



The evolution of a unique brand

Living green ethos | Innovating new efficiencies | Driving consumer satisfaction







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Havells India Limited has a strong global footprint with privileged market dominance across a wide spectrum of products. We are focussed on delivering powerful, sustainable and energy efficient solutions. In order to sustain our growth, we are working towards innovative practices in our daily operations while fulfilling our socio-environmental obligations. Last year, we released our maiden Sustainability Report. This year we have followed upon it with our second Sustainability Report titled *“Living green ethos. Innovating new efficiencies. Driving consumer satisfaction”* which discloses our triple bottom line performance for FY 2013-14.

Report Overview

This report is a transparent and voluntary disclosure of the Company's Triple Bottom Line (economic, social, and environmental) performance for the FY 2013-14. This is our second sustainability report and the information relating to all our seven Indian manufacturing plant sites at Alwar, Baddi, Faridabad, Haridwar, Neemrana, Noida, Sahibabad, and our corporate office in Noida are included in the report. The environment performance data disclosed caters to the manufacturing plant sites only. The performance disclosure for marketing offices, retail outlets, distribution network, suppliers, joint-ventures, and international operations are not included in this year's reporting.

The report has been prepared using the Global Reporting Initiative's (GRI) version G3.1 Reporting Guidelines. The mission of the GRI is to promote international harmonisation in the reporting of relevant and credible corporate economic, environmental, and social performance information to enhance responsible decision-making. Following these guidelines, we have self-declared our sustainability report in compliance with the Application Level A+.

To ensure credibility, the report contains third party assurance providing expert opinion on the transparency and the levels of disclosure to guarantee us meeting the internationally recognised standards of reporting. Thus, in order to make our reporting initiative robust and credible, we have sought services of Ernst & Young LLP, to provide limited assurance on the environmental and social data in the report. The assurance is in accordance with the principles of the International Standards on Assurance Engagements ISAE 3000. The assurance approach, methodology, and observations are presented in the issued assurance letter, from Ernst & Young LLP, attached at the end of this report.

The report has been presented in sections covering aspects of corporate governance, stakeholder engagement and materiality analysis, economic performance, environment performance, people performance, product innovation and community engagement.

We hope you find this report informative, engaging, inspiring and useful. Your comments and suggestions are welcome and will assist us in continuously improving our reporting process. Please send your comments to sustainability@havells.com.

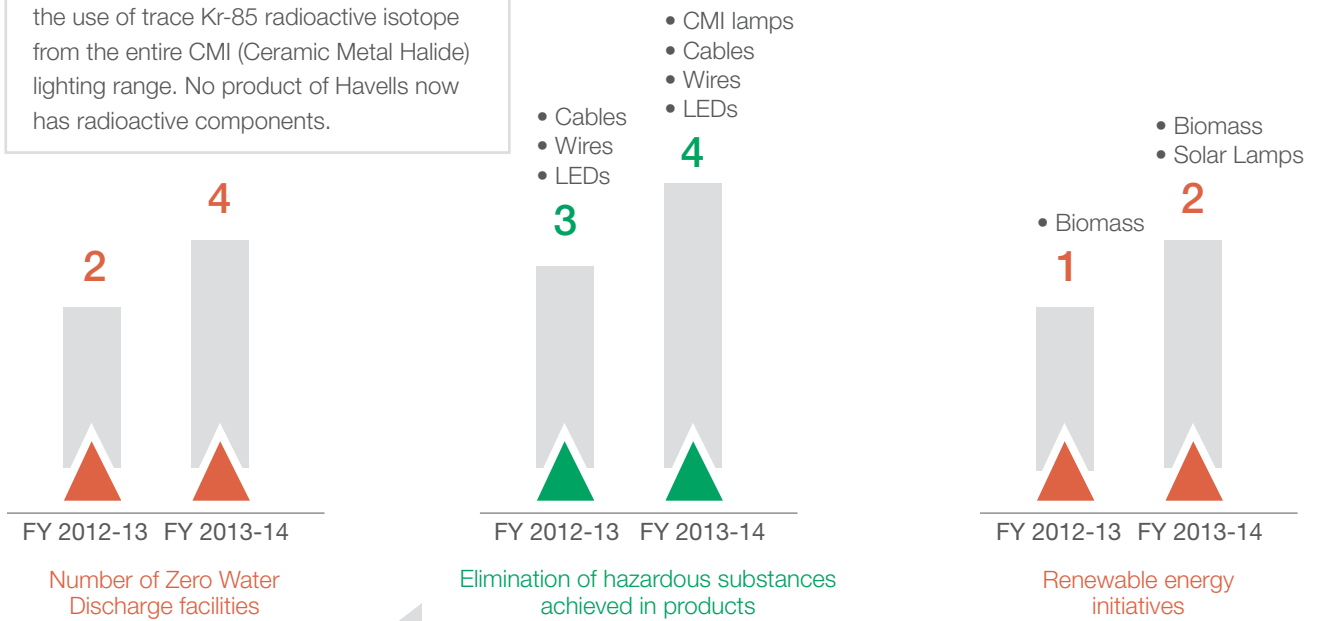
Report Contents



Performance Highlights FY 2013-14

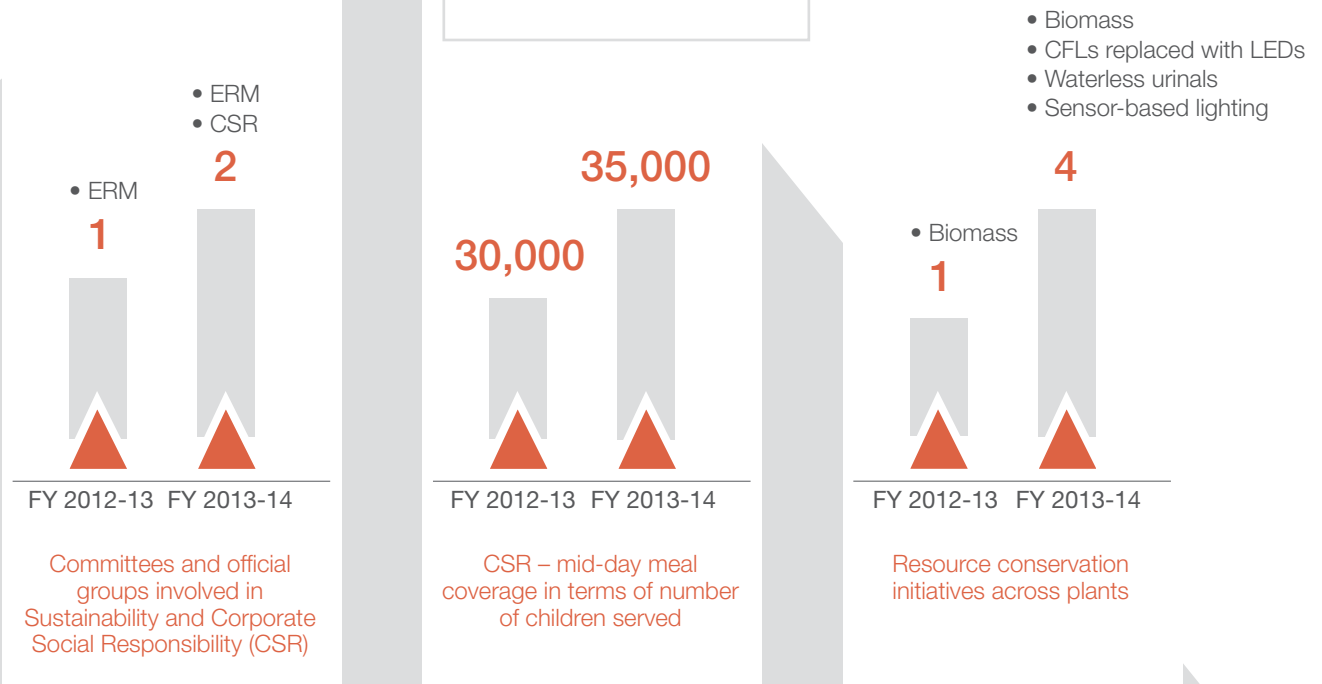
Radioactive free

In FY 2013-14, Havells eliminated the use of trace Kr-85 radioactive isotope from the entire CMI (Ceramic Metal Halide) lighting range. No product of Havells now has radioactive components.

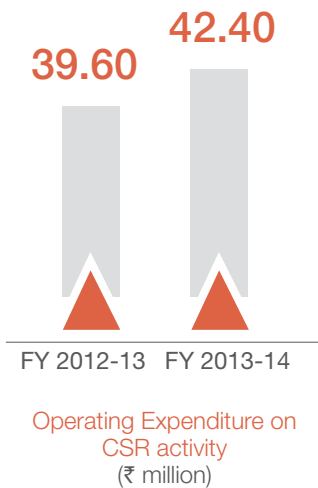
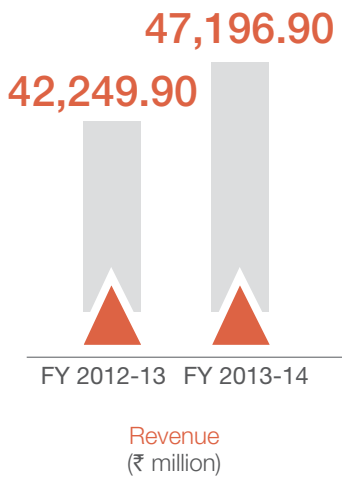


Number of Schools

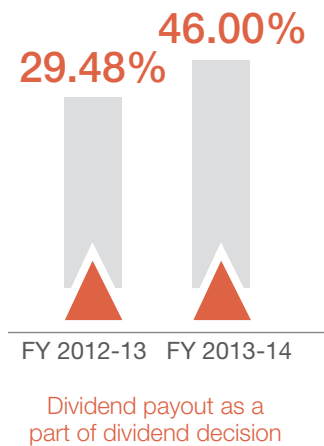
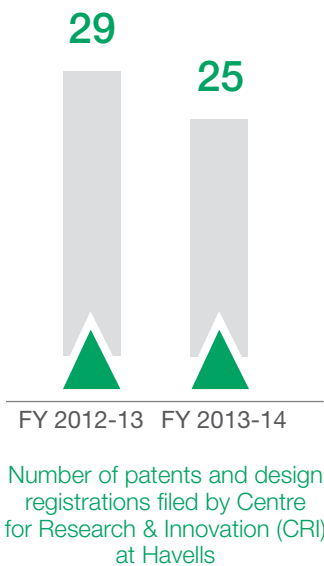
where Havells serves mid-day meals has increased to 664



Online IT Systems for Sustainability Data Reporting have been established in FY 2013-14 to ensure accurate and timely compilation of non-financial data



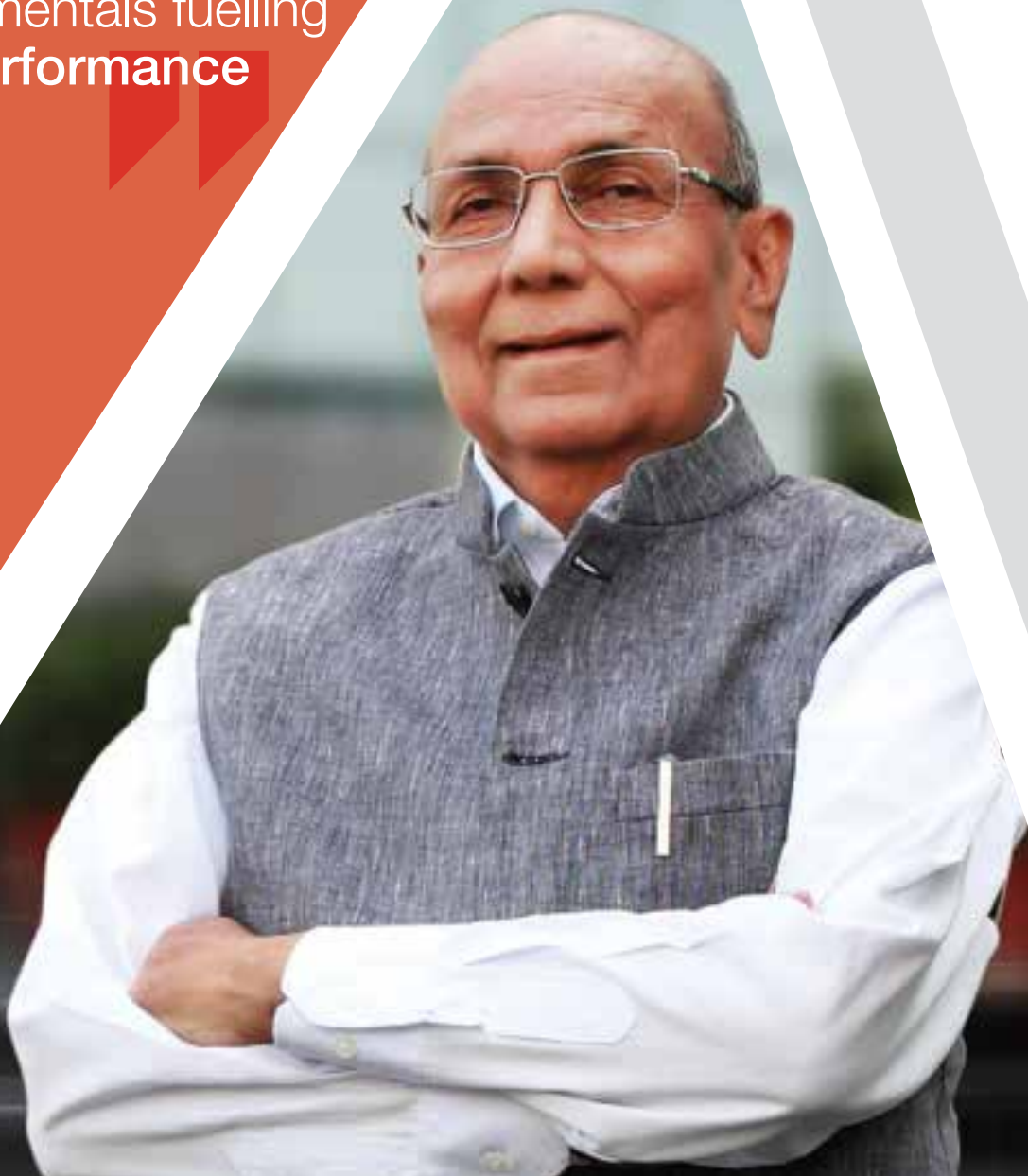
Exhaustive Materiality Analysis and Stakeholder Survey carried out for the first time in FY 2013-14 to reveal critical issues for Havells' growth, as perceived by stakeholders



Global integration of Havells R&D - the centre for Research & Innovation (CRI), was carried out in FY 2013-14 to leverage on Havells' international competencies

Chairman's Message

Over the last years, our business at Havells has **gradually expanded in size**, with strong fundamentals fuelling our **performance**



Dear Stakeholders,

I am delighted to share with you our second Sustainability Report, disclosing our economic, environmental, and social performance for FY 2013-14.

