**

Sub: Sustainability Report for FY 2018-19

Dear Sir,

Please find enclosed herewith the **Sustainability Report** of the Company published for the financial year 2018-19.

Kindly acknowledge receipt.

Thanking you.

Yours faithfully
For **Havells India Limited**

(Sanjay Kumar Gupta)
Company Secretary

Encl: A/a

HAVELLS INDIA LTD.
Corporate Office: QRG Towers, 2D, Sector 126, Expressway, Noida - 201304, U.P (INDIA)
Tel: +91-120-3331000, Fax: +91-120-3332000
E-mail: marketing@havells.com, www.havells.com
Registered Office: 904, 9th Floor, Surya Kiran Building,
K.G. Marg, Connaught Place, New Delhi - 110001. (INDIA)
Consumer Care No.:
1800 103 1313, 1800 11 0303 (All Connections), 011-4166 0303 (Landline)
CIN: L31900DL1983PLC016304
GSTIN: 09AAACH0351E1Z3

HAVELLS

Sustained efforts for Sustainable Growth

7th Sustainability Report 2018-19

What's Inside

Our Approach

Havells business philosophy is built around environment and communities that are of paramount importance to us. Our focus has been on reducing our environmental footprint particularly around reducing emissions to combat climate change which is viewed as the largest threat not only to businesses but the entire mankind. Our commitment to "Call to Action", an initiative based on Science Based Targets, is directed to reduce our absolute emissions below 1.5 degrees threshold.

Over the last three years, we have reduced our energy intensity by 42%. We continue to enhance our renewable energy footprint. Today over 6% of our energy consumption across our plants comes from roof-top solar. We became one of the few companies in the country to be Water Positive. With an aim to provide better quality of air to our future generations and be carbon positive, we planted over 2 lakh trees in FY 18-19.

We have been reporting our Scope 1 and Scope 2 emissions since 2013 and are proud to say that our initiatives have helped us in further reducing these emissions. From this year, we have started reporting on Scope 3 emissions generated by "Employee Commuting" and will strive to reduce the same.

Our debut participation in Dow Jones Sustainability Index (DJSI) was encouraging. We ranked 7th globally in Electrical Components & Equipment Category and scored 96 in both Environmental Reporting and Occupational Health & Safety. This underscores our visible testimony and pledge to environment protection and management, concern for the health & safety of our employees and of the society at large.

Another important highlight of the year was that the Company set up its first greenfield project for manufacturing Air Conditioners and other consumer durables at Ghiloth, Rajasthan. The plant commenced operation in March 2019 and is expected to run at optimum capacity by October 2019. The quality is being assured through multiple tiers of rigorous tests in the manufacturing process and through in-house NABL accredited laboratory.

With our continuous endeavour to keep people and planet as our first priority we strive in our operations to lower our carbon footprint and aim to be a carbon positive company. We strive to enhance our social performance through community engagement and ensuring well-being of people around us. This will help us in continuing our environmental and social stewardship in order to provide a sustainable foundation for our future growth.

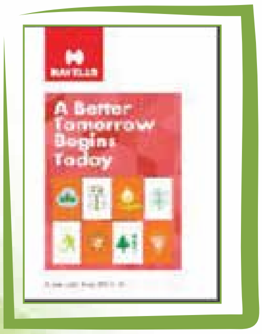
Our Sustainability Journey

FY 13

FY 14

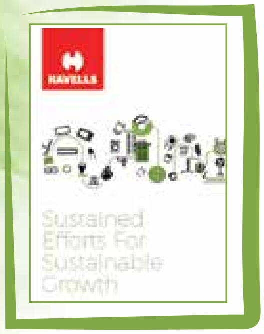
FY 15

FY 16

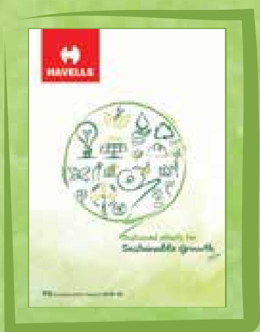


FY 17

FY 18



FY 19



Highlights

Planet

42%
Emission Intensity Reduced from 2015-16

45%
of Water Recycled

4.5
GWh of Renewable Energy Generated

2,00,000
Planted trees

People

60,000
Mid-day meals meals per day

4,000
Bio-Toilets till FY 2019

9,30,00,000
Over meals served so far, since 2005

48,181
Over man hours of training

Profit

₹ 10,058 Cr
Net Revenue

₹ 792 Cr
Net Profit

₹ 832 Cr
Employee Expenditure

₹ 17.4 Cr
CSR Expenditure

Chairman's Message

Dear Stakeholders,

I am happy to present to you the 7th edition of our Sustainability Report. It is our long-standing belief that the business can only be as strong and successful as the communities we serve are. Our core philosophy of 'Shubh Laabh' has been at the forefront of our sustainability journey, where we believe in 'doing good deeds and profits would follow'. The journey has been immensely enriching and rewarding.

For the last seven years, this report has traced the contours of Havells performance across all the dimensions of the Triple Bottom Line- People, Profit and Planet. As we continue to expand our way into new market segments and product categories this past year, our revenues grew by 24% and profit by 11% as compared to last year, vindicating our core philosophy.

I am pleased to note that the progress we made in embracing sustainability internally and across our value chain has earned Havells global recognition. In the first year of our participation in Dow Jones Sustainability Index, we took the 7th place globally in Electrical Components & Equipment Category and have a leadership position in both Environmental Reporting and Occupational Health & Safety, a testimony to our commitment towards environment and health & safety of our employees.

We are reducing our impact on climate change by using clean energy sources and driving energy efficiency in our operations. Over 6% of our energy across our plants is now coming from solar energy thus reducing our GHG emissions.

Amidst the acceleration of global efforts to mitigate climate change risks, your company continues to make efforts to drive change through innovation. We have committed to 'Call to Action" initiative from

Science Based Targets and are on the path to meet the requirement of reducing our absolute emissions and limit global warming to 1.5°C. In line with the target, we have planted 2 lakh trees in the reporting period sequestering close to 4,300 tonnes of CO2 per year.

The world is undergoing transformational technological change. Keeping in-sync with this change, we have launched several mobile applications and portals to bring our customers, partners and consumers closer. We have also launched a range of products that are smart and IoT (Internet of Things) ready, adding to the convenience of our consumers.

We continue to invest in state of the art technology across our plants. Our Ghiloth plant that recently commenced its commercial production is on track to be a certified green building and is equipped with next generation technology including robots and automated guided vehicles for higher productivity and quality control.

Our people have been vital to our success. Their training and development has been a focus area for the company. During the reporting period we hired around 1900 people and invested over 48000 man hours of training for continued development of our people.

Owing to our core philosophy, we are committed to the well-being and growth of the communities around us. We take pride to have created several initiatives across health, sanitation and hunger prevention that continue to deliver long-lasting value. Our mid-day meal programme in Rajasthan continues to feed over 60,000 children every day. We have built over 4000 bio-toilets and provided reusable sanitary napkins to over 22000 girls.

I thank all employees, the board and other stakeholders for their whole-hearted commitment, engagement, and contribution in our journey. Going forward, we will strive to pursue sustainable practices in the management of all business areas, continue growing, and shape a better future together with our valued stakeholders.

We look forward to your continued support and interest.

Regards

Anil Rai Gupta

Our people have been vital to our success. Their training and development has been a focus area for the company

About the Report

This report discloses the sustainability performance of Havells as a group across India for the reporting period from 1st April 2018 to 31st March 2019

Our commitment towards integrating sustainability in our operations has been highlighted in the Sustainability Report. The Company's performance refers to all of its operating units. The report is prepared in line with the requirements of the BRR (Business Responsibility Reporting) and in accordance with the 'Comprehensive' option of Global Reporting Initiative (GRI) Standards Comprehensive. Guidance from the globally recognised standards such as the World Resources Institute, Green House Gas (GHG) Protocol, IPCC (Intergovernmental Panel on Climate change) and principles of United Nations Global Compact network (UNGC) have been applied to energy and emission calculations. Applicable national and local laws, rules and regulations have been taken into account for calculation and disclosure of environmental, social and safety performance indicators.

The Statutory Statements and Financial Reports which are part of this document adhere to: the requirements of the Companies Act, 2013 (including the rules made thereunder), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Indian Accounting Standards and the applicable Secretarial Standards.

Report Boundary

Havells Facilities	Performance Indicators Covered in Report		
	Economic	Environmental	Social
Manufacturing units			
(a) Alwar, Rajasthan	Y	Y	Y
(b) Baddi, Himachal Pradesh	Y	Y	Y
(c) Neemrana, Rajasthan	Y	Y	Y
(d) Faridabad, Haryana	Y	Y	Y
(e) Haridwar Fans, Uttarakhand	Y	Y	Y
(f) Haridwar Standard Uttarakhand	Y	Y	Y
(g) Sahibabad, Uttar Pradesh	Y	Y	Y
(h) Guwahati, Assam	Y	Y	Y
Corporate Office			
(a) Noida, Uttar Pradesh	Y	Y	Y

Data Integrity

We have exercised strict internal controls to collect and analyse the relevant data that we have shared to support the various disclosures in this report. The information related to environmental and social sustainability indices is captured from our integrated data management system.

We strive to ensure that all information provided in this report is accurate and reliable, besides being unbiased, comparable and comprehensible. Wherever applicable, we have taken care to cite any significant limitations in the information presented in this report. With our commitment to total transparency, we have also taken adequate steps to communicate the impact of our business on the people and the planet in a fair and balanced manner.

(Note: You may find some anomalies in the totalling of numbers, which is due to rounding-off.)

Future Reporting

We have been publishing our Sustainability Report every year since FY 12-13. Going forward, we will continuously strive to provide a consistent insight into the entire gamut of our sustainability road-map by adhering to GRI and other relevant frameworks.

Any queries on this Report or about the sustainability agenda of the Company may please be sent by email to: sustainability@havells.com

External Assurance

Cognizant of the importance of building trust and credibility with our stakeholders, we have got this report externally assured by KPMG India, 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 3000 (Revised). Details of the assurance approach, methodology, and observations are presented in the assurance letter in Annexure 1, at the end of this report.

Precautionary Approach

We follow a precautionary approach to design practices in order to minimize the risks and impact of our business operations on the environment. Further, we have implemented Environmental Health and Safety (EHS) management systems in our plants to address issues related to these subjects. We get our EHS management system audits conducted on a regular basis by third party certification agencies.

About Havells

Incorporated in 1983, Havells India Limited is a leading Fast Moving Electrical Goods (FMEG) company with a strong domestic presence

Incorporated in 1983, Havells India Limited is a leading Fast Moving Electrical Goods (FMEG) company with a pan India presence and headquartered in Noida, India. Powered by a strong culture of innovation, extensive product portfolio, state-of-the-art manufacturing, world-class quality and a robust distribution network, the Company has built an impressive reputation in the industry.

Havells enjoys an admirable presence in the domestic market with a wide range of products: **Industrial & Domestic Circuit Protection Devices, Cables & Wires, Motors, Pumps, Fans, Modular Switches, Small Domestic Appliances, Electric Water Heaters, Power Capacitors, Luminaires for Domestic, Commercial and Industrial Applications, Water Purifiers, Personal Grooming Products, Consumer durable like AC, TV and Washing Machine .** The business takes a responsible approach towards nature and environment, while keeping pace with the challenging customer requirements.

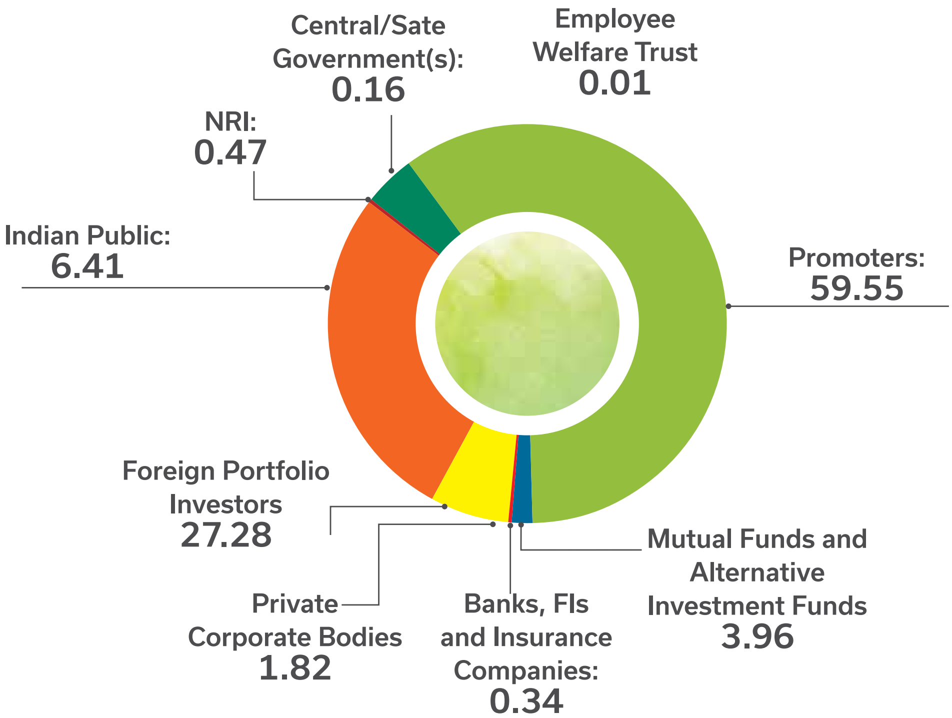
A smooth interplay between brands, distribution network, manufacturing, R&D ensures a high market share and profitability enabling superior return to shareholders.

All our facilities are

ISO 9001 certified.

Most of these plants are ISO 14001, OHSAS 18001 and ISO 50001 certified.

OWNERSHIP PATTERN AS ON 31ST MARCH 2019 (%)



GUIDING US ON OUR JOURNEY

Our Vision

To be a globally recognised corporation for excellence, governance, consumer delight and fairness to each stakeholder including the society and environment we operate in.

Our Mission

To achieve our vision through business ethics, global reach, technological expertise, building long-term relationships with all our associates, customers, partners and employees.

Our 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

PROPELLING GROWTH

Havells is a customer centric brand with a focus on making a difference in the lives of its customers. Built around consumer requirements, Havells – the finest brand for electrical goods – believes in providing great functionality, durability and quality service. We manufacture globally acclaimed products, synonymous with excellence and precision in the electrical industry. We are committed to powering the world with our state-of-the-art innovations and energy-efficient solutions. Over 90% of these products are manufactured in-house. Havells maintains the same premium quality for the domestic and international markets.

Today, we own a range of reputed and trusted brands including Lloyd, Crabtree, Standard and REO. We have appropriately earned the distinction, for creating the most useful category of FMEG or fast moving electrical goods in the country.

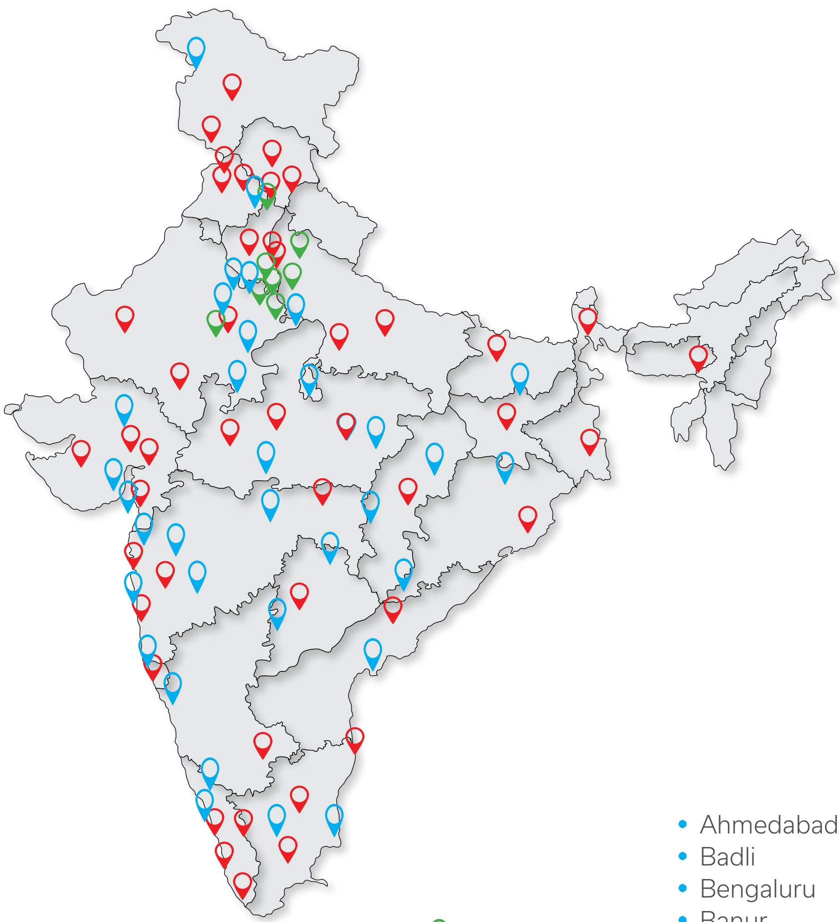
The Company pioneered the concept of exclusive brand showroom in the electrical industry with 'Havells Galaxy' stores years back. Today, over five hundred 'Havells Galaxy' stores across the country are aiding customers, both domestic and commercial, to choose from a wide variety of products for different uses and applications. The Company became the first FMEG Company to offer door-step service via its initiative 'Havells Connect'. Through the high quality of our products and quick customer service, we ensure higher customer satisfaction.

Havells has scaled its business significantly over the years. Evolving from its humble beginnings of being a trading company it has transformed into a leading FMEG and consumer durable company with a strong domestic presence. Our journey towards sustainable growth is anchored in the fundamentals of constant innovation, business transparency, ethics and accountability. Today, our products are available in 50 countries and more than 45 cities in India, backed by our network constituting of over 6,500 professionals, over 9,380 dealers and 40 branches spread across the country. The Company, along with its brands, has earned the distinction of being the preferred choice of electrical products for both, retail as well as industrial consumers; in India and abroad.

OUR DOMESTIC PRESENCE

In India, we have strategically expanded our manufacturing and distribution presence to give ourselves a competitive edge and capture significant market opportunities.

