

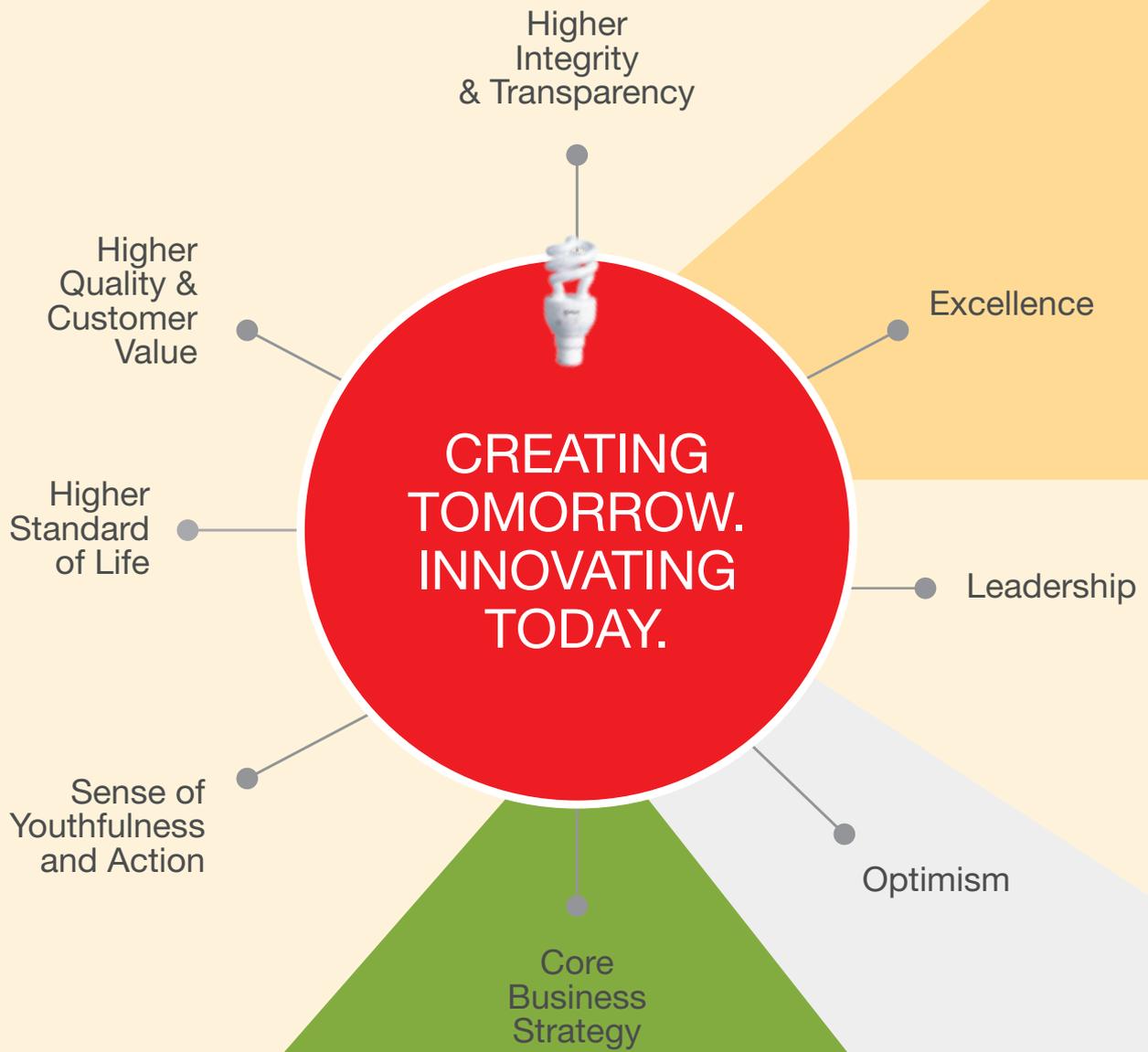


INNOVATING TOWARDS A SUSTAINABLE FUTURE



INNOVATING TOWARDS A SUSTAINABLE FUTURE

Today, **Havells India Limited** is well positioned in the global market, having achieved a strong financial standing and a distinct brand presence. Going forward, our vision is to sustain our performance and strive to achieve beyond the usual. For the same, we are working towards a “sustainable future” for our organisation, our people and our society, by leveraging upon our existing and identified competencies, and by embarking upon the path of continuous and constructive innovation. With this thought in mind, our maiden Sustainability Report has been titled “*Innovating towards a Sustainable future*”. The Report highlights upon our Sustainability performance and initiatives.





About the Report

The Report endeavours to present to our readers, a comprehensive view of our business philosophy and our triple bottom line - economic, social, and environmental performance, and discloses upon our performance for the financial year 2012-13. Information presented in the report includes all our eleven Indian manufacturing units at Alwar, Baddi, Faridabad, Haridwar, Neemrana, Noida and Sahibabad, and our corporate office in Noida. The environmental performance data pertains to manufacturing plant sites alone. Performance disclosure for marketing offices, retail outlets, distribution network, joint-ventures, and international operations are not included in this year's reporting.

The Report has been prepared in accordance with the requirements of the Global Reporting Initiative (GRI) Guidelines, version G3.1. We have benchmarked and self-declared our Sustainability Report in compliance with the Application Level A+.

One of the primary areas we have focussed on, in this Report, is the accuracy of the presented data. To make our reporting initiative robust and credible, we have sought services of Ernst & Young LLP, to provide limited assurance on the environment 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 seven 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 and engaging. All comments and questions are welcome and will allow us to improve upon our reporting process going forward. The same can be addressed to sustainability@havells.com.

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Chairman's message

Dear stakeholders,

I am very proud that each year we have fresh initiatives and achievements to share with you. In that regard, I present to you the first Sustainability Report of Havells India Limited titled *"Innovating towards a Sustainable future"*. The report highlights our economic, social and environmental performances.

At Havells, we have always focused on a holistic growth for our Company and society at large. It is ingrained in our thinking that a business can only thrive in a healthy society and environment. In addition to the economic performance, we believe it is the right of all stakeholders to know about the performance of Havells on relevant social and environment parameters as well.

The recent economic conditions have been exigent for businesses across the world. The demand-side has shown sluggish growth in the past. Energy availability continues to be a challenge indicating a pressing need to develop more efficient technologies. We can proudly say that we stood resilient during these times. Economically, we have invested in new and growing consumer-electrical market by leveraging our existing distribution channels. Our efforts in entering new lines of business have diversified any business-risks that may arise from a particular consumer-segment. Moreover, we have expanded our distribution network in the interiors of the country. There is rising demand from tier II and tier III cities owing to rising standards of living and a propensity to engage with high-quality branded products.

Our business, including our manufacturing processes, has minimal impact on the environment.

Yet we constantly look for ways to identify critical areas and implement better solutions to further improve our environmental performance. Besides improvements in our internal systems and processes, our focus has been on the energy-efficiency of the products, which forms an integral part of our core business-strategy. Here, we are fully conscious that energy-efficiency will drive future growth in the FMEG and consumer-electrical industry, and we are directing our efforts accordingly.

In 2012-13, we have established a Board-level Enterprise Risk Management committee to identify the risks impacting the company's business and formulate strategies aimed at risk minimisation and mitigation. Going forward, the committee will be responsible for devising the Havells Sustainability strategy and action-points each year.

Constant evaluation of the performance with respect to the requirements of the social, economic and physical environment is necessary to ensure the success of the business going forward. An organisation that will constantly look for innovative methods for continuous improvement, and will apply the same in its operations, will be able to sustain itself. With this aim, we have embarked on the reporting exercise to monitor and improve our environmental and social performance. Henceforth, every year we aim to record and share our Sustainability performance.

We look forward to your comments and suggestions on this proactive initiative of ours.

Best regards,

Qimat Rai Gupta
Chairman and Managing Director

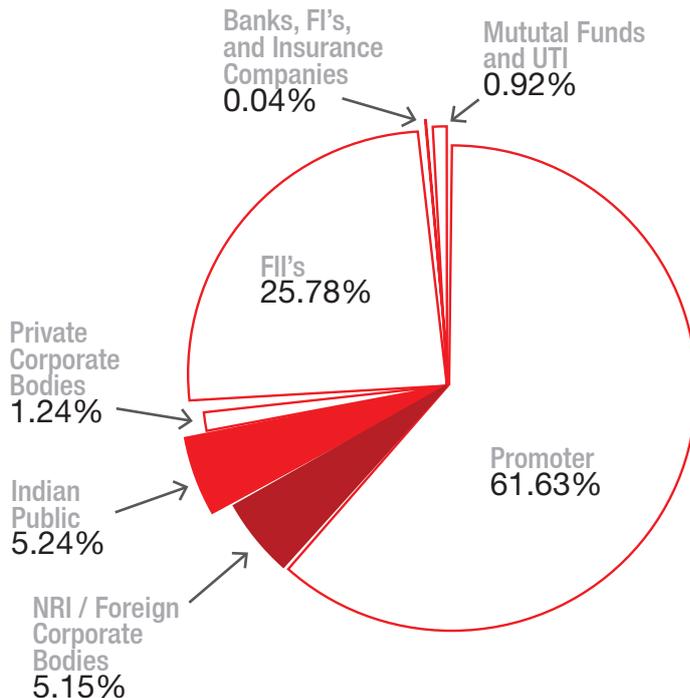


“ At Havells, we believe that a business can only thrive in a healthy society and environment.”