Every day, our Company touches the lives of millions of people through the products we make, the manner in which we conduct our business and the value that we generate for all stakeholders. At Havells India Limited, "sustainability" means that we conduct our business in a manner that supports the need for future generations to enjoy a quality of life that is at least equal to that which we enjoy today. In this regard, "sustainability" means striking the appropriate balance between our environmental responsibilities, financial performance, and social commitments. Only through achieving this balance on a continuing basis can the Havells enterprise truly be sustainable. And that is our commitment to you.

Over the last years, our business at Havells has gradually expanded in size, with strong fundamentals fuelling our performance. We recognise that success also brings with it significant challenges. With increasingly demanding requirements for transparency and disclosure, it is now more vital than ever that we further strengthen our approach to sustainable development.

In the past year, we initiated assessment of some additional aspects that are of importance to our Company and of interest to our stakeholders. The goal is to better understand and act upon these aspects which are identified as material from our business perspective by our various stakeholders. In the future also, we will continue to seek inputs from our stakeholders and compare their feedback for identifying evolving issues that may have substantive impact on our business and strategy in the coming years.

There is no doubt that the world is rapidly evolving. This report demonstrates how we are helping our stakeholders adapt to this change while improving our own operations. In the long run, we wish to see the concern of sustainability gradually embedded in every aspect of our daily operations and developments.

I thank you for your continued support of our Company and welcome your comments and suggestions on this sustainability report.

Sincerely,

Qimat Rai Gupta

Understanding Havells India Limited

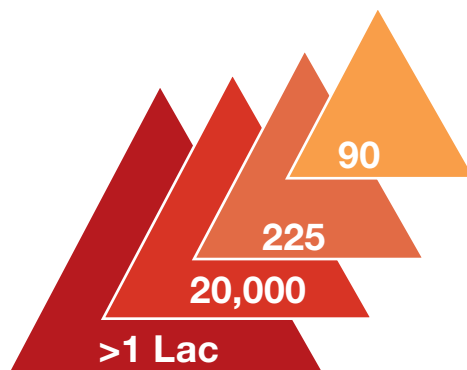
An organisational profile

Havells India Limited is one of the **fastest growing companies** in India and has shown a CAGR of 16.51% in the past 5 years. Havells is among the **most diversified Fast Moving Electrical Goods (FMEG) manufacturers with 17 business verticals** covering the entire gamut of household, commercial and industrial electrical needs.

Havells India Limited manufactures **some of the most respected Indian and International electrical brands** like Havells, Standard, Crabtree, Sylvania, Concord, Lumiance and Linolite.

- » Has **90** branches and representative offices and over **5,000** employees in over **40** countries across the globe
- » Has **18** ultra-modern manufacturing units in India, Europe, Latin America and Africa to churn out **globally acclaimed products**
- » Strong global distribution **network of 20,000** to serve customers in big and small cities & towns
- » **7** Integrated **R&D centres** globally

Marketing Infrastructure



- Branches and representative offices
- Exclusive brand retail- "Galaxy" network in India
- Global dealership network
- Retail presence

18 Manufacturing Units

India



Europe



Latin America



Vision ▶

To be a globally recognised corporation that provides the best electrical and lighting solutions delivered by the best-in-class professionals

Mission ▶

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

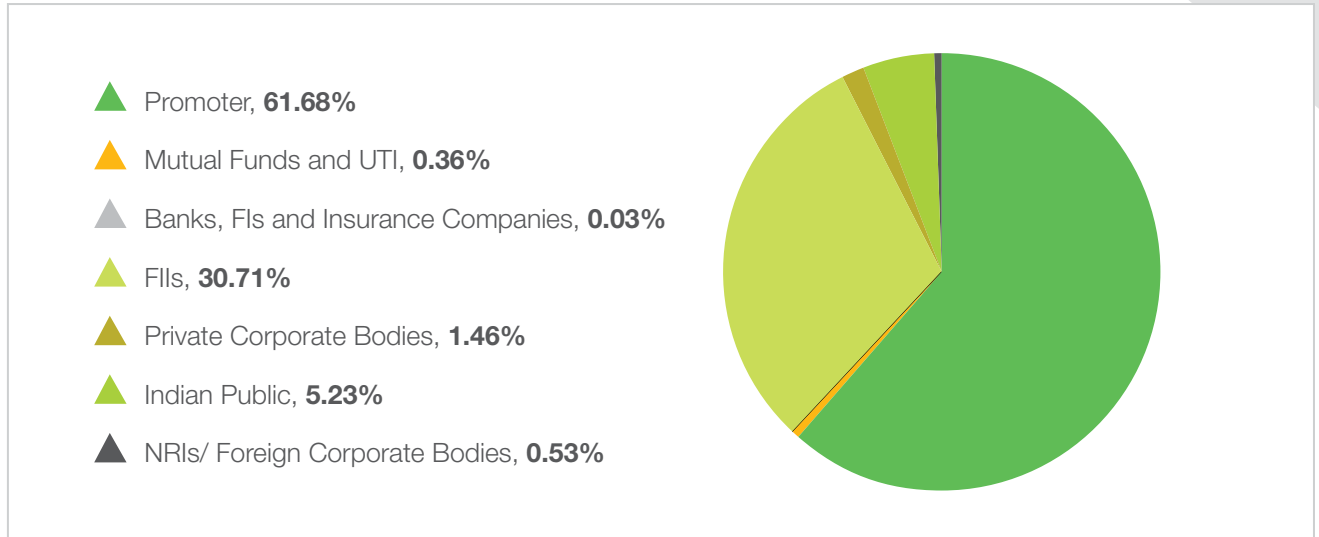
Values ▶

- » **Ensuring Customer Delight** - A commitment to surpassing our customer expectations
- » **Leadership by Example** - A commitment to set standards in 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

Havells Sustainability Vision ▶

- » **Reduce CO₂ Emissions:** Develop and manufacture energy efficient products; reduce direct and indirect emissions in manufacturing operations
- » **Improve Environmental Protection:** Reduce hazardous substances and improve waste management
- » **Improve Quality of Life:** Create a sense of well-being with superior quality products
- » **Offer Profitable Solutions to Market:** Better efficiency, sustainability and longer product life

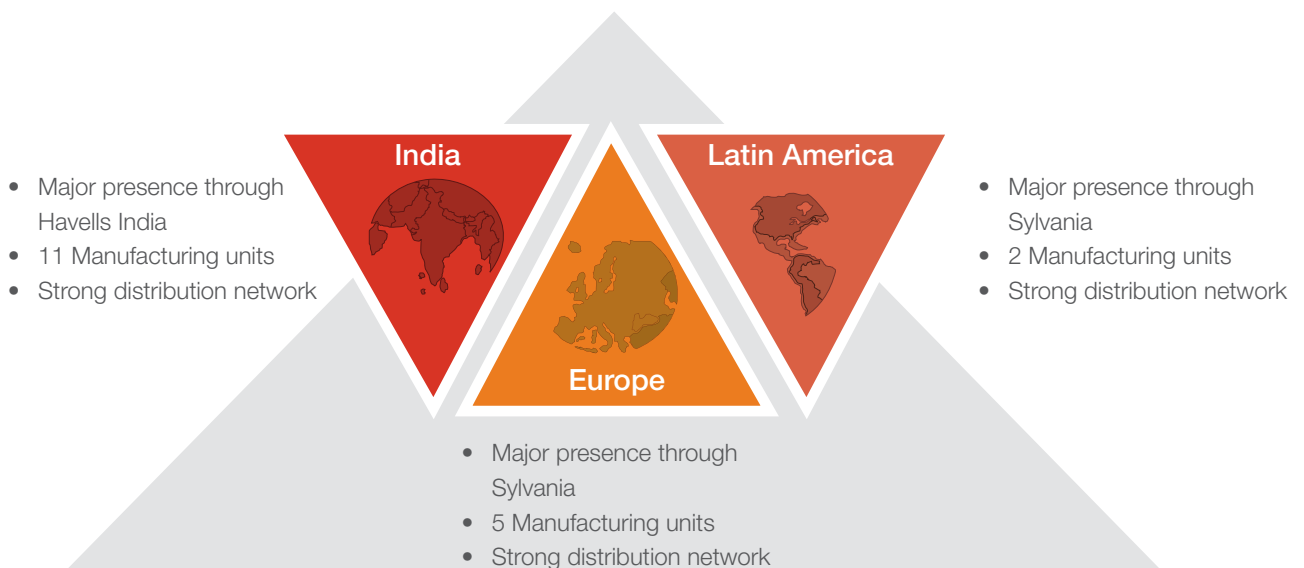
Ownership Pattern as on 31st March, 2014



Market Presence

Our network spans across Asia, Europe, North America, South America and Africa through our strategic marketing offices. Our global head-quarter is located at Noida in the state of Uttar Pradesh in India.

As on 31st March, 2014, we had 55 subsidiaries, all of which were registered outside India, 1 of which is based in Hong Kong, which serves as a Central Procurement Company (CPC) to produce various electrical products for Havells and Sylvania trading operations.



Evolving Markets

As innovation is paramount in our working environment, we have successfully gained market share in the new segments that we have entered into, rationalising our ability to launch, stabilise and create sizeable business. We have decided to invest further in marketing, research and development in these segments over the next few years.

Havells Galaxy – Repositioning our Distribution Channel

With a view of creating a distinct identity for Havells brand in the existing cluttered and highly competitive industry, we have repositioned our distribution channels with a view of providing consumers a unique shopping experience. We have launched Havells Galaxy showrooms, the one-stop-shop which houses our entire product range to meet the various electrical goods needs of consumers. These Galaxies, showcase from ceiling fans to switches, switchgears, cables and lighting needs of consumers, and are drawing a good response from the consumers across homes, industries and commercial establishments. Currently we have over 225 such Galaxies across the country.

Product Quality

Realising and respecting the basic needs of product safety and electrical safety for our customers to feel more secure, we've committed ourselves to make our products better, safer and smarter than the customer expectations. Our customers rely on us and it is our responsibility to give them the very best. Our products follow IEC standards. The technological strengths and our endeavour towards continuous research & development have allowed us to fulfill our responsibilities towards our customers.

The essence of quality is closely wrapped in the way we think, plan and work. It finds its true expression when we extend beyond ourselves to exceed our customer's expectations, to deliver products that are safer, faster and simply better.

Building customer confidence through teamwork is our top priority to provide a wide variety of products and services.

Quality in Services

We believe that providing good-quality products is incomplete without an equally premium quality of after-sales service. This strengthens our effort of forging long-term relationships with our customers and also ensures continued safety and quality of Havells products. With this objective, we became the first FMEG Company in India to offer comprehensive doorstep services to customers through our initiative – Havells Connect. Dedicated toll-free help-lines enable service-seekers to connect with Havells call-centre – currently run in 9 Indian languages.



Energy-efficient Product Range

Currently 70% of our product offering is energy efficient. We acknowledge the constant threat that global warming poses to humanity and have a strong focus on delivering an energy efficient product range, which in turn consumes lesser electricity than its counterpart. Over the years, we have taken a conscious decision to steer clear of manufacturing and marketing inefficient technologies. For instance, we do not manufacture incandescent bulbs and inefficient fluorescent lights. We set up a plant at Neemrana in India to manufacture CFLs. We also introduced LED lights and energy-efficient range of fans, home appliances and motors.

Entering New Markets

In 2013, we expanded our portfolio into the home appliances market in India. The sector is growing and we expect to get benefit from the Havells brand which has huge acceptance in the market. We have decided to invest further in marketing, research and development in this segment over the next few years.



In FY 2013-14, we added the following new products to our portfolio:

Standard Fans:

Standard is a brand owned by Havells India Limited. Standard has been serving the Indian customers with superior quality products for over five decades through highly differentiated domestic & industrial products such as MCBs, RCCBs, Distribution Boards (DBs), ACBs, MCCBs, RCBOs, Changeover Switches, Switch Disconnect Fuses (SDFs), HBC Fuses, Modular Switches, Copper Flexible Cables etc. Applying the same technological expertise, Standard has started manufacturing premium range of ceiling fans, table-fans, wall-mounted fans, pedestal fans and domestic exhaust fans.

LEDs:

Havells is among the most differentiated providers of LED lighting solutions. In FY 2013-14, Havells expanded its product range in the LED segment.





This is what we have endeavored to do in more than 50 years of the group's existence. Our values of understanding, trust, integrity and ethics have served us in good stead.

Prolife Air Fryer:

An innovative product, 'Prolife', the Air Fryer uses Rapid Air Technology or hot air and facilitates cooking of deep fried food with minimal to no use of oil (depending on recipe), yet giving similar taste. The air fryer is also highly efficient and takes only a short duration to cook a variety of foods. The air fryer's air filtration system filters out most of the nauseating odor and keeps the house clean.

Premio Mixer Grinder:

The Mixer-Grinder is a result of rigorous research done by Havells across the country. The research was conducted to know the common problems faced by the user while using the mixer grinder for grinding and mixing requirements. The research brought out some major issues faced by users like - higher noise levels, high vibrations, difficulty in removing blades, cord winding and alike. The new Premio addresses issues faced by the consumer and will add to their enhanced convenience.

