Notes to Financial Statements

for the year ended March 31, 2021

1 CORPORATE INFORMATION

Havells India Limited ('the Company') is a public limited Company domiciled in India and incorporated on August 08, 1983 under the provisions of the Companies Act, 1956 having its registered office at 904, 9th Floor, Surya Kiran Building, K.G. Marg, Connaught Place, New Delhi-110001. The Company is listed on BSE Limited and National Stock Exchange of India Limited.

The Company is consumer electrical/electronics and power distribution equipment manufacturer with products ranging from Industrial and Domestic Circuit Protection Switchgears, Cables, Motors, Pumps, Solar Products, Fans, Power Capacitors, LED Lamps and Luminaries for Domestic, Commercial and Industrial applications, Modular Switches, Water Heaters, Coolers and Domestic Appliances, Personal Grooming, Air Purifier, Water Purifier, Air conditioner, Television, Washing machine and Refrigerator covering the entire range of household, commercial and industrial electrical needs.

The Company's manufacturing facilities are located at Faridabad in Haryana, Alwar, Ghiloth and Neemrana in Rajasthan, Haridwar in Uttarakhand, Sahibabad in Uttar Pradesh, Baddi in Himachal Pradesh. The research and development facilities are located at Noida (Uttar Pradesh) and Bangalore.

These standalone financial statements were approved for issue in accordance with a resolution of the directors on May 20, 2021.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these Indian Accounting Standards (Ind-AS) Standalone financial statements. These policies have been consistently applied to all the years except where newly issued accounting standard is initially adopted.

New and amended standards adopted by the Company

The Company has applied the following amendments to Ind AS for the first time for their annual reporting period commencing April 01, 2020:

- Definition of Material – amendments to Ind AS 1 and Ind AS 8

- Definition of a Business – amendments to Ind AS 103

- COVID-19 related concessions – amendments to Ind AS 116

The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.01 Basis of preparation of Standalone Financial Statements

These standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III). These standalone financial statements are presented in INR and all values are rounded to the nearest crore (INR 0,000,000), except when otherwise indicated.

The financial statements have been prepared on a historical cost convention, except for the following assets and liabilities:

i) Certain financial assets and liabilities that is measured at fair value

ii) Assets held for sale-measured at fair value less cost to sell

iii) Defined benefit plans-plan assets measured at fair value

iv) Share based payments

2.02 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non- current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle

- Held primarily for purpose of trading

- Expected to be realized within twelve months after the reporting period, or

- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle

- It is held primarily for purpose of trading

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- It is due to be settled within twelve months after the reporting period, or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non current.

Deferred tax assets and deferred tax liabilities are classified as non- current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.03 Property, plant and equipment

Freehold Land is carried at historical cost.All other items of Property, Plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Capital work in progress is stated at cost, net of accumulated impairment loss, if any. The historical cost comprises of purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets and are further adjusted by the amount of input tax credit availed wherever applicable.

Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent costs are included in asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Company and the cost of item can be measured reliably.

An item of property, plant and equipment and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Capital work- in- progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on property, plant and equipment is calculated on prorata basis on straight-line method using the useful lives of the assets estimated by management. The useful life is as follows:

Assets	Useful life (in years)
Building	30 and 60
Plant and Equipment	15
Moulds and Dies	6
Furniture and Fixtures	10
Vehicles	8 and 10
R &D Equipment	5 and15
Office Equipment	3 and 5
Mobile Phones	3
Electric Fans and Installations	3 and 10
Computers	3
Laptops	4

The useful lives have been determined based on technical evaluation done by the management's expert. In respect of moulds and dies and mobile phones and laptops, useful lives are lower than those specified by schedule II to the Companies Act 2013 and are depreciated over the estimated useful lives of 6 years, 3 years and 4 years respectively, in order to reflect the actual usage of assets. The residual values are not more than 5% of the original cost of the assets. The asset's residual values and useful lives are reviewed, and adjusted if appropriate.

Lease hold improvements are depreciated on straight line basis over shorter of the asset's useful life and their initial agreement period unless the entity expects to use the asset beyond the lease term.

Leasehold land is amortized on a straight line basis over the unexpired period of their respective lease ranging from 90-99 years.