Our Domestic Presence



Sales Offices

- Ahmedabad
- Amritsar
- Bengaluru
- Bhopal
- Bhubaneswar
- Calicut
- Chandigarh
- Chennai
- Cochin
- Coimbatore
- Dehradun
- Delhi
- Guwahati
- Hyderabad
- Indore
- Jabalpur
- Jaipur
- Jammu
- Jodhpur
- Kanpur
- Kolkata
- Lucknow
- Ludhiana
- Madurai
- Mumbai
- Nagpur
- Noida
- Patna
- Pune
- Raipur
- Rajkot
- Ranchi
- Siliguri
- Srinagar
- Surat
- Trichy
- Thiruvananthapuram
- Udaipur
- Vijayawada

Warehouses

- Ahmedabad
- Badli
- Bengaluru
- Banur
- Bhiwandi
- Bhubaneswar
- Burari
- Chennai
- Cochin
- Coimbatore
- Dadri
- Dehradun
- Delhi-Lloyd
- Goa
- Gurugram
- Guwahati
- Hubli
- Hyderabad
- IMT Manesar - Coolers
- Indore
- Jaipur
- Jammu
- Kanpur
- Kolkata
- Ludhiana
- Mumbai
- Nagpur
- Noida
- Patli
- Patna
- Pune
- Raigad-Taluja
- Raipur
- Ranchi
- Sahibabad
- Sikandrabad
- Surat
- Vijayawada

Plants

- Alwar
- Baddi
- Faridabad
- Ghiloth
- Guwahati
- Haridwar
- Neemrana
- Sahibabad

Map not to scale
For illustrative purposes only

We have 13 manufacturing facilities in 8 locations across India to showcase our `Make in India' philosophy, which dates back to many years before the government launched the `Make in India' campaign. Leveraging the strategic location advantage of these plants, harnessing the strength of our 9,800 strong dealer network and utilising our 1 lakh sales outlets , we reach out to consumers across 400 cities with our path-breaking product range.

ROBUST PRODUCT PORTFOLIO

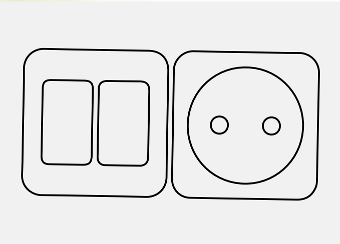
Sustainable growth requires continual expansion of product offerings to meet evolving customer needs. At Havells, we have always been mindful of this business imperative. Innovative product development and in-house manufacturing (for 90% of our products) gives shape to our strong understanding of customer requirements.

Our product portfolio spans the complete gamut of industrial and consumer electrical products, enabling us to serve almost every electrical need. These products are structured under the Business divisions of: Switchgear, Cable, Lighting and Fixtures, Electric Consumer Durables (ECD) and LLOYD Consumer Division.

SWITCHGEARS

Switches

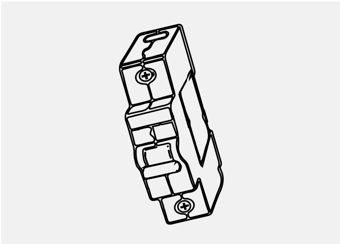
Havells provides the best modular switches for home, office and industrial use. The switch line includes - coral modular range, Oro metalica range, Oro Modular range, Fabio modular range, Instanline automatic transfer switch, Euroload by pass changeover switch, Kompact plus switch disconnector fuse unit, Euroload changeover switch and Euroload switch disconnector.



16%
Revenue contribution in premium modular plate switches

MINIATURE CIRCUIT BREAKERS'

Havells range of circuit breaker devices for industrial applications offer customized solutions based on different load requirements. The Titania range of Air Circuit Breakers is amongst the most sophisticated industrial circuit breakers available in the country. Loadline range of Moulded Case Circuit Breakers (MCCBs) is available in a wide range of ampere and pole re-quirements.

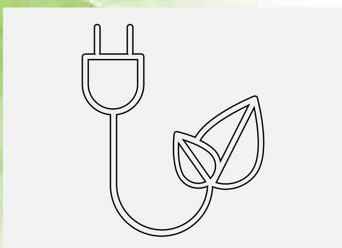


28%
Revenue contribution in MCB

CABLES

Domestic flexible cables

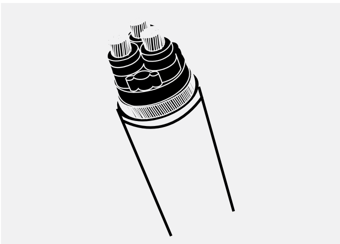
Havells range of cables includes heat resistant flame retardant cables, flame retardant low smoke cables, halogen free flame retardant cables, flame retardant with lifeline, multicore round cables, flat submersible cables, telecom switch board, CATV coaxial cables, LAN cables, CCTV cables and speaker cables.



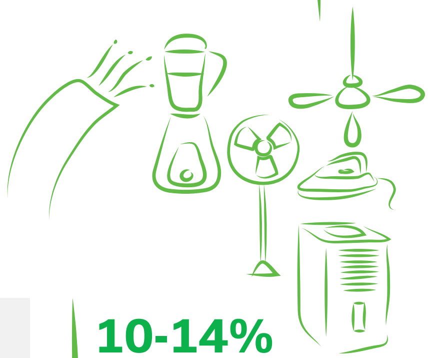
16%
Revenue contribution in domestic flexible cables

Industrial cables

Havells, being India's largest manufacturer of cables and wires, produces a wide range of industrial cables including Multicore Cables, Low Voltage and High Voltage cables, EHV capable, Extra High Voltage Cables, etc. The cables are manufactured under eco-friendly norms and are safe, reliable, fire retardant, fire resistant, lead free and halogen free.

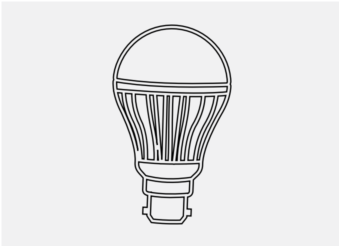


10%
Revenue contribution in industrial cables



LED LIGHTING

Havells offers an environment friendly, highly efficient, best in class and low on power set of lights. We bring a wide range of energy efficient lighting solutions, user-friendly and unique spectrum of lighting products, including- LED, Portable Lighting, Home Décor Lightning, Downlighter etc.



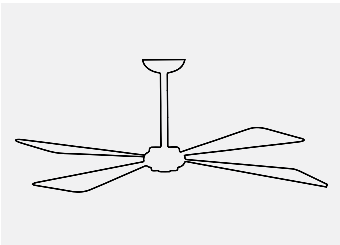
10-14%
Revenue contribution in LED Lighting

ELECTRICAL CONSUMER DURABLES

Fans

Havells entered the fan business in mid-2003.Today, be it a wall fan, ceiling fan, table fan, an exhaust or a personal fan, the entire range of Havells fans is manufactured from the best material that give optimum results and last long. Our fans communicate class, luxury, style and efficiency. Fans have always been the most successfully grown product division of Havells.

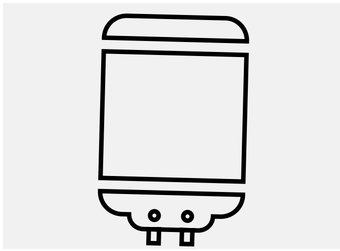
16%
Revenue contribution in fans



Water Heaters

Our water heaters/geysers are available with high standards of safety, protection, compact designs, aesthetic and functionality. We provide a complete range of storage water heaters, instant gas water heaters and solar water heaters.

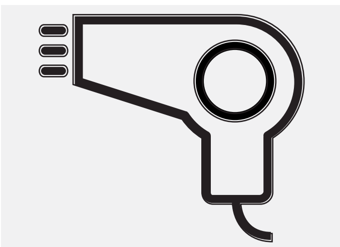
15%
Revenue contribution in water heaters



OTHER APPLIANCES

Through our continuous efforts towards expansion, we have forayed into all kinds of electronic durables. We take care of consumer needs by providing eco-friendly and power saving consumer products. Other appliances in Electrical Consumer Durables include Air purifier, Air cooler, Pumps, Personal grooming appliances, Solar portables, Food preparation appliances, Garment care appliances & climate control appliances.

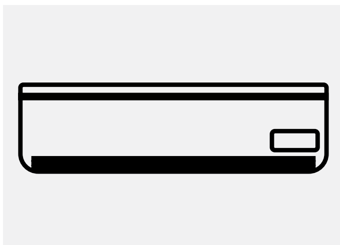
3%
Revenue contribution in other appliances



LLOYD

Havells acquired Lloyd in early 2017. Currently it offers consumer durable products including AC, TV and washing machine. During the year we started our first greenfield manufacturing plant at Ghiloth, Rajasthan.

13%
Revenue contribution in room air conditioners



GOOD GOVERNANCE :
Key to our Sustainability

Effective corporate governance and high standards of ethical behaviour are essential for maintaining the trust and confidence of stakeholders and drive business growth.

At Havells, our corporate governance is structured to maintain internal checks and balances, strengthen management's accountability and foster responsible decision making. A robust governance structure is the key towards driving sustainability integration across our business.

BOARD OF DIRECTORS AS ON 31ST MARCH, 2019

1 **Upendra Kumar Sinha**
Independent Director

2 **Dr. Adarsh Kishore**
Independent Director

3 **Surender Kumar Tuteja**
Independent Director

4 **Puneet Bhatia**
Non-Independent Non-Executive Director

5 **T. V. Mohandas Pai**
Non-Independent Non-Executive Director

6 **Jalaj Ashwin Dani**
Independent Director

MODEL CORPORATE GOVERNANCE

In accordance to relevant laws and regulations of the country and the resolutions made at the Annual General Meeting (AGM), our Board of Directors are tasked with the critical functions of management performance and formulation of management policies. They also take strategic business decisions in line with the company's sustainable growth goals.

A diversified Board composition, with members drawn from various regions, cultural background, training and educational levels and experiences, enables sharing of different ideas for promoting the company's sustainability agenda. All Directors are eminent professionals in their respective fields and can advise the company on matters of relevance.

To the extent practical and required by applicable regulations, we maintain a remuneration structure and compliance framework that is designed to uphold the principles of Corporate Governance, and is in line with industry standards.

7 **Pratima Ram**
Independent Director

8 **Vellayan Subbiah**
Independent Director

9 **Vijay Kumar Chopra**
Independent Director

10 **Ameet Kumar Gupta**
Whole-time Director

11 **Surjit Kumar Gupta**
Non-Independent Non-Executive Director

12 **Anil Rai Gupta**
Chairman and Managing Director

13 **Rajesh Kumar Gupta**
Whole-time Director (Finance) and Group CFO

BOARD MANDATE

The Board has adopted a formal mandate that sets out their responsibilities and the stewardship. Besides supervising the management of Havells' business and affairs with the objective of enhancing shareholder value, the Board's role is to oversee and periodically review compliance reports pertaining to the laws applicable to the Company.

(Note: The compliance reports may relate to, though are not limited to, resource optimisation, energy efficiency, fatal or serious accidents, significant labour concerns and proposed solutions.)

BOARD COMPOSITION

It is our endeavour to always maintain an optimal mix of executive and non-executive directors. Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, requires that "at least half of the board of directors shall comprise of independent directors", that is 50%. However, Havells exceed the independence requirement and almost 58% of the Board, as on 31st March, 2019, is comprised of Independent Directors.

Section 149(1) of the Companies Act 2013 requires certain companies to have at least one women director, Havells has an Independent Director (Smt. Pratima Ram) as part of Board of Directors.

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.

As per regulations the minimum attendance requirement is at least one board meeting and the average board attendance for the year ended 31st March 2019, was almost 95%.

During 2018-19, a total of 5 Board meetings were held, with the time gap between any two board meetings not exceeding 120 days. We received 8 shareholder grievances, all of which were resolved within the year.

The average tenure of the board for the year ended 31st March 2019 was 11 years.

AUDIT COMMITTEE	1. **Shri Surender Kumar Tuteja** Chairman 2. **Shri Vijay Kumar Chopra** Member 3. **Smt. Pratima Ram** Member 4. **Shri Surjit Kumar Gupta** Member
STAKEHOLDERS RELATIONSHIP/ GRIEVANCE REDRESSAL COMMITTEE	1. **Dr. Adarsh Kishore** Chairman 2. **Shri Surender Kumar Tuteja** Member 3. **Shri Surjit Kumar Gupta** Member 4. **Shri Anil Rai Gupta** Member
NOMINATION AND REMUNERATION COMMITTEE	1. **Shri Vijay Kumar Chopra** Chairman 2. **Shri Surender Kumar Tuteja** Member 3. **Shri Surjit Kumar Gupta** Member
CORPORATE SOCIAL RESPONSIBILITY COMMITTEE	1. **Shri Vellayan Subbiah** Chairman 2. **Shri Surender Kumar Tuteja** Member 3. **Dr. Adarsh Kishore** Member 4. **Shri Anil Rai Gupta** Member 5. **Shri Rajesh Kumar Gupta** Member
ENTERPRISES RISK MANAGEMENT COMMITTEE	1. **Smt. Pratima Ram** Chairman 2. **Shri Anil Rai Gupta** Member 3. **Shri Rajesh Kumar Gupta** Member

CODE OF CONDUCT

The Havells' Code of Conduct underpins the commitment to integrity and sets out fundamental rules for interacting with others as we drive our business forward. Mapped to the highest standards of accountability and transparency, the Code of Conduct is aimed at addressing issues of business ethics, bribery and corruption. We take all steps to ensure that the Code of Conduct is communicated to, and signed by each employee at the time of joining. The applicability of the Code to all the Directors as well as the senior management of the organisation ensures its total compliance. This Code is displayed on the Company's website at www.havells.com and on the Intranet portal of the Company.

Satark

`SATARK' is our whistle-blower policy, which empowers all those associated with the Company to report unethical behaviour directly to the management, without fear or bias. Actual or suspected fraud, or violation of the company's Code of Conduct or ethics policy, are covered among the issues reported as part of SATARK. In addition to our "SATARK" policy, we also have code of conduct for employees and vendors, which has reporting mechanism for unethical practices including fraud and corruption. Necesssary communication and awareness is created among relevant stakeholders through appropriate forum on a regular basis. No incidents of corruption were reported during the financial year.

https://www.havells.com/HavellsProductImages/HavellsIndia/pdf/About-Havells/Investor-Relations/Codes_Policies/VigilMechanism_Satark%20Policy.pdf

Idea

`IDEA' is a policy that seeks to promote an organisation-wide culture of innovative thinking and creativity across all technical and non-technical areas such as commercial, general administration, manufacturing processes, and cost savings. Employees are suitably rewarded and the news item is put on the Company's Intranet portal or newsletter in order to share its best practices.

Nirbhaya

`NIRBHAYA' is our policy to check sexual harassment of women at the work place through a structured approach of dealing with such cases.

PROHIBITION OF INSIDER TRADING

Code of Conduct to Regulate, Monitor, Report Trading by Designated Persons helps deter employees from indulging in any security related malpractices.

Zero Tolerance to Non-Compliance

We have a stringent policy which emphasizes on zero tolerance to Non-compliance. As per Company's policy compliance of all the statutory Laws applicable to the Company is the primary responsibility of every employee. To ensure that all national and international regulations are strictly complied with, we have established strong environmental management system with the latest technologies and equipment to control pollution and waste level. These are in line with the limits prescribed by the Pollution Control Board. Authorized vendors are used for the safe and effective disposal of hazardous solid waste generated at our plants. We have adopted the strict OHSAS-18001 standard to ensure health and safety of our workforce at our manufacturing facilities. We also strictly follow all laws and regulations related to child labour, forced and compulsory labour, freedom of association and the right to collective bargaining, disciplinary practices, working hours and remuneration of employees.

As a result of our commitment to compliance, we maintained a complete check against discrimination, child labour or forced labour during the reporting period. No fines or nonmonetary sanctions were levied on the company for non-compliance with environmental laws and regulations. Further, there were no incidents of noncompliance or fines levied with respect to the regulations or voluntary codes relating to the health and safety impacts of Havells' products and services, products related communication and product information disclosure and labelling. At Havells, we strongly uphold policies and procedures to prevent the organization and employees from breaking laws and regulations.

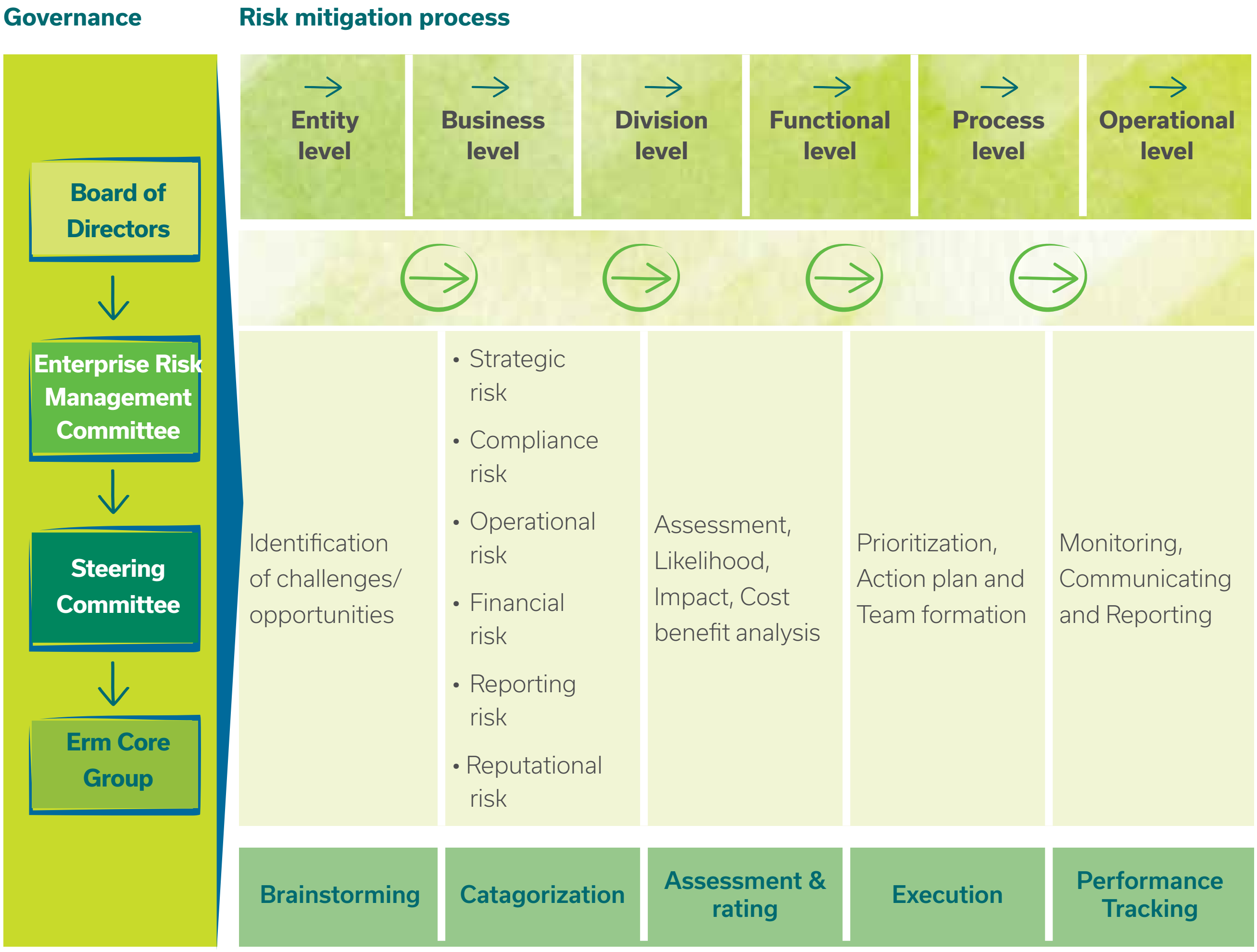
RISK MANAGEMENT

Mitigating risks and achieving resilience is fundamental to achieving our sustainability goals. We have in place a robust framework for risk management and internal control system that is designed to foster our core values, and culture of transparency and ethics.

We follow a PSPD (Predictable, Sustainable, Profitable and De-risked) approach for risk management.