Energy Efficient Geysers:

Havells launched its range of energy-efficient water heaters in FY 2012-13. In FY 2013-14, the Company

added more variants to the range which comes with BEE (Bureau of Energy Efficiency) 5 star rating and uses "Penta Shield" technology that provides 5- fold safety with high precision thermostat. Havells water heaters are equipped with earth leakage circuit breakers (ELCB) which cut off the power immediately in case of any current leakage. The main purpose of earth leakage circuit breaker is to prevent injury to humans due to electric shocks especially during the monsoon season. The heaters also come with a glass-lined inner tank to prevent rust & corrosion which sustains high pressure of up to 8 bars making it suitable for working in high-rise building installations. The water heater has a unique feature of digital display which indicates the actual temperature inside the tank and adjustable knob for temperature settings between 25C to 75C for energy saving.

With all these initiatives, we have emerged as market leaders in various product-categories with a high-level of customer-satisfaction and a strong support from our channel partners.

Corporate Governance

Mr. Anil Rai Gupta

Joint Managing Director

We hold ourselves to the highest ethical standards. We believe that engaging with our stakeholders, measuring our progress against sustainable growth aspects and transparently disclosing our triple bottom line performance will allow us to improve our performance, and be active on the journey of continuous self-evaluation and improvement.



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

An implicit sense of ethical business conduct has been the cornerstone of Havells' way on Corporate Governance. Explicit rules and regulations supplement the traditional values on which Havells has been shaped and support important issues ranging from customer care, business excellence, financial propriety and more. This is what we have

endeavored to do in more than 50 years of the group's existence. Our values of understanding, trust, integrity and ethics have served us in good stead.

Corporate Governance as practiced by Havells translates into being fair and civic-minded, fulfilling its duties to the entire spectrum of stakeholders, and, most importantly, making integrity an article of faith across all its operations. We started on sound and straightforward business principles, considering the interests of our stakeholders and welfare of our employees as foundation of our long term success. In addition to unwavering adherence to its philosophy and values, the Company conforms to the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges stipulating Corporate Governance compliances.

Board of Directors

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

The Chairman of the Board is an Executive Director and more than half of the Board comprises independent directors.

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

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

| Composition of the Board as on 31 st March, 2014 | |
|---|-----|
| Executive Directors including the Chairman | ► 3 |
| Non-Executive Directors | ► 1 |
| Non Independent, Non Executive Directors | ► 5 |
| | ► 9 |

The board meets at least four times a year, with a maximum time gap of four months between any two meetings. The Board agenda with proper explanatory notes is prepared and circulated well in advance to all the Board members. All statutory and other matters of significance including information as mentioned in Annexure 1A to clause 49 of the Listing Agreement

are tabled before the Board to enable it to discharge its responsibility of strategic supervision of the Company. The Board also periodically reviews compliances of all laws, rules and regulations. At the Board Meeting, members have full freedom to express their opinions, and decisions are taken after detailed deliberations.

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

Committees of the Board of Directors

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

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





Qimat Rai Gupta
Chairman and Managing Director



Anil Rai Gupta
Joint Managing Director



Surjit Gupta
Director



Rajesh Gupta
Director-Finance and Group CFO



V K Chopra
Director



A P Gandhi
Director



Dr. Adarsh Kishore
Director



S B Mathur
Director



S K Tuteja
Director

Ethical Business Conduct

The Company is committed to conduct its business in accordance with the applicable laws, rules and regulations and with the highest standards of business ethics. Havells Code of Ethics is intended to provide guidance and help in recognising and dealing with ethical issues, mechanisms to report unethical conduct, and to help foster a culture of honesty and accountability. All Directors and senior management of the Company have affirmed compliance with the Code of Ethics for the financial year ended 31st March 2014. The Code is available on the website of the Company www.havells.com.

All employees pledge their allegiance to the Code of Ethics at the time of their induction into the Company by signing an acknowledgement form indicating that they have received, read and understood, and agreed to comply with the Code.

Avoidance of Conflict of Interest

The on-boarding training programme for all new entrants includes a module on the Code of Ethics. The Code also refers to ethical handling of actual or apparent conflicts of interest between personal and professional relationships and clearly lists out potential conflict situations to be avoided. It mandates Directors and employees to be scrupulous in avoiding 'conflicts of interest' with the Company. In case it is likely that such a situation may arise, he/ she should make full disclosure of all facts and circumstances to the Board of Directors and a prior written approval should be obtained.

Fair-Dealings

The Code also mandates fair dealing with customers, suppliers, competitors and employees of Group companies. Violation of the Code of Ethics results in disciplinary action and may even result in the termination of services.

The human resources department sends out regular mailers reinforcing the ethical standards to be maintained by the Company employees, vendors, and channel partners.

Whistle-Blower Policy

We have adopted a Whistle Blower Policy called 'Satark', meaning alert/ vigilant, to empower any person associated with the organisation to file a grievance if he/ she notice any irregularity. A proper mechanism has been established for the employees to report to the management about unethical behavior, actual or suspected fraud, or violation of the Company's code of conduct or ethics policy.

Idea Policy

In addition to the Whistle Blower Policy, we have also adopted a policy named 'Idea' to promote a culture of innovative thinking, creativity and vigilance in all areas of its business. Ideas may be related to technical, non-technical, commercial, administrative, processes, cost saving or any such other aspect that may benefit the Company. Top five ideas are eligible to receive certificates of appreciation from the Chairman and Managing Director.

All grievances, ideas, or suggestions received through email or retrieved from drop boxes present at all our locations are to be opened only in the presence of the Chief Idea and Satark Manager, the Chief Compliance Officer, and the Director-Finance and Group CFO.

Nirbhaya Policy

In FY 2013-14, we also formulated Nirbhaya Policy with a focus to prevent, prohibit, and redress sexual harassment at the work place. The objective of this policy is to provide a streamlined, positive and uniform way of dealing with cases of harassment. It aims to make all employees aware of the preventive measures and forewarns them to detest from undue actions. This Policy applies to all the employees, workers and trainees (whether in the office premises or outside while on assignment) of the Group. A Complaints Committee has been formed to deal with cases of sexual harassment. Every Member of the Internal Complaints Committee shall hold office maximum for a period of three years, from the date of their nomination after which their office shall be filled up by the Joint

Managing Director (JMD)/ Whole Time Director (WTD). Any casual vacancy arising in the constitution of Committee i.e. if any of the members ceases to hold office upon ceasing to be an employee due to resignation, termination of employment or death, the same shall be filled up by the JMD/ WTD.

Business Opportunities and Risks

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

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

Enterprise Risk Management at Havells

Risk Management at Havells is a key strategic focus and encompasses practices relating to identification, evaluation, monitoring and mitigation of various key risks to business objectives. The twin purpose of Enterprise Risk Management 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 Company.

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

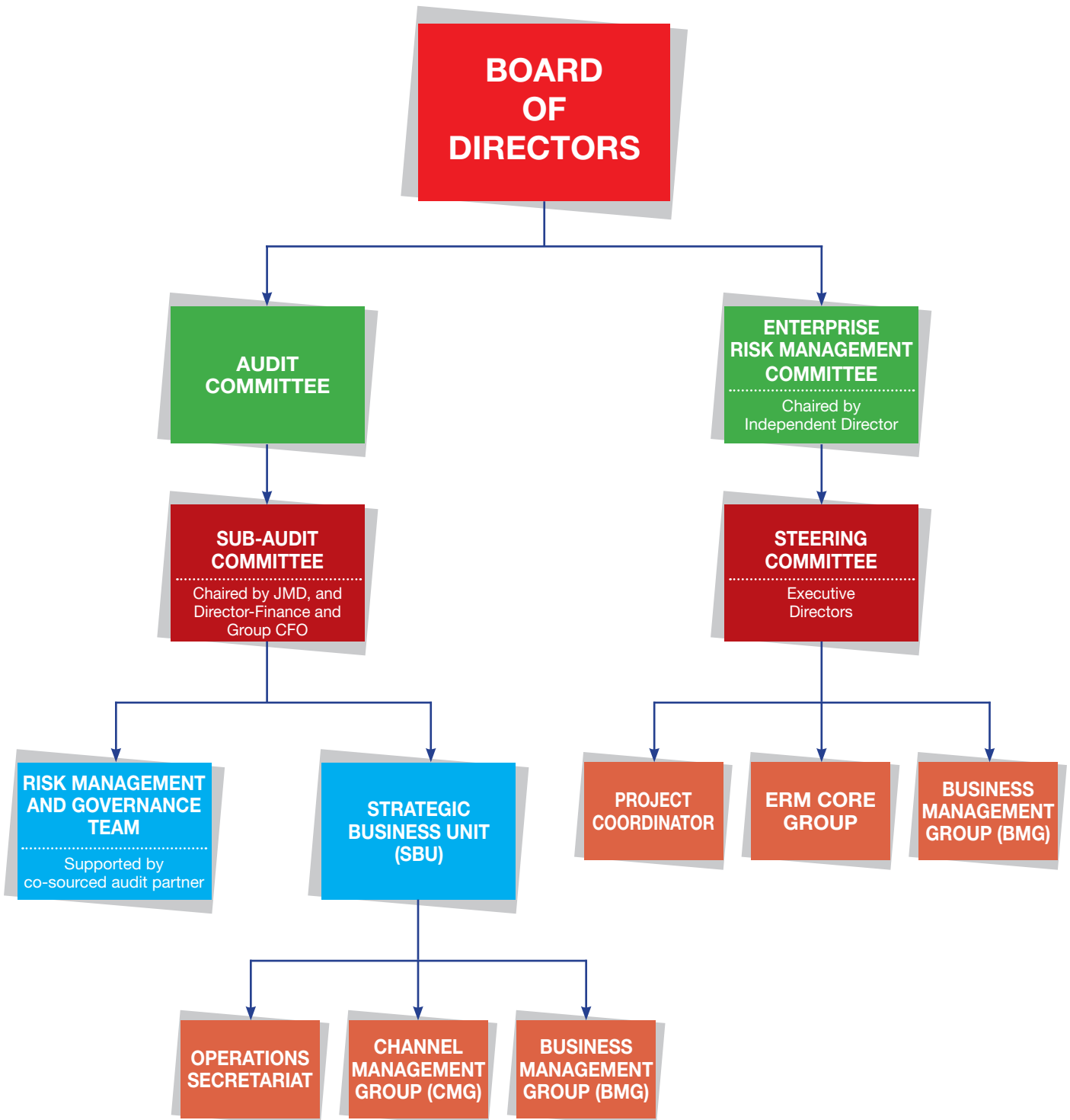


The PSPD model of risk and opportunity management

We have a Practicable, Sustainable, Profitable and De-risked (PSPD) approach to risk and opportunity management and follow COSO (Committee

of Sponsoring Organisations of the Tread way Commission, USA) ERM frameworks which incorporate an interactive, management-oriented approach used for optimisation of key business challenges and opportunities. Our core values and ethics provide the platform for our risk management practices.

Risk Management Framework at Havells



Risk Management Practice and Approach

| | |
|--|--|
| Risk Identification and Assessment | ▶ Continuous review of business processes by Risk Management and Governance Teams, SBUs, BMGs and co-sourced Audit team |
| Risk Measurement, Mitigation and Monitoring | ▶ A dash board through control manager and various other software tools to monitor defined risks |
| Performance Measurement | ▶ Monthly Performance Rating announced against defined targets for each of the Branch & Plant location |
| Risk Reporting | ▶ Top risks outlining trends, exposure, potential impact and mitigation plans with summary of suggested actions presented to the Board/ Audit Committee/ ERM Committee |
| Periodic revisit of Risk Management Policies and Practices | ▶ Risk survey conducted across functions to get reassessment of business performance vis-à-vis targets and external environment |

ERM Highlights

Havells launched a comprehensive risk management framework in FY 2008-09. Accordingly, the first phase of ERM Project was conducted in consultation with a leading third party and risks identified during the same were addressed adequately. The company established a Board-level Enterprise Risk Management Committee during FY 2012-13 and second phase of ERM Project was launched by the in-house team for all business functions across all locations. A number of brainstorming sessions was held along with process owners, functional heads and senior management. Seventeen key issues have been identified, which have been further segregated into Business Challenges (5), Process Gaps (5) and Key Operational Issues (7).

Risk response of all identified issues have been prepared, closed and presented before ERM Committee of Board of Directors during the FY 2013-14. ERM is considered as an ongoing process which is an integral part of the decision making process.

Internal Control & Risk Management Framework

| | |
|---|---|
| Strategic To achieve Group Vision | Role of Strategic Business Units (SBU) and BMG (Business Management Group) |
| Compliance Ensure adherence of applicable laws of land | The formation of SBUs and BMGs ensures smooth operational and financial management. |
| Operational Ensure effective and efficient use of available resources | These teams engage in self benchmarking and enable optimum utilisation of available resources, provide timely check against operational efficiency, facilitate process automation and ensure effective adherence of audit issues. |
| Reporting To ensure integrity and reliability of reporting | |

Stakeholder Engagement and Materiality Analysis

Stakeholder engagement is the process of connecting, talking and listening to stakeholders who are entities or individuals that can reasonably be expected to be significantly affected by the organisation's activities, products, and/ or services; and whose actions can reasonably be expected to affect the ability of the organisation to successfully implement its strategies and achieve its objectives.

Engagement with stakeholders is an integral part of the entire sustainability reporting and strategy process that enables understanding the priority issues and reasonable expectations of different interest groups. The process helps in ensuring effective and responsive management of identified concerns that in turn drives sustainability performance.

Method of Stakeholder Engagement

In the reporting year FY 2013-14, Havells conducted structured stakeholder surveys that involved seeking feedback from internal stakeholders i.e. employees, spread across the manufacturing plants, and management personnel, including top management, function heads, product heads and select corporate office employees etc., mostly based out of Noida Head office.