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2.04 Intangible assets

Separately acquired intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Cost of intangible assets acquired in business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalized development cost, are not capitalized and the related expenditure is reflected in statement of Profit and Loss in the period in which the expenditure is incurred. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. The Company has separately acquired brand.The Company has assessed indefinite life for such brand considering the expected usage,expected investment on brand,business forecast and challenges to establish a premium electronic segment.These are carried at historical cost and tested for impairment annually.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.Gains or losses arising from disposal of the intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the assets are disposed off.

Intangible assets with finite useful life are amortized on a straight line basis over their estimated useful life as under:

Assets	Useful life (in years)
Computer Software	6
R&D Software	6
Distributor/ Dealer Network	8
Non-Compete Fee	7
Brand and Trademarks	Indefinite

Research and development cost

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

i) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

ii) Its intention to complete the asset;

iii) Its ability to use or sale the asset;

iv) How the asset will generate future economic benefits;

v) The availability of adequate resources to complete the development and to use or sale the asset; and

vi) The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on straight line basis over the estimated useful life and is recognised in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the fair value of net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at

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the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in other comprehensive income and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through other comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses,if any. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

2.05 Impairment of non- financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Company operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to

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OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill and intangible assets having indefinite life, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. Intangible assets with indefinite useful lives are tested for impairment annually as at March 31 at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.06 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial Assets

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- Those measured at amortized cost

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

Initial recognition and measurement

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient and are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section 'Revenue from contracts with customers'.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in following categories:

- Financial assets at amortised cost (debt instruments)

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- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)

- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

a) **Business Model Test :** The objective is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes) and;

b) **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

This category is most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. The EIR amortization is included in other income in profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

Financial assets at fair value through OCI (FVTOCI) (debt instruments)

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

a) **Business Model Test :** The objective of financial instrument is achieved by both collecting contractual cash flows and selling the financial assets; and

b) **Cash flow characteristics test:** The contractual terms of the Debt instrument give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Debt instrument included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI), except for the recognition of interest income, impairment gains or losses and foreign exchange gains or losses which are recognized in statement of profit and loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss. This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are

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recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Embedded Derivatives

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement and either;

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with IND AS 109, the Company applies expected credit losses(ECL) model for measurement and recognition of impairment loss on the following financial asset and credit risk exposure

- Financial assets measured at amortized cost;
- Financial assets measured at fair value through other comprehensive income(FVTOCI);

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company follows "simplified approach" for recognition of impairment loss allowance on:

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- Trade receivables or contract revenue receivables;
- All lease receivables resulting from the transactions within the scope of Ind AS 116 -Leases

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

(a) **Financial assets measured as at amortised cost:** ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the group does not reduce impairment allowance from the gross carrying amount.

(b) **Loan commitments and financial guarantee contracts:** ECL is presented as a provision in the balance sheet, i.e. as a liability.

(c) **Debt instruments measured at FVTOCI:** For debt instruments measured at FVTOCI, the expected credit losses do not reduce the carrying amount in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the asset was measured at amortised cost is recognised in other comprehensive income as the accumulated impairment amount.

(ii) Financial liabilities:

Initial recognition and measurement

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, and payables, net of directly attributable transaction costs. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company financial liabilities include loans and borrowings, trade payables, trade deposits, retention money, liabilities towards services, sales incentive and other payables.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

(i) Financial liabilities at fair value through profit or loss

(ii) Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationship as defined by Ind AS 109. The separated embedded derivate are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IND AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. the Company has not designated any financial liability as at fair value through profit and loss.

Financial liabilities at amortised cost (Loans and borrowings)

After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost using the Effective interest rate method. Gains and losses

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are recognized in profit or loss when the liabilities are derecognised as well as through the Effective interest rate amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective interest rate. The Effective interest rate amortization is included as finance costs in the statement of profit and loss.

Trade Payables

These amounts represents liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid per the term of contract with suppliers. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using Effective interest rate method.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of IND AS 109 and the amount recognized less cumulative amortization.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

Offsetting of financial instruments

Financials assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Reclassification of financial assets/ financial liabilities

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

2.07 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Company's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

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For the purpose of hedge accounting, hedges are classified as:

(i) Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment

(ii) Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

(iii) Hedges of a net investment in a foreign operation

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(i) Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss. The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other income or expenses.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

2.08 Investment in Subsidiaries and joint venture

The investment in subsidiary and Joint venture are carried at cost as per IND AS 27. The Company regardless of the nature of its involvement with an entity (the investee), determines whether it is a parent by assessing whether it controls the investee. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the Company controls an investee if and only if it has all the following:

(a) power over the investee;

(b) exposure, or rights, to variable returns from its involvement with the investee and

(c) the ability to use its power over the investee to affect the amount of the returns.