Brand Havells: Organisational profile

Havells India Limited is a leading manufacturer of fast-moving electric goods (FMEG) and power distribution equipment with presence across the world and a turnover in excess of a billion US dollars. We have 94 branches and representative offices, and over 6500 professionals in over 50 countries. The company is listed on BSE Ltd. and the National Stock Exchange (NSE) of India Ltd.

Havells Group owns some of the most recognised brands in the FMEG and electrical equipment market like Havells, Crabtree, Standard, Sylvania, Concord and Lumiance.



Ownership pattern as of March 31, 2013

Havells infrastructure:

Manufacturing units in India	11
International manufacturing units	6
Marketing offices (branches)	94
Exclusive brand retail-outlet 'Havells Galaxy' network in India	~200
Global dealership network	~20,000
Global R&D centres – CRI (Centres for Research and Innovation)	5



The consumer mind-set in India is fast changing with a growing tendency towards high-quality, branded FMEG products and power distribution equipment. Anticipating this trend, we pioneered the concept of exclusive brand showrooms in the electrical industry in India. Havells Galaxy is a one-stop-shop for all our electrical products under one roof. These retail outlets are designed keeping in mind product availability, convenience and comfort for our consumers. Today, over 200 Havells Galaxy outlets across the country help consumers of domestic and commercial products to choose from a variety of product variants.

Market presence

We are present in Europe, South Asia, North America, Latin America, and Africa through our manufacturing units and marketing offices at strategic locations. Our global head quarter is located at Noida in the state of Uttar Pradesh in India.

As on March 31, 2013, we had 56 subsidiaries out of which 55 companies are 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.



India

- Major presence through Havells India
- 11 manufacturing units
- Strong distribution network
- 52% of consolidated revenues



Europe

- Major presence through Sylvania
- 4 manufacturing units
- Strong distribution network
- 30% of consolidated revenues



Americas

- Major presence through Sylvania
- 2 manufacturing units
- Strong distribution network
- 18% of consolidated revenues

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

Strategic Focus

All our products use or distribute electricity. In this aspect, product-safety becomes most crucial for our product designing and manufacturing. Our R&D is focused on developing all products with superior safety features. We have adopted RoHS (Restriction of Hazardous Substances) standards to minimise or eliminate the use of substances / components that could pose a threat to the safety and well-being of our consumers. Most stringent internally developed quality-testing standards are followed for testing of all our products before they enter the market.

The focus on safety is extended to our manufacturing operations where we have taken measures to avoid accidents at the workplace for all employees and workers.

Product Quality

We define quality of products in terms of durability, reliability, aesthetics and finishing. We have, since our inception, focused on providing supreme quality across our product categories. Our products undergo several stages of stress and durability tests before reaching the market.

A unique Vendor Management System enables us to work closely with our suppliers and ensures material-quality. We are also constantly looking for better alternatives to continually improve product-quality. This has helped us in sustaining our USP of providing high-quality products to our customers. Today, our products set quality benchmarks in the industry.



Quality in Services

We believe that providing good-quality products is incomplete without offering an equally premium-quality of after-sales service. Superior after sales service allows to forge long-term relationships with customers and serves as a continuous feedback mechanism. With this objective, we were the first Company in the Indian electrical industry to offer comprehensive doorstep services to customers through our initiative – Havells Connect. Dedicated toll-free helplines enable service-seekers to connect with Havells call-centre, which is currently run in 9 Indian languages.

Energy-efficiency

Our third major priority area is energy-efficiency. We realise that we operate in an environment where energy-conservation is critical to ensure energy-security of the nation. Drawing more electricity from the grid will mean burning more fossil-fuels for power-generation and, in turn, an increase in GHG (green-house gas) emissions. Over the



Havells introduced India's first energy-efficient ceiling fans, indigenously designed by the R&D team. The innovation won the National Energy-Conservation Award three times in a row from 2009 to 2011. Consuming only 50 watts of electricity, the ES-50 model is among the largest-selling energy-saving fans in India.



We set up a plant at Neemrana in India to manufacture CFLs

years, we have taken a conscious decision to steer clear of manufacturing and marketing inefficient technologies. In this regard, we did not enter into the manufacturing of the incandescent bulbs and inefficient fluorescent lights, instead setting up a CFL manufacturing plant at Neemrana in India. Since then we have also ventured into the manufacturing of LED lights and energy-efficient range of motors.

Entering new markets

In 2012, we ventured into the home appliances market in India. The sector is expected to grow 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 two to three years.

Reo – the revolutionary game-changer

In 2012, we also launched our breakthrough product, Reo switches. The switches have been introduced to capture the growing demand for piano switches in tier II and III cities in India. Priced for the entry-level category of non-modular switches, Reo will provide the same quality, durability, safety, and service as promised by all Havells products.

Through our dedicated efforts in product innovation and after-sales services, we have emerged as market leaders in various product categories, enjoying high-level of customer-satisfaction with a strong support from our channel partners.

Business opportunities and risks

The electrical goods industry in India, especially in the tier II and tier III cities, has seen an upsurge in recent times. Our diversification from electrical-safety equipment to consumer-electric goods gave us an opportunity to ride this wave of growth.

Rising aspirations of consumers, changing consumer attitudes and behaviour towards electrical equipment, and growing demand for branded goods along with the willingness to pay a premium for a better quality brand will all allow us to grow at a healthy pace over the next several years.

Growth in the overall consumption, resurgence of projects in infrastructure and real-estate will further push demand in the industrial segments like industrial cables and switchgear.

Investments made in strengthening our brand and expansion in our range of products through new-product launches in all our product-categories gives us the pricing-power. With the expected surge in volumes, we expect to retain or grow our market-shares in the segments we operate.

Our business is also exposed to a variety of risks

We face the risk from inflationary trends in input costs of raw-materials. This could create a strain on the operating margins.

A negative change in perceptions about the Indian economy in a pre-election year could have an impact on consumption and investment growth.

A sedate recovery in the global markets had capped commodity prices for the better part of 2012. Prices were relatively stable across inputs. A synchronised global recovery could fuel sharp rises in commodity prices of metals and non-metals.

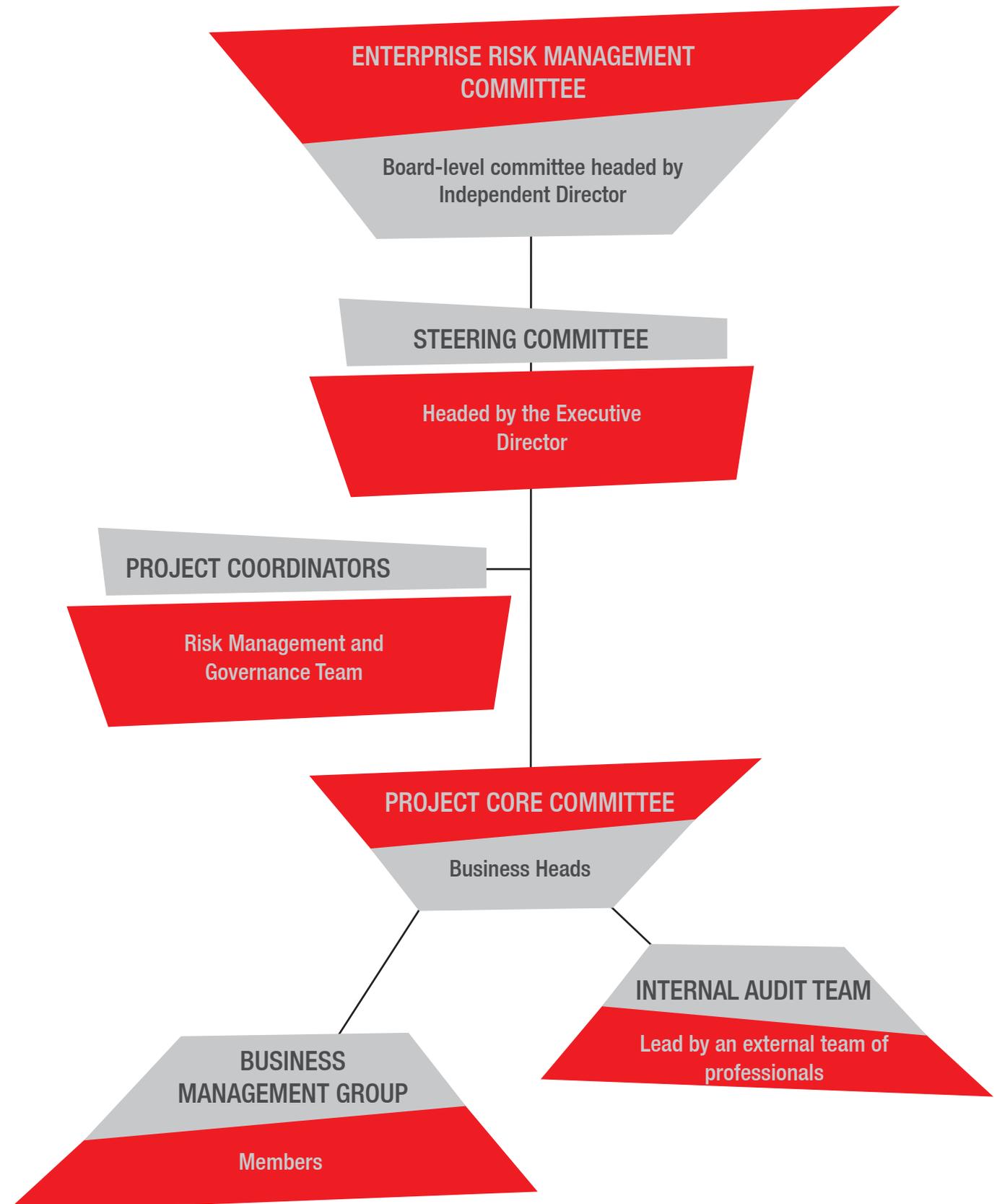
Risk Management and Internal Controls

Risk Management at Havells is a key strategic focus. We have a robust Enterprises Risk Management (ERM) framework which integrates risk-management with every day decision-making. In the current year, we also established a board-level committee on Enterprise Risk Management. The objectives of ERM at Havells are:

- Inclusion of risk management in business strategy instead of managing individual risks
- Focus on critical risks in place of discrete risks
- Risk optimisation
- Defined risk responsibilities
- Constant monitoring and measurement instead of simple quantification of risks

Owing to the ERM approach, the focus is on identifying and managing a risk-universe instead of individual, discrete risks.