The feedback received from the survey is consolidated and analysed to establish the top priority/ material issues of the internal stakeholder group, employees and management personnel. These top issues are identified as the priority areas for Havells sustainability journey and future reporting exercise:

- ▶ 1 Anti-Corruption Practices
- ▶ 2 Employee Training and Skill Development
- ▶ 3 Distribution of Wealth amongst Stakeholders
- ▶ 4 Environmental Compliances
- ▶ 5 Health and Safety of Products
- ▶ 6 Initiatives to reduce the Environmental Impact of Products and Services
- ▶ 7 Renewable Energy Sources and Use
- ▶ 8 Input Materials used
- ▶ 9 Occupational Health and Safety
- ▶ 10 Marketing and Communication Compliance
- ▶ 11 Revenue Generation
- ▶ 12 Energy Consumption and Efficiency
- ▶ 13 Customer Satisfaction Practices

Priority Issues Identified by Havells Management

Aspects from the sustainability survey questionnaire were used during discussions/ interviews with the Havells management personnel to gather their views on the sustainability aspects they deem most important for the continued growth and success of the Company. Based on the discussions and interviews with the management personnel, following key issues emerged as most important from management stakeholder perspective:

- ▶ 1 Brand Havells
- ▶ 2 Quality of Product and Service
- ▶ 3 Strong Economic Performance and Revenue Growth
- ▶ 4 Energy Management including Renewable Portfolio
- ▶ 5 Employee Resource - Rich Pool of Talent
- ▶ 6 Regulatory Risk Mapping and Risk Redressal
- ▶ 7 Employee Learning & Development
- ▶ 8 Innovation, Research & Development
- ▶ 9 Stakeholder Feedback Mechanism and Timely Issue Redressal
- ▶ 10 Timely Inbound and Outbound Logistics - Raw Materials and Products
- ▶ 11 Supplier Inclusive Growth
- ▶ 12 Reducing Waste Footprint
- ▶ 13 Ethical Business Conduct and Transparency
- ▶ 14 Products and Workplace Safety

Materiality Matrix

By mapping the prioritised set of issues identified by the management stakeholders, 14 in number, against the prioritised issues as seen by the employee stakeholders, 13 in number, 9 key converging issues have emerged as most material for Havells.

The materiality matrix presented below has been plotted based on the described methodology:



Regular Stakeholder Interactions

Apart from the sustainability specific interactions, we interact with all our stakeholders on regular intervals. It is through these interactions that we receive constant feedback and market-insights about

the expectations of the stakeholders from Havells. Our stakeholder interactions lead to continuous improvement in our products, service, and processes.

The following table describes our stakeholder categories and the interaction mechanisms:

| Stakeholder | Engagement Mechanism | Purpose |
|---|--|--|
| Shareholders | <ul style="list-style-type: none"> • Annual General Meeting • Investor conferences • Video conferences • Quarterly financial report updates and bulletins • Factory visits for the institutional investors • Press-releases • Dedicated e-mail id : investors@havells.com to resolve investor queries | <ul style="list-style-type: none"> • Shareholder engagement for general discussions and sharing industry updates • Sharing performance results to instill confidence in potential investors and retain trust of existing investors • Paperless communications to reduce paper consumption |
| Employees (Permanent and Contract) | <ul style="list-style-type: none"> • Training programmes for employee skills up-gradation and on occupational health & safety • Daily Work Management (DWM), meetings to discuss work and non-work issues • Awards – plant-level reward programs for best innovation, improvements, performance, etc. | <ul style="list-style-type: none"> • Employee motivation, skill up-gradation and team-building • Daily discussion and resolution of issues • Prevention of accidents, health-hazards, production losses, etc. |
| Dealers | <ul style="list-style-type: none"> • Dealer-meetings • Direct access to Chairman's office and dedicated toll-free number for complaints and feedback • Welfare schemes • Dealer surveys | <ul style="list-style-type: none"> • As partners in business, focus on their welfare, growth and creation of wealth • Receiving market-feedback • Discussion regarding the product features, like safety, energy-efficiency, etc. |

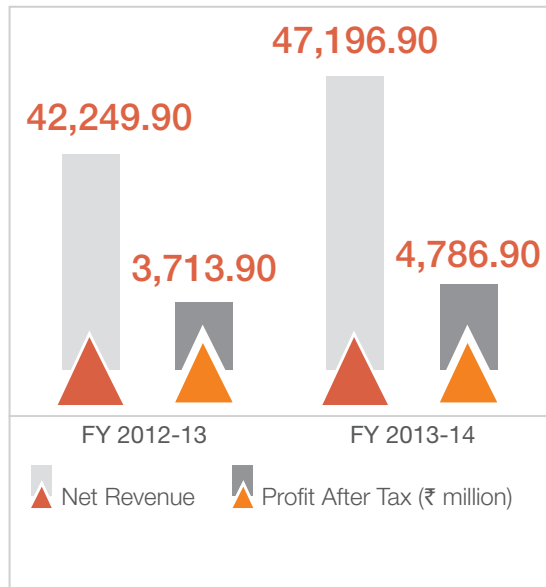
| Stakeholder | Engagement Mechanism | Purpose |
|---|--|---|
| Customers | <ul style="list-style-type: none"> Feedback reports from dealership network Havells Connect customer service—for feedback, query, product complain and redressal Advertisements/ Press releases Social-media | <ul style="list-style-type: none"> Awareness building on product features, especially safety aspects Collection of feedback for future product and service improvement Grievance redressal |
| Bankers and Financial Institutions | <ul style="list-style-type: none"> Quarterly reports and updates Compliance visits and audits Analyst meets | <ul style="list-style-type: none"> Compliance Discussion on emerging regulations Self-checks and feedback on business performance |
| Vendors | <ul style="list-style-type: none"> Vendors meet Online Vendor Portal Communication on telephone and e-mail | <ul style="list-style-type: none"> Compliance to Havells standards Pricing and payment Product quality and timely supply |
| Regulators and Statutory bodies | <ul style="list-style-type: none"> Regular compliance reports Statutory audits | <ul style="list-style-type: none"> Compliance Disclosures on aspects defined by Government of India |
| Media | <ul style="list-style-type: none"> Media-meets Press-conferences Management interviews | <ul style="list-style-type: none"> Important announcements meant for mass stakeholders Providing regular, credible progress information for communication to stakeholders |
| Local Communities | <ul style="list-style-type: none"> Daily informal interactions – mid day meals Regular field survey | <ul style="list-style-type: none"> Assessment of Havells initiatives and their impacts CSR budget and expenditure planning |



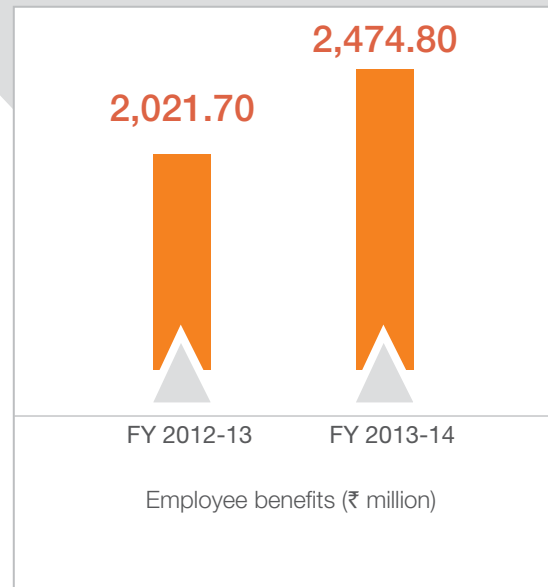
Economic Performance

FY 2013-14 marked another successful year, which is encouraging as this was achieved in the challenging business environment. We were able to achieve and in some cases exceed our performance targets vis-à-vis the previous year's performance.

Financial Performance



Employee Benefits



In FY 2013-14, we generated revenues of ₹ **47,196.90 million** which represent a growth of **11.70%** as compared to revenues of ₹ **42,249.90 million**.

Our Profits After Tax (PAT) stood at ₹ **4,786.90 million**, of which we contributed ₹ **25 million** towards our CSR activity, through QRG foundation, a society formed by the promoters of Havells India Limited, dedicated to support social and philanthropic causes.

During the year, we spent a total of ₹ 2,474.80 million towards employee wages and benefits, compared to ₹ 2,021.70 million during FY 2012-13.

Various types of benefits were provided to our employees during the reporting year. Employee Retirement Benefit Schemes included employee pension, provident fund and gratuity schemes for all on-roll employees. Other benefits include employee state insurance for all employees with gross salary of ₹ 15,000 or less per month, mediclaim insurance, personal accident policies and employee deposit linked insurance schemes.

We are an equal opportunity employer. We do not engage in or support direct or indirect discrimination in recruitment, compensation, access to training, promotion, termination or retirement based on caste, religion, disability, gender, race, colour, marital status or affiliation with a political, religious or a minority group.

Local Hiring and Procurement¹

The Company encourages local employment in the workforce and 100% of our workforce at all our manufacturing units across India is locally hired from within the country.

Following the similar philosophy in procurement of raw-materials, stores and spares, we encourage the sourcing of these materials from the local suppliers. Competent local contractors carry out construction and renovation of our manufacturing facilities. In FY 2013-14, we spent ₹ 21398.10 million on local procurement representing almost 83% of the total expenditure on procurement.

Environmental Expenditure

During the reporting year, we spent ₹ **9.26 million** towards environmental initiatives across our manufacturing plants in India.

We invested in many environment-friendly initiatives at our manufacturing units in FY 2013-14. These included pollution abatement measures, proper and safe waste disposal, DG set servicing, installation and up-gradation of STPs/ ETPs, running of rain-water harvesting units, renewal of environmental consents, plantation and gardening initiatives.

| ₹ million | | | |
|---|-----------------|-----------------|-----------------|
| Monetary value of total procurement of raw-materials, stores and spares | FY 2013-14 | FY 2012-13 | FY 2011-12 |
| Procurement from local suppliers | 21,398.10 | 20636.20 | 18180.60 |
| Procurement from international suppliers | 4387.90 | 2327.50 | 2576.00 |
| Total procurement | 25786.00 | 22963.70 | 20756.60 |



¹We define 'Local' as from within India

Havells India Limited– Summary of our Financial Performance

| | ₹ million | | |
|---|------------|------------|------------|
| | FY 2013-14 | FY 2012-13 | FY 2011-12 |
| Net Revenues | 47,196.90 | 42,249.90 | 36,156.10 |
| Operating Costs | 40,780.90 | 36,901.30 | 31,565.40 |
| Profit after Tax (PAT) | 4,786.90 | 3,713.90 | 3,054.30 |
| Total expenditure on employees* | 2,474.80 | 1,611.73 | 2,021.70 |
| Payments made to providers of capital (including dividend tax)# | 2,190.80 | 1,094.90 | 942.60 |
| Contribution to the exchequer^ | 9,356.90 | 8,397.80 | 6,476.30 |
| Voluntary community investments | 25.00 | 45.00 | 60.00 |
| Benefits for carrying out R&D | 53.76 | 55.08 | 26.64 |

*Note: Previous year figures have been regrouped/reclassified wherever necessary to make them comparable with the current year figures. For further details, please refer to Havells India Limited Annual Report 2013-14.



Environmental Performance



Caring for the environment is one of the important principles guiding our operations. We strive to go beyond the level of compliance and voluntarily engage in activities harbouring stewardship towards our surroundings. Assessing and improving upon our environment footprint and performance forms an important aspect under this approach.

Material Consumption

Our manufacturing operations consume significant amounts of raw-materials in various processes. We have a widespread product-portfolio and our input materials include various metals, alloys, plastics, rubbers, chemicals, electronic components, glass, and packaging material.

In FY 2013-14, our raw material consumption ran into thousands of material categories. In the report we present consumption quantities of our most significant raw materials².

Major raw materials included copper coils, copper sheets, copper tapes, steel, aluminium, zinc, brass coils, brass strips, bearings, CRCA steel, thermoset resin, polycarbonate, polyamide, other engineering plastics, elastomers, transistor, diode, MPP Films, etc.

Hazardous material included mercury in liquid, strip and pill forms, grease, coolants, lubricants, paints and other chemicals used in our manufacturing units.

Packaging material includes cartons, thermocol, foam, PVC straps, corrugated boxes, film-rolls, shrink-wrap films, wooden pallets, separators, stickers, etc.

FY 2013-14

Non-hazardous raw-material consumption

| | |
|----------------------------------|------------------|
| Raw-material consumption (kg) | ▶ 23,53,74,065 |
| Raw-material consumption (no.) | ▶ 1,55,46,32,370 |
| Raw-material consumption (metre) | ▶ 59,674 |
| Raw-material consumption (col) | ▶ 21,581 |

Hazardous raw-material consumption

| | |
|---|---------------|
| Liquid mercury (kg) | ▶ 180 |
| Pill mercury (no.) | ▶ 2,50,36,778 |
| Strip mercury (metre) | ▶ 1,366 |
| Other hazardous raw-material consumption (kg) | ▶ 3,26,996 |
| Paints and chemicals (litre) | ▶ 8,90,657 |

Packaging material consumption

| | |
|-----------------------------|----------------|
| Packaging materials (kg) | ▶ 2,13,58,641 |
| Packaging materials (no) | ▶ 31,36,73,882 |
| Packaging materials (roll) | ▶ 50,074 |
| Packaging materials (set) | ▶ 1,15,33,950 |
| Packaging materials (metre) | ▶ 11,26,500 |

² The data represented includes our major raw materials and it does not represent the comprehensive list.



Resource Conservation through 'Value Engineering'

We are always focused on developing energy-efficient products, reducing costs and minimising our environmental footprint through economical use of resources and supporting processes that enhance operational and energy efficiency. We have customised our manufacturing machinery based on our understanding of our systems and processes, thereby reducing our material consumption and wastage over the years.

Our Centre for Research and Innovation (CRI) has formulated a 'Value-Engineering' approach to manufacturing, focused on optimal utilisation of resources, use of alternative materials for conservation, and reusing and recycling materials, wherever possible. Constant guidance is provided by CRI to the manufacturing units towards the implementation of this approach and innovation in material use.

A few of our Value-Engineering initiatives:

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

Technology Absorption, Adaptation and Innovation

- » In-house development of special purpose machine
 - a. Testing and Riveting of Mini MCB.
 - b. Auto calibration benches for Mini MCB.
- » Cooling conveyor developed to integrate calibration and verification system.
- » Auto bagger packaging implemented for REO accessories.