Key Business Challenges / Opportunities

RISK MANAGEMENT FRAMEWORK



A comprehensive risk management system permits the management to take calibrated risks, which provides a holistic view of the business wherein risks are identified in a structured manner from a top down and bottom up approach.

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

The twin purpose of Enterprise risk management at Havells is to minimise adverse impacts and to leverage market opportunities effectively. The objective is to sustain and enhance short-term and long-term competitive advantage to the business while keeping an eye on likely threats and opportunities. It must be noted that every business risk after analysis may turn into a business opportunity and an avenue for fresh revenues

The importance of risk management has been growing steadily over the last several years for a variety of reasons including legal, political, and medical liability, increased use of technology, and higher litigation costs.

KEY RISKS

Strategic risk	Reputational risk	Operational risk	
1. Geographical & Channel Concentration	3. Brand Salience	7. Cyber Security	10. Technological Changes and obsolescence
Financial risk	**Compliance risk**	8. Quality Assurance	11. Product Life Cycle Management W.R.T. Business and Environment
2. Commodity markets and currency fluctuation	4. Protection of intellectual Property Rights & counterfeit products	9. Environment Health & Safety	12. Recruitment, retention and succession planning
	5. Regulatory compliance		
	6. Data security		

EMERGING RISK 1

Description of Risk	Technological change and obsolescence
Potential business impact of the risk	Existing technology obsolescence and sales of such advanced products
Mitigation actions	• Havells has been a frontrunner in adoption of latest technologies and is now moving towards becoming "trend setter" in its sector. • The Company has developed IOT-enabled connected devices including Indoor smart light meeting requirements of HCL (Human centric light), IPS (Indoor positioning system), OLED & Li-Fi to name a few. • Company has developed smart and connected appliances such as Adonia and Droid water heater. • Introduce structured approach to product life cycle management with clear focus on product phase-out at end of useful life. • Dedicated resources are being deployed to track technology trends in order to determine technical obsolescence.

EMERGING RISK 2

Description of Risk	Cyber & Data security
Potential business impact of the risk	Such breaches can reduce customer's trust & loyalty.
Mitigation actions	• The Company has implemented Data Leakage Protection (DLP) and cloud security tools to ensure data protection on premise and on cloud advanced threat protection technology and data encryption tool. • Completed encryption of laptops which helps to protect the data in the event of theft or loss of laptop. • Advanced Technology Program (ATP) has been implemented which has resulted in protecting endpoints from the advanced threats. • Implemented technology solution to provide advanced threat protection for phishing emails. • Implemented various dashboards to monitor and report realtime threat status and compliance.

Sustainability at Havells

Our leadership has been visionary to the core concept of sustainable development long before it was mainstreamed by different leading organisations.

As one of India's leading FMEG (Fast Moving Electrical Good) companies, we are constantly working to align our sustainability goals with the global agenda of sustainable development. We have identified the United Nations' Sustainable Development Goals (SDGs) as a key focus area for enabling sustainable progress across the social, economic and environmental indices.

We have aligned many of our social and environmental goals to the SDGs, particularly in the field of sanitation and hunger, as well as climate change and clean energy. We believe our SDG mapping eanbles to give our internal and external stakeholders more faith in our reporting practices.

WE SUPPORT UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)

SUSTAINABLE DEVELOPMENT GOALS

We have been pioneers in sustainability and are committed towards the environmental and social welfare of communities.

MAPPING UN'S SDG GOALS

1 NO POVERTY

We are fostering an enabling work environment by providing skilling and training opportunities as well as perks and incentives to drive robust and inclusive growth.

2 ZERO HUNGER

We are providing mid-day meals to 60,000 kids every day to combat classroom hunger and promote better learning.

3 GOOD HEALTH & WELL-BEING

We are supporting treatment of kids suffering from life-threating disease of Thalassemia

4 QUALITY EDUCATION

We are aiding quality education by providing tables and benches to government schools made from the waste wood at our manufacturing plants.

5 CLEAN WATER & SANITATION

Adopting a 360 degree view we undertook the construction and maintenance of 4000 bio-toilets in schools also sensitizing children on the importance of hygiene.

6 AFFORDABLE & CLEAN ENERGY

We are fast adopting renewable energy sources and energy-efficient practices at our plants. Today, 6% of energy consumption at our plants comes from rooftop solar.

7 DECENT WORK & ECONOMIC GROWTH

Improved productivity and increase in turnover

8 INDUSTRY INNOVATION & INFRASTRUCTURE

We have established well-equipped R&D centres across all plants to provide the latest technologies, enabling zero defect products and services to all consumers. 95% of our products are energy efficient.

9 RESPONSIBLE PRODUCTION & CONSUMPTION

We are pursuing sustainable manufacturing environmentally responsible products, energy efficient products, strengthen economic competitiveness, and have a better quality of life for all.

10 CLIMATE ACTION

Focussing on reduction in energy intensity and emissions

11 LIFE ON LAND

We have intensified our focus on addressing climate change by our afforestation initiatives. We have planted over 2,00,000 trees in the reporting period.

MATERIALITY: EMBEDDED IN THE DNA OF OUR SUSTAINABILITY STRATEGY

We are digging deep to understand the issues that are most important to our stakeholders and aim to gather meaningful insights, build relationships, trust and drive value creation. In 2018, we carried out a comprehensive stakeholder engagement exercise to facilitate the understanding of our obligations towards our stakeholders.

We have framed out a comprehensive roadmap to resolve all the critical material issues and are positive about significantly improving most of them.

OBJECTIVES

1. 21 potentially relevant issues were identified through discussion and consultation
2. Issues ranked in order of importance based on management and employee surveys
3. 189 responses received from employees, 9 from management
4. Fresh ranking of issues based on the weighted average score achieved by each issue
5. Separate score assigned to each material issue based on the response

ASSESSMENT METHODOLOGY

1. Conducted the first materiality exercise in 2012-13 through structured stakeholder surveys with management and staff.
2. Conducted annual exercise by - engaging with internal stakeholders to proactively address their concerns.
3. Conducted a rigorous stakeholder engagement in 2016-17 for material assessment exercise. stakeholder engagement for materiality assessment exercise. Valuable feedback helped us to chart our sustainability roadmap for the future. Later in 2018-19, we re-conducted the stakeholder engagement.

IN THE 2018-19 MATERIALITY EXERCISE

IDENTIFY significant environmental, social and governance risks and opportunities for the company.

IDENTIFY areas for target setting to improve business and sustainability performance.

COMMUNICATE a broader business strategy

OUR APPROACH

Identification of issues

Management & employee surveys, appraisals

Response analysis

Identification of material issues & presentation to senior management

HAVELLS MATERIALITY MATRIX

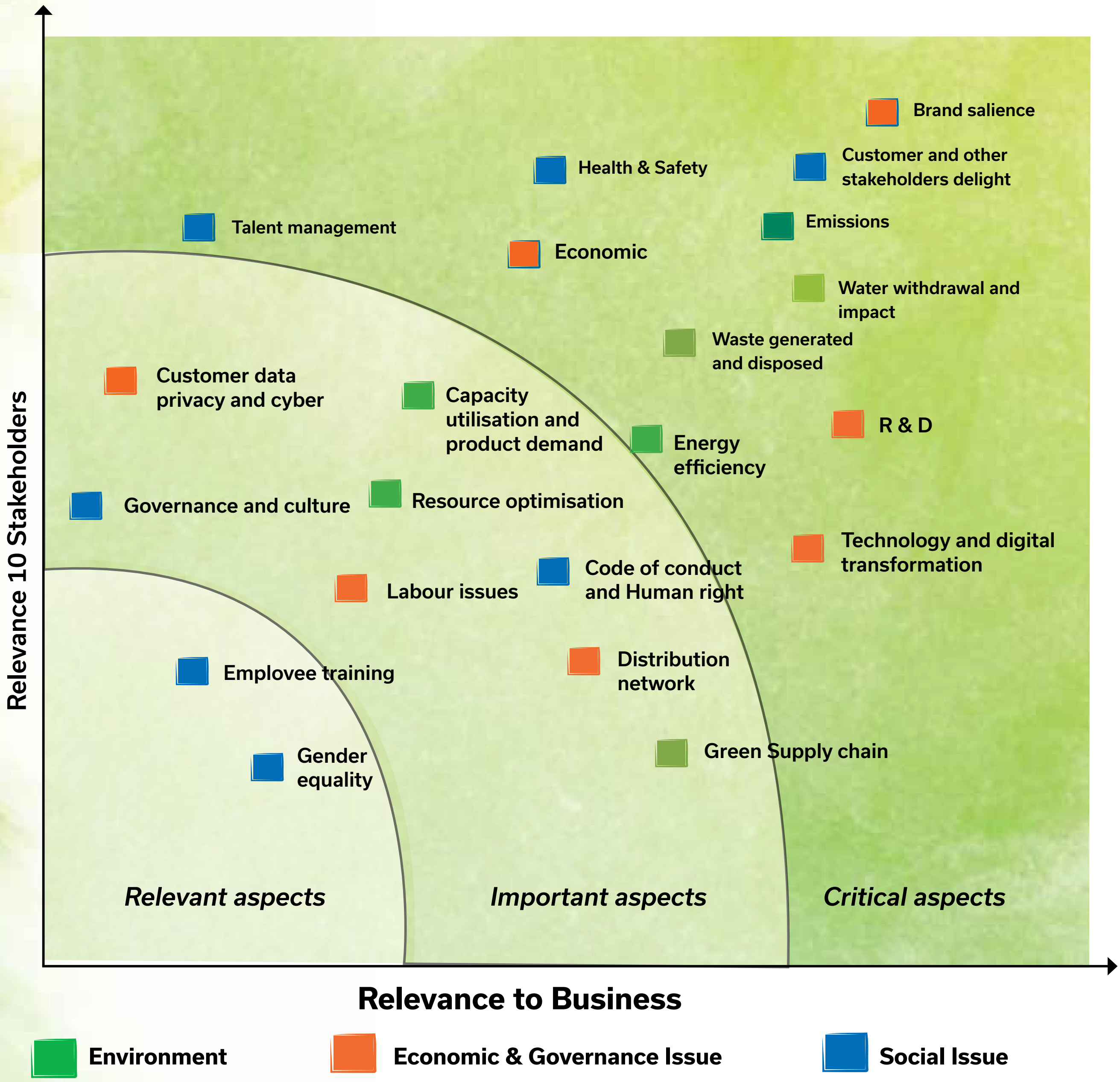
We have created a materiality matrix of priority areas on the basis of the response from our stakeholders.

This matrix helps us in assessment of opportunities and challenges faced by the company. In the next section we will describe the material issues identified during our stakeholder engagement in detail. Most of the parameters identified as material issues were common for integrated reporting as well.

MATERIALITY FINDINGS DURING THE YEAR

The 2018-19 materiality exercise helped us identify 11 issues, which are described in the below section, as most material and of top priority for the company. These issues have been presented to the top management for necessary action.

HAVELLS MATERIALITY MATRIX



ECONOMIC ISSUE

1. **Economic performance**
   Focus on increasing community investment, reducing manufacturing costs, improving margins etc.

2. **R & D Investment**
   Improvements in the existing and innovation of new products to herald next generation products and features is a continuous critical phase in our product development process.

3. **Brand Salience**
   Improvements in the existing and innovation of new products to create value for our customers and the commitment that goes into making a difference in the lives of our consumers.

4. **Technology and digital transformation**
   Technology and digital infusion into our company has been a major focus are for us to build an organisation that is future ready and meeting the intrinsic needs of our consumers for IOT devices.

ENVIRONMENTAL ISSUE

1. **Energy efficiency**
   We are conscious of environment protection and encourage development of products which have low energy footprint for entire life-cycle (manufacturing to end of life use). All our manufacturing units adhere to energy efficient practices. We always aim to do more and better with less, by reducing resource use, degradation and pollution along the entire product life cycle.

2. **Emissions**
   We are very conscious of our responsibility towards the environment. Accordingly, we have integrated environmental considerations into all phases of our value chain to minimize the environmental impact of our products and operations. We have undertaken numerous initiatives to mitigate and offset our emission.

3. **Water withdrawal and impacts**
   Since inception we have been committed to conserve the use of water in our day to day operations. Being the first fast moving electrical goods "Water Positive" company in the electrical industry in India is a testimony of our commitment. We have undertaken several initiatives which have helped us in minimising water withdrawal and discharge impacts.

4. **Waste generated and disposed**
   Across all our process, we try to increase the share of recycled and alternative materials as inputs in our production process, reduce and reuse waste and improve the material management process for greater resource efficiency. We are dedicated to reducing dependency on virgin materials and are also working towards phasing out hazardous materials. We are developing a roadmap to accelerate the move toward sustainability.

SOCIAL ISSUE

1. **Stakeholders delight**
   Customer delight is central to our value creation. Our business reach, product portfolio and strong service network is nurturing a growing customer base that is creating shared value for all our stakeholders. We continuously strive to exceed customer expectations as customers are our biggest advocates to generate revenue.

2. **Talent Management**
   Our employees are the driving force behind our success. Our Talent management policies and programs strive to balance employee aspirations with company aspirations to build long lasting mutually rewarding relationship with the employees. We aim to provide a work environment where employees are encouraged to contribute their best and are suitably recognized.

3. **Health & Safety**
   Safety is an overriding priority at Havells. We ensure a safe and secure workplace for our employees. We are dedicated and vigilant in maintaining a zero fatality workplace at all our units. We observe a zero-tolerance policy relating to providing and maintaining a safe and secure workplace for our employees free from any risks and hazards related with health, safety and harassment. We are an equal opportunity employer and our employees display a strong sense of loyalty.

ENGAGING WITH OUR STAKEHOLDERS:
For Achieving Sustainability Goals

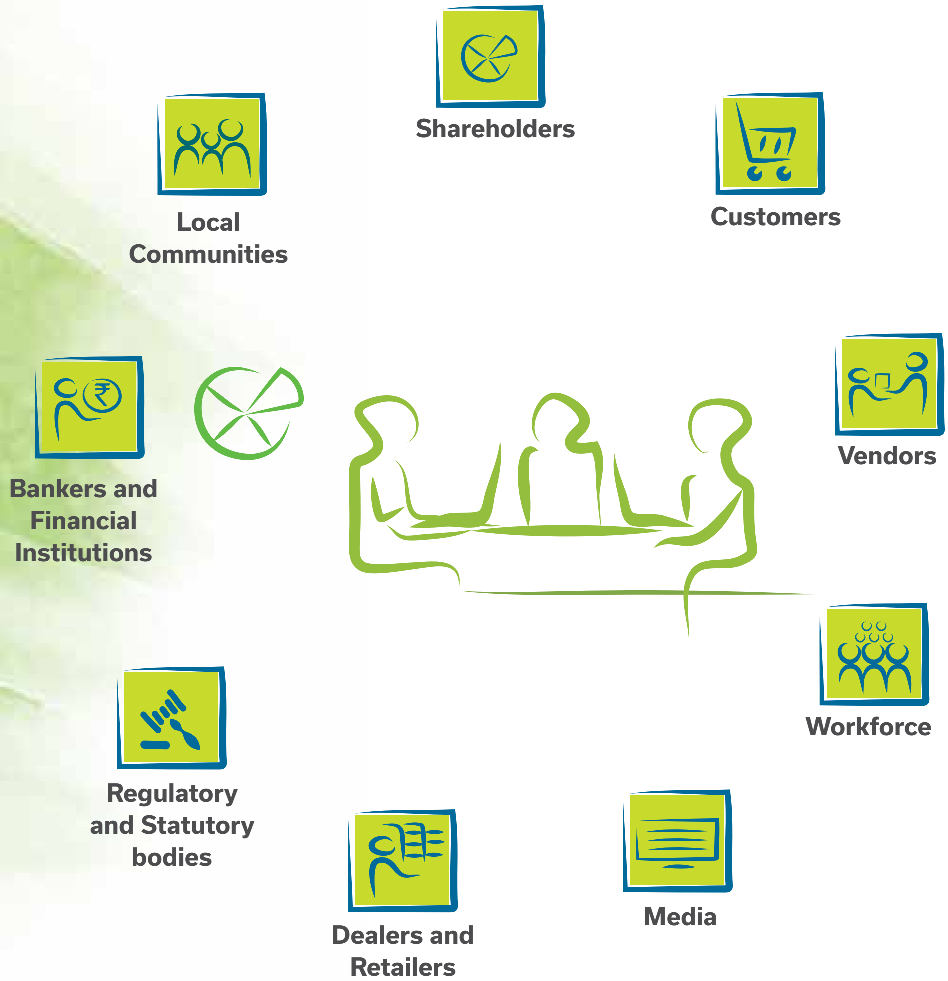
Whether implementing a short-term initiative or a robust sustainability strategy, engaging with our stakeholders can help to identify opportunities, develop solutions, mitigate risks and create value. At Havells, we are leveraging stakeholder engagement to effectively and successfully achieve our sustainability goals.

We continuously try to strengthen our relationship with all stakeholders through timely interactions and different communication channels such as surveys, conferences, meetings etc. Our comprehensive list of stakeholders includes all those who are directly or indirectly affected by our business activities.

Our respective departments engage with relevant stakeholders through face-to-face meeting, telephonic communication, meets, etc. To ensure timely interventions, improvements in our systems and processes, and to meet the challenges of our stakeholders, we welcome regular feedback from all of them.

Ours Stakeholders include shareholders, local communities, customers, financial institutions, dealers and retailers, vendors, regulatory and statutory bodies media and workforce.

OUR KEY STAKEHOLDERS



INTELLIGENT USE OF RAW MATERIALS AND RESOURCES

In a manufacturing organisation such as ours, material efficiency is an important part of sustainable development. Measures such as minimisation of raw materials used in the manufacturing process, selection of eco-friendly raw materials, use of the most economical resource where possible and the reduction and recycling of waste lower our costs and environmental footprint, and thus helps to promote sustainability.

Havells raw materials portfolio is made up of copper coils, copper sheets, copper tapes, steel, aluminium, zinc, brass coils, brass strips, bearings, CRCA steel, thermoset resin, polycarbonate, polyamide, other engineering plastic, elastomers, transistor, diode, MPP Films and similar materials.

Since packaging is vital to a consumer business like ours, reducing the use of packaging material from non-renewable based sources and substituting them with renewable materials has become a major pillar of our sustainable business growth philosophy. A key aspect of this proposition relates to designing of systems to rationalise changes in the packaging material, careful analysis and documentation to look at the package design, choice of materials, processing and life cycle, to bring about improved functional performance. Since we have large packaging requirements, we have initiated a series of measures to cut down on use of resources in packaging and to dispose of waste in a responsible environment-friendly manner. This may prove to be economically viable too.

RAW MATERIAL CONSUMPTION

Material Type	Quantity (L)	Quantity (KG)	Quantity (M)	Quantity (No's)	Others
FY 19					
Raw Materials	914204187	154529226	16082117	5341018557	11960700
Packaging	36943678	3148807	11322	116541545	
FY 18					
Raw Materials	851831078	135000430	14616983	4191195035	39754616
Packaging	30966693	3868414	19921107	463038830	1666858

SUSTAINABLE SUPPLY CHAIN

Warehousing and logistics infrastructure is planned to be ahead of sales requirement so as to enable profitable growth for the business. Customer is at centre of everything we do and we at Supply Chain follow it and have made it part of our core strategy for planning and execution.