Investments are accounted in accordance with IND AS 105 when they are classified as held for sale. On disposal of investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss

2.09 Inventories

a) Basis of valuation:

i) Inventories other than scrap materials are valued at lower of cost and net realizable value after providing cost of obsolescence, if any. However, materials and other items held

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for use in the production of inventories are not written down below cost unless the finished products in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by-item basis.

ii) Inventory of scrap materials have been valued at net realizable value.

b) Method of Valuation:

i) Cost of raw materials has been determined by using moving weighted average cost method and comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventories to their present location and condition.

ii) Cost of finished goods and work-in-progress includes direct labour and an appropriate share of fixed and variable production overheads. Fixed production overheads are allocated on the basis of normal capacity of production facilities. Cost is determined on moving weighted average basis.

iii) Cost of traded goods has been determined by using moving weighted average cost method and comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventories to their present location and condition.

iv) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

2.10 Non-current assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use and the sale is considered highly probable. Such non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Any expected loss is recognized immediately in the statement of profit and loss.

The criteria for held for sale classification is regarded as met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold. The Company treats sale of the asset to be highly probable when:

i) The appropriate level of management is committed to a plan to sell the asset

ii) An active programme to locate a buyer and complete the plan has been initiated (if applicable)

iii) The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,

iv) The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and

v) Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition and the assets must have actively marketed for sale at a price that is reasonable in relation to its current fair value. Actions required to complete the sale should indicate that it is unlikely that significant changes to the plan to sale these assets will be made. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized. Assets and liabilities classified as held for sale are presented separately as current items in the balance sheet.

2.11 Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Income Tax expense for the year comprises of current tax and deferred tax.

a) Current income tax

Current income tax, assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) enacted in India by using tax rates and the tax laws that are enacted at the reporting date.

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The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Current income tax relating to item recognized outside the statement of profit and loss is recognized outside profit or loss (either in other comprehensive income or equity).Current tax items are recognized in correlation to the underlying transactions either in OCI or directly in equity.

b) Deferred Tax

Deferred tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized outside the statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or direct in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax

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benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realized are recognised in profit or loss.

2.12 Revenue from contract with customers

The Company manufactures/ trades and sells a range of consumer electrical and electronic products. Revenue from contracts with customers involving sale of these products is recognized at a point in time when control of the product has been transferred, and there are no unfulfilled obligation that could affect the customer's acceptance of the products which usually happen on delivery of goods. Delivery occurs when the products are shipped to specific location and control has been transferred to the customers. The Company also provides installation, annual maintenance and warranty services that are either sold separately or bundled together with the sale of goods. The Company recognizes these service revenue from sales of services over a period of time, because the customer simultaneously receives and consumes the benefits provided by the Company. The Company has objective evidence that all criterion for acceptance has been satisfied. A receivable is recognised when the control of the product is transferred as the consideration is unconditional and payment becomes due upon passage of time as per the terms of contract with customers.

(a) Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods and there are no unfulfilled obligations.

The Company considers, whether there are other promises in the contract in which their are separate performance obligations, to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company allocates a portion of the transaction price to different performance obligations goods bases on its relative standalone prices and also considers the following:-

(i) Variable consideration

The Company recognizes revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Company operates several sales incentive programmes wherein the customers are eligible for several benefits on achievement of underlying conditions as prescribed in the scheme programme such as credit notes, reimbursement, investments etc. Revenue from contract with customer is presented after deducting cost of all these schemes.

(ii) Warranty obligations

The Company generally provides for warranties for general repair of defects. These warranties are assurance-type warranties under Ind AS 115, which are accounted for under Ind AS 37 (Provisions, Contingent Liabilities and Contingent Assets), consistent with its current practice. However, in certain non-standard contracts in respect of sale of consumer durable goods, the Company provides extended warranties and such warranties are termed as service-type warranties and therefore, accounted for as separate performance obligations to which the Company allocates a portion of the transaction price. Revenue from service-type warranties is recognised over the period in which the service is provided based on the time elapsed

(iii) Significant Financing Components

In respect of short-term advances from its customers, using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the

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effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be within normal operating cycle. In respect of long term contracts, the transaction price for these contracts is discounted, using the interest rate implicit in the contract (i.e., the interest rate that discounts the cash selling price of the equipment to the amount paid in advance).