Enterprises Risk Management structure at Havells



Greater Transparency: Corporate Governance >>

Havells, as an organisation, is considered to be a pioneer for its Corporate Governance policies. Our governance policies have been recognised as an organisational strength. We have, on our Board, industry veterans from diverse fields who guide our decisions.

Board of Directors and committees

Our Board is headed by our Managing Director, Mr. Qimat Rai Gupta, who also serves as the Chairman of the Board.

The Board is supported by five committees, viz, Audit Committee, Enterprises Risk Management (ERM) Committee, Finance Committee, Nomination & Remuneration Committee, and Share Transfer and Shareholders' / Investors' Grievance Committee. For further details, please refer to the Annual Report 2012-13.

Composition of the Board as on March 31, 2013

Executive Directors, including the Chairman	3
Non-Executive Non-Independent Directors	2
Non-Executive Independent Directors	5
Total	10

During the reporting year, the Board met 4 (four) times on 30 May, 2012, 30 July, 2012, 29 October, 2012, and 23 January, 2013. In accordance with the Clause 49 of the Listing Agreement, the gap between any two meetings did not exceed four months.



Qimat Rai Gupta
Chairman and Managing Director



Anil Rai Gupta
Joint Managing Director



Rajesh Gupta
Director (Finance)



A P Gandhi
Director



Niten Malhan*
Director



Surjit Gupta
Director



S B Mathur
Director



Dr. Adarsh Kishore
Director



S K Tuteja
Director



V K Chopra
Director

*Mr. Niten Malhan has resigned from the Havells Board of Directors on July 5, 2013.

Ethical business conduct

Our internal Code of Ethics is applicable to all employees and is intended to:

- Provide guidance and help in dealing with ethical issues
- Provide mechanisms to report unethical conduct
- 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 31 March, 2013.

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, understood, and agreed to comply with the Code.

Avoidance of conflict of interest

The on-board training programme for all new entrants also 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 down 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, the individual should make full disclosure of all facts and circumstances to the Management.

Fair-dealings

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

During the reporting period, the human resources department sent out regular mailers reinforcing the ethical standards to be maintained by the Company employees, vendors, and channel partners

Grievance redressal

The Share Transfer & Shareholders' / Investors' Grievance' Committee meets regularly to consider requests of share transfers, etc. and to attend to investor grievances. The summary of number of requests / grievances received and resolved in every quarter is placed before the Board for information and review. A total of 43 shareholder grievances were received and resolved in the reporting year.

'Idea and Satark'

Satark - Vigilance and whistle-blower policy

We have adopted a whistle-blower policy titled 'Satark', which means alert or vigilant. A mechanism has been established for employees to report to the management about any violation of the Company's code of conduct, ethics or transparency. This also becomes a channel to address employee grievances and entitles any person associated with Havells to file a grievance if he/she notices an irregularity.

All grievances received through e-mail, or retrieved through drop-boxes are opened strictly in the presence of the Chief Idea and Satark Manager, the Chief compliance officer, and the Director Finance and Group CFO.

Idea Management

We have also adopted a policy titled 'Idea'. The objective of this policy is to promote a culture of innovative thinking and creativity within the Company. Under 'Idea', all types of ideas are invited from employees for implementation. The ideas may be related to technical, non-technical, commercial, administrative, processes, cost saving or any other aspect of business that may benefit the Company. Top five ideas are eligible to receive certificates of appreciation from the Chairman and Managing Director.

The Chief Idea and Satark Manager at the Corporate level and Idea Managers at each manufacturing unit collect all good ideas and present to the Management. The idea management team regularly communicates with the staff and workers to motivate them and help in execution of ideas.

Inclusive Interactions

Stakeholder Engagement and Materiality Analysis

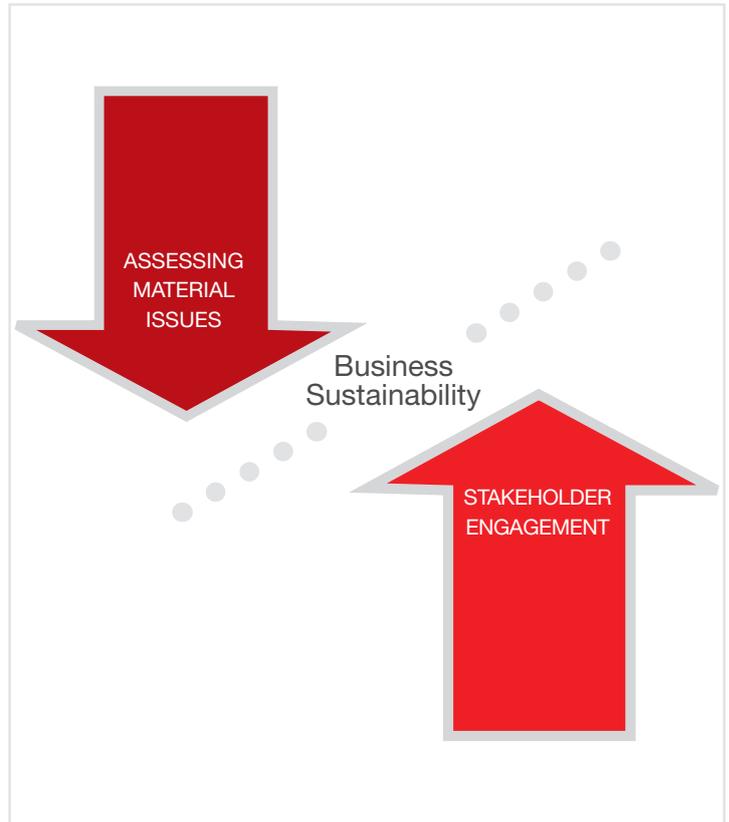
Interactions with all stakeholders are of prime importance to us. It is through these regular interactions that we receive constant feedback and market-insights about the expectations from Havells. Our stakeholder interactions lead to continuous improvement in our products, service, and processes.

In the reporting year, stakeholder engagement was not conducted specifically for Sustainability issues. We will commence the exercise of regularly taking feedback from our stakeholders on Sustainability issues from the coming year.

Materiality analysis

In financial year 2012-13, we conducted our first materiality exercise, undertaken in-house. Meetings were conducted with various internal management staff to identify material-issues and understand the current level of performance regarding these aspects. Key issues that emerged from this activity included, beside others, –

-  Product safety and quality
-  Corporate Governance
-  Materials supply and consumption
-  Human Rights and anti-harassment
-  Energy-efficiency
-  Employee-welfare and skills-development



Going forward, we aim to extend this exercise to extensively cover both our internal and external stakeholders to gather valuable inputs for Sustainable growth. This will also allow us to effectively and comprehensively map the materiality-matrix for our organisation.



Stakeholder Engagement

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 • Discussions and factory visits for institutional investors 	<ul style="list-style-type: none"> • Shareholder engagement for general discussions and sharing industry updates • Sharing performance results • Instilling confidence in potential investors and retaining trust of existing investors
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 	<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
Customers	<ul style="list-style-type: none"> • Feedback reports through dealership network • ‘Havells Connect’ customer service for feedback, query, product complaint and redressal • 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 	<ul style="list-style-type: none"> • Compliance • Discussion on emerging regulations • Self-checks and feedback on business performance

Stakeholder	Engagement Mechanism	Purpose
Vendors	<ul style="list-style-type: none"> • Vendor meetings • 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 GoI
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"> • CSR budget and expenditure planning • Assessment of Havells initiatives and their impacts



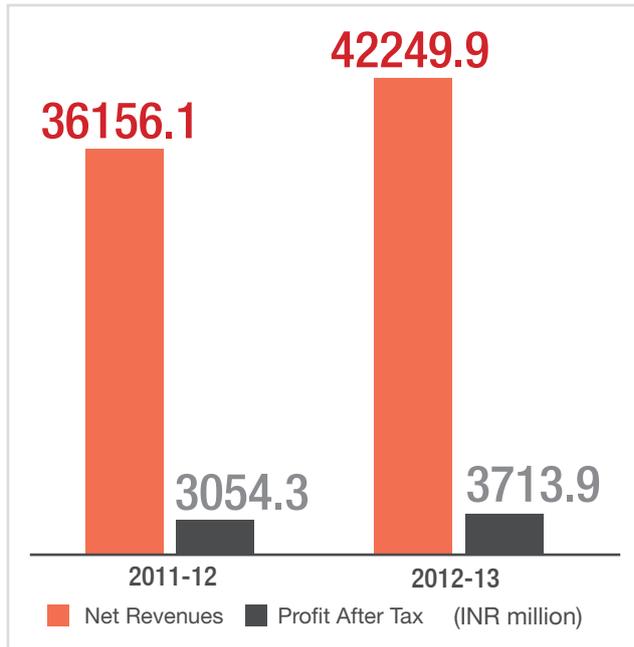
Dealer-awareness meet at Havells

Stronger Foundations: **Economic** performance >>

We have achieved a strong financial-standing by ensuring high returns on investment to all our stakeholders.