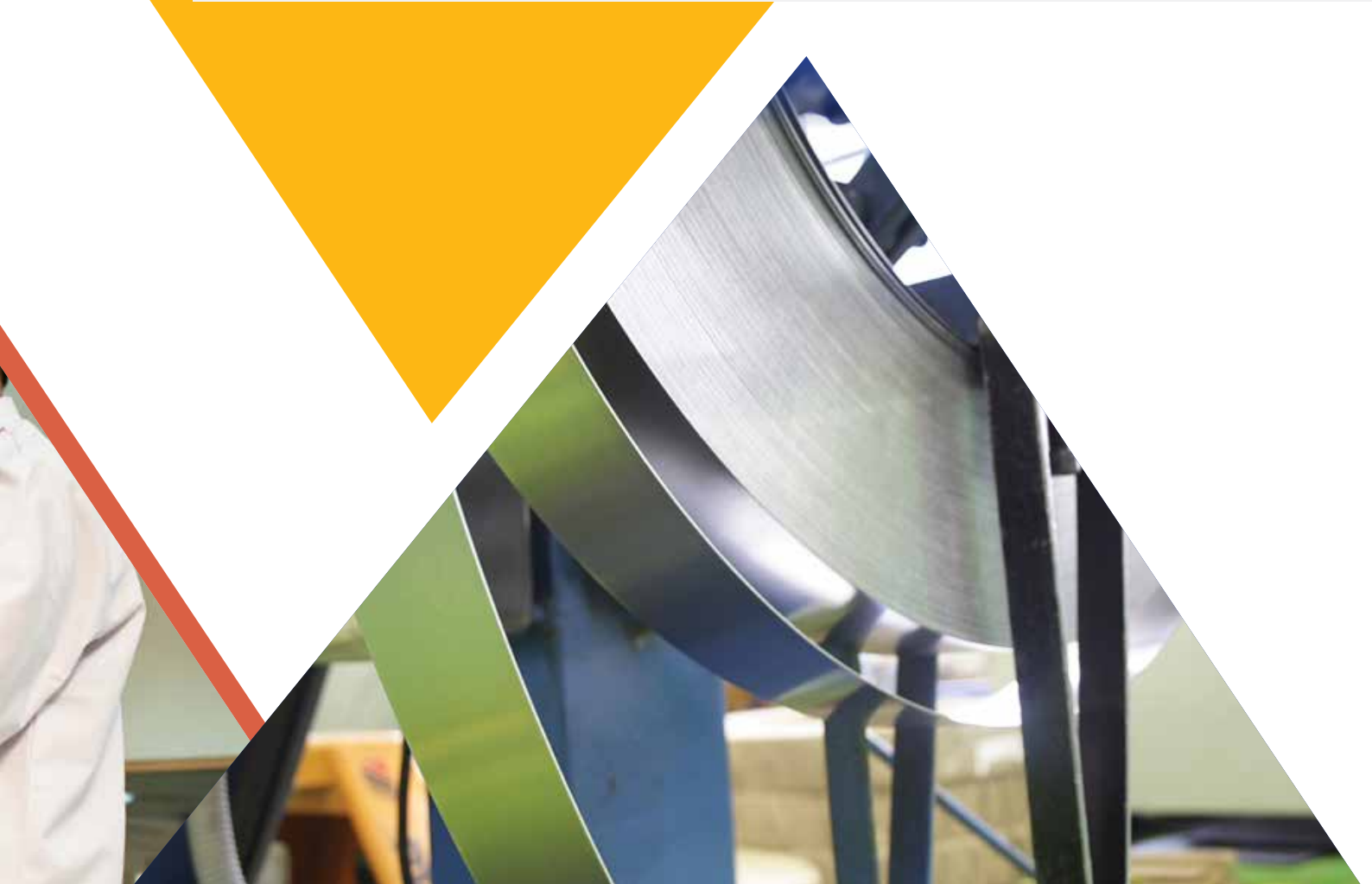
Reduction of Hazardous Substances

We carefully consider the potential impacts of the materials that we use in our products and packaging, and take a disciplined approach to identifying materials for possible restriction. We have a strong focus on the amount as well as the types of materials used, and we work to eliminate hazardous substances wherever possible. In lieu of the same, we have stopped or significantly reduced the dependence on hazardous materials like lead, chromium, cadmium, and mercury in our production.

Our Noida plant, manufacturing LED lights and ballasts, is RoHS compliant, and uses environment friendly materials instead of traditionally used toxic materials like cadmium and chromium. Similarly, our manufacturing plant in Alwar has developed a special insulating compound for manufacturing cables, which is free from lead and halogen compounds.

Radioactive-Free Solutions

As a part of our continuous effort to provide safer and environmentally responsible products, Havells R&D achieved another breakthrough and eliminated the use of radioactive trace Krypton 85 (Kr-85) from its entire CMI lighting range. Kr-85 is used in arc discharge lamps to make them easy to ignite. With the innovation from Havells, Argon is used instead of Krypton in the arc tube of the lamp. The changeover from Krypton to Argon reduces any possible risks of radioactive exposure.



Energy Usage

Managing energy use effectively enhances business efficiency and conserves natural resources. Reducing fossil fuel combustion improves air quality, decreases fine particulates that contribute to adverse health effects, and reduces greenhouse gas (GHG) emissions.

None of our manufacturing facilities are extremely energy intensive, and are situated in designated industrial zones within the Northern part of India. Our major energy demand is thus, met through grid-electricity. DG sets are installed at our locations to meet electricity demands during power-cuts. A few manufacturing locations also use furnace oil, natural gas and LPG in their operations

Direct energy-consumption during FY 2013-14

| Fuel type | Consumption (unit) | Consumption (GJ) |
|--------------|--------------------|---------------------|
| HSD | 15,68,765 litres | 56,664 ³ |
| Natural Gas | 2,34,776 SCM | 8,565 ⁴ |
| Furnace Oil | 1,58,009 kg | 6,384 ⁵ |
| LPG | 8,21,950 kg | 38,878 ⁶ |
| Biomass | 4,250 kg | 49 ⁷ |
| Total | | 110540 |

³. Diesel Oil Net Calorific Value = 43 TJ/Gg, IPCC 2006 ⁴. Natural Gas Density = 0.76 Kg/SCM, Gail Limited, http://www.gail.nic.in/final_site/energyconversionmatrix.html; Net Calorific Value = 48 TJ/Gg, IPCC 2006 ⁵. Fuel Oil Net Calorific Value = 40.4 TJ/Gg, IPCC 2006 ⁶. LPG Net Calorific Value = 47.3 TJ/Gg, IPCC 2006 ⁷. Biomass Net Calorific Value = 11.6 TJ/Gg, IPCC 2006

The total indirect energy, i.e., grid-electricity consumption at our plants during FY 2013 14 was **7,08,74,327 kWh** or **2,55,148 GJ**.

Total direct energy consumption during FY 2013-14 from use of fossil fuels was **1,10,490 GJ**.

Renewable Fuel-Use at Baddi Plant

Our Baddi Plant partially replaced the LPG in the kitchen cooking operations with bio-fuel pellets, a renewable energy source. The fuel is processed from readily-available agricultural by-product, dried up to 10% moisture and compressed in to cylindrical pellets.

The benefits accrued because of this changeover include:

- » For the same amount, bio-fuel costs less than 50% compared to the LPG
- » Use of bio-fuel has reduced the LPG consumption in the plant's kitchen operations
- » The fuel is carbon neutral, non-hazardous and safe
- » Biomass fuel burns cleanly without leaving residue
- » Biomass fuels produce virtually no sulphur emissions, mitigating acid rain



Energy-Saving Initiatives

We undertook numerous energy saving initiatives across our plants during the reporting period, including:

- » Replacement of DC motors and DC drives by AC motors and VFD drives.
- » Replacement of conventional light fittings with LED light fixtures, leading to savings in power at office areas.
- » Installation of CFL, LED indicators, use of 54Wx4 T5 lamps for assembly area.
- » Replacement of high wattage lights with solar lights.
- » Replacement of pneumatic screw driver by energy-efficient electrical screw driver.
- » Synchronisation of air compressor
- » Installation of timers in the heating oven and cooling pumps.
- » Use of hydraulic oil filter machine for moulding machines.
- » Installation of Variable Frequency Drive-based Motors.
- » Conventional cooling towers are being replaced with fan-less cooling towers to eliminate the high power-load due to operation of the fans in cooling towers. Old cooling towers in the plants were replaced with new and better energy-efficient units.
- » Installation of precision temperature controlling equipment in drying ovens to avoid unnecessary overheating.
- » Use of bio-fuel has reduced the LPG consumption in the plant's kitchen operations to half.
- » Use of PNG in place of diesel in powder coating Plant.
- » Conversion of diesel-based equipments into Natural Gas-based system in powder coating zone.
- » Use of solar water heaters in canteens, pantries & guest houses.

Solar lights for Road lighting

Light by placing transparent roof and side panels in day time for panel manufacturing unit in building concept.

Leveraging Natural Lighting through Structural Design Improvements and Installation of Solatube Lighting Solutions

Havells Faridabad plant took some unique energy saving initiatives during the previous financial year. The plant underwent renovation activities at its main manufacturing shed, in the wake of which, it introduced structural design changes in the panel assembly and paint shop areas. Shed walls and ceiling were fitted with glass material for allowing the use of natural light during the daytime work shifts. The natural lighting solution has allowed the plant to supplement the 13kwh lighting load installed in the area for nearly 11 hours per day, leading to savings of more than 22,000 kwh during FY 2013-14.

On similar lines, at the plant's phosphatic area solatube lighting solutions were installed to supplement the existing lighting load of 3kwh. Solatube Day Lighting Devices capture sunlight on rooftops, redirect it down a highly reflective tube (similar to a fibre optic cable that transmits light) and then diffuse it throughout the dark interior spaces, providing an abundance of pure, clear natural light. This solution replaced 12 high pressure sodium vapour lamps in the area, contributing towards saving of nearly 2500 kwh units since installation.

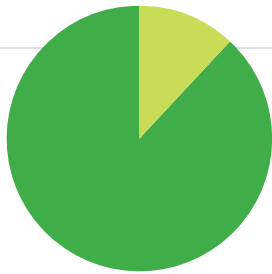


Emissions Management

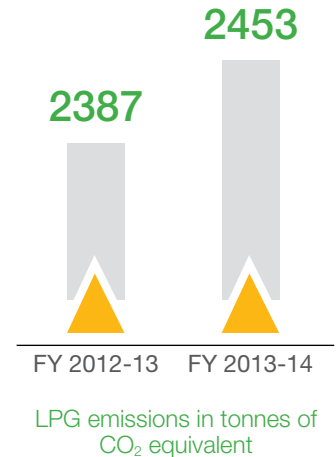
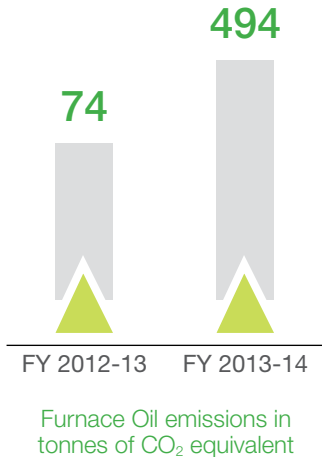
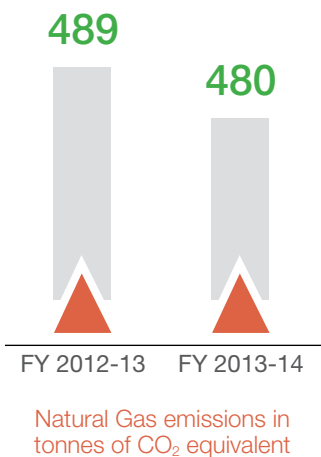
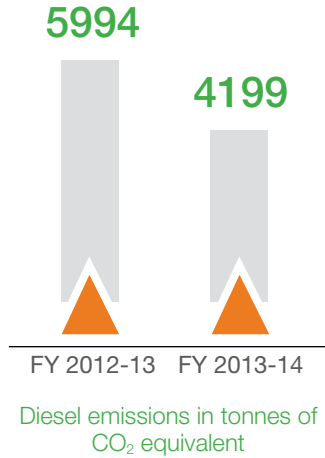
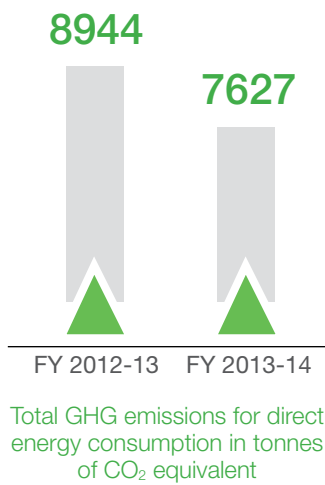
The total Green House Gas (GHG) emissions footprint of our manufacturing units across India for FY 2013-14 was **65744 tonnes of CO₂ equivalent**. Of this, majority 58,117 tonnes CO₂ equivalent or ~88% was from grid electricity and the remaining 7,627 tonnes of CO₂ equivalent was from direct energy consumption.

GHG emissions from direct energy consumption during FY 2013-14

| Fuel type | Consumption | GHG Emissions (tonnes CO ₂ equivalent) |
|--------------|------------------|--|
| HSD | 15,68,765 litres | 4,199 ⁸ |
| Natural Gas | 2,34,776 SCM | 480 ⁹ |
| Furnace Oil | 1,58,009 kg | 494 ¹⁰ |
| LPG | 8,21,950 kg | 2,453 ¹¹ |
| Total | | 7,627 |



- ▲ Grid Electricity - indirect energy consumption, **88%**
- ▲ Fuel use - direct energy consumption, **12%**



⁸ Diesel Oil Default CO₂ Emissions Factor = 74100 Kg/ TJ, IPCC 2006 ⁹ Natural Gas Default CO₂ Emissions Factor = 56100 Kg/ TJ, IPCC 2006.
¹⁰ Furnace Oil Default CO₂ Emissions Factor = 77400 Kg/ TJ, IPCC 2006. ¹¹ LPG Default CO₂ Emissions Factor = 63100 Kg/ TJ, IPCC 2006

Ozone Depleting Substances (ODS)

Our operations do not consume a significant amount of ODS and the total consumption of ODS gases in FY 2013-14 in our plants was 922.5 kg, amounting

to only **50.74 Kg of CFC-11 equivalent.**

The ODS gas used in our plants was R 22 gas, which was consumed in our plants in condensers, chillers and AC units during routine servicing and repair.