(b) Sale of services

The Company provides installation, annual maintenance and extended warranty services that are either sold separately or bundled together with the sale of goods. Contracts for bundled sales of equipment and installation services are comprised of two performance obligations because the equipment and installation services are both sold on a stand-alone basis and are distinct within the context of contract. Accordingly, the Company allocates the transaction price based on the relative stand-alone selling prices of the equipment and installation services The Company recognizes revenue from sales of services over time, because the customer simultaneously receives and consumes the benefits provided by the Company. Revenue from services related activities is recognised as and when services are rendered and on the basis of contractual terms with the parties.

(c) Contract balances

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract assets are in the nature of unbilled receivables, which arises when Company satisfies a performance obligation but does not have an unconditional rights to consideration.A receivables represents the Company's right to an amount of consideration that is unconditional. Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section (Financial instruments – initial recognition and subsequent measurement).

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

A trade receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (Financial instruments – initial recognition and subsequent measurement).

2.13 Other Income

(a) Interest Income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

2.14 Other Operating Revenues

(a) Export benefit

Revenue from export benefits arising from Duty entitlement pass book (DEPB scheme), duty drawback scheme, merchandise export incentive scheme are recognised on export of goods in accordance with their respective underlying scheme at fair value of consideration received or receivable.

(b) Government Grants

Government Grants are recognized at their fair value when there is reasonable assurance that the grant will be received and all the attached conditions will be complied with.

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When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Government grant related to the non-monetary asset are recognised at nominal value and presented by deducting the same from carrying amount of related asset and the grant is then recognised in profit or loss over the useful life of the depreciable asset by way of a reduced depreciation charge.

2.15 Retirement and other employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employee service upto the end of the reporting period and are measured at the amount expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

a) Gratuity

The Employee's Gratuity Fund Scheme, which is defined benefit plan, is managed by Trust with its investments maintained with Bajaj Allianz Life Insurance Co.Ltd. The liabilities with respect to Gratuity Plan are determined by actuarial valuation on projected unit credit method on the balance sheet date, based upon which the Company contributes to the Gratuity Scheme. The difference, if any, between the actuarial valuation of the gratuity of employees at the year end and the balance of funds is provided for as assets/ (liability) in the books. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation under Employee benefit expense in statement of profit or loss:

a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements

b) Net interest expense or income

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

b) Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. the Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable through provident fund scheme as an expense, when an employee renders the related services. If the contribution payable to scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excesses recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payment or a cash refund.

c) Other employee benefits

The Company provides long term incentive plan to employees via equity settled share based payments as enumerated below:

(i) Havells Employees Long term Incentive plan:

The fair value of options granted under this option plan is recognised as an employee benefit expense with corresponding increase in equity in accordance with recognition and measurement principles as prescribed in Ind AS 102 Share Based Payments when grant is made. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At end of the reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates,

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if any, in profit or loss, with corresponding adjustment to equity.

(ii) **Havells Employee Stock Purchase Plan:** These are in nature of employee benefit wherein employees (including senior executives) of the Company purchase shares of the Company at fair value on the grant cum allotment date and receives remuneration in the form of ex-gratia equivalent to predefined percentage of purchase price paid by designated employee subject to serving of relevant period of service after the grant cum allotment date. These are recognised at fair value of shares granted and allotted as employee benefit expense over the period of employee serving relevant period.

2.16 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company's lease asset classes primarily comprise of lease for land and building. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.As practical expedient of Ind AS 116 "Leases", the company has considered Covid-19-related rent concessions not to be lease modification, hence the income towards rent concession is recognised in "Other Income" in the statement of profit and loss account.

(i) Right-of-use assets (ROU)

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the building (i.e. 30 and 60 years)

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 'Impairment of non-financial assets'.

The Company classifies ROU assets as part of Property plant and equipment in Balance Sheet and lease laibility in " Financial Liability".

(ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease payments are allocated between principal

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and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

(iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.17 Segment reporting :

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Board of directors monitors the operating results of all product segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss and is measured consistently with profit and loss in the financial statements.

The operating segments have been identified on the basis of the nature of products/services. Further:

1 Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter - segment revenue.

2 Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under unallocable expenditure.

3 Income which relates to the Company as a whole and not allocable to segments is included in unallocable income.

4 Segment results includes margins on inter-segment sales which are reduced in arriving at the profit before tax of the Company.

5 Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

6 Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated business.