Financial performance



FY 2012-13 marked another successful year. We were able to achieve and in some cases exceed our performance targets to end the year on a high note.

In 2012-13, we generated **net revenues of INR 42249.9** million which represent a rise of ~17% over the previous year's revenues of INR 36156.1 million.

Our profits after tax (PAT) stood at INR 3713.9 million, of which **we contributed INR 45 million towards our CSR activity** through QRG Foundation, a society formed by the promoters of Havells India Limited.

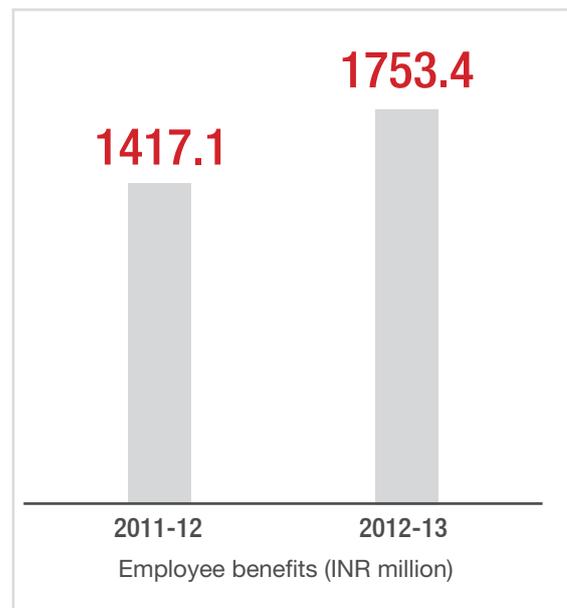
During the year, we spent a total of **INR 1753.4 million towards employee wages & benefits**, compared to INR 1417.1 million during FY 2011-12.

We are an equal opportunity employer. Our selection process is irrespective of gender, religion, race, or disability. However, we are selective about the skills and knowledge of people we bring in to the Company.

Various types of benefits were provided to our employees during the reporting year. These included provident-fund benefits for all on-roll employees, employee state insurance for all employees with gross salary of INR 15,000 or less per month, mediclaim insurance, personal accident policies, gratuity for all employees with over 5 years of continued service, employee deposit linked insurance schemes and family pension for employees with over 10 years of service.

In 2012-13, the Board of Directors also introduced a stock-based incentive plan titled Havells Employees Stock Option Plan 2013 with the aim of benefiting eligible employees and upholding Havells philosophy of employee ownership and retention.

Employee Benefits





Local hiring and procurement*

Our focus has been on local hiring of staff and 100% of our workforce at all our manufacturing units across India is locally hired from within the country.

Following the same philosophy in procurement of raw-materials, stores and spares, we aim to source majorly from local suppliers and service-providers. In financial year 2012-13, we spent INR 20619.3 million on local procurement representing almost 90% of the total procurement expenditure.

Environmental Expenditure

During the reporting year, we spent **INR 9.1 million** towards environmental initiatives across our manufacturing plants in India.

We invested in many environment-friendly initiatives at our manufacturing units in FY 2012-13. These included pollution abatement measures, proper and safe waste disposal, installation and up-gradation of STPs / ETPs, running of rain-water harvesting units, renewal of environmental consents, and plantation and gardening initiatives.

	(INR million)	
	FY 2012-13	FY 2011-12
Monetary value of total procurement of raw-materials, stores and spares		
Consumption of material acquired from local suppliers	20619.3	18180.6
Consumption of materials acquired from international suppliers	2327.5	2576.0
Total consumption	22946.8	20756.6

Havells India Limited – summary of financial performance

	(INR million)	
	FY 2012-13	FY 2011-12
Net Revenues	42,249.9	36,156.1
Operating Costs	36,920.00	18,180.6
Profit after Tax (PAT)	3,713.90	3054.3
Total expenditure on employees	1,753.40	1,417.1
Payments made to providers of capital (including dividend tax)	1,094.9	942.60
Contribution to the exchequer	7,401.50	5,622.30
Voluntary community investments	45.00	60.00
Benefits for carrying out R&D	55.08	26.64

*We define 'Local' as from within India.

Responsible Operations
Environmental
performance ▶▶



Ours is not an environment-footprint heavy organisation, however we are still conscious of our role in meeting and addressing the challenges of climate change. We constantly look for opportunities and work towards improving our performance across our business operations. Assessing and improving upon our environment footprint and performance forms an important aspect under this approach.

Material consumption and efficient manufacturing

Owing to our manufacturing operations, significant amounts of raw-materials are consumed in our processes. We have a wide product-portfolio and our input materials include metals, alloys, polymers and plastics, electronic components, glass, and packaging material.

In FY 2012-13, our raw material consumption ran into thousands of material categories. In the report we present consumption quantities of our most significant raw materials¹.

Major raw materials included copper coils, copper sheets, aluminium, brass coils, brass strips, nylon, CRCA steel, polycarbonate, plastic, transistor, diode, MPP Films, etc.

Hazardous materials consumed across our manufacturing plants included mercury in liquid and pill forms. Paints and chemicals were also used in our manufacturing units.

Further, various types of packaging materials were consumed across all of our plants. These included packaging material like cartons, thermocol, foam, corrugated boxes, film-rolls, shrink-wrap films, wooden pallets, separators, etc.

Non-hazardous raw-material consumption

Raw-material consumption (Kgs)	134423770
Raw-material consumption (Nos)	898805315

Hazardous raw-material consumption

Mercury (kg)	345
Paints and chemicals (Litres)	646754

Packaging material consumption

Packaging materials (kgs)	6911829
Packaging materials (Nos.)	168977914
Packaging materials (rolls)	29543
Packaging materials (sets)	892895

¹ The data represented includes our major raw materials, however, does not represent the comprehensive list.

Material conservation through 'Value Engineering'

Our efforts have been directed towards introducing more efficient processes and advanced technologies for improving upon our material consumption efficiency. We have customised our manufacturing machinery based on our understanding of our 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 optimising the 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:

- At our Haridwar units we use recycled pulp paper instead of thermocol for packing of fan motors.
- At our Sahibabad unit, we convert thermosetting plastic to thermoplastic, which is a recyclable material.

Restriction of Hazardous Substances

Most of our products do not have components that can harm users or the environment. Wherever necessary, we have stopped or significantly reduced the dependence on Hazardous material like lead, chromium, cadmium, and mercury.

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

Havells Noida plant manufactures LED lights, ballasts, PCBs, and capacitors, and is RoHS compliant.



Pill-Dosing Technology

We use Pill Dosing Technology (PDT) in the production of CFLs at our Neemrana plant. Traditionally, CFLs use liquid mercury dosing techniques which have an inherent risk of filling mercury beyond the prescribed limits. This may lead to over-exposure of mercury during manufacturing, storage, transport, or use. The Pill Dosing Technology allows the use of amalgamated mercury pills instead of liquid mercury. In this case, the quantity of mercury to be used per unit can be strictly standardised and controlled. As a result, exposure to mercury is greatly reduced.



Energy Use

Our processes are not very energy intensive. Our manufacturing units are situated in designated industrial zones and major energy demand is met through grid-electricity. DG sets are installed at all locations to meet electricity demands during power-cuts. Some manufacturing locations also have boilers and use primarily furnace oil.

The total indirect energy, i.e., grid-electricity consumption at our plants during FY 2012-13 was **64869618 kWh or 233531 GJ.**

Total direct energy consumption during 2012-13 from use of fuels was **128401 GJ.**

Direct energy-consumption during 2012-13

Fuel type	Consumption (Units)	Consumption (GJ)
HSD	2239549 Litres	80892 ²
Natural Gas	239103 SCM	8723 ³
Furnace Oil	23638 Kg	955 ⁴
LPG	799805 Kg	37831 ⁵
Total		128401

²Diesel Oil Net Calorific Value = 43 TJ/Gg, IPCC 2006 | ³Natural 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 | ⁴Fuel Oil Net Calorific Value = 40.4 TJ/Gg, IPCC 2006 | ⁵LPG Net Calorific Value = 47.3 TJ/Gg, IPCC 2006

Renewable fuel-use at Baddi plant

Our Baddi Plant partially replaced LPG used in kitchens 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:

- Use of bio-fuel has reduced the LPG consumption in the plant's kitchen operations to half
- Biomass fuel is non-hazardous and safe
- Biomass fuel burns cleanly without leaving residue

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
- insulation of hot water and steam pipes at boiler
- use of LED lights in place of high wattage lights
- synchronisation of air compressor
- installation of timers in the heating oven used for the process of capacitor element stabilisation
- use of hydraulic oil filter machine for moulding machines

We also looked at building designs for achieving energy savings at some of our units. The Neemrana plant was moved to a new shed with provisions

made for day light availability for more than 12 hours. We also installed high performance glazing windows at Neemrana plant, which served two main functions:

- Glazing helped in reducing heat absorption inside the building, keeping the temperature comfortable and also reducing the load on air-conditioning.
- Windows were positioned to maximise day-light availability and reduce the demand for indoor lighting during the day.