Our plants track ambient air-quality in and around the plant premises and the emission levels in FY 2013-14 were found to be below the permissible limits. No fines were levied in FY 2013-14 in this regard on any of our manufacturing units.

Other Air Emissions

We consider clean air as an asset and continue to enhance the technology and upgrade processes to reduce its impact on the quality of air. Air emission sources are mainly flue gas and process emissions. We have installed adequate treatment facilities to ensure necessary compliance. The flue gas emissions, mainly from Boilers and Diesel Generator (DG) sets, etc., are provided with the adequate stack height for effective dispersion. Regular monitoring of all stacks is carried out to check the concentration levels of pollutants being released into the atmosphere. The air emissions are well within the levels stipulated by the regulatory bodies.

Our air emissions load of SO₂, NO_x, and particulate matter are generated mainly from the usage of fossil fuel and from the process vents in our manufacturing plants. We monitor SO₂ as well as NO_x emissions from the stacks placed in our manufacturing plants. The following table presents the details of these emissions from our manufacturing plants in India.

| | Unit | Value in FY 2013-14 |
|----------------------|------|---------------------|
| SO ₂ Load | Ton | 0.29 |
| NO _x Load | Ton | 4.87 |





Biodiversity Management





None of our manufacturing locations in India, are in or adjacent to Protected Area, Sanctuary, Reserve Forests or area of importance of biodiversity and thus, have minimal impact on the biodiversity of such areas. All the plants are located in designated industrial areas. There are no natural habitats in the vicinity of plants and there are no International Union on Conservation of Nature (IUCN) Red List of threatened species and no national conservation list species in plant vicinity that are affected by plant operations.

However, we have taken several initiatives to keep our plants green by carrying out regular gardening activities. Regular tree-plantation drives are also carried out to replenish and enhance the biodiversity.

Rain-water harvesting units have been installed at some of our sites with the aim of collecting rain-water and recharging ground-water tables.

Water Consumption, Reuse and Discharge

Our manufacturing processes are not highly water intensive and our primary consumption of water is for domestic purposes like cooking and cleaning and for fire-hydrant systems. Going forward, we aim to comprehensively report on our water consumption, water reuse and water discharge. We will also continue to work towards reducing our fresh water consumption through initiatives such as identifying and eliminating losses, increasing dependence on rainwater harvesting, and reusing treated water for secondary applications like toilet flushing.

Wastewater Treatment

We realise water is a highly precious resource. Despite the fact that our manufacturing processes are not water-dependent, many of our plants follow superior water conservation and reuse practices. These units are 'zero discharge facilities' and comprehensively treat and reuse all domestic and industrial waste water generated on site through installed STP/ETP setups. Treated water is used primarily for wash-room and gardening purposes. In order to save the water used for flushing, few of our manufacturing plants have installed water-less urinals, where the plants have replaced the flushing water with the bio-blocks.





Zero-Discharge Plants

Our manufacturing facilities at Alwar, Baddi, Neemrana and Sahibabad are zero discharge plants as they have installed advanced wastewater treatment technologies (ETPs/ STPs) to purify and recycle virtually all of the wastewater produced.

Waste-Management

The primary waste being generated at our manufacturing units is metal scrap. Other non-hazardous waste categories include paper scrap, plastic scrap and other scrap. Other scrap usually includes wooden scrap, dust, DMC, MPP films, powder, XLPE, glass, etc. Most of these non-hazardous waste streams present revenue opportunity for us, especially metal scrap which receives high return on selling. Metal scrap, consisting of copper, aluminium and alloys like brass, is sold to proper vendors. This practice also reduces the burden on the raw-metal supplies, since scrap metal is recycled and reused as raw material. Other scrap waste are also sold or disposed off through proper channels. In the reporting period, one-off waste (or construction waste) was also generated due to construction activity at Faridabad plant.

The amount of hazardous waste generated at our plants is minimal and usually restricted to waste oil, ETP sludge, DG and compressor filters, mercury and paint-chemical scrap.

Spill management

For our DG set and boiler units, we maintain on-site HSD and furnace oil storage facilities. Here, spills present a significant risk for our business. For addressing the same, we have ensured that proper fuel handling equipment is installed on site for safe storage and transfer of these fuels.

No significant spill incident occurred across our plant premises during FY 2013-14.



| Hazardous Wastes Generated in FY 2013-14 | Quantity (units) |
|--|---------------------------|
| ▶ Waste oil | 6,504 ¹² litre |
| ▶ ETP sludge | 8,913 kg |
| ▶ DG and compressor filter | 393 ¹³ kg |
| ▶ Mercury with glass | 8,702 kg |
| ▶ Cotton waste(oil soaked cotton) | 18 kg |
| ▶ Paint-Chemical Sludge | 205 litre |

| Non-hazardous Wastes Generated in FY 2013-14 | Quantity (kgs) |
|--|------------------|
| ▶ Metal scrap | 26,11,128 |
| ▶ Paper scrap | 7,49,593 |
| ▶ Plastic scrap ¹⁴ | 1,61,764 |
| ▶ Other scrap | 14,29,453 |
| ▶ One-off waste | 2,52,000 |
| ▶ Total | 52,03,938 |

¹²Waste oil generation in Faridabad plant (559 litres) was done on an estimation basis.

¹³DG and compressor filter generation was done in Faridabad plant (103 litres) was done on an estimation basis.

¹⁴Other than the plastic scrap measured in kg, there was 288448 number of plastic scrap resulting from plastic drums, buckets, bags, etc. which was also generated in the reporting year.

People Performance



We believe that the key to our success lies with the motivation, skills and commitment of our employees. We focus on empowering our employees to drive sustainable growth and productivity and strive to provide them fulfilling careers with the opportunity for constant development and learning, allowing them to achieve their utmost potential. Our focus is on attracting and retaining the best talent. We strive to provide them with the best working environment and support infrastructure to perform their responsibilities.

Regular Feedback Fuelling Growth

We provide regular feedback to our employees enabling them to grow in their professional space, and provide career advancement opportunities including in-house and external trainings. These trainings include both soft skill trainings as well as the technical trainings. All of our permanent employees are covered under performance evaluation and feedback process.

Our defined salary structures are at-par with or above the minimum wages as specified by the GoI, and we provide our employees with competitive benefits and incentives.

Our leave structure is designed considering the Factory Act regulations, with provision for employees to avail earned, sick and maternity leaves. During the year, 5 employees had availed the maternity leave, of which 3 employees re-joined the Company during the year while 2 employees were still pursuing the leave as on 31 March 2014.

Our Workforce

As on 31 March 2014, 2037 employees were on our Company payroll at the Head Office and at our manufacturing locations. During the year, 6493¹⁵ contractual labourers were employed across our manufacturing plants.

Havells workforce on Company pay-roll for FY 2013-14

| Designation | Unit | <30 yrs | | 30 - 50 yrs | | >50 yrs | | Total |
|--------------|------------|------------|------------|--------------|-----------|-----------|----------|--------------|
| | | Male | Female | Male | Female | Male | Female | |
| Managerial* | Nos | 265 | 54 | 769 | 35 | 73 | 3 | 1,199 |
| Workers | Nos | 385 | 42 | 323 | 17 | 19 | 0 | 786 |
| Others^ | Nos | 40 | 11 | 1 | 0 | 0 | 0 | 52 |
| Total | Nos | 690 | 107 | 1,093 | 52 | 92 | 3 | 2,037 |

¹⁵ Consolidated data based on the 12 month average across all the manufacturing sites.

* Management category includes senior, middle, and junior management

^ Others category includes apprentices and GETs/ PGETs

Labour Relations

We continue to engage contractual labour for our plant operations, housing-keeping and security activities. Majority of contractual labour is hired from the vicinity of our plants to reduce operational constraints arising from seasonal and festivities-driven labour migrations. This practice also allows us to maintain amiable relations with our neighbouring societies.

With competitive wages and incentives, we endeavour to provide the best working environment for our contract employees. These include proper protective gear while working, reasonable break time, and clean water and food facilities beside others. We constantly look for ways for improving the quality of life of our contract labour employees. As a result, we enjoy good professional relations with our contractual workers. None of our contractual workers are part of any unions and no unions exist across our plant sites.

Day-care centre at Havells Baddi plant

Owing to sociographic and demographic profile of Himachal Pradesh, a larger percentage of women work regularly. However, many women workers are also new mothers who face the dilemma of attending regular work and taking care of the child. Looking at the rising number of women workers at Baddi plant, a day-care centre has been built to take care of the children. To maintain proper safety standards, systems have been implemented to record time-in and time-out of the children when they enter and leave the day-care premises. A trained nurse has been appointed at the day-care centre and infrastructure has been built to cater to the children's comfort and care during their stay. Safety walls have also been built so that the children cannot enter the factory premises.

Employee Turnover

We define employee turnover as the number of employees who leave the organisation voluntarily or due to dismissal, retirement, or death in service. Our permanent employees are considered for reporting against this indicator.

In FY 2013-14, a total of 269 employees separated from the Company from across the management and permanent workers categories. We conduct comprehensive exit interviews with the separating employees. This allows us to assess and improve upon our HR practices and employee retention programs. During the FY 2013-14, the highest turnover (more than 60% of overall) was seen for the 'less than 30' age group with the younger workforce leaving the Company for other opportunities and higher studies.

During the same period, the Company recruited a total of 289 employees across management and permanent workers categories, of which 55 newly hired employees resigned within the same year.



Respecting Human Rights

We are determined to contribute to the promotion and protection of Human Rights. We seek to support human rights through all our operations. We also take due care to ensure that our physical working environment is congenial to the workforce and free from any form of exploitation. We respect the human rights of our employees and encourage fair practices. We are committed to provide equal opportunities at all levels, safe and healthy workplace and protecting human health and environment.

In the reporting period, no cases of discrimination or harassment were reported by our employees across our manufacturing plant sites and Head Office.

Against Child Labour and Compulsory Labour

We strongly oppose all illegal labour practices. Exploitation of children and child labour is strictly prohibited at all our plants and offices. We do not work with any supplier or contractor known to operate with unacceptable labour practices such as the exploitation of children, physical punishment, female abuse, involuntary servitude or any other form of unacceptable behaviour. The agreements with contractors and suppliers also, mandatorily include necessary clauses on human rights and child labour as specified by the GoI and Factory Act regulations.

In the reporting period, there were no reported instances regarding child labour, forced or compulsory

labour at any of our manufacturing plants in India or Head Office.

Learning and Development

A key input to a motivated workforce is their knowledge enhancement. We strongly believe in constant upgradation of knowledge and value addition to our workforce since their induction in the Company.

We invest proactively and provide our employees with excellent learning and career development opportunities in technical and soft skills areas.

Our trainings include programs on communication, leadership and interpersonal skills as well as technical areas relating to machine technology and handling, material sciences, manufacturing processes and safety and security. The trainings are imparted to both permanent employees and the contract employees. Comprehensive tracking of the training data (employee category wise) was initiated this year and the following table presents total recorded average training man-days spent on training at our manufacturing plants in India.

| Employee Category | Average Training Man-days (FY 2013-14) |
|-------------------------|--|
| Senior Management | 0.47 |
| Middle Management | 1.03 |
| Junior Management | 1.87 |
| Total Permanent Workers | 0.51 |
| Contract Workers | 0.54 |



Imparting safety training to our field-staff

Havells prides itself on the after-sales service-at-the-doorstep provided on all products. We also train our service-staff regularly on safety in handling electrical equipment and in repairs. The service staff is provided with the best-quality tool-kits to ensure their safety and the safety of others present at location.



Incident-accident recording systems are maintained adhering to regulatory requirements. All of our manufacturing facilities monitor and record first-aid injury, minor injury and the reportable injury (LTI). The following table presents the details of these injuries from our manufacturing plants in India.

| Injury | No. of incidents (FY 2013-14) |
|-------------------------|-------------------------------|
| First Aid Injury | 1,286 |
| Minor Injury | 111 |
| Reportable Injury (LTI) | 10 |

Safe Working Environment

Our principle operational priority is the safety of our employees and contractors. As our operations are relatively simple and safe, as compared to many other industrial processes, exposure to hazardous substances is limited to certain processes like the paint shop, mercury pill dosing and hazardous waste management. We offer our employees, a working environment with an above-average level of safety and health protection.

Relevant trainings are provided to employees working with hazardous materials. We ensure proper protective gear is provided to all employees according to their work profile, including rubber gloves and shoes, ear plugs, overalls, eye wear and face masks.

Safety Incidents

We follow a stringent mechanism of investigation of any reportable incident that occurs in our premises. A thorough root cause analysis (RCA) is done which identifies the reasons for the incident and recommends the corrective actions. The learnings from these incidents are shared amongst the employees to prevent any future repeat occurrence. Our safety management is a combination of preventive and remedial approaches. Apart from focusing on process related safety procedures, the salient features of our safety management include managing risks against fires, disaster management and effective health management of the employees that reduce the inherent risk and build capacities of the workforce.

As standard measures, we have dedicated pedestrian pathways at the plants. Speed limit is defined for the movement of the vehicles within the plant premises. Fire extinguisher units are installed at strategic points across all of our plants, and trainings and information sessions are regularly conducted for employees, for fire handling and evacuation management. Further, all of our sites maintain dedicated water tanks for meeting any major fire situation. Security personnel are trained to monitor strict adherence to these classifications, including speed limit, to ensure safety of the employees and inculcate this culture of safety in all employees and visitors.

We regularly conduct medical camps across our plant sites for our employees and their family members.