2.18 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) if any that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

2.19 Borrowing Costs

Borrowing cost includes interest and other costs incurred in connection with the borrowing of funds and charged to Statement of Profit & Loss on the basis of effective interest rate (EIR) method. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing cost.

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

2.20 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

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For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposit held at call with financial institutions, other short - term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.21 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's financial statements are presented in Indian rupee (INR) which is also the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rate are generally recognised in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(iii) Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognized as income or expense in the period in which they arise with the exception of exchange differences on gain or loss arising on translation of non-monetary items measured at fair value which is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

2.22 Provisions and Contingent Liabilities

Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Warranty Provisions

Provision for warranty-related costs are recognized when the product is sold or service is provided to customer. Initial recognition is based on historical experience. the Company periodically reviews the adequacy of product warranties and adjust warranty percentage and warranty provisions for actual experience, if necessary. The timing of outflow is expected to be with in one to seven years.

Provision for E-Waste

Provision for E-Waste management costs are recognized when the liability in respect of products sold to customer is established in accordance with E-waste Management Rules, 2016 as notified by Government of India. Initial recognition is based on liability computed based on Extended Producer Responsibility as promulgated in said Rules including cost to comply the said regulation and as reduced by expected realisation of collectable waste. The Comapny has assessed the liability to arise on year to year basis.

Contingent liabilities

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

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Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

2.23 Dividend Distributions

The Company recognizes a liability to make the payment of dividend to owners of equity, when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.24 Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for asset or liability, or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non- financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted(unadjusted) market prices in active markets for identical assets or liabilities

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.25 Business Combinations

(i) Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

(ii) Business Combinations involving entities or businesses in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and where that control is

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for the year ended March 31, 2021

not transitory is accounted using the pooling of interests method as enumerated below:

a) The assets and liabilities of the combining entities are reflected at their carrying amounts.

b) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

c) The financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information shall be restated only from that date.

d) The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with corresponding balance appearing in the financial statements of the transferee or is adjusted against revenue reserve.

e) The identity of the reserves shall be preserved and shall appear in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor.

f) The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to revenue reserves.

2.26 Significant accounting judgments, estimates and assumptions

The preparation of these standalone financial statements requires the management to make judgments, use estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these judgements, assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

a) Leases

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Refer to Note 33(10) for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

b) Revenue from contract with customers

The Company applied judgements that affect the determination of the amount and timing of revenue from contracts with customers, such as identifying performance obligations in a bundled sales transactions, wherein, the Company sell goods and maintenance/ warranty services separately or bundled together with sales of goods. In certain non-standard contracts, where the Company provides extended warranties in respect of sale of consumer durable goods, the Company allocates the portion of the transaction price to goods based on its relative standalone prices. Also, certain contracts of sale includes volume rebates that give rise to variable consideration. In estimating the variable consideration the Company has used a combination of most likely amount method and expected value method. Further, as the case may be, in respect of long term contracts, the Company has used the incremental borrowing rate to the discount the consideration as this is the rate which commensurate with rate that would be reflected in separate financing arrangement between the Company and its customer.

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for the year ended March 31, 2021

c) **Taxes**

Uncertainties exist with respect to the interpretation of tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. (Refer Note 17)

d) **Gratuity benefit**

The cost of defined benefit plans (i.e. Gratuity benefit) is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of long term government bonds with extrapolated maturity corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for India. Future salary increases and pension increases are based on expected future inflation rates for India. Further details about the assumptions used, including a sensitivity analysis, are given in Note 33(4).

e) **Fair value measurement of financial instrument**

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

f) **Impairment of financial assets**

The impairment provisions of financial assets are based on assumptions about risk of default and expected loss rates. the Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. (Refer Note 31)

g) **Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset including intangible assets having indefinite useful life and goodwill may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An assets recoverable amount is the higher of an asset's CGU'S fair value less cost of disposal and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are estimated based on past rend and discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, or other fair value indicators. (Refer Note no 30)

h) **Provision for warranty and e- waste**

Warranty provisions is determined based on the historical percentage of warranty expense to sales for the same types of goods for which the warranty is currently being determined. The same percentage to the sales is applied for the current accounting period to derive the warranty expense to be accrued. In respect of e-waste, management calculates the obligation in accordance with

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for the year ended March 31, 2021