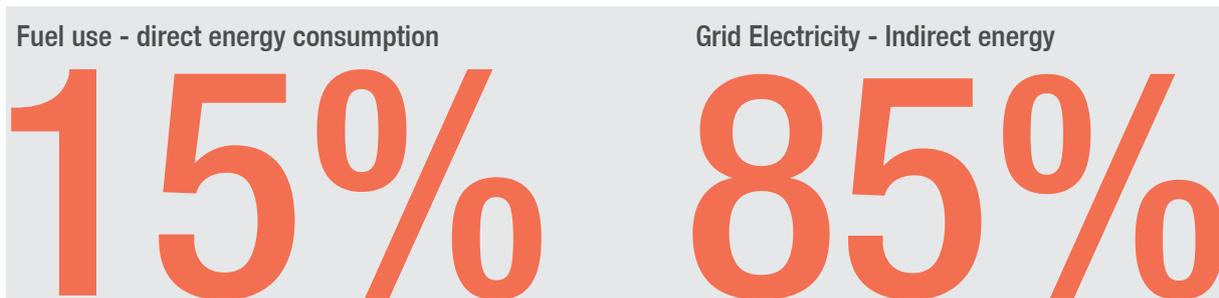
Going forward, we aim to comprehensively track and report on the amount of energy savings achieved through various initiatives across our plants.

Emissions Management

The total GHG emissions footprint of our manufacturing units across India in FY 2012-13 was

59543 tonnes of CO₂ equivalent.

Of this, majority 50598 tonnes of CO₂ equivalent or ~85% was from grid electricity and the remaining 8944 tonnes of CO₂ equivalent was from direct energy consumption.



GHG emissions from direct energy consumption during 2012-13

Fuel	Consumption	GHG Emissions (tonnes CO ₂ equivalent)
HSD	2239549 Litres	5994 ⁶
Natural Gas	239103 SCM	489 ⁷
Furnace Oil	23638 Kg	74 ⁸
LPG	799805 Kg	2387 ⁹
Total	-	8944

Ozone depleting substances

The total consumption of ODS gases in 2012-13 in our plants was 600 Kgs, amounting to **33 Kg of CFC-11** equivalent.

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

Our plants regularly track on the ambient air-quality in and around the plant-premises. The same have been found to be below the permitted regulatory limits. No fines were levied in 2012-13 in this regard on any of our manufacturing units.

In the consequent years, we aim to install systems for recording amounts of NO_x, SO_x and particulate matter emissions from our units.

⁶ Diesel Oil Default CO₂ Emissions Factor = 74100 Kg/TJ, IPCC 2006 | ⁷Natural Gas Default CO₂ Emissions Factor = 56100 Kg/TJ, IPCC 2006

⁸ Furnace Oil Default CO₂ Emissions Factor = 77400 Kg/TJ, IPCC 2006 | ⁹LPG Default CO₂ Emissions Factor = 63100 Kg/TJ, IPCC 2006

Biodiversity Management

None of our manufacturing units are located in biodiversity - rich or sensitive areas. Majority of our units are situated in designated industrial zones and are properly regulated.

However, we have taken initiatives at our plants to maintain green areas in the premises. Regular tree-plantation drives are 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. Systems are in the process of being set up to enable us to track and record the amount of harvested water.

Baddi Plant

Foothills of Himalayas are prone to top-soil-erosion, especially during rainy season when run-off water erodes the fertile top soil. This run-off water also presents a threat to the structures like boundary walls. To mitigate the effects of soil-erosion, bamboos have been planted in our Baddi plant premises. The root of the Bamboo plant binds the top soil and prevents erosion. The results are already evident in this aspect.



Water consumption, reuse and discharge

Our manufacturing processes are not dependent on water. Our primary consumption of water is for domestic purposes like cooking and cleaning and for fire-hydrant systems.

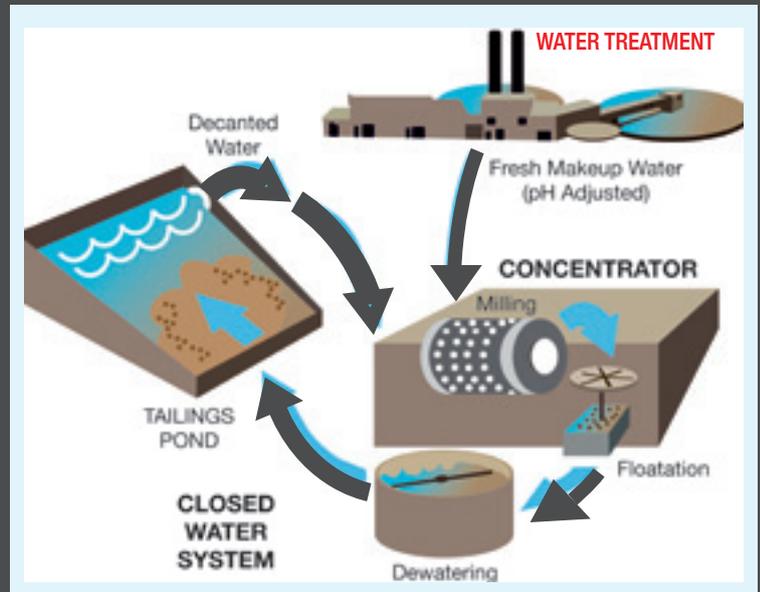
Our water requirements are met through municipal water, tanker water, and ground water. Going forward, we aim to comprehensively collect and report on our water consumption data, and recycled and reused water quantities.

Waste-water 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. Many of our units are 'zero discharge facilities' and comprehensively treat and reuse all domestic and industrial waste water generated on site, post STP/ETP treatment.

Neemrana: Zero-discharge plant

The lighting and luminaires plant at Neemrana is spread over 30 acres covering around 2,00,000 sq. ft. working space. The paint-shop at the Neemrana plant is an eco-friendly, zero-discharge unit. The entire water from the paint-shop is treated and re-used in wash-room flushing. This ensures losses only to the extent of evaporation and reduces raw-water requirement.



Waste-Management

The primary waste 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 PCB, wooden scrap, dust, DMC, MPP films, powder, etc. Metal scrap, consisting of copper, aluminium and alloys like brass, is sold to authorised 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 categories are also sold or disposed of through proper channels.

The amount of hazardous waste generated at our plants is minimal and usually restricted to waste oil, ETP sludge 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.

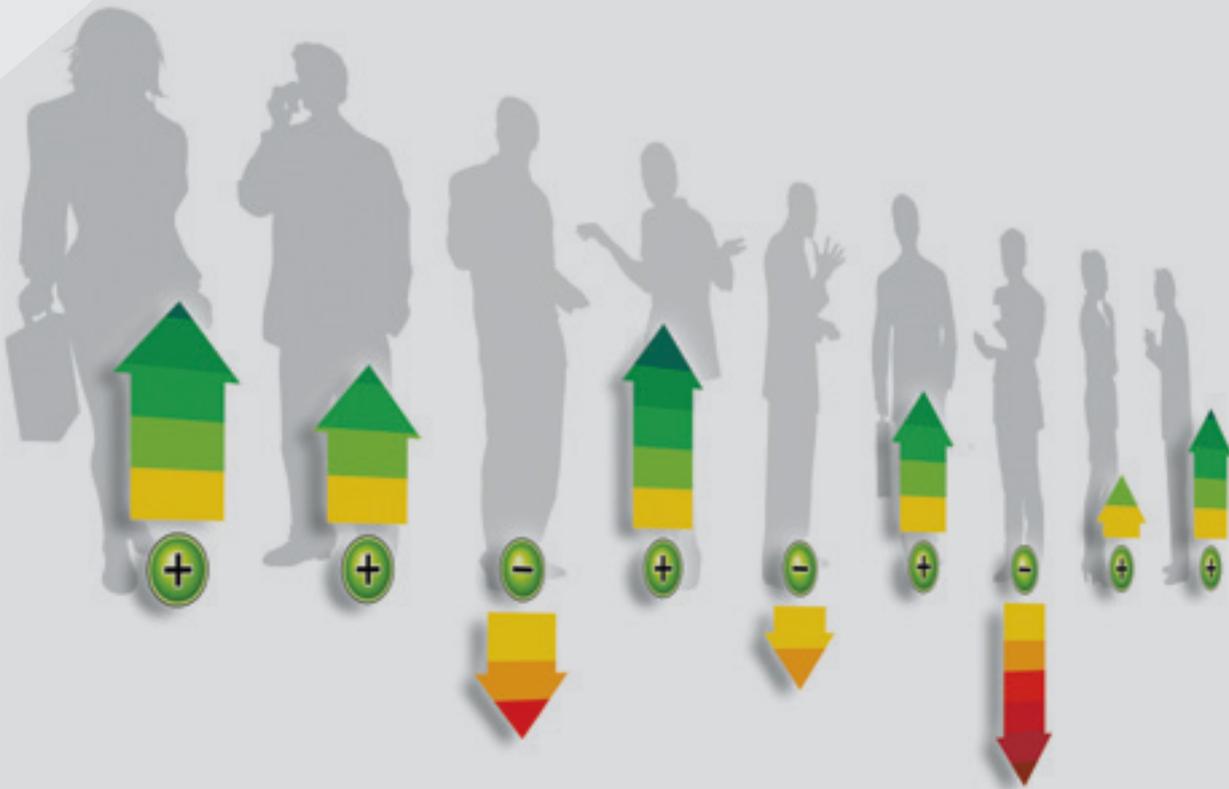
No significant spill incident occurred across our plant premises during FY 2012-13

Hazardous Wastes Generated in 2012-13	Quantity (Units)
Waste Oil / Mobil Oil	4064 Litres
ETP Sludge	13341 Kg
Paint-Chemical Sludge	1644 Litres

Non-Hazardous Wastes generated in 2012-13	Quantity (Kg)
Metal Scrap	4376690
Plastic Scrap	26883
Paper Scrap	3710537
Other Scrap	92169

Nurturing Aspirations: **People** performance >>

Employees are vital for an organisation's survival and success.