THE DRIVERS FOR OUR SUPPLY CHAIN ARE

Order Fulfilment
To ensure that order is being efficiently, completely and on time.

In-house Forecasting Platform
To predict the demand better so that product is available every time customer places an order to us.

Enhanced Plant & Vendor Capacity
To ensure that we are successfully meeting the growing demand.

Improved Visibility
To bring in transparency and quick response time on product availability and a promise date on what is not available

Instant Tracking
To make sure that the relevant stakeholder gets an update about the order, which is just a call away with our call centre set up.

IDENTIFICATION OF CRITICAL SUPPLIERS

The New Supplier Vendor form categorises suppliers into low, medium and high risk suppliers based on multiple parameters relating to ESG. Any vendor scoring less than 80% on this assessment are provided with a list of recommendations. These vendors are again assessed in a span of 3-6 months, and the improvements are recorded.

Suppliers, and Distributors of products and services that are significant to Havells business operations, such as high purchasing volume and critical to product quality.

In 2018, we have worked with 1,179 tier-1 suppliers out of which 320 have been identified to be critical to our operations we regularly analyse our supply chain spend in order to optimise cost and our procurement practices.

High potential suppliers and distributors that may have a negative impact on their operations, environment, legal and financial risks.

KPI 1
Assessment of critical suppliers
Target: **80%**
Target year: 2019-20

KPI 2
Assessment & Improvement of high risk suppliers
Target: **100%**
Target year: 2020-21

KPI 3
Internal capacity building for supply chain
Target: **2 person/plant**
Target year: 2019-20

BUILDING SUSTAINABLE PARTNERSHIPS

Suppliers

Our extensive Code of Conduct values and purchase sourcing agreement is also extended to all our vendors and suppliers, to ensure statutory compliance with the law. As a part of our partnership, we have set up 'HABIT (Havells Association of Business Innovation & Transformation) Society, wherein we provide guidance to our suppliers and connect them with government-based financing for capacity building. To make our purchases mistake proof we have automated our process via IT integration. 97% of domestic Purchase is through Online Vendor Portal. The Vendor Portal is also introduced to our overseas suppliers which provide us end to end tracking of shipment. We prefer to buy directly from the manufacturers to ensure best quality material is sourced. To boost Make in India initiative, we source majority of our material through domestic sources.

VENDOR MANAGEMENT

We have a holistic evaluation process to asses our Suppliers. On the basis of Quality, Cost, Delivery and Service level they are categorised into A, B, C & D categories.

92%

of Purchase value comes from A category supplier.

To ensure Quality, supplier ISO certification is compulsory for vendor registration. A Vendor commitment meeting is organized every month to improve low performing suppliers and for their hand holding. Another approach towards Upgradtion of MSME Supplier is going on through Cluster activity. Up to 80% improvement is registered in incoming Quality level of Suppliers covered in cluster. We evaluate our Critical parts and critical suppliers to enable a strategic supplier development.

78%

of our Manufacturing Purchase is through domestic sources

For detail break-up of Spend Analysis, please refer Exhibit 1, Exhibit 2, Exhibit 3 and Exhibit 4

IDENTIFICATION OF SUPPLY CHAIN RISK

Our approach towards supply chain risk identification involves, assessing suppliers on risks such as environmental, social, legal, financial and operational. Each risk criteria is provided a certain weightage based on factors which include child labour, litigation, conflict mineral compliance, delay in payment, health and safety etc. Through the outcome of the risk identification process, a rating is determined for the supplier.

We ensure that all the suppliers are assessed at plant level and HQ level, and the assessment is thoroughly documented with a 2 tier validation approach. We thoroughly maintain full assessment records and track the corrective action taken by suppliers. Furthermore, from this year onwards to strengthen our risj assessment and corrective action procedure, we are introducing a robust digital platform for continuous monitoring and tracking

We are, at present, supporting Six Vendor Clusters (comprising 57 suppliers) with steps to boost their manufacturing excellence through various techniques, which include:

- 5S System
- Value Stream Mapping
- Visual Control
- Poka Yoke or Mistake Proofing
- Standard Operating Procedures (SOP)
- TPM (Total Productive Maintenance)
- Just in Time (JIT)
- Kanban System
- Kaizen Blitz
- Dies/ Quick Changeover
- Cellular Layout

Vendor Sub-Category

- Aluminium Sheet/Rod/Strip
- Plastic Moulding Parts
- Brass Components
- Press Components
- Brass Strip
- SE Copper Wire
- Casting - Aluminium
- Silver Tips & Rivets
- Casting - CI
- Engg. Plastc Raw Material
- Copper Components
- Aluminium Components
- Copper Rod
- CRCA Sheet/Strip/Coil
- Hardware - Nut & Bolt/
- Screw/Washer, etc.
- Packaging

BUILDING SUSTAINABLE PARTNERSHIPS

Dealers and Distributors

Our dealers and distributors are critical links in enabling us to reach out effectively to our customers located across the country. We are committed to building sustainable relationships with our channel partners by helping them to increase their capabilities and drive mutual growth.

Our partnership approach has enabled us to create a robust network of distributors, whom we support consistently and continuously through IT infrastructure and supply chain up gradation. Our digital tools are the best in the industry, providing us with real-time inputs and feedback at every stage of our value chain – from procurement to production, logistics, sales and service. This helps us respond quickly and efficaciously to any disruptive concerns, thus enabling timely course correction.

Stringent adoption of sustainable practices across the supply chain has boosted our efficiencies while, at the same time, enabling us to keep costs and resource utilization under control. This policy translates into direct benefits for the environment and the society.

Our dealers are an extension of Havells family, we diligently work on building transparent mutually beneficial relationship with our dealer network.

Drivers of our dealer relationship

- Principle of **'Peace of mind to the dealer'** so that the dealer can deliver his best
- **Consistent Revenue** – Dealer should benefit financial through association with us
- Innovative schemes to increase **dealer profitability** through business expansion
- **Technology Enablement** – Dealer Management System, Dealer portal

BRINGING SUSTAINABILITY INTO WAREHOUSING & LOGISTICS

Warehousing and logistics are an important component of an efficient sustainable supply chain. We continue to incorporate a wide array of sustainability initiatives across this function. Our aim is to make warehousing and logistics a competitive asset to achieve both financial and environmental sustainability objectives in the long-term.

We have invested close to ₹ 40 crore to develop best in class Warehousing & logistics infrastructure. The deployment of Warehouse and Transportation management system at warehouse facilitates faster and accurate picking and delivery of order through trained manpower, and finally, closing the order to delivery cycle through EPOD.

We have partnered with new-age logistic service providers for reliable, speedy and error free delivery

- **Rivigo**
- **DHL Smart trucking**
- **Blue dart**
- **Delhivery**

Besides this, we have significantly invested on people in our supply chain at Plants, Branches and Head Office. This empowers us to deliver best customer experience and gives us a competitive advantage in the marketplace.

Some of the Key initiatives we undertook in this financial year are:

1. Monthly S & Op and Weekly Review meeting for collaborative demand and supply planning to have optimum inventories and reduce obsolescence.
2. Reaching out to customer through Order management, Availability to Promise and Dealer Call centre set up.
3. Best in class warehousing infrastructure with better utilization of day time lighting, LED lights, insulated roofing for better temperature control, Racking for better space utilization, etc.
4. Increased focus on compliances, Fire NOC and legal compliances at Warehouses and E-way bill compliance along with our logistics service providers.
5. Risk management under force-majeure at Pan India locations with readiness at alternate locations to serve all markets.
6. Direct billing from plant to customers to reduce touch points and better freight and less distance traveled by product, better freight management, etc.

Total Investment
₹ 40 Crore

Number of Warehouses
31

Average customer distance from warehouse
112 KM

MAJOR COUNTRIES (IMPORT PURCHASE)

Thailand	Malaysia	USA
Qatar	Indonesia	Japan
China	Germany	Italy
Taiwan	Singapore	Marshall Islands
Hong Kong	United Arab Emirates	Belgium
Canada	South Korea	Saudi Arabia
Vietnam		

Havells recognises that many of its social, ethical and environmental impacts reside as much in its supplier relationships (or the 'supply chain') as in its own activities. Hence managing supply chain sustainability is important to protect the company's reputation and brand value. Risks associated with supply chain management include negative publicity, damage to a company's reputation and actual loss of customers. Havells, carefully manages these risks, internal or external, through a well-defined supply chain management practice.

INNOVATING FOR SUSTAINABILITY

At Havells, we never stop questioning the status quo or exploring new ideas. It is our firm belief that new approaches to products and services, processes and systems, relationships and resources present opportunities to become more sustainable.

Rigorous research within the company, led by expert teams comprising of qualified professionals has resulted in the development of several advanced technologies for our products. Havells dedicated in-house Research & Development team is credited with creating innovative new designs and high efficiency products. The Center for Research and Innovation (CRI) at Havells is ISO 9001: 2000 certified and recognized by the Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology, Government of India.

CENTRE FOR RESEARCH & INNOVATION

As a Company, focused on harnessing technology to bring about a positive experience for consumers of our products, our work force comprises of top-notch talent catering to Research and Development. Today, over 400 professional are engaged in various R & D activities. We also made a strategic decision to set up an Innovation hub in the Silicon Valley of India – Bangalore with clear focus on select Centres of Excellence and to tap into skilled human capital.

The Bangalore Innovation hub will also help us tap into a wider talent pool within the country and unfold opportunities for growing our external collaboration eco-space – targeting specific start-ups and academic partners.

Our Bangalore hub already employs 40+ R&D staff operating out of a dedicated facility in central business district of Bangalore. We envisage recruitment of high quality talent with relevant advanced qualifications from some of the top-notch institutes; both Indian and international, to support the R&D inventions being targeted.

SOCH

To focus on encourage innovations a dedicated platform, "SOCH" was set up, whereby anybody can come forth with innovative ideas either verbally and/or in writing. This initiative was also open to vendors and customers to boost the spirit of innovation and undertake creative continuous improvements.

CASE STUDY – REDUCTION IN PRIMER CONSUMPTION

Challenge –

Our conventional approach of primer application in paint shops at our Haridwar manufacturing location was resulting in resource inefficiency. Some of the major issues were

- High consumption of primer in liquid paint cover shops
- Uneven and less uniform application of primer resulting in low aesthetics
- The overflow and defects were more etc.

Resolution –

To enhance our resource efficiency we completely modified the process of primer application and installed Automatic Primer Gun in our paint shops. The Automatic Primer Gun has helped us in reducing the consumption of primer as well as has helped in increasing the uniformity thus improving aesthetics. The process improvement has also led in cost saving of over 3,00,000 ₹ per month

Impact Assessment

The modification of process has resulted in the ingenious use of primer and the primer consumption has reduced by 6 ml/cover.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns.

BEFORE

AFTER

ENGINEERING & TECHNOLOGY INNOVATION

With an eye on the future technology trends, many advanced engineering study projects are being undertaken to further strengthen the Company's engineering capabilities. There is an increasing focus on six sigma, statistical tools for improving co-relation between virtual computer aided engineering, mold flow Analysis and manufacturing, so as to reduce the number of trials in the development cycle. The Company currently holds a broad collection of intellectual property rights.

LOW CARBON AND AVOIDED EMISSIONS

Energy Saving Lamps (LED), Solar Solutions: We have calculated the emissions savings for switching from a 100 Watt GLS bulb to a 18W LED bulb and we observed that 0.062 tCO2 emissions was saved per year. We have calculated the avoided emissions for 80 lakh LED bulb peroduced per month which led to annual savings of 496800 tCO2. In case of solar we have reported emissions savings only from the institutional installations which we have been able to track that led to savings of 2157.42 tCO2 per year.

Some of the Key initiatives we undertook:

1. Nurture novel technologies
2. Strategic alignment of technology roadmaps to our "Vision of Future Homes"
3. Pro-active product development with strong alignment to long term product road maps
4. Customer-centric co-creation using Design Thinking methodology

SET FOR THE FUTURE WITH SUSTAINABLE MANUFACTURING

Sustainable manufacturing plays a critical role for making a business sustainable. It helps in preserving valuable resources such as minerals, water and fossil fuel. It provides a roadmap to work towards reduction in energy consumption and waste generation. It simultaneously helps in enhancing employee development and nurturing community.

We at Havells are working progressively towards integrating new age platforms such as IoT, digital innovation to reduce environmental impact of our products across its entire life-cycle as well moving towards becoming a "zero waste to landfill" organisation. Our strong focus on the adoption of sustainable manufacturing practices at all our facilities enables us to build long-term business viability and success.

LINKING EMISSIONS AND REVENUE

A huge payoff of Sustainable manufacturing process is energy savings. Here, environmental and business benefits go hand in hand. By switching to more-greener sources of energy and using more energy efficient solutions, at Havells, we see a bright future for reducing emissions and increasing revenue.

ENHANCING TECHNOLOGICAL INNOVATION

Thanks to IoT technology and the development of smart connected devices, manufacturers can prioritize resource efficiency projects alongside productivity goals. As energy is often amongst the company's top expenses, this view is critical. At Havells, by using the IoT system to connect our products, plants, systems, and machine, we aim to reduce our energy consumption and in turn cut costs.

MOVE FROM LINEAR TO CIRCULAR

We have moved beyond the 3R approach of "reduce, reuse, recycle" to a 5R approach: "repair, reuse, refurbish, re-manufacture, and recycle" thereby driving an optimized use of resources, extending the lifecycle of products and building new revenue streams. Achieving "zero waste to landfill" should soon be possible.

QUALITY: PART OF OUR ETHOS FOR SUSTAINED GROWTH

While sustainability is soul of our business, quality is a way of life. Guided by our quality commitment, we offer best in class, premium quality products for total customer satisfaction. Our quality focus pervades throughout the life cycle of the product vetted by various external surveys.

Havells has state-of-the art manufacturing facilities with integrated manufacturing footprints. Compliance to these certifications ensure that quality management systems are deployed effectively throughout the organization.

To further strengthen quality at Havells, Central Quality Structure has been created cutting across all business verticals. Business wise periodic quality review are done on key metrics to drive corrective and preventive actions. Effective controls for induction and right-sizing of suppliers along with IT enabled proactive system and processes have been introduced to strengthen right-first time quality.

To ensure flawless launch new product introduction has been reinforced with gate wise quality deliverables.

To inculcate quality culture across organization, various employee engagement activities such as quality circle, quality forums, dealer meets, supplier meets and customer visits have been deployed. All these initiatives create a positive work culture where every employee feels responsible and contributes to the purpose of quality.

Our manufacturing facilities have international certifications like

ISO-9001
ISO-14001
ISO-45001.

IN ORDER TO MAKE QUALITY AS A WAY OF LIFE, THE COMPANY HAS INITIATED QUALITY CIRCLE WHICH IS AIMED AT ENGAGING THE WORKER AND BUILDING A CULTURE OF QUALITY

COMMUNICATING SUSTAINABILITY THROUGH PACKAGING

Packaging is one of the most visible aspects of an organisation's identity. With consumers increasingly seeking brands that support the environment, we have focused on using eco-friendly packaging and communicating our business sustainability story.

PACKAGING MATERIAL SUSTAINABILITY: KEY PERFORMANCE INDICATOR

KPI 1

Material sustainability -

Target: Increase in usage of Sustainable material (bio-degradable or recyclable or recycled or material from renewable sources) by

15%

Target year: **2020-21**

KPI 2

Carbon footprint

Target: Reduce inwards logistics/travel distance for packaging material in to our IH plants by

25%

Target year: **2020-21**

Sustainability is increasingly becoming a priority for consumers when making purchasing decisions, with packaging often central to a product's visual appeal for purchasers. Our businesses have sufficiently prioritized sustainability and circularity when considering design, use and disposal of packaging, with the majority of packaging still single-use but recyclable.

We are adopting targets as ambitious as using 100% recycled materials in the production of new packaging, to limit unnecessary use of virgin materials. Our packaging agenda is completely aligned with the relevant parts of Sustainable Development Goals.

We are also trying to create packaging solutions (In collaboration with NGO partners and leading research institutions in India) which harness unique circular material though a material & bio-technology that uses temple flower waste, which is abundantly available in the country, to produce biodegradable packaging with the same quality standards as typical plastic and foam packaging. Multinationals such as IKEA and Dell are already using such products for a subset of their products.

Not only are waste paper pulp trays being hugely encouraged as a replacement of plastic based cushions, we are also working towards creating a cost effective sustainable supply chain of this capacity crunched material in India for industrial packaging applications like that of ours.

We are removing all kinds of plastics intervention in our packaging (e.g., lamination films) to reduce the overall carbon footprint and make it less heterogeneous for the sake of easy recycling

Supply localization, though comes with its own challenges, have been in focus for the last one year to minimize carbon foot print for our inwards logistics. Reliable local supply bases are being built up. The idea is to eventually move to VMI model with these suppliers for reduced inventory carrying at our end.

Plastic savings
340 MT per annum

Metal savings
15 MT per annum

Paper savings
716 MT per annum

OUR INITIATIVES

- Removal of BOPP lamination
- Replace metal staples with glue joints
- EPS removal with Paper Pulp tray and corrugated fillers
- Introduction of bio degradable/ compostable Thermocol and wrapping film
- Plastic matte lamination removal in packaging boxes
- Solvent based ink replaced with laser marking
- Plastic metallized pet removal in packaging boxes
- Pump Master carton replaced with Tray & polypack

CASE STUDY: LED TENNER ELIMINATION

As an sustainability Initiative 3 tier packaging of LED bulb is changed to 2 tier packaging. In 3 tier packaging we were using retail pack, intermediate tenner pack & Transportation pack. After market research it is observed that intermediate tenner pack had very limited uses & same can be eliminated by reducing transport pack quantity 40N to 20N at that point of time. By eliminating the tenner pack we would save 50 MT of paper per year. It helps in reducing packaging material use, leading to reduced product cost. we would even consume less energy to manufacture the packaging.

BUILDING SUSTAINABILITY THROUGH SUPERIOR CUSTOMER SUPPORT

Customer satisfaction is a fundamental pre-requisite for our Company's long-term success. Cognizant of this imperative, we strive to build healthy relationships with our customers by identifying their needs and providing them with the best-possible experience.

Havells has adopted a customer-centric approach to meet the future challenges of customers' expectations, producing innovative products and contributing to improvement in environment and social aspects. We embed world-class manufacturing practices to create high-quality products while ensuring an enriched buying experience for customers. Various formal and informal methods are used to measure satisfaction levels and garner feedback from consumers and channel partners. Brand equity is measured by conducting brand health studies on individual customers.

The satisfaction level of our dealers is gauged using Net Promoter Score (NPS) methodology. Our offerings are fine-tuned on the basis of these scores. All our surveys comply with global standards. We constantly make efforts to give our customers the maximum value with best product quality, technical support, and engagement with relevant stakeholders through awareness, training and skill development.

Customers are the foundation of our business. This belief motivates us to provide the best-in-class products and after-sales- service. We use various tools and methodologies to gauge customer satisfaction and secure their feedback on a regular basis to improve the quality of our products. During 2018-19, we used the Net Promoter Score (NPS), an international indicator of customer satisfaction to measure their level of confidence and satisfaction in the Havells brand. We are also engaged in strengthening our customer delivery channels and customer relationship management systems.