E-Waste management Rules, 2016 and accounts/ fulfil the obligation on its own account or on 3rd party service provider. It is adjusted to account for unusual factors related to the goods that were sold, such as defective inventory lying at the depots. The warranty/e-waste claims may not exactly match the historical warranty/e-waste percentage, so such estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence.The assumptions are consistent with prior years. (Refer Note 20)

i) Provision for expected credit losses (ECL) of trade receivables and contract assets

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables and contract assets is disclosed in Note 33(10)

j) Property, Plant and Equipment and intangible assets

Property, Plant and Equipment represent significant portion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of assets expected useful life and expected value at the end of its useful life. The useful life and residual value of Company's assets are determined by Management at the time asset is acquired and reviewed periodically including at the end of each year. The useful life is based on historical experience with similar assets, in anticipation of future events, which may have impact on their life such as change in technology.

2.27 Standards issued but not effective

There are no standards that are issued but not yet effective on March 31, 2021.

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3 PROPERTY, PLANT AND EQUIPMENT

(₹ in crores)

Particulars	Freehold Land	Leasehold Land	Buildings	Leasehold Improvements	Plant and Equipments	Moulds and Dies	Furniture and fixtures	Vehicles	R & D Equipment's	Office Equipment's	Electrical Installations	Right to use asset: Leasehold Land	Right to use asset: Leasehold Building	Total	Capital Work in progress	Grand Total
Gross carrying amount (at cost)																
At April 01, 2019	**27.28**	**185.38**	**706.04**	**16.81**	**580.30**	**143.25**	**39.02**	**12.11**	**25.34**	**91.75**	**42.53**	**-**	**-**	**1,869.81**	**232.15**	**2,101.96**
Reclassified on account of adoption of Ind AS 116 "Leases" {refer note (ii) (c) below}	-	(185.38)	-	-	-	-	-	-	-	-	-	176.98	-	**(8.40)**	-	**(8.40)**
Transition impact on account of adoption of Ind AS 116 "Leases"	-	-	-	-	-	-	-	-	-	-	-	-	129.59	**129.59**	-	**129.59**
Additions	-	-	85.37	0.77	254.19	83.67	8.45	1.38	14.09	19.18	4.72	40.82	24.95	**537.59**	58.66	**596.25**
Disposals/adjustments	-	-	1.50	(4.20)	(0.73)	(0.31)	(0.39)	(0.67)	(0.10)	(2.45)	(1.02)	-	(1.36)	**(9.73)**	(208.04)	**(217.77)**
Transfers to assets classified as held for sale	-	-	(1.17)	-	(4.15)	(0.98)	(0.44)	-	(1.28)	(0.87)	(0.11)	-	-	**(9.00)**	-	**(9.00)**
At March 31, 2020	**27.28**	**-**	**791.74**	**13.38**	**829.61**	**225.63**	**46.64**	**12.82**	**38.05**	**107.61**	**46.12**	**217.80**	**153.18**	**2,509.86**	**82.77**	**2,592.63**
Additions	-	-	35.57	1.45	41.81	79.56	10.03		4.08	12.12	3.19	39.58	56.96	**284.35**	143.34	**427.69**
Recognition of grant related to assets {Refer note (vi) below}	-	-	(0.21)	-	(3.08)	(2.83)	(0.69)	-	-	(1.17)	(0.26)	(17.71)	-	**(25.95)**	-	**(25.95)**
Disposals/adjustments	-	-	(52.02)	(1.67)	(0.94)	(1.37)	(2.45)	(0.08)	-	(1.79)	(2.23)	(11.39)	(27.64)	**(101.58)**	(139.85)	**(241.43)**
Transfers to assets classified as held for sale	-	-	-	-	(8.21)	(5.54)	-	-		(0.22)	-	-	-	**(13.97)**	-	**(13.97)**
At March 31, 2021	**27.28**	**-**	**775.08**	**13.16**	**859.19**	**295.45**	**53.53**	**12.74**	**42.13**	**116.55**	**46.82**	**228.28**	**182.50**	**2,652.71**	**86.26**	**2,738.97**
Accumulated Depreciation																
At April 01, 2019	**-**	**8.40**	**100.19**	**4.92**	**181.93**	**61.72**	**12.25**	**5.60**	**6.20**	**41.77**	**13.33**	**-**	**-**	**436.31**	**-**	**436.31**
Reclassified on account of adoption of Ind AS 116 "Leases" {refer note (ii) (c) below}	-	(8.40)	-	-	-	-	-	-	-	-	-	-	-	**(8.40)**	-	**(8.40)**
Charge for the year	-	-	28.78	2.57	62.11	24.77	4.57	1.71	5.12	19.51	4.54	2.16	36.53	**192.37**	-	**192.37**
Disposals/adjustments	-	-	0.82	(1.52)	(0.52)	(0.14)	(0.28)	(0.60)	(0.08)	(2.03)	(0.24)	-	(0.38)	**(4.97)**	-	**(4.97)**
Transfers to assets classified as held for sale	-	-	(0.10)	-	(2.12)	(0.76)	(0.23)	-	(0.89)	(0.75)	(0.04)	-	-	**(4.89)**	-	**(4.89)**
At March 31, 2020	**-**	**-**	**129.69**	**5.97**	**241.40**	**85.59**	**16.31**	**6.71**	**10.35**	**58.50**	**17.59**	**2.16**	**36.15**	**610.42**	**-**	**610.42**
Charge for the year	-	-	30.44	1.73	76.82	39.92	5.12	1.41	6.17	20.92	5.29	2.44	32.48	**222.74**	-	**222.74**
Disposals/adjustments	-	-	(11.56)	(0.84)	(0.66)	(1.14)	(1.28)	(0.07)	-	(1.48)	(1.92)	(0.89)	(9.02)	**(28.86)**	-	**(28.86)**
Transfers to assets classified as held for sale	-	-	-	-	(7.63)	(4.52)	-	-	-	(0.14)	-	-	-	**(12.29)**	-	**(12.29)**
At March 31, 2021	**-**	**-**	**148.57**	**6.86**	**309.93**	**119.85**	**20.15**	**8.05**	**16.52**	**77.80**	**20.96**	**3.71**	**59.61**	**792.01**	**-**	**792.01**
Net carrying amount																
At March 31, 2020	**27.28**	**-**	**662.05**	**7.41**	**588.21**	**140.04**	**30.33**	**6.11**	**27.70**	**49.11**	**28.53**	**215.64**	**117.03**	**1,899.44**	**82.77**	**1,982.21**
At March 31, 2021	**27.28**	**-**	**626.51**	**6.30**	**549.26**	**175.60**	**33.38**	**4.69**	**25.61**	**38.75**	**25.86**	**224.57**	**122.89**	**1,860.70**	**86.26**	**1,946.96**