We pride ourselves on being an open and approachable organisation. We believe in empowering our people and consider them as our primary stakeholders. Our focus is on attracting and retaining the best talent. We strive to provide them with best working environment and infrastructure to perform their responsibilities.



Providing regular feedback to ensure growth

We have a mechanism for providing regular feedback and career advancement opportunities including in-house and external trainings. 100% of our permanent employees are covered under performance evaluation and feedback process.

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

Our leave structure gives provision to employees to avail earned, sick and maternity leaves. During the year, 7 employees availed maternity leave, of which 5 employees had re-joined work as on 31 March, 2013, while 2 employees were still pursuing the leave.

Our workforce

As on 31 March, 2013, 2041 employees were on our company payroll at the Head Office and at our manufacturing locations. During the year, 5697¹⁰ contractual labourers were employed across our manufacturing plants.

¹⁰ Consolidated data based on 12-month average across seven plant sites.

Havells workforce on company pay-roll for FY 2012-13

Designation	Unit	<30 yrs		30 - 50 yrs		>50 yrs		
		Male	Female	Male	Female	Male	Female	Total
Managerial*	Nos	261	64	728	34	69	2	1158
Workers	Nos	422	38	309	21	18	0	808
Others^	Nos	64	9	2	0	0	0	75
Total	Nos	747	111	1039	55	87	2	2041

* Management category includes senior, middle, and junior management
 ^ Others category includes apprentices and GETs/PGETs

Labour relations

We engage contractual labour for our plant operations and house-keeping activities. Majority of contractual labour is hired from the vicinity of our units to reduce operational uncertainties arising from seasonal and festivities-driven labour migrations. This practice also allows us to maintain cordial relations with our neighbouring communities.

With competitive wages and incentives, we endeavour to provide best working environment for our contract employees. These include proper protective gear while working, reasonable break time, and clean water and food facilities besides 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.



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 2012-13, a total of 276 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 2012-13, the highest turnover was seen for the 'less than 30' age group with the younger workforce leaving the company for other opportunities and higher studies.



Aadhar Card (Unique Identification) Camp at Baddi Plant

In February 2013, our Baddi plant, in collaboration with the State Government officials, held a week-long Aadhar ID card camp on the plant premises for the entire permanent and contractual workforce. The camp was made open for the family members of the employees as well. During the camp, the HR team assisted employees and their families in filling the forms, collecting necessary documents and completing the formalities. In total, 1124 employees, including family members, successfully submitted their applications. The Aadhar ID card will enable many of these individuals, who had never held any national ID in the past, to open bank accounts and apply for LPG connections.

Salary Payment for Contract Employees through Real Time Gross Settlement (RTGS)

Last year we initiated the process of paying salaries to our contract labour employees through the RTGS mechanism. Under the system, the funds are transferred to the contract employees' bank accounts in real time and on gross basis. For comprehensive cover, we undertook the task of coordinating with the bank authorities, and enrolling our contract employees for formally opening their bank accounts. Many of these contract employees never held bank accounts in the past, as they were unable to show proper credit history. As a result of our efforts, ~95% of our contract employees in FY 2012-13 period were enrolled in the banking and RTGS system, and were receiving their salaries in this manner. The system removes the inefficiencies seen in the manual income distribution system. Also, with exposure to the banking system, the employees can now avail other bank facilities as well, including remote transfer of funds and receiving interest on deposited amount.

During the same period, the company recruited a total of 583 employees across management and permanent workers categories, of which 60 newly hired employees resigned within the same year.

NET EMPLOYMENT TURNOVER	Age Group			Total	Gender		Total
	<30	30-50	>50		M	F	
Breakup of personnel leaving the organisation							
Managerial							
Resignation	62	55	8	125	107	18	125
Retirement	0	0	13	13	13	0	13
Total	62	55	21	138	120	18	138
Workers							
Resignation	113	25	0	138	116	22	138
Retirement	0	0	0	0	0	0	0
Total	113	25	0	138	116	22	138
TOTAL				276			276

NEW HIRES	Age Group			Unit	Gender		FY 2012-13
	<30	30-50	>50		Nos	M	
Managerial	119	77	5	201	179	22	201
Workers	246	132	4	382	373	9	382
Total				583			583

NEW HIRES WHO RESIGNED WITHIN SAME YEAR	Age Group			Unit	Gender		FY 2012-13
	<30	30-50	>50		Nos	M	
Managerial	11	9	1	21	19	2	21
Workers	33	6	0	39	37	2	39
Total				60			60

Learning and Development

Training and development is a critical element for employee satisfaction and retention. We invest proactively and provide our employees with excellent learning and career development opportunities in technical and soft skills.

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. In the reporting period, permanent employees, including permanent workers, underwent as many as 7357¹¹ man hours of training across our manufacturing plants in India. The trainings were not limited to the permanent employees and also extended to contract employees.



Employee Category	Training Man-hours ¹² (in Number of Hours)
Senior Management	186
Middle Management	1921
Junior Management	3398
Permanent Workers	1851
Total	7357

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.

A large number of on-the-job trainings are provided to our permanent and contract employees. We are looking into ways to establish systems for capturing these training hours. Going forward we aim to establish systems for comprehensively tracking the contract employee training hours as well.

¹¹ Training man-hours data does not include the Baddi plant and Head Office data
¹² Consolidated training man-hours data for management categories is available for the Sahibabad plant, 526.25 hrs. The same has been equally distributed between the Junior, Middle and Senior Management categories for representation purposes, i.e. 172.166 hrs under each of the three categories

Safe Working Environment

Our operations are relatively simple and safe compared to many other industrial processes. Exposure to hazardous substances is limited to certain processes like the paint shop, the mercury pill dosing technology, hazardous waste management, etc.

Suitable trainings are provided to employees working with hazardous materials. We ensure proper protective gear, as per work profile, is provided to all employees. This includes rubber gloves and shoes, ear plugs, overalls, eyewear and face masks.

Safety incidents

We have ambulances and medical rooms on site at most of our plant premises with qualified physicians or nurses. The medical rooms are stocked with basic medication and are capable of dealing with general ailments, first aid and minor injury cases. Further, provisions are in place, in collaboration with the regional medical centres and hospitals, for transportation and treatment of the employees in case of major injuries and serious health issues while on plant premises.



Incident-accident recording systems are maintained as per regulatory requirements. In the reporting period, three LTIs (Lost Time due to Injury) were recorded across all of our seven plant sites. Going forward we plan to have proper systems in place for comprehensive recording and reporting on the minor injury and first aid cases as well.

As standard measures, we have dedicated pedestrian pathways in the plants. Also, 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, on fire handling and evacuation management. Further, all of our sites maintain dedicated water tanks for meeting any 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. In the past, through the QRG foundation, we have also conducted medical camps for the communities in Delhi/NCR. Going forward we plan to expand our medical outreach programs and engage with our employees and their families, and communities regarding education, training and counselling on serious diseases.



Respect for human rights

We take special care to ensure safe and comfortable working environment for our entire workforce. Systems are in place to check on discrimination and harassment issues. We conduct trainings and regularly share work-ethics related “do’s and don’ts” with the employees for sensitising them towards the workplace professionalism and human rights issues.

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 have established systems and checks to uphold our aim of child labour free operations. Personnel at the plants are trained on human rights and child labour issues. Proper document checking is done for all individuals before letting them inside the plant premises. We ensure that no person below permissible age is allowed within our premises for engaging in work related activities.

We strongly oppose forced or compulsory labour. In the reporting period, there were no reported instances regarding child labour, forced or compulsory labour at any of our manufacturing units in India or Head Office.

The agreements with contractors and suppliers include necessary clauses on human rights and child labour as specified by the Gol and Factory Act regulations. Currently, we do not conduct supplier assessments related to human rights aspects. We realise this is a complex task, considering we deal with thousands of suppliers of raw materials, spares and stores. We will assess the feasibility of such an engagement before embarking on the same.





Accelerated Innovation: **Product** stewardship



We offer a wide range of quality products with enhanced safety and energy-efficiency features.





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.