Customer servicing is an important agenda for us. To this end, we regularly invest in the training our people and undertake customer engagement plans, to align them better with evolving consumer aspirations and to make them more responsive to customer concerns and market trends.

We take pride to state that we are not facing any case filed by any stakeholder regarding unfair trade practices, irresponsible advertising or anti-competitive behaviour.

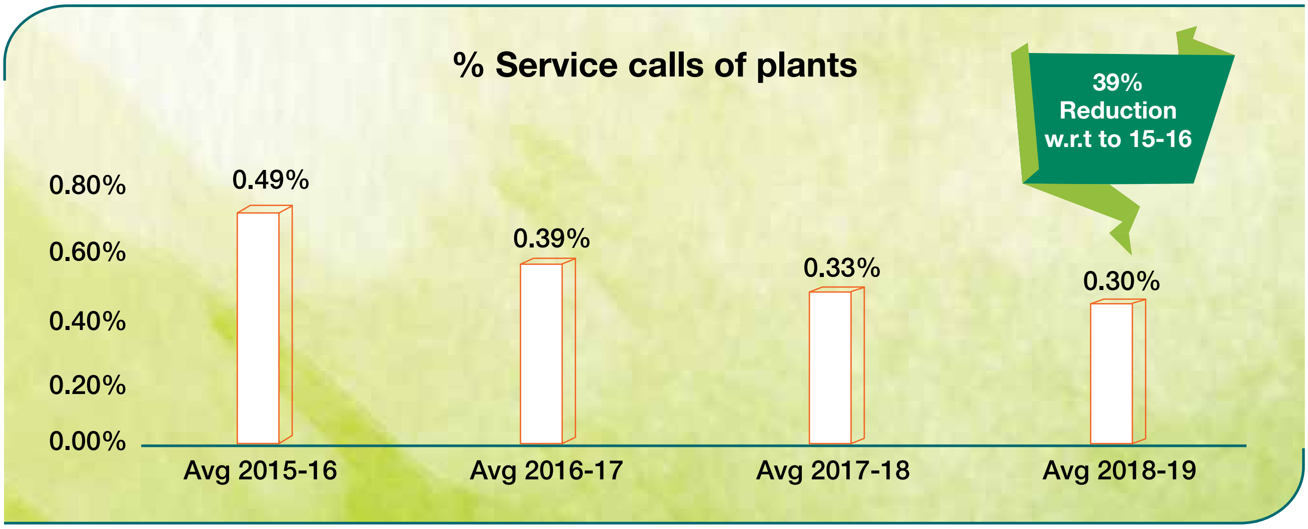
CUSTOMER SATISFACTION PRACTICES

Customer satisfaction is important to enhance our brand image and build customer loyalty. We analyse NPS (Net promoter score) based on loyalty. We achieved a customer satisfaction score of 56% in FY 18-19 across segments and 3667 sample products. During the year, we received 19 complaints relating to minor product defects, of which 11 were resolved and 8 are in the process of being resolved.

ADHERENCE TO PRODUCT LABELING

We stringently adhere to all product labelling standards, including those for transportation and marketing, thus facilitating our customers in making informed decisions. We also ensure that information regarding the handling of our products at the end of their use is included in our packaging and labelling.

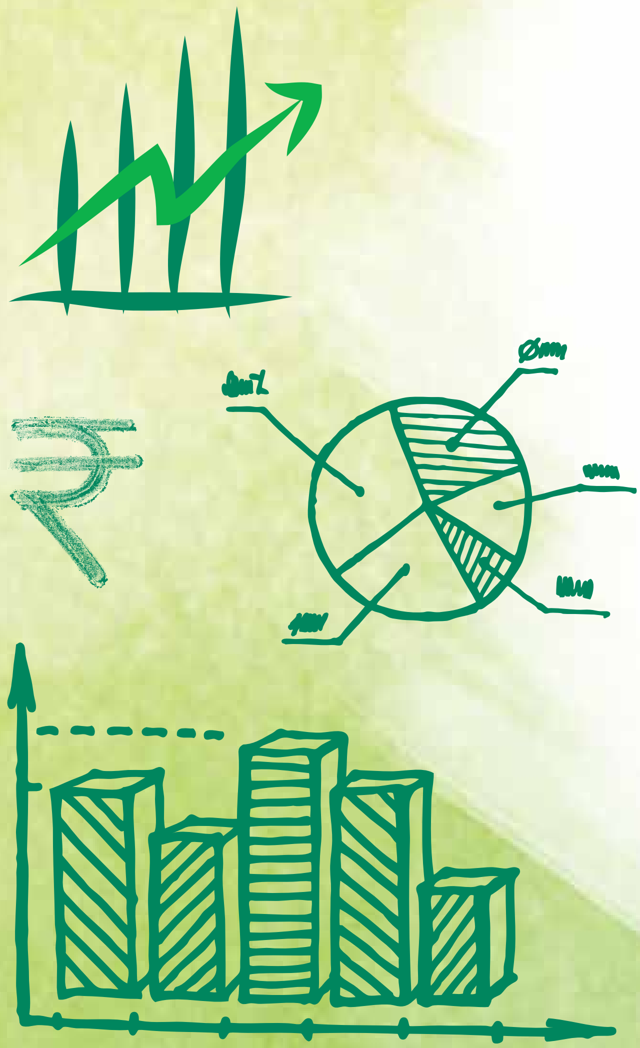
We follow the guidelines laid down by IATA (for shipments by air), IMDG (for shipments by sea) and ADR (for road transport). We also observe the BIS labeling standard for products marketed in India, and adhere to country-specific standards such as CE, FIA, TAC and DNV KEMA standard disclosures. Our products are also labelled as BEEstar, S3, HIR, RoHS, Halogen-free, in addition to any other certifications as applicable to the product line. There were no incidents of non-compliance with regulations and voluntary codes in relation to product and service information, as well as labelling, in the reporting year.



I would like to thank Havells for the wonderful juicer mixer grinder. The demonstration given by the company technical staff was very good. I was not available at my home but he gave me a call before coming. He gave a proper presentation and solved all our doubts with satisfaction.

- Ayush Gupta

Financial Performance



At Havells, the bigger picture of creating value for all our stakeholders drives our strategies and operations.

We follow a customer-led approach to business, with a strong focus on sustaining margins and market share. As partners in the nation's progress, we contribute to with the economy, as well as the economies of various regions, 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.e.

ECONOMIC PERFORMANCE

Our relentless efforts to promote sustainable growth in all our business operations guides our business approach. Innovation, investment, expansion and efficiencies are the pillars of our business model, which is crafted to deliver long-term success for the company and high value to our stakeholders. During the reporting year, our Net Revenue grew by 24% and Net profit before exceptional items rose to 11%. Earnings before interest, tax, depreciation.

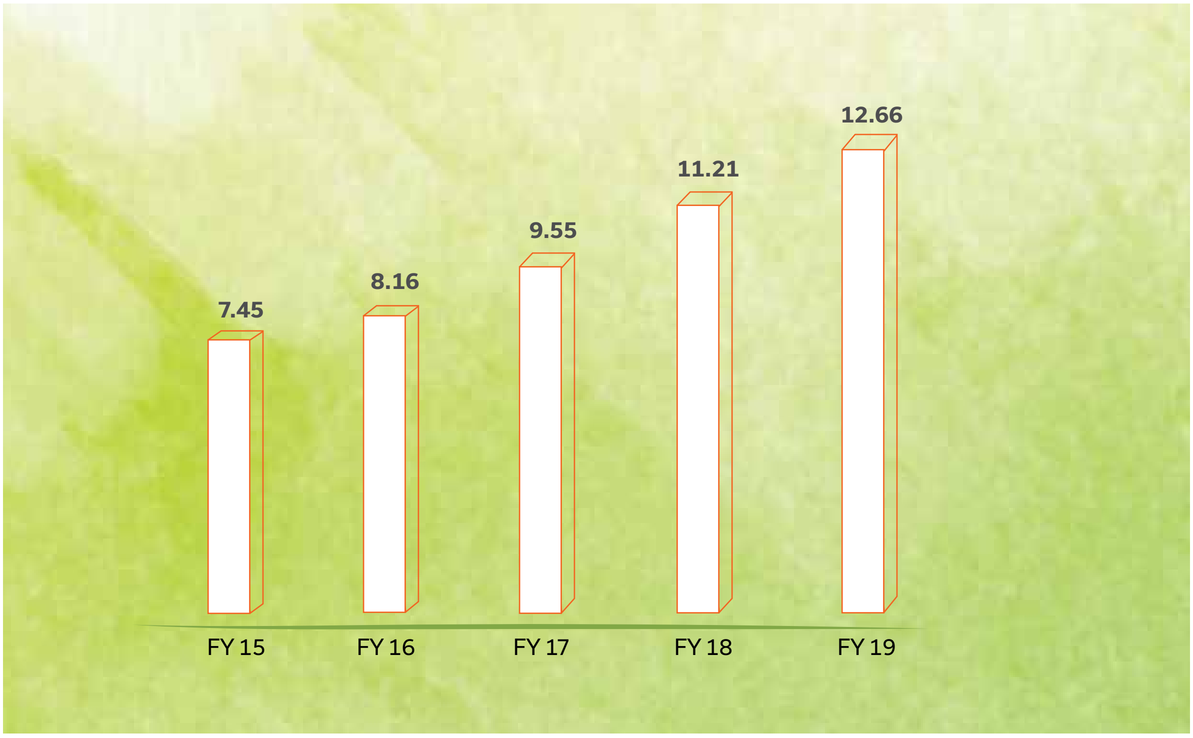
Our profits should match our growth aspirations. In order to grow, we need to increase our rate of productivity faster than the rate at which we increase our labour costs. Besides incremental growth, we need to focus on breakthroughs in order to keep pace with the changing external scenario. We need to look into global benchmarks in different processes across different industries to embark on a challenging, yet rewarding journey. This quest will test our strengths and potential and help us discover our innate talents and apply them productively to achieve new performance targets.

FINANCIAL SUMMARY

Standalone Financials (in Cr)	2018-19	2017-18	2016-17	2015-16
Economic value generated				
Revenue (Net)	10,058	8,260	6,586	5,775
EBIDTA	1,192	1,049	824	755
Profit After Tax (PAT)*	792	701	597	510
Total expenditure on employees	832	650	500	371
Payments to investors	339	301	226	451
Contribution to the exchequer	2,454	2,230	1,363	1,168
Voluntary community investments	17	15	13	11
R & D spend	79	58	49	36

* before exceptional items

EPS ADJUSTED FOR BONUS ISSUE / SPLIT (₹) AND EXCEPTIONAL ITEMS



5 years CAGR in EPS is 11%

Steady earnings growth over the years resulting into long term value creation for its shareholders

REVENUE BY SEGMENT

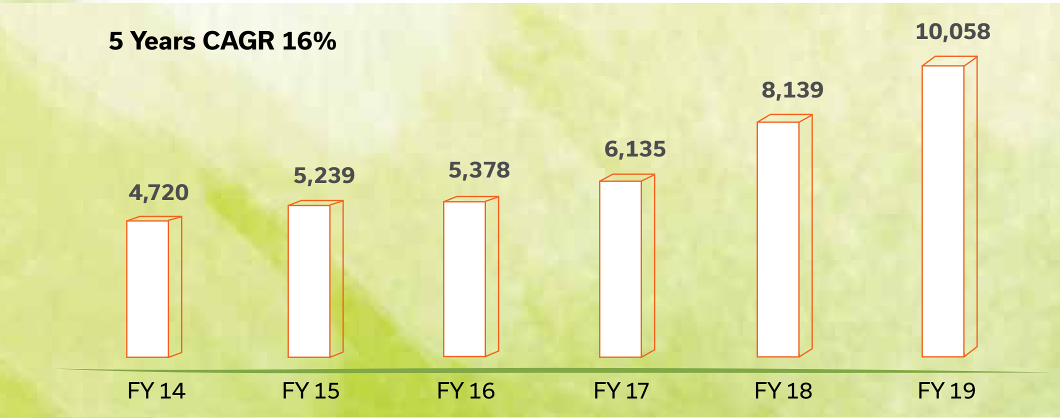
We have observed 24 % improvement in revenue generation compared to last year. We also propose to expand our business by adding more manufacturing plants in the near future.

Our Business divisions include: Switchgears, Cables, Lighting and Fixtures, Electrical Consumer Durables (ECD), LLOYD Consumer Division.

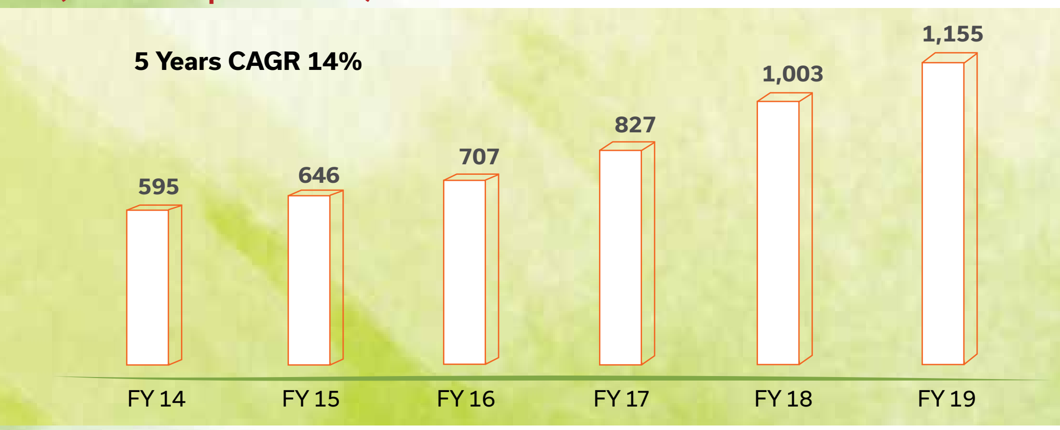
REVENUE (in Crore ₹)

Segments	2018-19	2017-18	2016-17
Switchgears	1680	1,408	1,406
Cables	3235	2,600	2,379
Lighting & Fixtures	1293	1,156	971
Electrical consumer durables	1994	1,560	1,378
Lloyds consumer division	1856	1,414	0

NET REVENUE



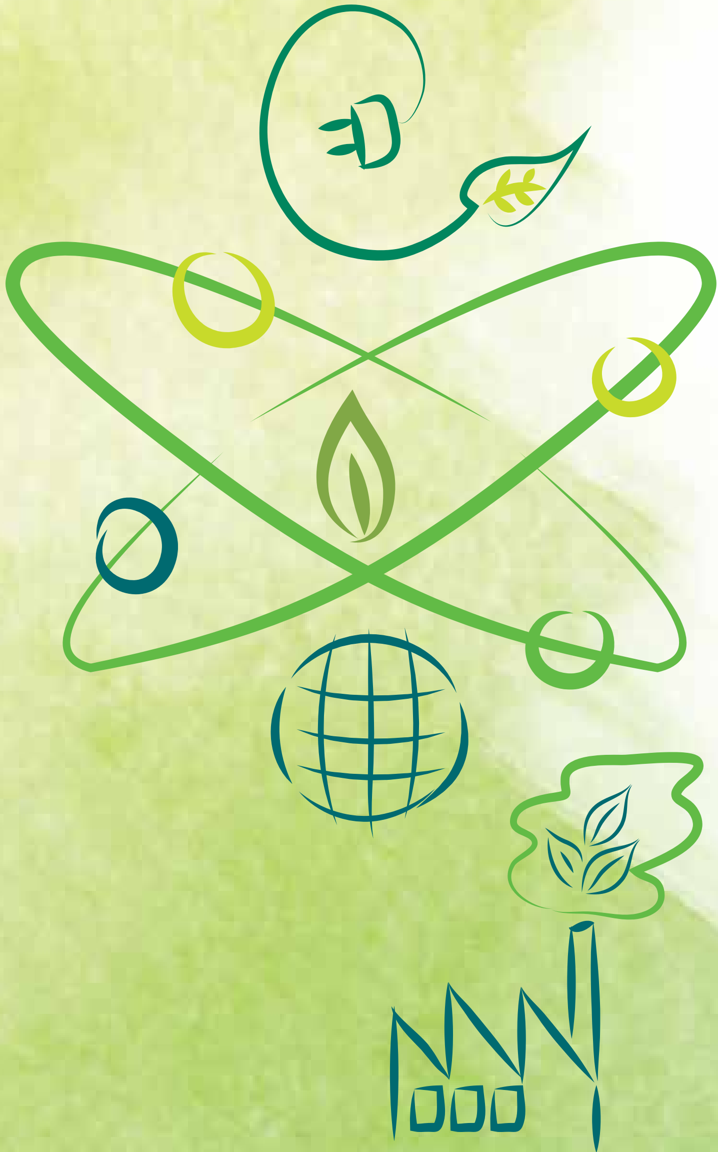
PBT (Before exceptional items)



A well-entrenched, respected consumer centric brand with top quartile profitability and consistent financial performance across business parameters.

Sustain value maximization for each stakeholder.

Environmental Stewardship



We proactively contribute towards creating a world that has a safe and healthy climate and enjoys clean air, water and soil.

In a resource constrained world, we are witnessing a global shift towards more environmentally sustainable ways of working. At Havells, too, our environmental agenda is aimed to promote a healthy ecological balance and prevent environmental crises with appropriate solutions. These include:

- Reducing energy consumption in operations and production.
- Low energy footprint product development for entire life-cycle.
- Minimizing GHG emissions wherever possible.
- Enhancing water positive status
- Ensuring regulatory compliances are observed at all units of the business.
- Optimal utilization of raw material.
- Creating products with minimal environmental impact.
- Improving renewable energy portfolio
- Becoming Zero Waste to Landfill organisation.

As a responsible corporate citizen, our sustainability approach emphasises on growing in harmony with nature.

LEAVING A GREENER FOOTPRINT

Our operational processes are associated with environmental impacts and our endeavour is to minimise the same through a system of effective environmental management. Since inception, we have given a high priority to environmental protection, energy efficiency & conservation, emission reduction and safety. Our systems and practices aim to leave a minimal trace of our operations.

ENVIRONMENTAL KEY PERFORMANCE INDICATORS (KPIS)

KPI-1:
Water Positive - Target: 5% reduction in consumption per employee - Target Year: FY 2020

KPI-2:
Increase in Renewable Energy share in total energy use - Target: 5% increase compared to 2017 - Target Year: FY 2020

This target has already been achieved. Currently, RE has 6% share of total energy use

KPI-3:
E-waste management (EPR Collection) - Target: 5100.1 MT (in weight) - Target Year: FY 2023

We have taken appropriate actions to meet the newer and tighter environmental standards in India. All our manufacturing locations are manned by a professional environment team and laboratory or monitoring facilities. The Group's policies and directives for monitoring and reporting environmental parameters are followed carefully. All Havells' plants are environment-friendly, certified with Environment Management System ISO 14001. Our aim is to progressively increase the share of renewable energy across all our facilities. This year we have increased our solar energy generation to 4.5 GWh.