Notes:

(i) All property, plant and equipment (excluding "Right of Use" as per Ind AS 116) are held in name of the company, except:

(a) Building situated, at Sahibabad, net block amounting to ₹ 26.74 Crores constructed on the land taken on lease by the company from its related party for which lease deed is yet to be registered with the appropriate authority.

(b) Freehold land, located at Samaypur Badli, Delhi, net block amounting to ₹ 15.89 Crores (March 31, 2020: ₹ 15.89 Crores) and building constructed on such land, net block amounting to ₹ 1.05 Crores (March 31, 2020: ₹ 1.28 Crores) which is pending for registration with appropriate authority.

(ii) Right of Use asset includes:-

(a) "Leasehold Land" represents land obtained on long term lease from various Government authorities.

(b) Leasehold Building represents properties taken on lease for its offices and warehouses accounted for in accordance with principle of Ind AS 116 'Leases'. Refer Note 33(3)

(c) During the previous year the net block of Leasehold land of ₹ 176.98 crores (Gross block - ₹ 185.28 crores and accumulated depreciation - ₹ 8.40 crores) was reclassified to "Right of Use" assets on account of adoption of Ind AS 116 "Leases".

(iii) Capital work in progress as at March 31, 2021 includes assets under construction at various plants including water heater, cable and wires and switch gears, etc. Adjustment in relation to capital work in progress relates to addition in property, plant and equipment made during the year.

(iv) Plant and machinery, generators, furniture and fixtures, electric fans and installations has been pledged/hypothecated as security by the company {refer note 32(C)}

(v) Disclosure of Contractual commitment for the acquisition of property plant and equipment has been provided in note 32(B).

(vi) During the current year, the Company has recognised the grants related to assets in accordance with Ind As 20 - "Government Grant" as reduction from carrying value of assets.