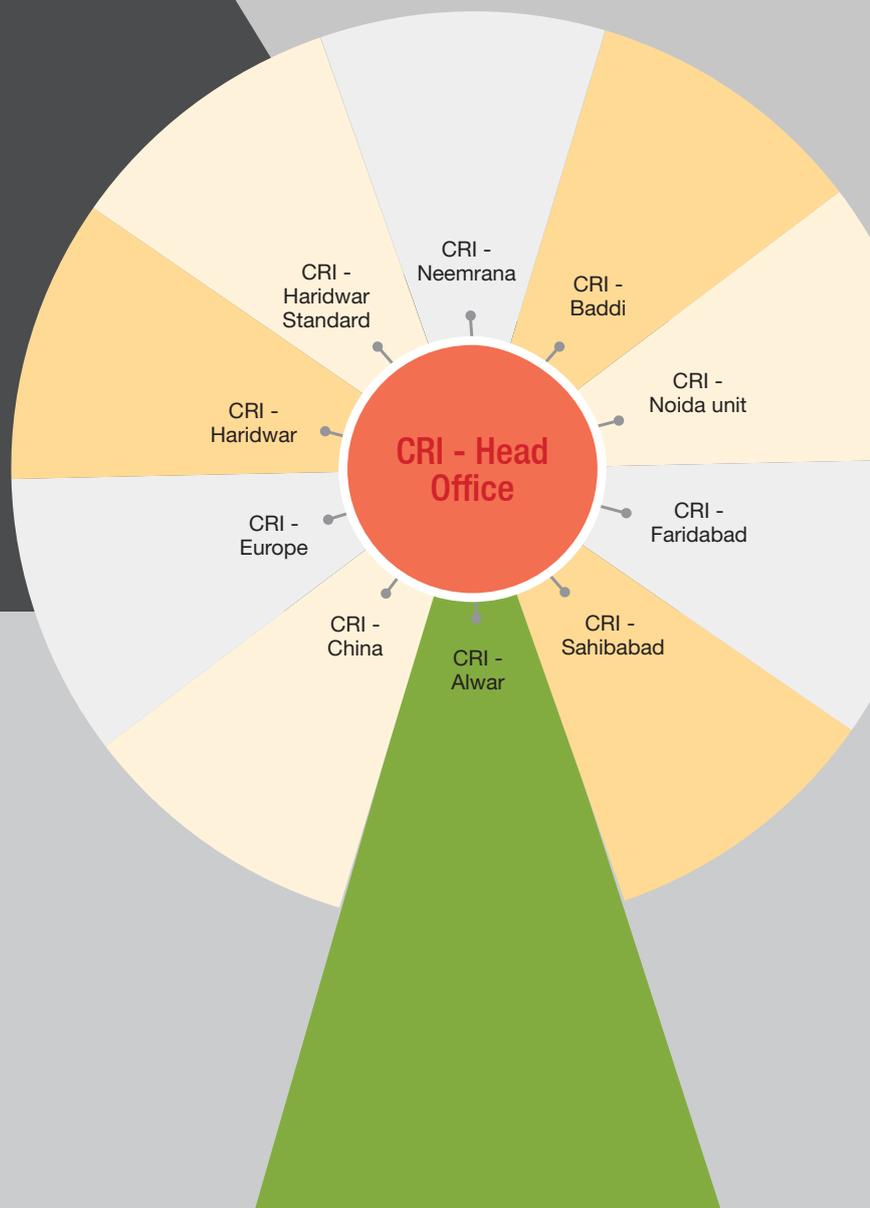
The objective of CRI is to provide theoretical and experimental foundations for all segments of electrical engineering. The centre closely co-operates with the various departments so as to provide the best and the latest in terms of technology and design. CRI is an ISO 9001:2000 certified body and is 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 goals.

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.

The objectives of CRI are:

- New Product Innovation (NPI) should contribute to an annual growth of 10% in each business
- Existing business should be able to introduce new technology ahead of competition every 2-3 years



A few innovations introduced by our R&D

Energy efficient products

A large number of our products are energy efficient and BEE Star rated, including the water heater range and the ceiling 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 water geysers

In 2012, 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 with the average standing-losses across the product range equalling to .66 kWh/ 24 hours.

India's first energy efficient ceiling fans



We are credited with introducing India's first energy efficient ceiling 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.



Environment friendly and safe products

Lead and Halogen free cables

LED lighting – the future of lighting technology

Offering up to 80% energy efficiency, LED lights have a longer service life than any other sources of artificial lighting like incandescent, halogens and fluorescent lamps.

We, at Havells, are committed to providing the most energy-efficient, environment-friendly and safe products. Foreseeing trends that LEDs have the potential to become the most dominant lighting solutions, we have attained competency in LED lighting and are one of the most prominent manufacturers of LED lights in India and outside. Dedicated R&D in LED technology has enabled us to design many unique LED lighting solutions to meet the requirements of domestic, commercial, industrial and city-spaces.

In addition to superior performance, LED lights minimize environmental and safety hazards as they do not use mercury or any other heavy elements. Disposal of LEDs does not pose an environmental or safety threat. Higher energy-efficiency contributes to lesser power consumption. LED lights also minimize heat-losses to surroundings, preventing burns on contact or unintended rise in ambient room temperatures.

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. Solar cables manufactured by the plant use Poleolifin, which is flame-retardant, low smoke emitting and sunlight resistant.





“Wires that don’t catch fire”

Non-Toxic and Fire-retardant domestic and industrial cables

Research shows that maximum casualties in a fire happen due to choking caused by formation of toxic gases. Our PVC Flame Retardant Low-Smoke and Halogen cables reduce the release of poisonous gases compared to ordinary PVC cables. This ensures that people trapped in fire can breathe easily, facilitating better chances of their rescue.



S³ Technology

Advanced S³ technology in our wires guarantee triple safety –

- Lead, cadmium, and chromium free
- Reduced 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 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.

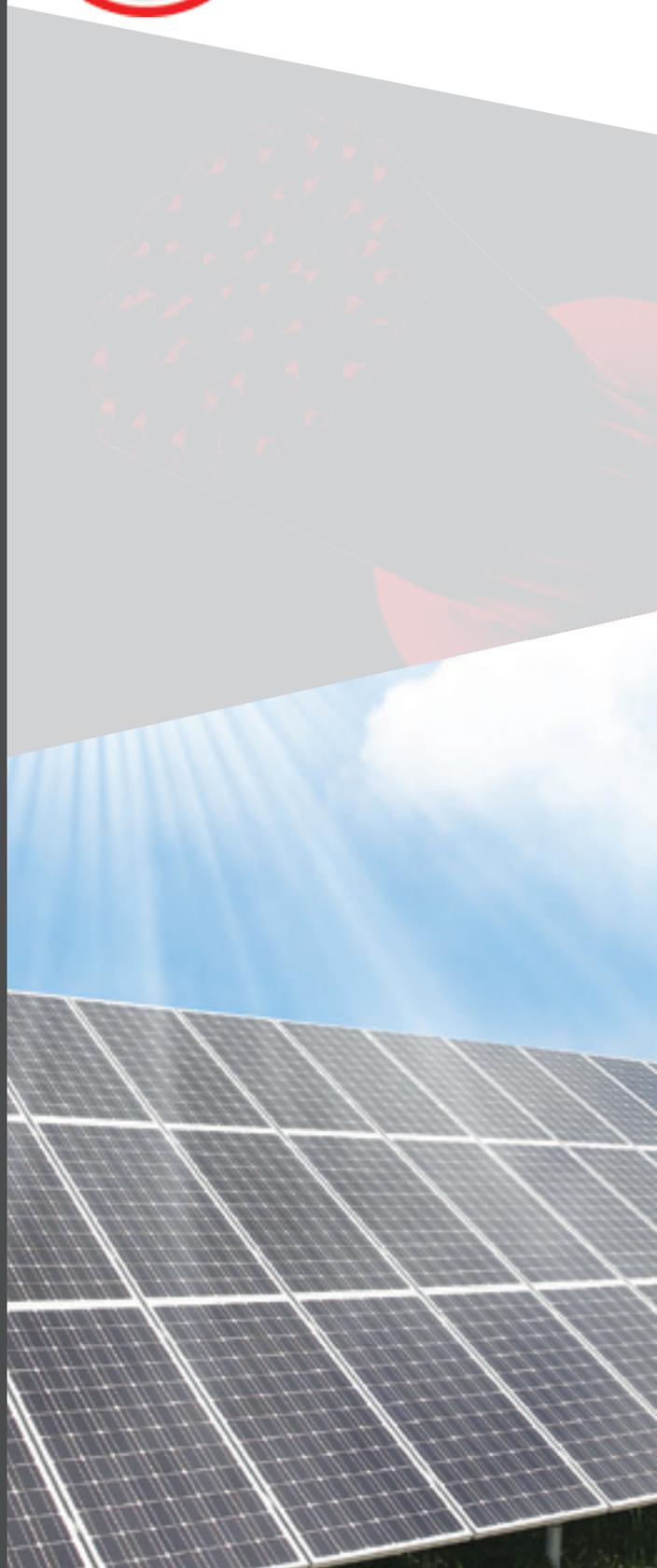
Solar cables

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 Govt 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.

Identifying current and future potential, our Alwar plant manufactures halogen-free Poleolifin solar cables that are flame-retardant, low smoke-emitting, and sunlight resistant.

Product labelling

Our products are packed with proper labelling and bar-coding, 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. Besides, our products carry BEE-star, HIR, RoHS, Halogen-free and other certification labels, as applicable to respective products.



Proactive Participation: **Social** Responsibility >>

Corporate Social Responsibility (CSR)
is rooted in our core purpose.



We believe that to succeed, an organisation must maintain highest standards of corporate behavior towards its employees, consumers and societies in which it operates.

We are of the opinion that CSR underlines the objective of bringing about a difference and adding value in our stakeholders' lives. We support child education and nutrition, which we feel is a must for individuals to become self-supporting and contributing citizens of the country.

Going forward we aim to formally define our CSR strategy around this core theme with a focus on nutrition and education. Our efforts in the area of CSR are directed through the QRG foundation. The foundation was set up as an independent entity in the year 1983, registered as Indu-Kala foundation. In 2001 it was re-named QRG foundation. In the

reporting year, we contributed INR 45 million towards the CSR programs run by the QRG foundation, focussing primarily on the child nutrition.