All our facilities are ISO 9001 certified. they are also ISO 14001 and OHSAS 18001 certified with the exception of Guwahati plant. Except for Guwahati, Standard and Haridwar (fan), all our plants are covered by ISO 50001 standard.

SOLAR ENERGY GENERATION

MWh

NEEMRANA

1092

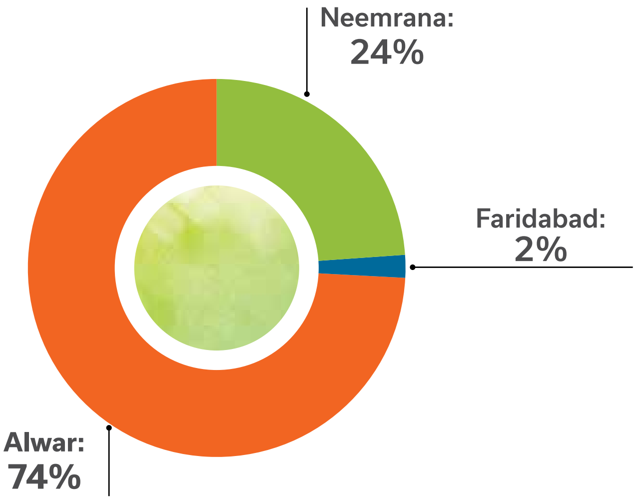
FARIDABAD

101

ALWAR

3316

SOLAR ENERGY GENERATION



CREATING GREENER COMMUNITIES THROUGH TREE PLANTATION

Havells has been focusing on tree plantation near its manufacturing plants. We have planted over 10,000 trees in and around our plants in Alwar, Rajasthan and Baddi, Himachal Pradesh and plan to add a huge number soon in various other locations in India. We will then become a carbon positive organization too, bettering our existing status of being the First 'water positive' company. We have now signed a MoU with the Madhya Pradesh government under which we are planting 1 lac trees each for the next 5 years. We would have planted 4 lakh trees by the end of FY19. We have also tied up with 3 panchayats in Neemrana to plant another 1 lac trees in the current year. We are also building a "Kanya Upvan" in the Alwar district of Rajasthan by planting a tree on the birth of every girl child in the district.

ISO CERTIFICATION

Plants	ISO 9001	ISO 14001	OHSAS 18001/ISO 45001	ISO 50001
Alwar	Y	Y	Y	Y
Baddi	Y	Y	Y	Y
Faridabad	Y	Y	Y	Y
Guwahati	Y			
Haridwar	Y	Y	Y	
Haridwar-	Y	Y	Y	
Standard	Y	Y	Y	
Neemrana	Y	Y	Y	Y
Sahibabad	Y	Y	Y	Y

OPTIMAL AND EFFICIENT ENERGY MANAGEMENT

The entire life support system of human beings depends on the well-being of the environment. Recognising this reality, at Havells, we are committed to developing a long-term sustainable business by minimizing the environmental impact of our operations and by making the most efficient use of natural resources and energy.

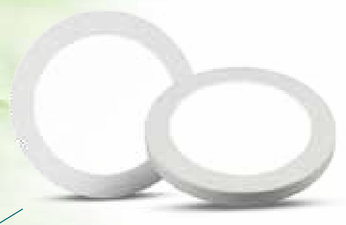
We integrate care for the environment into all our business management procedures, from the production process to the final delivery of products and services to our customers. Energy consumption and efficiency measures are carefully rolled out at different levels in our operations. We have a well-defined process to monitor energy consumption across all manufacturing location. We have installed meters at the point of storage as well as consumption to enhance our monitoring and measuring mechanism. Our world class IT infrastructure provides a detailed analysis and break-up of our energy consumption on an organisational level as well as manufacturing plant level, which helps us in creating an internal benchmark and also helps in identifying hot spots.

These concerted efforts have helped us in reducing energy consumption at all units of the company. We have reduced our electricity consumption with respect to revenue generated by over 60% since 2015-16.

OUR ENERGY EFFICIENT PRODUCTS

Efficiencia Neo
World's most energy-efficient fan with BLDC motor. It consumes only 26W

Adonia i:
An IoT-enabled water heater with wi-fi. Now operate your water heater from anywhere



Havells Trim Clip-On LED panel,
Fits any ceiling. Its unique adjustable bracket makes it easy-to-use as recess or surface panel light

Self priming Pressure Pump
The pressure pump is designed to automatically start and stop depending on faucet/shower operation

ENERGY SAVING INITIATIVES

We have initiated stringent measures at our plants to bring about valuable savings in cost and energy. Some of the energy-saving initiative are mentioned below.

Alwar:

- Installation of Solar roof Top System of 600 KW to save 6,27,096 kWh per annum.
- IGBC (Indian Green Building Council) – GOLD certification initiated for one section.

Baddi

- Implementation of LEDs in place of conventional lighting resulted in savings of 51,012 kWh per annum.
- Cavity enhancement of molds is done to save ₹ 18.6 lakhs per annum.

Faridabad

- Use of Oxsilan Chemical in Automatic powder coating shop for improvement in Energy consumption led to saving of approximately ₹ 12 lakhs.
- Thermal Interlocking in Paint shop department to improve productivity and energy efficiency.

Haridwar

- Replaced conventional lights with LED Lights in warehouse and plant to save ₹ 39 lakhs per annum.
- VFD Installation for Liquid Paint Shop brought about a saving of ₹ 14 lakhs per annum.

Neemrana

- Conventional light replacement with LED light to conserve 61276 kWh per annum.
- Auto cut off in Hydraulic Pressing Machine in to save 4799 kWh per annum.

Sahibabad

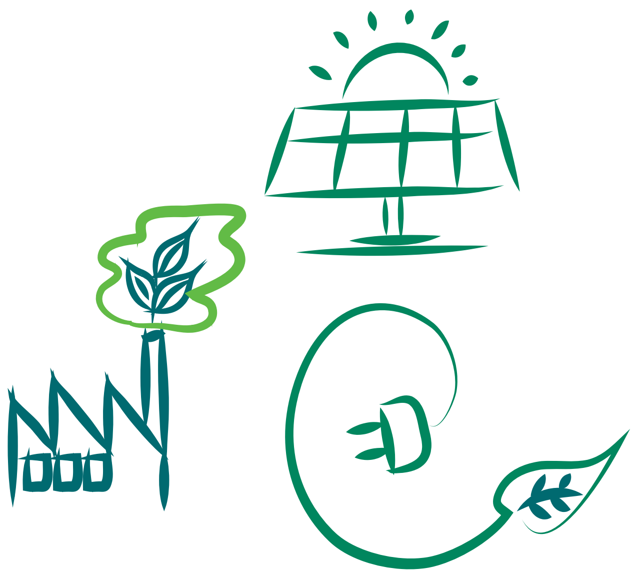
- 16 No AC replaced for Better energy efficiency to save ₹ 1.2 lakhs per annum.
- Material Change of SPG Frame from DMC to Nylon to save ₹ 57 lakhs per annum.

Standard

- SCADA system to be incorporated for compressors to save 27,000 kWh per annum.
- Cut-off valve for isolation of air supply within specified area during non-productive hours to save 24,000 kWh per annum.

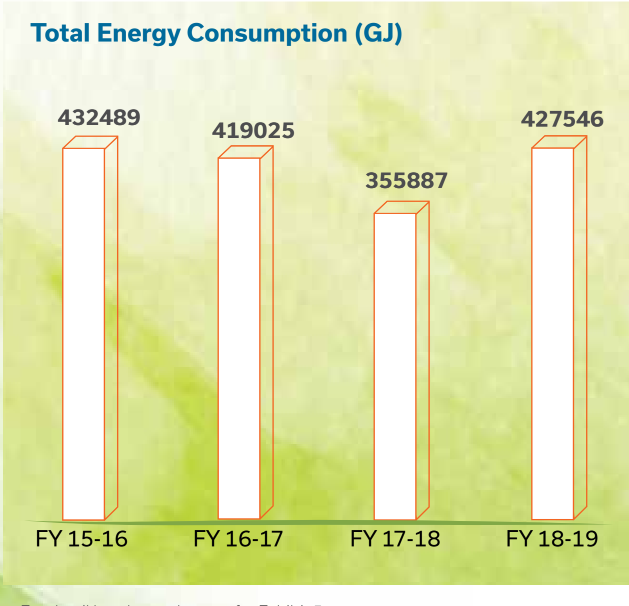
Guwahati

- Energy Saving through Temperature controller in cooling tower, approx. 12,291Kwh. per annum.
- Implemented UPS supply in Molding machine PLC & Touch screen and saved 62,500 KWH per annum.

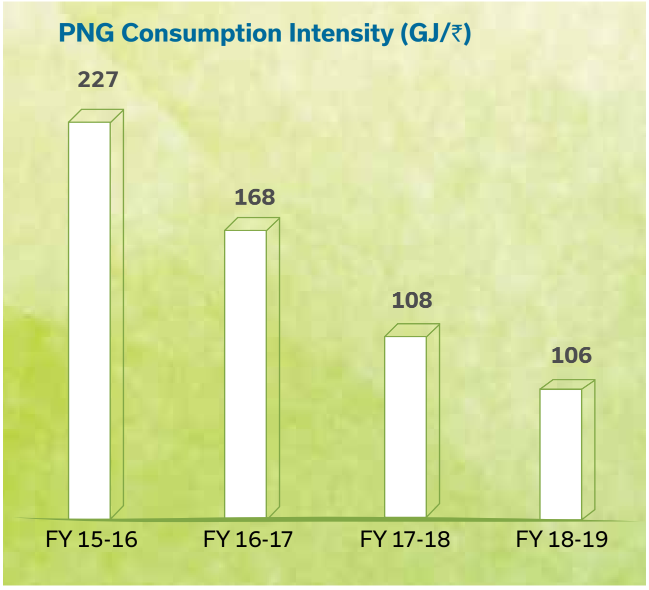


ENERGY CONSUMPTION AND EFFICIENCY

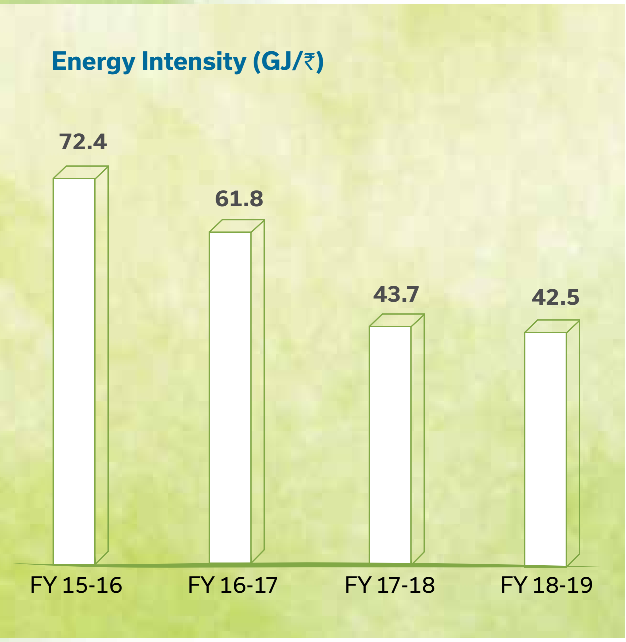
At Havells total energy consumed last year was 427546 GJ. Our Energy Intensity was improved by 42% compared to 2015-16 (base line). This improvement was due to numerous innovations that have been introduced. We are committed to maintain this efficiency in the future too.



For detail break-up, please refer Exhibit 5



For detail break-up, please refer Exhibit 6



For detail break-up, please refer Exhibit 7

42%
reduction from our baseline of FY 2015-16

We have been continuously aspiring to reduce our energy consumption within our organisation

MANAGING WATER IN A SUSTAINABLE MANNER

We are "Water Positive" and have maintained this status for the last three years, even after increasing our plant production by 15%. We have diligently focused on reduction of water consumption per employee as well as water consumption with respect to revenue.

Our culture, policy help us in reducing our water footprint. We have a total of 28 rainwater harvesting pits across all our plants. We have a total of 28 rainwater harvesting pits across all our plants. This helps us in improving the water level of nearby communities. We are zero water discharge organisation. All our plants are equipped with sewage and effluent treatment plants. We periodically monitor and report our treated water and implement necessary actions and projects to optimise the utilisation of the treated water. Some of the initiatives which contributed towards the achievement of our status of being a "Water Positive" company are shared below:

INITIATIVES:

1. Installation of water softener plant up to 5,000 L/hr at Faridabad plant to save 15,000 L/day.

2. Use of electronic impulse generation technique for descaling of water carrying pipes has led to saving of water & overall equipment efficiency at Alwar plant.

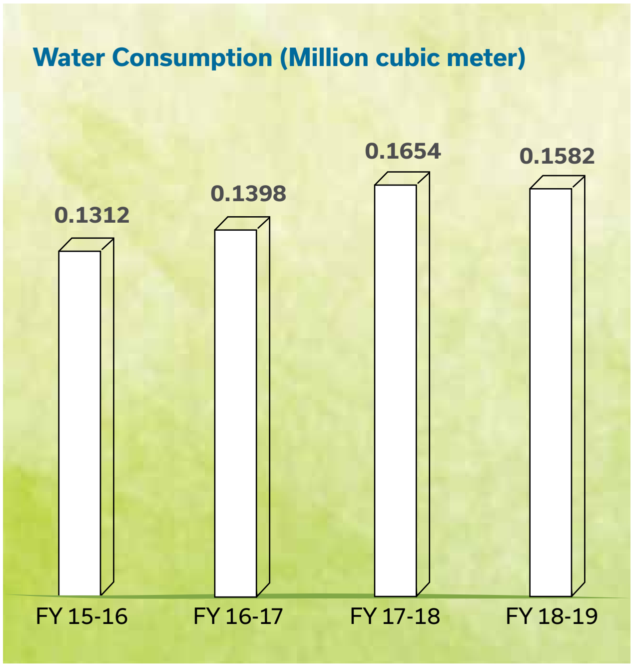
3. Self-cure compound usage in LT cables has helped in elimination of curing of LT cables with water, which earlier was a process at the Alwar plant.

4. Push type self-closing tap on all hand wash/ general washing points / Mist formation nozzles for taps across the plants.

5. At Haridwar plant, 60 KLD STP has been installed to save 4,800 KL per annum and 80 KLD STP has been renovated to save 10,200 KL per annum.

6. At Standard plant, a new water harvesting tank has been installed to reduce the ground water consumption by 5%.

7. At Sahibabad plant, – we installed 4 rainwater harvesting pits to cover 25% of plot area and increase charging capacity by 30%. Also, waste-water from AC was reused by the plant in the working of CNC machines to save ₹ 0.36 lakhs per annum.

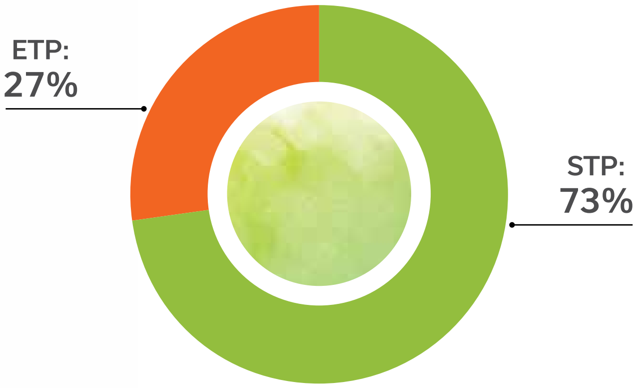


For detail break-up, please refer Exhibit 8

TREATED WATER

We have set up a well-defined infrastructure at all our manufacturing facilities and corporate office for treatment of water. The treated water is used for gardening purpose, for flushing purpose in the toilets and as well as re-utilized in the manufacturing process. This helps us in reducing our freshwater consumption thus reducing extraction of ground water. Being a Zero Water Discharge organisation we do not do any discharge in water bodies except in Haridwar plant where in the discharge goes to common Sidcul effluent treatment plant (for which we pay the state Industrial Development Corporation of Uttrakhand Limited).

WATER CONSUMPTION (MILLION CUBIC METER)

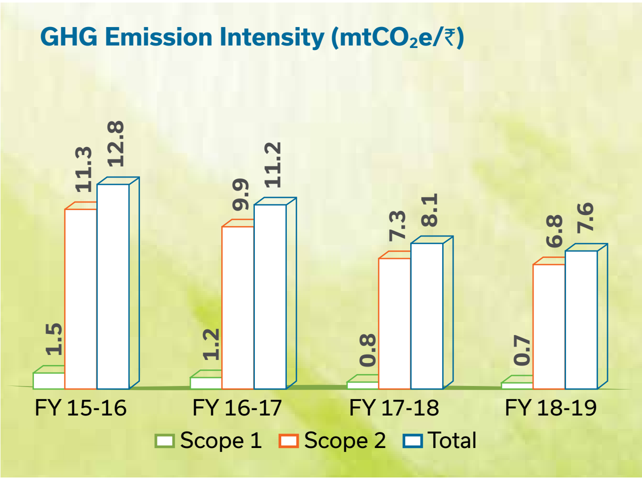


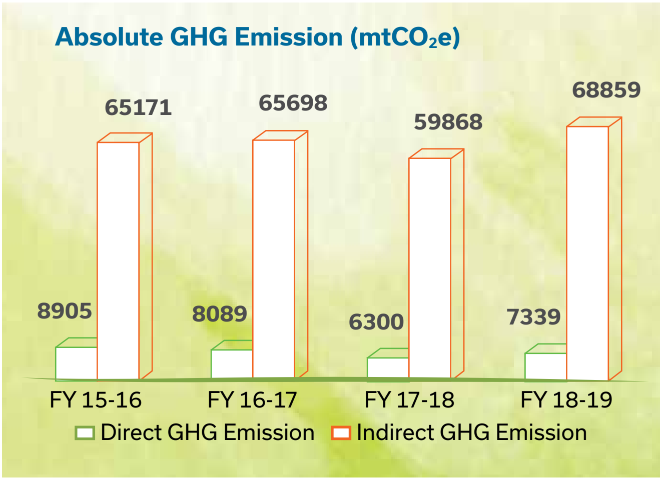
STATE-OF-THE-ART RAIN WATER HARVESTING POND AT ALWAR

OUR EMISSIONS

Sustainability is not necessarily an end state but is a continuous process of improvement. Our sustainability and climate change mitigation policies reflect our innate commitment to sustainable development.

Strategies are in place to address global warming and ensure a low carbon development path with minimum output of greenhouse gases. Environmental risks are regularly assessed and addressed. We strive to achieve carbon footprint-conscious growth through efforts in four key facets of our operations. By implementing progressive low-emission development strategies that promote integrated clean energy solutions and broader sustainable development objectives, we can move towards climate change mitigation which requires a shift to low-carbon development.





For detail break-up, please refer Exhibit 9

41%
decrease in GHG Emission Intensity from baseline year of FY 15-16

RETURN ON ENVIRONMENTAL INVESTMENTS

₹ in Cr.