Adhering to our stringent internal safety motto, our manufacturing plants celebrated the National Safety Week from 4th March to 10th March, 2014, which included various safety related mock drills and activities.





Product Stewardship





We offer a wide range of products that ensure safety, environmental preservation and energy-efficiency. Our products go through proper and rigorous in-house testing protocols before making their way to the market.

During the reporting year, there were no incidents of fines levied on us or non-compliance with respect to the regulations or voluntary codes concerning health and safety impacts of products and services, product related marketing communications, and product information disclosure and labelling.



Center for Research & Innovation

CRI – Centre for Research and Innovation at Havells

The Centre for Research and Innovation (CRI) is an in-house dedicated R&D department with the vision to promote product and technology innovations across our product lines. In August 2005, we undertook the initiative of integrating all site specific individual R&D centres to form CRI at the head office.

The objective of CRI is to provide theoretical and experimental foundations for all segments of electrical engineering. The centre closely co-operates with the various departments so as to provide the best and the latest in terms of technology and design. CRI is an ISO 9001:2000 certified body and is recognised by the Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology. In line with our vision and mission, the CRI has developed and internalised its own working philosophies to ensure the achievement of the Company's goal.

The objectives of CRI are:

- New Product Innovation (NPI) should contribute to an annual growth of 15% in each business
- Existing business should be able to introduce new technology ahead of competition every 2-3 years

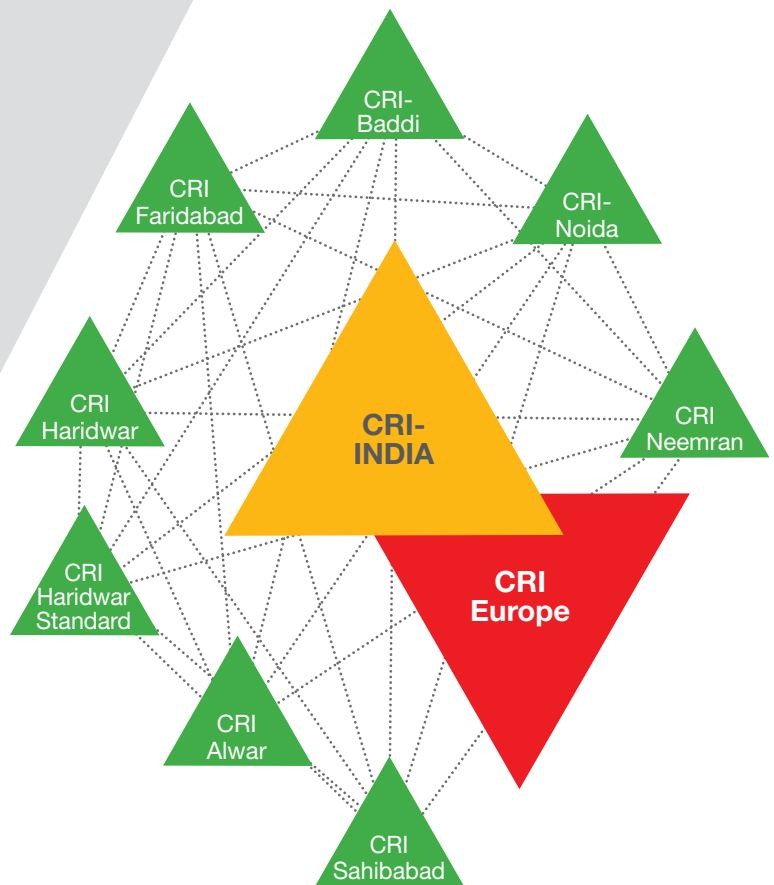


Energy Efficient Products

Majority of our products are energy-efficient and BEE Star rated, including water heater and fans range. Detailed labelling on our products, and the information available on our website, allows the customers to make informed decision while purchasing. Some of our energy efficient products include:

Energy Efficient CMI lamps

In FY 2013-14, Havells R&D developed low cost, higher energy efficient CMI-TT lamps for outdoor and public lighting in the 50 W, 70W, 100 W and 150 W categories. The unique features of these CMI-TT lamps when compared to inefficient Quartz MH and HPMV are higher efficiency, life and CRI (Colour Rendering Index).



A few innovations introduced by our R&D are:

India's first energy efficient fan

We are credited with introducing India's first energy efficient fan, which was indigenously designed by our R&D team. Consuming only 50 watts of electricity, this model, ES-50, is among the largest selling energy-saving fans in the country.

Energy efficient water geysers

We introduced a new range of energy-efficient storage-based, as-well-as instant water heaters. All our water-heaters fall in the BEE 3 to 5 star-rated category.



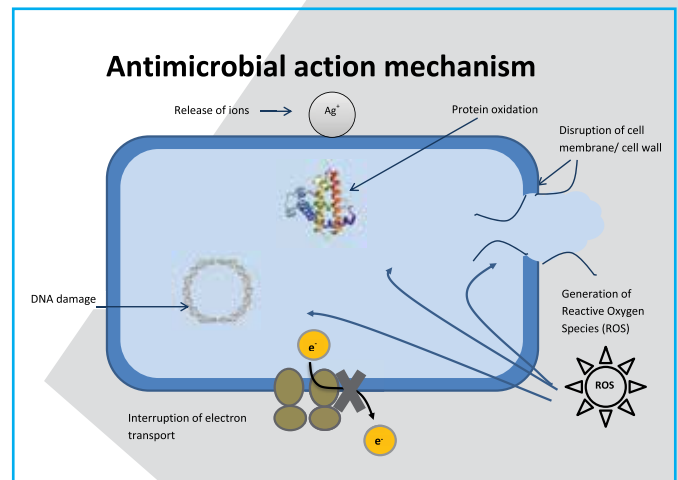
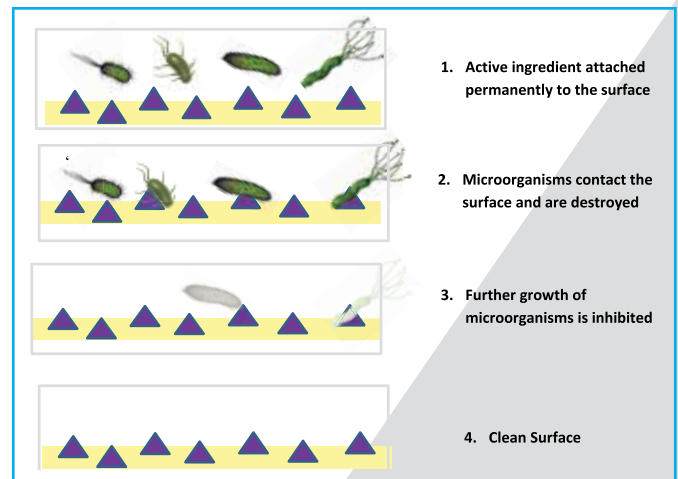
Environment Friendly and Safe Products

Anti-microbial switches, mixers and grinders

Microbial proliferation in Indian climatic condition is rampant. With increasing concern on health and hygiene, demand for antimicrobial electrical wiring and the accessories (EWA) and home appliance products have been growing in the Indian market. In order to combat with harmful effect on human beings, Havells came up with antimicrobial products based on Silver Ion Technology. Silver ion has inherent antimicrobial ability with a high efficacy against microbes. Silver has been used for centuries for its abilities to aid preservation and help prevent infection. Silver is non-toxic, naturally occurring and environment-friendly. Silver ions are molded in plastic components that come in contacts with humans. This helps inhibit proliferation of microbes up to 99.99% and helps in preventing cross-contamination to meet the need for hygiene vital. Its efficacy is long lasting and does not deteriorate with time.

Although there are many synthetic, chemical-based anti-microbial additives, Silver Ion antimicrobial technology has a variety of beneficial properties, making it an ideal alternative to synthetic, organic chemicals:

- ▶ Non-toxic
- ▶ Environment-friendly and sustainable
- ▶ Will not break down, wear off, wash off or leach out of products over time
- ▶ Retains its antimicrobial efficacy for the expected lifetime of the product
- ▶ Does not function in the same way as antibiotics, therefore, there is no known evidence to suggest that bacteria are resistant to it





Lead and Halogen Free Cables

We have set up one of India's largest cables manufacturing plant in Alwar, Rajasthan. The plant uses modern laser technology, in line with the international practice, for cable manufacturing ensuring highest quality. Our in-house R&D team has developed a special insulating compound, for manufacturing cables, which is free from Lead and Halogen compounds. Havells HFFR PVC insulated industrial cables are halogen-free. Halogen-free polyolefin solar cable that are flame-retardant, low smoke-emitting, and sunlight resistant, are manufactured by the plant.

“Wires that don't catch fire”:

Non-Toxic and Fire-retardant wires and cables

Various researches have shown that maximum casualties in a fire happen due to suffocation and fire exposure caused by formation of toxic gases. Our halogen free, flame retardant and low smoke PVC insulated cables reduce the release of poisonous gases compared to ordinary PVC cables. This enables the people trapped in fire to breathe easily, facilitating better chances of their rescue.



S3 Technology – Complete Safety

Advanced S3 technology in our wires guarantee triple safety –



- Lead, cadmium, and chromium free
- Reduces leakage-current which poses serious threats to residents and installations
- Termite and rodent repulsion ensures no short-circuits

RoHS Compliance



Release of harmful substances like lead, mercury, cadmium, chromium, etc. is extremely dangerous for the environment and presents significant health hazards for the human beings. European Union has adopted a directive on the restriction of the use of hazardous substances in electrical and electronic equipment, commonly known as Restriction of Hazardous Substances (RoHS). Our cables with the S3 technology are certified by Bureau Veritas for RoHS compliance as per directive 2006/ 95/ EC. By complying to this directive, we ensure replacement of hazardous materials like Lead and Cadmium with better alternatives. Many of our products are RoHS certified.

Solar cables

Solar PV is a promising environment-friendly technology. The implementation of the same has been steadily rising over the years and is expected to rise further with GoI providing subsidies and grants for promotion of the solar energy. With the rise in the demand for the technology, the demand for "Solar Cables", which is the current transmission medium of solar energy, is also expected to grow.

In this regard and identifying current and future potential, our Alwar plant manufactures halogen-free polyolefin solar cables that are flame-retardant, low smoke-emitting, and sunlight resistant.

Promoting Healthier Alternatives

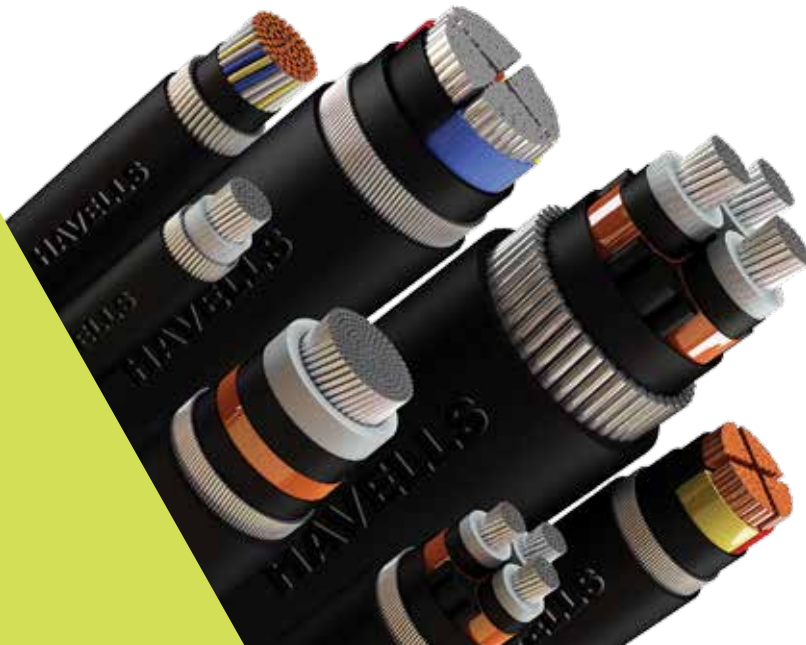
Prolife Airfryer:

An innovative product, 'Prolife', Air Fryer uses Rapid Air Technology or hot air for cooking and facilitates preparation of deep fried food with minimal use of oil, yet giving similar taste. The air fryer is also highly efficient and takes only a short duration to cook a variety of foods.



Product labelling

Our product packaging is properly labelled and bar coded as applicable. We strictly adhere to the transport labels which are governed by the guidelines of IATA (for shipments by air), IMDG (for shipments by sea) and ADR (for road transport). We follow BIS standard for labelling of products marketed in India, and adhere to country-specific requirements in and as applicable across geographies, including CE, FIA, TAC and DNV KEMA standard disclosures. Our products also carry BEE-star, S3, HIR, RoHS, Halogen-free and other certification labels, as applicable to respective products.



Social Responsibility



Corporate Social Responsibility (CSR) and public service are deeply embedded in our cultural fabric. Over the years, serious efforts have been directed towards making a meaningful contribution in uplifting and transforming the lives of the underprivileged. We support child education, especially focusing on the girl child, and nutrition, which we feel is a must for individuals to become self-supporting and contributing citizens of the country.

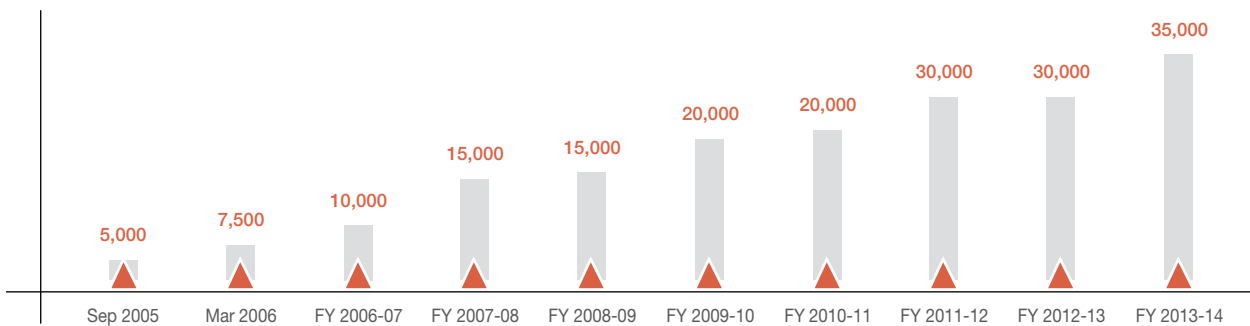
In FY 2013-14, a Board-level CSR committee was formed in line with the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, to formulate and recommend to the Board the amount of expenditure to be incurred on such activities and to monitor the Corporate Social Responsibility Policy of the Company from time to time.