During FY 2012-13, we provided afternoon meals through the QRG foundation programmes to around 350 government schools in Alwar district, covering nearly 30,000 students each day. Mid-day meals act as an incentive for children to come to school every day and attend classes. It also ensures proper nourishment for physical and mental growth in their crucial years. While cooking and serving food, utmost care is taken to maintain cleanliness and hygiene. The programme has had a positive impact on the children's health. Our field-staff observed that the number of children attending school every day and progressing from one grade to next has increased.



Mid-Day Meals: A novel beginning

Government of India provides free education to all children under the age of 15. However, a large number of students still drop out of school at an early age as a result of the hidden costs of education, one of which is the requirement of proper nutrition for stamina for sitting through and attending the classes. Proper nutrition is extremely important for growing children to ensure their sound mental and physical development.

Havells India Limited is committed to the cause of child nutrition. The QRG foundation, through Havells Alwar, designed a Mid-Day Meal (MDM) programme and signed a MoU with the Government of Rajasthan on 26 August, 2005.

Our MDM programme is unique in the way that it has internalised the entire MDM chain. Reduced reliance on the third-party management gives us the opportunity to ensure best in procurement, storage, cooking, packing, and distribution. There is transparency in the programme management owing to proper governance structures with clearly defined roles and responsibilities.

The National University of Educational Planning and Administration listed the Havells MDM programme in its report under the Best Practices in the implementation of Mid-Day-Meal Programmes in Rajasthan.

In the next financial year, we plan to include more schools and children under the scheme. We are constructing a larger kitchen with capacity to cook and serve nutritional food to around 50,000 students each day.





Marketing Communications

We have a strong communications focus and have leveraged the power of media to our advantage. We enjoy a high-visibility in mass-media. We also ensure clear, proactive and helpful communication for our customers so that they take informed decisions. All Havells communications strongly highlight principles of safety, quality, and energy-efficiency.

We work in sync with changing times and consumer preferences, and through our television campaigns we aim to relate our product offerings with the current everyday issues.

Ensuring self-regulation in our communications

We have self-regulatory codes for all our marketing communications and support the general guidelines

set by the Advertising Standards Council of India (ASCI) – the self-regulatory industry association of advertisers and marketers in India. In 2012-13, one complaint was filed with ASCI against an advertisement due to the confusion created by the advertisement language among viewers about the product features. The commercial was taken off air promptly.

Spreading awareness through television

Contrary to the norms of the industry we operate in, we have consciously invested in our mass-media communication campaigns. The objective is to inform the masses about the range and the superior features of our products. We pioneered the promotion of products like RCCB (Residual Current Circuit Breakers), which prevent leakage current in the electrical circuitry, at a time when it was considered normal to have some amount of leakage current.



The memorable 'Shock laga' (got electrified) campaign created awareness about leakage current

Showcasing a larger purpose – creating socially relevant campaigns

Havells is known for its creative advertising and has always touched hearts of millions while highlighting some basic yet critical topical issues in the country. Our campaigns reflect the undercurrents of change in thinking of the Indian society.

Bijli Baba

Released in December 2012, Bijli Baba (Electricity Guru) is a typical Godman with superhuman strengths to 'electrify' all electrical appliances, even when there is no electricity. The advertisement highlights a critical issue in India – power shortage, which is an obstacle to growth and, therefore, the importance of energy saving. The ad and Bijli Baba have become iconic symbols of energy-efficiency and energy conservation on the Indian television.

Hawa Badlegi (Winds of change)

The campaign challenges some traditional Indian notions and norms of the society. One commercial shows a young man at the Marriage Bureau adopting the surname of his fiancée. Typically, in the Indian society, being strongly patriarchal, it would be the other way round. Another commercial shows an urban, middle-class couple inviting the house-maid to sit with them for dinner.

The ads reflect changing attitudes and consciousness towards gender-biases and social inequalities while also tactfully associating Havells products with innovation and newness.

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 a 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.

We believe in superior customer service as word of mouth creates further business opportunities.

Awards and Accolades

Most Trusted Electrical Brand –

Brand Trust Report by Trust Research Advisory



Havells was ranked the 'Most Trusted Electrical Brand' in India, for the second consecutive year, in a research done by the Trust Research Advisory, in association with the Indian Statistical Institute, in its annual publication – the Brand Trust Report. The study was conducted in 16 cities in India across 19,000 brands in various categories.

JGBS – Top Rankers'

Excellence Award – Finance

Mr. Rajesh Gupta – Director, Finance and Group CFO was awarded the coveted Top Finance Professional award at the prestigious 14th JGBS Top Rankers Excellence Award ceremony at New Delhi. The award was given by Mr. Ajay Shankar – Member Secretary, National Manufacturing Competitiveness Council and former secretary, Industrial Development and Renewable Energy, Govt. of India. The awards are given to recognise and honour the best deserving corporates and outstanding senior professionals in various management disciplines – Finance, Marketing, HR, IT, Operations, et al.



Roll of Honour

Mr. Rajesh Gupta - Director, Finance and Group CFO was awarded with the prestigious 'Roll of Honour' for his exceptional contribution to the world of Corporate Finance at the CFO India 3rd Annual CFO 100 Conference. Organised by the CFO India magazine, the CFO 100 is an annual initiative that identifies and brings together the top 100 CFOs of the country.

Zee-Business Award for Cables

Havells Cables were awarded by renowned business news channel – Zee Business in the First Edition of 'Good Home Awards'. The award was given by Hon'ble Union Cabinet Minister for Urban Development, Shri Kamal Nath.

Havells cables were adjudged as the best cables brand competing with the best in the industry. This is the true testimony of our product excellence which has been well recognised by all customers in the industry. The independent research was done by Ipsos – a global market research agency to poll some of the key stakeholders for home products: existing users, prospective buyers, and contractors to arrive at a ranking of the best brands in 15 categories. Parameters used for recognising the winners were brand image / familiarity, trust / quality, innovative products and solutions, trade recommendations, dealer network, product availability, and after-sales services.

GRI Application

Our maiden Sustainability Report for FY 2012-13 is self declared to be in compliance with application level A+

<p>Profile Disclosures</p>	<p>Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15</p>	<p>Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17</p>	<p>Same as requirement for Level B</p>
<p>Disclosures on Management Approach</p>	<p>Not required</p>	<p>Management Approach Disclosures for each Indicators Category</p>	<p>Management Approach Disclosures for each Indicators Category</p>
<p>Performance Indicators & Sector Supplement Performance Indicators</p>	<p>Report fully on a minimum of any 10 Performance indicators, including at least one from each of: social economic and environment**</p>	<p>Report fully on a minimum of any 20 Performance Indicators, atleast one from each of: economic environment, human rights, labor, society, product responsibility***</p>	<p>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.</p>

* 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

Assurance Statement



Ernst & Young LLP
22, Camac Street
3rd Floor, Block 'C'
Kolkata-700 016 India

Tel: +91 33 6615 3400
Fax: +91 33 2281 7750
ey.com

The Management and Board of Directors
Havells India Limited
QRG Towers, 2D, Sector – 126,
Noida 201304, Uttar Pradesh, India

Independent Assurance Statement

Ernst & Young LLP (EY) was engaged by Havells India Limited (the 'Company') to provide independent assurance of its Sustainability Report 2012-13 (the 'Report') covering the Company's sustainability performance during the period 1st April 2012 to 31st March 2013.

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 environment, health & safety (EHS) and social performance for the period 1st April 2012 to 31st March 2013. 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:
 - Haridwar (Uttarakhand)
 - Neemrana (Rajasthan)
 - Baddi (Himachal Pradesh)
 - Corporate office at Noida (Uttar Pradesh)
- Execution of audit trail of selected data streams and information to determine the level of accuracy in collection, transcription and aggregation processes followed;
- Review of Company's plans, policies and practices, so as to be able to make comments on the completeness of the reporting and degree to which EY believes the report provides a fair and honest representation of the Company's activities.

Limitations of our engagement

The assurance scope excludes:

- Data and information outside the defined reporting period (1st April 2012 to 31st March 2013);
- The 'economic performance indicators' included in the Report;
- 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

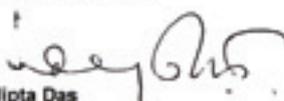
Our observations on the Report are as follows:

- The Company has demonstrated commitment towards systematic collection and compilation of data related to its sustainability performance;
- Going forward, the company may consider more comprehensive coverage of
 - environmental indicators specifically for indicators EN 8 (Water consumption), EN 20 (NO_x, SO_x and particulate matter emissions) and EN 22 (waste);
 - social indicators specifically on LA 10 (Employee training manhours), and LA 7 (Minor Injuries and First Aid Cases);
- The Company may develop a robust data management system including internal authentication procedure for data related to sustainability reporting;

Conclusion

On the basis of our assurance methodology, nothing has come to our attention that would cause us not to believe that the Report presents the Company's sustainability performance covering the indicators as mentioned in the Report.

Ernst & Young LLP


Sudipta Das
Partner

Dated: 16th July 2013
Place: Kolkata, India

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QRG TOWERS

Havells India Ltd.

Corp Office: QRG Towers, 2D, Sector-126, Expressway, Noida-201304 (U.P), Ph. +91-120-4771000

Email: marketing@havells.com, www.havells.com

Consumer Care No.: 1800 11 0303 (Tollfree), 011-4166 0303 (Landline), 1800 103 1313 (All Connections)

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