Year	2014-15	2015-16	2016-17	2017-18	2018-19
Capital Investments	1.4	0.6	1.1	6.8	4.6
Operating Expenses	0.7	1.2	1.2	2.1	0.8
Total Expenses (Capital Investments + Operating Expenses)	2.1	1.8	1.2	9.1	5.4
% of operations covered	100%	100%	100%	100%	100%

SCOPE 3 EMISSIONS

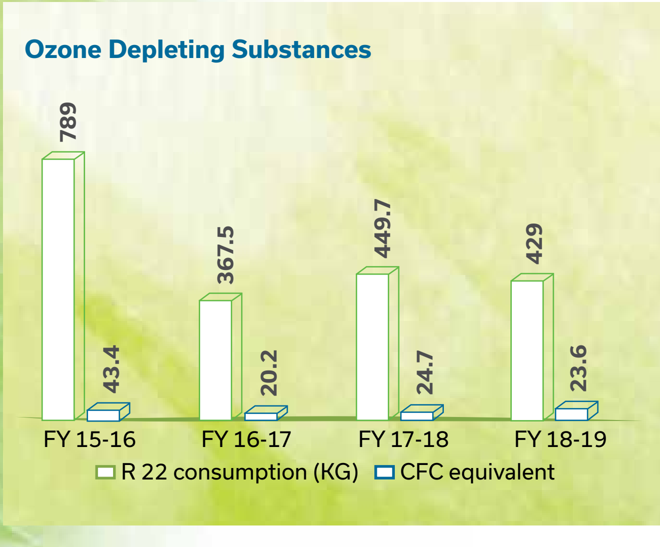
During this financial year we zeroed in on 8 categories out of 15 categories provided by GHG protocol, which were most relevant to us and took a small stride towards monitoring and reporting our Scope 3 emission. After framing a roadmap and setting up of processes during the year to calculate our Value Chain Emission, we were successfully able to monitor "Employee Commuting" using GHG protocol Scope 3 standard. We were successfully able to capture and monitor employee commuting of all our manufacturing plants except one. Our corporate office is also out of scope for this financial year. We created a process of capturing the distance travelled by employees from their residence to office wherein employees were asked to provide information through an online survey. The fuel consumption was calculated through the same survey by averaging out the consumption per litre by their respective vehicles.

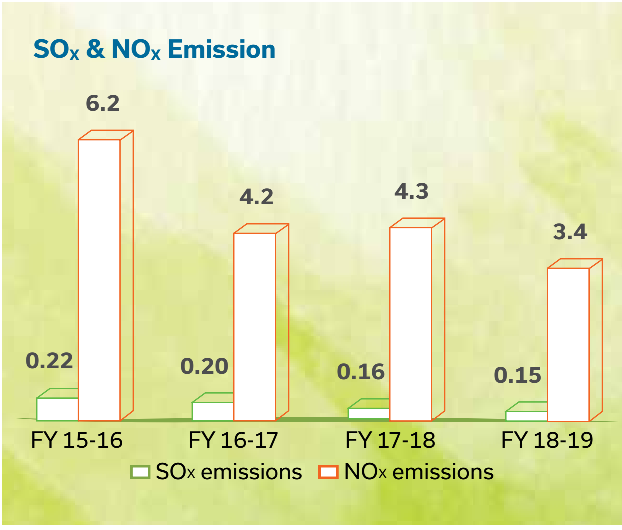
To calculate the GHG emission we have followed the distance based method provided by GHG protocol Scope 3 standard for all the plants covered in the scope except our Baddi plant which followed fuel based method. Emission factors are taken from India GHG Program, India Specific Road Transport Emission Factors Version1.0.

EMPLOYEE COMMUTING

		Haridwar	Neemrana	Sahibabad	Baddi	Faridabad	Standard	Alwar
Distance Travelled	KM	424911	2603056	296112		562870	16374	821914
Fuel Consumption	L	17354	107057	16371	39260	24441	497	58744
GHG Emission	tCO2 equivalent	66.29	406.08	46.19	103.80	87.81	2.55	128.22

OTHER EMISSIONS





429 (KG)
R 22 consumption

101 (KG)
R 134 consumption

3 (KG)
R 410 consumption

CREATING WEALTH FROM WASTE

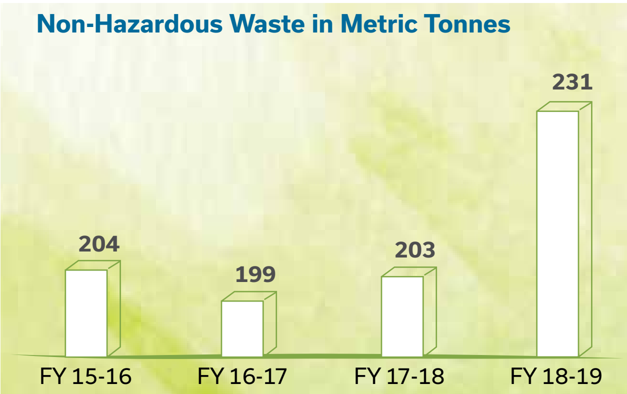
At Havells, we see waste as an opportunity to improve our efficiency. Accordingly, we are committed to reduce and reuse as much waste as possible during our operations. We comply by all the central and state rule when it comes to disposal of waste.

We are always looking for opportunities to reuse our waste in the same operation or as a raw material to other operations, thus bringing in a circularity to our waste management approach. We feel proud to say that approximately 94% of the waste generated is recycled and reused. In coming years, we are striving to become a "Zero Waste to Landfill" company.

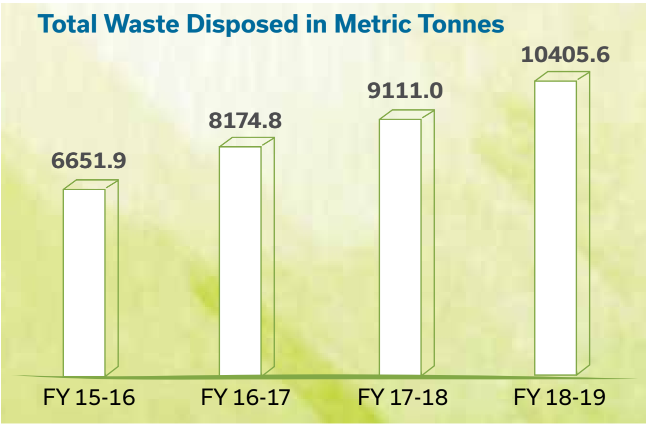
Keeping in line with our philosophy to bring in more circularity in our business we have turned one of our scrap yard at Alwar location into a recycling plant where our in-process scrap of Copper/Aluminium Insulated core are separated into Stripped PVC and metal. The Stripped PVC is then recycled and re-used by converting it into functional granules. The goal of recycling plastic is to reduce high rates of plastic pollution while putting less pressure on virgin materials to produce brand new plastic products. This approach helps in conserving resources and diverting plastic waste away from landfills or unintended destinations such as oceans. The stripped copper is sent to smelter and is reprocessed to make copper tape. Every gram of copper is put into use through smelting process while the remaining stripped aluminium is being recycled and reprocessed into aluminium wire.

This holistic process has even helped us in providing an opportunity to serve community. The scrap wood generated from pallets is recycled and re processed to make table & benches for school children.

RECYCLING PLANT AT ALWAR



For detail break up, please refer Exhibit 10 and Exhibit 11



Social

A journey of a thousand miles must begin with a step. Our commitment towards our employees, our partners and community empowerment encourages us to work closely with them to understand their concerns and choose how to best address them. We are continuously scaling up our human and social responsibilities we hope to provide service to our employees, partners and community in a better and constant manner and lay the foundation for sustained progress.

At Havells, we believe in a journey of sustained small steps that lead to meaningful change in people's lives.

PEOPLE: KEY PERFORMANCE INDICATORS

KPI-1:
Employee Turnover - Target: **5%** reduction - Target Year: 2020-21

KPI-2:
Expected Community investments - Target: **17 crore** - Target Year: 2020-21

KPI-3:
NPS Score - Target: **60** - Target Year: 2018-19

EMPOWERING COMMUNITIES FOR SUSTAINABLE PROGRESS

OUR MID- DAY MEAL PROGRAMME:

795 million people – one in nine – still go to bed on an empty stomach each night. Even more – one in three – suffer from some form of malnutrition.

While the global community adopted 17 Sustainable Development Goals to improve people's lives by 2030 in 2015, we started working on the 'Goal 2 – Zero Hunger' way back in 2005. In 2004, we started finding out reasons for non-availability of adequate manpower in nearby areas of our Alwar plant. The research was heart breaking as it showed that children from nearby villages did not go to school and were engaged in farms and other jobs to support family's income. Over time we realized that providing food could be the answer to this puzzle. We tied up with the government of Rajasthan to provide mid-day meal in government schools.

A humble beginning that started with serving just 1500 children across 5 schools grew to serving over 60,000 students across 693 schools daily in the district. The fresh, hygienic and nutritious food is prepared in the state-of-the-art kitchen in accordance with government-approved diet charts. Spread over an area of 4 acre, the kitchen employs staff of over 160 people including cooks, helpers and drivers along with a fleet of 30 vans to ensure hassle-free and timely delivery of the meals every day. Ownership of the entire mid-day meal value chain from procurement of food materials to food preparation, storage and transportation to school, gives the company complete control over the quality and hygiene of the meals. This goes in line with Havells philosophy of providing the best quality in all company offerings.

SANITATION AND HYGIENE PROMOTION FOR BETTER SCHOOL INFRASTRUCTURE

Havells understands that WASH (Water, Health and Hygiene) are critical for ensuring overall development of children and their families. Focus on WASH program in schools stems from our efforts to realise our vision of a world where all children go to school that provides safe, healthy and comfortable environment where they grow, learn and thrive. We decided to take the first step from Alwar where we are already running our flagship program of mid- day meal. A research was done to understand the present situation and few of the observations were:

- Only 70% of the students used toilets that were available in all schools.
- In most schools toilets were clogged with mud and fecal matter.
- Water was not available in the toilets to flush waste or for personal hygiene.
- Adolescent girls were found to be absent during menstruation as the toilet was unfit for use.

A similar situation was seen when children would prefer to stay back home rather than attend school on days when they had dysentery.

Keeping these issues in mind, Havells initiated a sanitation drive in 2014 in government schools of Alwar district wherein the company built eco-friendly bio-toilets. These eco-friendly bio-toilets use special bacteria developed by DRDO (Defence Research & Development Organisation) to convert human waste into biogas and water. The water can be used for gardening, cleaning or ground water recharge. Havells has built over 4000 bio-toilets in 400 government schools in Alwar district of Rajasthan. This initiative of Havells amalgamates perfectly with the ambitious 'Swachh Bharat Mission' advocated by the Government of India and dovetails with United Nations Sustainable Development Goal No-3 & 6.

SENSITISATION TOWARDS BEHAVIOR CHANGE

The next step in this direction was to sensitise students as well as the teachers about the importance of WASH. We invested in behavioural change sensitisation workshops not only for the children but also for the 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 develop good hygiene habits amongst children from tender age. Activities like songs, wall paintings, rhymes, quizzes, painting competitions help children understand concepts better and are able to explain to their parents and bring positive change in the family. Teachers are also being involved in the process who in turn could educate parents and society at large. We did not stop at building toilets or working on behaviour change of children and teachers; instead we went a step further. While toilets were built, its upkeep was a major issue due to paucity of funds at the school level. We decided to contribute equal amount of money as given by the government to ensure these toilets are kept neat and clean and students use them regularly. A strict vigil on upkeep of these toilets ensures the funds are used properly.

Another problem realised was the one faced by adolescent girls regarding the wrong myths about menstruation. The incorrect beliefs hampered their health as well as education due to high absenteeism from school. To address this issue, Havells joined hands with Project Baala wherein the young rural girls are educated about menstruation in schools & eco-friendly sanitary napkins are provided to them. The pad is made of three layers of cloth stitched together, is reusable and can be used for a period of 1.5 to 2 years.

We received very good response to this intervention and hence we scaled it to the next level. We have now distributed these kits to 22, 000 girls across 285 schools in the Alwar District. With these small steps, we have taken a 360-degree approach to this major problem of sanitation.

All these initiatives helped improve attendance, health and cognitive development, increased girls' participation, established positive hygiene behaviour and offer the opportunity to introduce better WASH practices in families and communities and address issues of inequity and exclusion.

CONSERVING OUR HERITAGE FOR FUTURE GENERATIONS

We are proud of the rich heritage of our country and realise the need to preserve it c in the best possible condition for the future generations. Keeping that in mind, Havells has tied-up with Aga Khan Foundation India (AKFI) and will contribute towards building Humayun's Tomb Interpretation Centre. The 10,000 sqm facility is the first-of-its-kind facility planned at any of Delhi's World Heritage Sites and is expected to receive 2 million visitors annually. Not just that, the proposed Interpretation Centre will be the largest public cultural facility built since the National Museum. Havells will also help Aga Khan Foundation to conserve the monument of national importance called the "Sabz Burj" situated at Nizamuddin in New Delhi. We aim to keep contributing towards preserving our wonderful heritage.

EMPOWERING LIVES THROUGH SKILL DEVELOPMENT

The focus of Havells CSR initiatives has always been children and youth of the country. Contributing to the development of their future, we recently launched Havells first Electrical Skill Development Centre at ITI, Nagaon in Assam. The Centre would enable students to hone their skills with latest equipment and contribute to the growth of the nation. The second Electrical Skill Centre has been launched at ITI Pusa, Delhi.

CONTRIBUTING TO HEALTHCARE

Thalassemia major is a genetic disorder and the only available curative option is Bone Marrow Transplantation. The cost of transplant is beyond the reach of children coming from low socio-economic strata. Through our financial contributions for transplant, we intend to provide an opportunity for cure for children who otherwise cannot afford the procedure. We have adopted 2 thalassemia child patients in South East Asia Institute for Thalassemia (SEAIT), Jaipur for this treatment and have contributed 20 lacs for their treatment. We are pleased to share that one child is now thalassemia free.

PEOPLE DEVELOPMENT FOR SUSTAINABLE BUSINESS

We believe that employees are our most valuable asset. Our Human Resource function builds its systems and processes aligned to our Company's vision, values and business needs. We endeavour to establish and drive the right behaviours on a people perspective to attract, nurture and retain the best talent and enable organisational growth. The unwavering focus is to align employee aspirations with the organisational goals and build long-term mutually rewarding relationships.

MAINTAINING A SUSTAINABLE WORKFORCE

The Company is an equal opportunity employer and consciously strives to build a work culture that promotes dignity of all employees. Havells employs 6,536 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 efforts to promote gender equality and women's leadership in our workforce, we have added 83 permanent female staff members to our employee roster. Awareness programmes are conducted off and on to sensitize employees to respect the dignity of their colleagues at the workplace. In addition to our permanent employees, we employ 9,397 temporary staff and contract labour. We do not have unions at any of our plants. All the benefits such as life insurance, health care etc. are same for the full time and temporary employees.

EMPLOYEE RECRUITMENT & TURNOVER

Hiring the right Talent at all levels and inducting them to understand our values and way of working is critical for our success. We have a strong process of selection which has a multi-player process of interviews based on our matrix organization, strong reference and verification checks before we offer. We have also introduced Personality Profiling for hiring senior resources, this helps us assess behavioural profile to match our needs. Our overall intake of talent has been 2,083 in 2018-19, and at leadership levels it is 23.

Our growing Human Talent over the last three years has moved from 4,974 to 6,536. There has been a lot of emphasis on getting talent in new business areas such as the Water Purfier, Professional Luminaries, Solar Energy, and in the technical areas such as R & D, IT, & Quality.

At Havells we are committed to create sustainable work practices and an innovative work culture for our employees. Our reputation as an exciting and enriching workplace attracts some of the most talented people in the industry. The establishment observes defined guidelines for recruitment, separation, career advancement performance appraisal and a Code of Conduct. We encourage local employment, and therefore 100% of our workforce is hired from within the country.

During the reporting period, we recruited 2,083 new employees across management and permanent worker categories. From those who were hired, 5% were females, 41%were less than 30 years old and 58% were between 30 and 50 year age group. 1% were over 50 years of age.

We define employee turnover as the number of employees who leave the company voluntarily or due to dismissal, retirement or death. Our permanent employees are considered for reporting against this indicator.

In 2018-19, a total of 1360 employees separated from the company from across the management and permanent workers' categories (For detail break up, please refer Exhibit 13). From those who left 1304 were males, 54 were females, 45% were younger than 30 years of age and 54% were between 30-50 years of age. 1% were over 50 years of age. We conduct comprehensive exit interviews to assess and improve our HR practices and are dedicated to building a work culture that helps to retain our best talent.

Total New Employees Hired

2,083

For detail break up, please refer Exhibit 12

Total Employees

6,536

Minimum Notice Period Regarding Operational Changes

1 Month

The Company complies with the provisions of Prevention of Sexual Harrassment of Women at the workplace. We provide full time employees and their families several schemes covering education, healthcare, retirement benefits, loans and financial assistance.Our HR policies provide healthy growth opportunities to all our employees irrespective of age, race, color, gender, religion, nationality or disability. Our leave policy is aligned to the Factory Act, under which provisions for earned, sick and maternity leave apply for all employees. During the reporting year, 05 of our female employees took maternity leave and rejoined work. Our HR department informs employees of any significant operational changes through institutional procedures. We follow a 7 days probation period and after probation the minimum notice period is 30 days. There were no incidents of discrimination during the reporting period.

PROVIDING OPPORTUNITIES FOR ENHANCING DEVELOPMENT AND LEARNING

The success of a business largely depends on the skills set and knowledge of its employees. Investing in learning opportunities for our employees, developing their skills and increasing their competencies fosters a culture of innovation and development, which is at the heart of our sustainability agenda.

We have made significant investments in the past year in developing our human capital, through several training programmes. We recorded 48,181 man-hours of training in this financial year, which when compared to previous reporting year, was an increase of 31%. 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 the previous year. We provided safety and skill up-gradation training to a total of 2,767 permanent employees and 9,365 contractual workers. From time to time, the Company reviews and adopts schemes that benefits employees and provides them a better workplace. Investment in human capital also leads to a strong sense of loyalty among the workforce.

We strive to create an environment where people can discover their potential and grow. The breakdown of trainings provided across various categories is listed Exhibit 14.

OCCUPATIONAL HEALTH & SAFETY

The safety of our people is our top-most priority. We are thus committed to ensuring the safety of our plants and creating a workplace with zero accidents or just minor safety incidents. We have implemented best global safety practices at our plants and made investments in safety technologies, infrastructure, communications and awareness programmes.
We ensure compliance with OHSAS 18001, the international standard for health and safety within the workplace. . We also encourage celebration of Safety Day with a safety theme at all our units. There were no reported incidents of workers with high risk of any diseases at our plants in the reporting year.

Our policies and procedures are employee friendly and we adhere to best practices as per OHSAS requirements. All employees across the plants regularly undergo medical checkups to ensure they are not subjected to any occupational health hazards. Timely health awareness camps ensure good quality of health and fitness for all our employees. We are happy to share that we achieved zero occupation health disease cases and fatalities across our plants.