Mid-day Meals

The mid-day meals provided to government school children in Alwar district of Rajasthan is the flagship CSR activity of Havells India. Initiated in 2005, the program is in the 9th year of its successful completion.

Realising the acute need of providing proper nutrition to school children to support health and education, Havells initiated the mid-day meal program in accordance with the guidelines of Government of Rajasthan and the Supreme Court of India.

In the beginning year, the program covered 5000 students every day and the coverage has increased steadily over the years. At present, Havells India Ltd serves 35,000 students in 664 primary and middle schools in Alwar, Rajasthan.



Havells CSR coverage since the year of inception – number of children served per school day

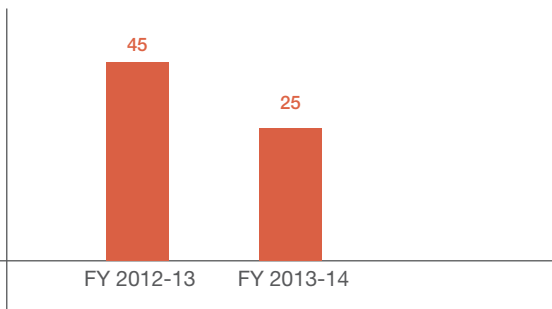


During FY 2013-14, our total expenditure on the CSR activity was **₹ 45.3 million**. During the year, the capital expenditure decreased as the capacity expansion required for preparing meals for 35,000 students per day was completed in FY 2012-13.

Mid-day meals ensure regular attendance of children at school and help in maintaining proper nutrition levels to aid in physical and mental development.

Our field-staff has observed that the number of children attending school every day and progressing from one grade to the next has gradually increased over the years.

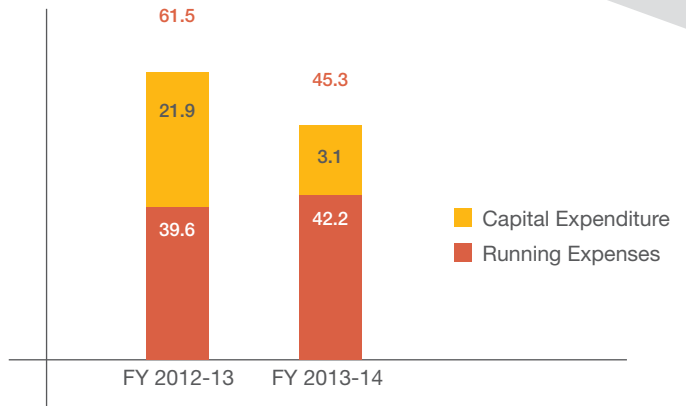
During FY 2013-14, our total expenditure on the CSR activity was ₹ 45.3 million. During the year, the capital expenditure decreased as the capacity expansion required for preparing meals for additional students per day was completed in FY 2012-13.



Havells contribution to CSR activity (₹ million)

Creating the best infrastructure for mid-day meals

Havells owns the entire mid-day meal value chain from procurement of food materials to food preparation, storage and transportation to schools. This ensures stringent quality controls at all levels and helps in providing the most hygienic and fresh food to the children. Havells has utilised its manufacturing expertise to install cooking systems that require minimum human intervention. Operational efficiency is achieved in the operations through the use of conveyors to prepare food like chappatis at a large scale. Special vans are owned by the Company to



Total CSR expenditure for mid-day meal activity (₹ million)

quickly distribute freshly-cooked food to schools at lunch time.

The Dedicated Team

Havells has employed a dedicated staff on Company payroll for the CSR activity to ensure timeliness, quality and hassle-free provision of the meals every day. About 130 employees are hired by Havells as staff on Company payroll as cooks, helpers, drivers, and distributors. Teams from Havells head-office interact on day-to-day basis with the MDM team to learn about the progress and solve any issues that may arise.



Marketing Communications

Communications is a core strength that has differentiated Havells in the industry by creating a strong brand presence and recall among customers. As a corporate philosophy, Havells ensures responsibility in all its communications and has set internal codes of ethical conduct.

Communications are regularly designed addressing relevant social and environmental issues. The Company is known for introducing products that are more energy-efficient, safe, and innovative.

Following a code of ethics in our communications

Ensuring quality and responsibility in our communications, we support the guidelines set by Advertising Standards Council of India (ASCI) – the self-regulatory industry association of advertisers and marketers in India. In FY 2013-14, no complaint was filed with ASCI related to any Havells communications through any media.

Revolutionary Television Campaigns

Shock Laga Campaign Creating awareness about product safety

Through an interesting and memorable series of campaigns, Havells reiterated its ongoing message of electrical safety. The innovative ads focus on a typical chain of “shocked” patients and doctors at a hospital when one of them touches a poorly insulated switch. The popular tag line of shock laga plays in the background reaffirming the effect of bad quality electrical products, albeit in a humorous and memorable manner.

Hawa Badlegi

“Hawa Badlegi” or winds of change is a movement started through Havells communications which highlights the positive changes in the Indian society. In FY 2012-13, the movement created waves of interest on Indian television when it showcased changes in attitudes of the Indian citizen towards gender or class biases. In FY 2013-14, the winds of change campaign was developed further to encompass current issues and had advertisements showing young politicians who break the stereotype and put the comfort and well being of ‘aam janta’, or the citizens, before their own – the comfort being cool air from Havells fans depicted as a metaphor



for the resources of the nation. The advertisements have received recognition in the industry for creating a powerful brand association of Havells with thought leadership and responsibility.

Sponsorships

Supporting the spirit of sports in India, Havells co-sponsored the Indian Badminton League in FY 2013-14. Havells also supported cricket and became a co-sponsor in the Indian premier League 2014.

Innovative social-media interactions.

Havells social-media pages are always buzzing with activity. We have effectively used the medium to spread awareness about our products, take feedback and comments, and generate online discussions about environmental and social concerns of the present times.



Customer Feedback

Customer satisfaction is of priority for our business continuity and success. We, at Havells, are the first FMEG Company in India to have launched a fully-integrated call-centre to support our customer service and act as a feedback mechanism. Dedicated e-mail and call centre numbers are in place where customers and other stakeholders can connect with us regarding any query or concern. The feedback allows us to assess customer mood and paves the way for future innovations and strategies.

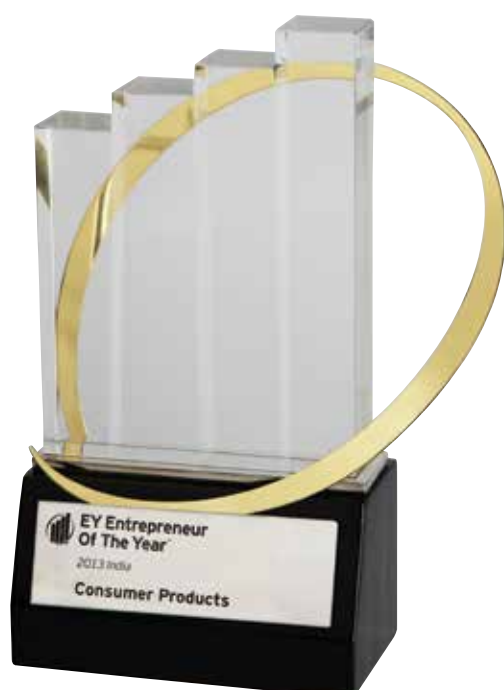
Electricians Mela

To spread awareness about new product launches by Havells and to provide training on repairing of new electrical products in the markets, Havells organised electrician meets across locations in India. In these meets, Company-sponsored training was provided to electricians and contractors. A strong focus was given to electrical safety during these meets and to strengthen focus on this issue, certificates of participation and complementary kits of the latest tools and repair kits were given to the attendees.



Awards and Accolades

| AWARD | GIVEN BY | CONFERRED TO | YEAR |
|---|---|--|-----------|
| Entrepreneur of the Year – consumer electricals category | Ernst & Young (EY) | Mr Qimat Rai Gupta Chairman and Managing Director | 2014 |
| Excellence in the field of Banking and Finance | Suryadatta Group of Institutes | Mr. Rajesh Gupta Director-Finance and Group CFO | 2014 |
| The Express Intelligent Enterprise Awards for Innovative IT Implementation | Indian Express – Express Computer magazine | Mr. Vivek Khanna Head, IT | Nov 2013 |
| Total CIO100 Special Awards 2013 for Innovation Architect in IT | CIO100 Magazine | Mr. Vivek Khanna Head, IT | Oct 2013 |
| Best CFO of the Year | Corporate Excellence Awards 2013 | Mr. Rajesh Gupta Director-Finance and Group CFO | July 2013 |
| 'Roll of Honour' award for exceptional contribution to the world of Corporate Finance | CFO India Magazine | Mr. Rajesh Gupta Director-Finance and Group CFO | Apr 2013 |
| Emerging India Award - 2013 | ICICI Bank | Havells India Limited | 2013 |



Assurance Statement



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The Management and Board of Directors
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Independent Assurance Statement

Ernst & Young LLP (EY) was engaged by Havells India Limited (the 'Company') to provide independent assurance on its Sustainability Report 2013-14 (the 'Report') covering the Company's sustainability performance during the period 1st April 2013 to 31st March 2014.

The development of the Report based on the Global Reporting Initiative (GRI-G3.1) Guidelines; its content and presentation is the sole responsibility of the management of the Company. EY's responsibility, as agreed with the management of the Company, is to provide independent assurance on the report content as described in the scope of assurance. Our responsibility in performing our assurance activities is to the management of the Company only and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any dependence that any such third party may place on the Report is entirely at its own risk. The assurance report should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below.

Assurance standard

Our assurance is in accordance with International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000), and our conclusions are for 'limited' assurance as set out in ISAE 3000.

Scope of assurance and methodology

The scope of our work for this assurance engagement was limited to review of information pertaining to environmental and social performance for the period 1st April 2013 to 31st March 2014. We conducted review and verification of data collection/ measurement methodology and general review of the logic of inclusion/ omission of necessary relevant information/ data and this was limited to:

- Review of consistency of data/information within the report as well as between the report and source;
- Verification of the sample data and information reported at the following units/ locations:
 - Neemrana (Rajasthan)
 - Baddi (Himachal Pradesh)
 - Noida (Uttar Pradesh)
 - Faridabad (Haryana)
 - Corporate office at Noida (Uttar Pradesh)
- Execution of an audit trail of claims and data streams, on a selective test basis, to determine the level of accuracy in collection, transcription and aggregation;
- Review of the Company's plans, policies and practices, pertaining to their social, environment and sustainable development, so as to be able to make comments on the fairness of sustainability reporting.

Limitations of our engagement

The assurance scope excludes:

- Data and information outside the defined reporting period (1st April 2013 to 31st March 2014);
- Review of the 'economic performance indicators' included in the Report which, we have been informed by the Company, are derived from the Company's audited financial records;
- The Company's statements that describe expression of opinion, belief, inference, aspiration, expectation, aim or future intention;

**Our assurance team and independence**

Our assurance team, comprising of multidisciplinary professionals, was drawn from our Climate Change and Sustainability network, and undertakes similar engagements with various Indian and international companies. As an assurance provider, EY is required to comply with the independence requirements set out in International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. EY's independence policies and procedures ensure compliance with the Code.

Observations and opportunities for improvement

During our review process, we observed that:

- The Company has compiled the Report on the basis of GRI G3.1 Guidelines of the Global Reporting Initiative;
- The Company has demonstrated fairly reliable sustainability data collection and management system; however, it may further improve the accuracy and completeness of reporting on certain indicators, viz. water withdrawal, employee training, injury cases and hazardous waste disposal;
- The Company may improve on understanding of sustainability indicators within the organization and internal review of the sustainability performance data.

Conclusion

On the basis of our procedures for this limited assurance, nothing has come to our attention that causes us not to believe that the Company has reported on sustainability issues relevant to its business and its stakeholders.

A handwritten signature in black ink, appearing to read 'Sudipta Das', is written over a faint, illegible stamp.

Ernst & Young LLP
Sudipta Das
Partner

Dated: June 4th, 2014
Place: Kolkata, India

GRI Application Level

Our second sustainability report for year FY 2013-14 is declared to be in compliance with Application Level A+.

| Report Application Level | | C | C+ | B | B+ | A | A+ |
|--------------------------|--|--|---------------------------|---|---------------------------|---|---------------------------|
| OUTPUT | Profile Disclosures | Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15 | | Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17 | | Same as requirement for Level B | |
| OUTPUT | Disclosures on Management Approach | Not required | Report Externally Assured | Management Approach Disclosures for each Indicators Category | Report Externally Assured | Management Approach Disclosures for each Indicators Category | Report Externally Assured |
| OUTPUT | Performance Indicators & Sector Supplement Performance Indicators | Report fully on a minimum of any 10 Performance indicators, including at least one from each of: social economic and environment** | | Report fully on a minimum of any 20 Performance Indicators, atleast one from each of: economic environment, human rights, labor, society, product responsibility*** | | Respond on each core and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission. | |

* Sector supplement in final version

** Performance indicators may be selected from any finalised Sector Supplement, but 7 of thee 10 must be from the original GR1 Guidelines

*** Performance indicators may be selected from any finalised Sector Supplement, but 7 of thee 10 must be from the original GR1 Guidelines 53

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HAVELLS

गणेश मंदिर
गणेश मंदिर (गणेश जी) का स्थापना १९९० में की गई थी।
१. गणेश मंदिर (गणेश जी) का स्थापना १९९० में की गई थी।
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१०. गणेश मंदिर (गणेश जी) का स्थापना १९९० में की गई थी।

Havells India Limited

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