Occupational Illness Frequency Rate (OIFR) – Employees
Nil

Injury Count
5

Fatalities
Nil

Occupational Disease Case
Nil

Lost days
41

LOST TIME INJURY FREQUENCY RATE - EMPLOYEES

FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
1.82	0.99	0.65	0.61

SAFETY COMMITTEE MEMBERS

	Haridwar	Neemrana	Sahibabad	Baddi	Faridabad	Standard	Alwar	Guwahati
Management person	16	6	11	17	13	10	11	9
Non- Management person	16	6	3	19	13	14	21	12

LABOUR PRACTICES AND HUMAN RIGHT

We at Havells have a strict stance against child or forced labour and have institutionalised policies to ensure that we follow due processes and practices that are in line with all labour regulations and laws. We have a human rights policy which prohibits any kind of child labor within our premises and our suppliers are also asked to sign our vendor code of conduct which prohibits child labour in their operation. As with all previous years, we have no incidents reported of child labour, forced labour or compulsory labour in our operations nor at any of our suppliers' workplace. A total of 02 male employees with disabilities were employed at Havells this year.

EMPLOYEES WITH DISABILITIES

Male
02

Female
00

RESPECTING HUMAN RIGHTS

We understand that it is our responsibility to respect Human Rights. Our human rights policy is specified in our Code of Conduct and Business Ethics. We also follow the Havells Group's Directive on Human Rights. We prohibit undesirable practices and do not conduct business with any individual or company that violates Human Rights i.e. exploitation of children including child labour; physical punishment; gender-based violence; forced or compulsory labour; unlawful discrimination in employment and hiring practices; unfair dismissal, provision of unsafe working conditions; salary payments (or deductions)below minimum wage; and illegal overtime regulations. The Human rights policy is available on the oraganisation's website which is also available to all the personnel for training and understanding purpose.

The Company has a Supplier Code of Conduct (SCC) that covers various human rights aspects. The self-declaration covers employee safety, occupational health, corporate social responsibility and environmental management.

Total Man-hours of Training
48,181

Number of Permanent Employees Imparted safety and skill up-gradation training
2,767

Number of Contractual Workers Imparted safety and skill up-gradation training
9,365

Category	Nos of complaints filed during the financial year	Nos of complaints pending at the end of the financial year
Child labor	Nil	Nil
Forced labor	Nil	Nil
Involuntary Labor	Nil	Nil
Sexual harassment	Nil	Nil

Awards and Membership

We continue to work sincerely, tirelessly and ethically. The efforts have paid off well as reflected in the awards won and the recognition gained by the Company and our people. These achievements demonstrate our commitment to excellence and inspire us to work harder for the benefit of all our stakeholders.

1. Mr. Anil Rai Gupta, Chairman of Havells, was honored with 2019 AACSB Influential Leader Award in recognition of his outstanding achievements, entrepreneurial success and his contribution towards the industry and the society.
2. Havells won the Digital Marketing of the Year 2018 in the Consumer Durable Category
3. Havells won the Gold in the Best Digital Display Campaigns 2018
4. Havells Fan won Effies Bronze Award for 5th Wall - Ceiling Art Fan campaign in the Durables category
5. Havells - School of Grooming campaign was awarded "The Best Content marketing launch/ Relaunch Award" by the Audacity e4m Indian Content Marketing Awards
6. Havells was conferred the "Best Incentive programme in the Middle East"- at the MALT Excellence Award 2019 at Dubai, for exemplary role played in the field of MICE, business & luxury travel.
7. Havells won BrandZ India rankings of the Most Valuable Indian Brands 2018. (Havells featured as a new comer at Rank #41, with a Brand Value of $1,510 Million.)
8. Havells won the Gold award for Buzziest brand in the building segment by Afaqs.
9. Mr. Anil Bhasin, President , was conferred the following awards:
   a. Marketing Role Model Award at 20th National Management Summit by Top Rankers
   b. Life Time Achievement Award 2019 by Amity University, UP during 6th International Conference on Signal Processing & Integrated Networks
10. Havells won the 3rd smart urban innovations award organised by FICCI, for excellence in the Energy Category at the 3rd Smart Cities Summit 2019 - Urban Innovations & Future Cities

Charters & Coalitions

IEEMA- Indian Electrical and Electronics Manufacturers Association
Computer Society of India
ELCOMA- Electric Lamp and Component Manufacturers Association of India
ISLE - Indian Society of Lighting Engineers
IFMA- Indian Fan Manufacturers Association
Water Quality Association
United Nations Global Compact (UNGC), India

EXHIBIT -1
ANNUAL PURCHASE – (IN CRORE ₹).

	Domestic	Import	Total
Manufacturing Plants	3671	1044	4715
Traded Goods	696	1452	2148
Grand Total	**4367**	**2496**	**6863**
Overall Business Share (%)	**64**	**36**	

EXHIBIT -2
SPEND ANALYSIS - MANUFACTURING PLANTS – (IN CRORE ₹)

Plant	Domestic	Import	Total
Alwar	1792	658	2450
Haridwar - Fan	577	87	664
Baddi	281	37	318
CFL/LED	179	78	257
Fixture	175	60	235
Motor/Pump	141	12	153
Haridwar - Standard	135	9	144
Faridabad	133	1	134
Water Heater	74	41	115
Sahibabad	70	10	80
Ghiloth - AC	23	31	54
Guwahati	42	0	42
Water Purifier	28	13	41
Cooler	21	4	25
LED TV	0	5	5
Grand Total	**3671**	**1046**	**4717**
Business Share (%)	**78**	**22**	

EXHIBIT -3
COMMODITY SPEND ANALYSIS - MANUFACTURING UNITS – (IN CRORE ₹)

Commodity	Domestic	Import	Total
Copper	925	498	1423
Aluminium	790	20	810
Steel	561	51	612
Plastic	354	112	466
Electronic Components	248	160	408
Paints and Chemicals	201	113	314
Others	182	58	240
Packaging	215	0	215
Capex and Consumables	131	32	163
Brass	36	0	36
Hardware	29	1	30
Grand Total	**3672**	**1045**	**4717**
Business Share (%)	**78**	**22**	

EXHIBIT -4
SPEND ANALYSIS - FINISHED GOODS – (IN CRORE ₹)

Division	Domestic	Import	Total
Lloyd - AC	177	926	1103
Llyod - LED TV	25	251	276
Lighting	118	65	183
Fan	98	21	119
SDA	45	52	97
Solar	55	26	81
Washing Machine	18	54	72
Water Heater	43	20	63
EWA	47	1	48
Pump	32	2	34
Automation	0	29	29
Capacitor	14	0	14
Cooler	13	0	13
Wire	11	0	11
Lloyd - REF	0	5	5
Grand Total	**696**	**1452**	**2148**
Business Share (%)	**32**	**68**	

EXHIBIT -4
SPEND ANALYSIS - FINISHED GOODS – (IN CRORE ₹)

Division	Domestic	Import	Total
Pump	32	2	34
Automation	0	29	29
Capacitor	14	0	14
Cooler	13	0	13
Wire	11	0	11
Lloyd - REF	0	5	5
Grand Total	**696**	**1452**	**2148**
Business Share (%)	**32**	**68**	

SUPPLY CHAIN- SPEND ANALYSIS

Description	Number of suppliers currently engaged by Havells	Value of payments made to suppliers
Western Cluster	158	199 Cr
Northern Cluster	971	1215 Cr
Southern Cluster	38	46 Cr
Central Cluster	3	4.07 Cr
Eastern Cluster	8	3.16 Cr
Total	**1178**	

Classification	Number of suppliers currently engaged by Havells	Value of payments made to suppliers
Raw Materials (Component)	927	1148 Cr
Packaging	191	194 Cr
Paint & Chemical	60	125 Cr

EXHIBIT -5
TOTAL ENERGY CONSUMPTION

Division	Unit	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
A. Fossil fuels purchased and consumed (for energy purposes)	MWh	40696.2	36507.0	28642.9	35397.7
HSD	Litres	1948885.0	1898179.9	1499014.2	1854768.6
Furnace Oil	Kg	225764.0	224871.0	105166.8	0.0
LPG	Kg	98853.0	14358.5	51181.0	64615.0
Natural Gas	SCM	1313246.0	1105714.0	882505.6	1066272.3
Biomass	Kg	5225.0	2900.0	3993.0	4981.0
B. Electricity (Non - renewable) purchased	MWh	79476.5	80119.8	73009.2	83974.3
C. Steam / heating / cooling and other energy (nonrenewable) purchased	MWh	nil	nil	nil	nil
D. Total renewable energy purchased or generated. PleaseSpecify:Solar+Biomass	MWh	17.0	250.4	3565.3	4514.0
Solar	MWh	0	241.005	3552.3	4509.0
Biomass	MWh	17.0	9.4	13.0	4.98
E. Total non-renewable energy (electricity and heating & cooling) sold	MWh	nil	nil	nil	nil
Total non-renewable energy consumption (A+B+C-E)	MWh	120172.6	116626.8	101652.2	119372.0
Total costs of energy consumption Please select one of the costs	**Currency (₹):**	**4518490.1**	**4385167.5**	**3822120.9**	**4488386.4**

EXHIBIT -6
PNG CONSUMPTION TREND

Year	PNG Consumption SCM	Conversion to Comparable Unit	Conversion to Comparable Unit - Gj	units	Revenue	PNG INTENSITY
2015-16	1313246	998067	47907	GJ/₹ Cr	5776	227
2016-17	1105714.318	840343	40336	GJ/₹ Cr	6586	168
2017-18	882505.6	670704	32194	GJ/₹ Cr	8135	108
2018-19	1066272.0	810367	38898	GJ/₹ Cr	10058	106
% PNG reduction from 2015-16		53%				

EXHIBIT -7
REDUCTION IN ENERGY INTENSITY

Year	Energy Intensity	units	Revenue
2015-16	72.4	GJ/₹ Cr	5775.5
2016-17	61.8	GJ/₹ Cr	6586
2017-18	43.7	GJ/₹ Cr	8135
2018-19	42.5	GJ/₹ Cr	10058
% Energy intensity reduction from 2015-16	42%		

EXHIBIT -8
WATER CONSUMPTION - 2.3.4

Division	Unit	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
A. Total municipal water supplies (or from other water utilities)	Million cubic meters	0.0335	0.0270	0.0232	0.0180
B. Fresh surface water (lakes, rivers, etc.)	Million cubic meters	0	0	0	0
C. Fresh ground water	Million cubic meters	0.0977	0.1128	0.1422	0.1402
D. Water returned to the source of extraction at similar or higher quality as raw water extracted (only applies to B and C)	Million cubic meters	0	0	0	0
E. Total net fresh water consumption (A+B+C-D)	Million cubic meters	0.1312	0.1398	0.1654	0.1582

EXHIBIT -9
DIRECT GREENHOUSE GAS EMISSIONS (SCOPE 1) - 2.3.1

Division	Unit	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Total direct GHG emissions (Scope 1)	mtCO2 equivalents	8904.8	8089.0	6299.8	7339.3
HSD	mtCO2 equivalents	5216.2	5080.0	4012.1	4964.3
Furnace Oil	mtCO2 equivalents	706.0	703.0	328.9	0.0
LPG	mtCO2 equivalents	295.0	43.0	152.8	192.9
Natural Gas	mtCO2 equivalents	2687.6	2263.0	1806.1	2182.2

INDIRECT GREENHOUSE GAS EMISSIONS (SCOPE 2) - 2.3.2

	Unit	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Indirect greenhouse gas emissions from energy purchased and consumed (scope 2)	mtCO2 equivalents	65170.7	65698.2	59867.6	68858.9

EXHIBIT -10
HAZARDOUS WASTE (2018-19)

	Unit	Disposed
Waste oil ,Used Oil, Spent Oil	Kg	8445
Oily Socked Cotton clothes	Kg	5464
Empty paint cans/ silicon spray/ Waste Empty Cans	Kg	11550.9
PAINT/CHEMICAL	Kg	23
Waste Batteries	Kg	1816.5
BUCKETJELLY	Kg	174
PRINTING INK	Kg	403.5
Capacitor	Kg	132
DG and Compressor Filter/ filter/ Used Filter	Kg	1248.6
PCB CUTTING/PCB REJECT	Kg	1.46
TUBELIGHT-CFL/ Other wastes Like tubelight, cell, etc.	Kg	11995
HARDNER DURM	Kg	27
Zinc Dust	Kg	25349
Plastic Scrap	Kg	75908
Paint bucket	Kg	95
ETP Sludge	Kg	20880
Paint Sludge	Kg	64156
Bio Medical	Kg	16
Used Grease	Kg	300
DMC Waste	Kg	3270
		231275

EXHIBIT -11
NON HAZARDOUS WASTE (2018-19)

S. No.	Waste Type NH Unit	Waste Quantity (Weight) NH in kg
Metal		
1	ALUMINIUM Waste	740781
2	COPPER Waste	276718.9
3	BRASS Waste	121923.5
4	M.S. Waste	2736412
5	Empty Drum	2563
6	MS Scrap Drum 20Ltr W/D	67602
7	MS Scrap Empty Drum 04 Ltr	17401
8	MS Scrap Empty Drum 200 Ltr.	36320
Plastic		
1	PLASTIC waste	304991.1
2	PLASTIC DRUM OPEN MOUTH 50 LTR BLACK W/D	967.5
3	PLASTIC DRUM OPEN MOUTH 200 LTR	3825
4	Empty PLASTIC Bags	4850
Packaging		
1	Packaging Waste	2136953
Other		
1	BATTERY Waste	14683
2	ROTOR Waste	16475
3	Other	3693927
		10176394

EXHIBIT -12

		Haridwar	Neemrana	Sahibabad	Baddi	Faridabad	Standard	Alwar	Guwahati	Corporate
Under 30 years - Male	No's	12	21	1	19	4	2	15	14	553
Under 30 years - Female	No's	0	6	0	0	0	0	1	0	50
30 - 50 years - Male	No's	0	15	0	4	0	1	7	0	1104
30 - 50 years - Female	No's	0	0	0	1	1	0	0	0	22
Over 50 years - Male	No's	10	0	5	13	1	2	0	1	22
Over 50 years - Female	No's	0	0	0	0	0	0	0	0	2

EXHIBIT -13

		Haridwar	Neemrana	Sahibabad	Baddi	Faridabad	Standard	Alwar	Guwahati	Corporate
Under 30 years - Male	No's	9	13	1	5	1	1	11	6	333
Under 30 years - Female	No's	1	3	0	0	0	0	5	0	28
30 - 50 years - Male	No's	0	17	0	5	0	1	4	0	813
30 - 50 years - Female	No's	0	0	0	2	1	0	1	0	14
Over 50 years - Male	No's	15	1	0	14	4	1	0	1	48
Over 50 years - Female	No's	0	0	0	0	0	0	0	0	1

EXHIBIT -14

No of Employees	Neemrana	Alwar	Sahibabad	Faridabad	Haridwar	Haridwar STD	Baddi	Guwahati	Sum	Branches (Sales)
Staff	228	165	70	75	110	53	120	35	856	1,407
On Roll Workers	50	113	36	39	14	4	225	23	504	
Contractual Workers	18,881	2,727	470	492	1,600	550	1,165	480	9,365	

GRI Content Index

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Independent Limited Assurance Statement to Havells India Limited on their Sustainability Report for Financial Year 2018-19

To the Management of Havells India Limited, QRG Towers, 2D, Sector 126, Noida- Greater Noida Expressway Noida, Uttar Pradesh- 201304.

Introduction

Havells India Limited ('the Company' or 'HIL') has requested KPMG in India ('KPMG', or We) to provide an independent assurance on its Sustainability Report 2018-19 ('the Report').

The Company's management is responsible for identifying its material topics, 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 its sustainability performance reporting criteria, derived from the 'In-accordance Comprehensive' option as per Sustainability Reporting Standards of GRI as detailed in the 'Report scope and boundary'.

Assurance standards used

We conducted the assurance in accordance with

- Limited Assurance 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 principles of relevance, completeness, reliability, neutrality and understandability.

Boundary Scope, and Limitations

The following is covered under the scope and boundary of the assurance engagement:

- The scope of assurance covers the sustainability performance of HIL's sustainability performance disclosures for the period of 01 April 2018 to 31 March 2019, as per the table below.
- The boundary of the report includes the data and information from HIL sites as mentioned in the Sustainability Report section – Reporting Boundary:
  - Haridwar (Uttarakhand)
  - Neemrana (Rajasthan)
  - Alwar (Rajasthan)
  - Baddi (Himachal Pradesh)
  - Faridabad (Haryana)
  - Sahibabad (Uttar Pradesh)
  - Guwahati (Assam)
  - Corporate Office, Noida (Uttar Pradesh)
- HIL has included the Faridabad and Sahibabad manufacturing units in the report boundary during this reporting cycle.
- The assurance scope excludes:
  - Aspects of the report other than those mentioned in the table below;
  - The Company's financial performance;
  - Data and information outside the defined reporting period;
  - The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention provided by the Company and assertions related to Intellectual Property Rights and other competitive issues;

The disclosures subject to assurance as per GRI Standards were as follows:

Standard Disclosures	Topic-Specific Standard Disclosures
• Organizational Profile: GRI 102-1 to GRI 102-13 • Strategy and Analysis: GRI 102-14 • Ethics and Integrity: GRI 102-16 • Governance: GRI 102-18 • Stakeholder Engagement: GRI 102-40 to GRI 102-44 • Reporting Practice: GRI 102-45 to GRI 102-56 • Management Approach: 103-1 to 103-3	• Economic: Anti-Corruption (GRI 205-1 to GRI 205-3) • Environment: Materials (GRI 301-1 to GRI 301-3), Energy (GRI 302-1 to 302-5), Water and Effluents (GRI 303-1 to GRI 303-5), Emissions (GRI 305-1 to 305-7), Effluents and waste (GRI 306-1 to 306-5), Compliance (GRI 307-1), Supplier Environmental Assessment (GRI 308-1 to GRI 308-2) • Labour Practices and Decent Work: Employment (GRI 401-1 to GRI 401-3), Labour Management Relations (402-1), Occupational Health and Safety (GRI 403-1 to 403-10), Training and Education (GRI 404-1 to GRI 404-3), Diversity (GRI 405-1 to GRI 405-2), Non-Discrimination (GRI 406-1), Freedom of Association and Collective Bargaining (GRI 407-1), Child Labor (GRI 408-1), Forced or Compulsory Labor (GRI 409-1), Security Practices (GRI 410-1), Human Rights Assessment (GRI 412-1 to GRI 412-3), Local Communities (GRI 413-1 to GRI 413-2) • Supply Chain: Supplier Social Assessment (GRI 414-1 to GRI 414-2), • Public Policy (GRI 415-1)

Assurance procedures

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 GRI Standards: Comprehensive option.
- Understanding the appropriateness of various assumptions used for estimation of data by HIL.
- Verifying systems and procedures used for quantification, collation and analysis of sustainability performance indicators included in the Report.
- Assessing the systems used for data collection and reporting of the Universal Standard Disclosures and Topic-Specific Standard Disclosures of material aspects as listed in the assurance scope above.
- 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.
- 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 to support our conclusions on the information and data verified. Where such documentary evidence could not be collected on account of confidential 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 GRI Standards.

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 auditing environmental, social and economic information in line with the requirements of the ISAE 3000 (revised) standard. Our work was performed in conformance to 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 International Standard on Quality Control (ISQC) 1 and the practitioner complies with the applicable independence and other ethical requirements of the International Ethics Standards Board for Accountants (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.

Manpreet Singh
Partner
Climate Change & Sustainability
KPMG in India
29th May 2019

HAVELLS

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