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for the year ended March 31, 2021

4 GOODWILL AND OTHER INTANGIBLE ASSETS

(₹ in crores)

Particulars	Computer Software	R & D Software	Trademarks	Distributor/ Dealer Network	Non-compete Fee	Total Other Intangible Asset	Goodwill	Intangibles assets under development	Total Intangible Asset
Gross carrying amount (at cost)									
At April 01, 2019	**45.26**	**7.27**	**1,029.00**	**82.40**	**58.50**	**1,222.43**	**310.47**	**0.51**	**1,533.41**
Additions	3.88	1.31	-	-	-	**5.19**	-	3.30	**8.49**
Disposals/adjustments	(0.05)	-	-	-	-	**(0.05)**	-	(0.45)	**(0.50)**
At March 31, 2020	**49.09**	**8.58**	**1,029.00**	**82.40**	**58.50**	**1,227.57**	**310.47**	**3.36**	**1,541.40**
Additions	4.83	1.08	-	-	-	**5.91**	-	1.28	**7.19**
Recognition of grant related to assets {Refer note 3 (vi)}	(0.17)	-	-	-	-	**(0.17)**	-		**(0.17)**
Disposals/adjustments	(0.03)	-	-	-	-	**(0.03)**	-	(0.99)	**(1.02)**
At March 31, 2021	**53.72**	**9.66**	**1,029.00**	**82.40**	**58.50**	**1,233.28**	**310.47**	**3.65**	**1,547.40**
Accumulated amortization									
At April 01, 2019	**23.99**	**3.12**	**-**	**19.60**	**15.86**	**62.57**	**-**	**-**	**62.57**
Charge for the year	5.71	1.17	-	10.30	8.36	**25.54**	**-**	-	**25.54**
Disposals/adjustments	(0.05)	-	-	-	-	**(0.05)**	**-**	-	**(0.05)**
At March 31, 2020	**29.65**	**4.29**	**-**	**29.90**	**24.22**	**88.06**	**-**	**-**	**88.06**
Charge for the period	6.19	1.27	-	10.30	8.36	**26.12**	-	-	**26.12**
Disposals/adjustments	(0.03)	-	-	-	-	**(0.03)**	-	-	**(0.03)**
At March 31, 2021	**35.81**	**5.56**	**-**	**40.20**	32.58	**114.15**	**-**	**-**	**114.15**
Net carrying amount									
At March 31, 2020	**19.44**	4.29	1,029.00	52.50	34.28	**1,139.51**	**310.47**	**3.36**	**1,453.34**
At March 31, 2021	**17.91**	**4.10**	**1,029.00**	**42.20**	**25.92**	**1,119.13**	**310.47**	**3.65**	**1,433.25**

Note:

Impairment testing of goodwill and intangible assets with indefinite lives

Goodwill of ₹ 310.47 crores and Trademark of ₹ 1029.00 crores acquired on acquisition of Lloyd business having indefinite useful lives as assessed by the Management have been allocated to a separate single cash generating unit (CGU) i.e. LLOYD consumer which is also an operating and reportable segment, for impairment testing. The Company has performed an annual impairment test to ascertain the recoverable amount of CGU. The recoverable amount is determined based on value in use calculation. These calculations uses management assumptions and pre tax cash flow projections based on financed budgets approved by management covering generally over a period of 5 years. Cash flow projection beyond 5 years time period are extrapolated using the estimated growth rates which is consistent with forecasts included in industry reports specific to industry in which CGU operates. Further the management have factored the impact of COVID-19 on the cash flow projections used in assessment of recoverable amount of CGU. Management has determined following assumptions for impairment testing of CGU as stated below.

Assumption	March 31, 2021	Approach used in determining value
Weighted average Cost of capital % (WACC) before tax (discount rate)	13.50%	It has been determined basis risk free rate of return adjusted for equity risk premium.
Long Term Growth Rate	5.00%	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The calculations performed indicate that there is no impairment of CGU of the company. Management has performed a sensitivity analysis with respect to changes in assumptions for assessment of value-in-use of CGU. Based on this analysis, management believes that change in any of above assumption would not cause any material possible change in carrying value of unit's CGU over and above its recoverable amount.

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5 INVESTMENTS IN SUBSIDIARIES

(₹ in crores)

		As at March 31, 2021		As at March 31, 2020
Investments in equity instruments of subsidiary companies (unquoted)				
(valued at cost, unless stated otherwise) {refer note 33 (1) (b)}				
Havells Holdings Limited	13.65		13.65	
17,37,362 (March 31, 2020 : 17,37,362) ordinary shares of 1 GBP each fully paid up				
Less: Provision for impairment	(12.47)	1.18	(12.47)	1.18
Havells Guangzhou International Limited				
(100% contribution fully paid in capital) (March 31, 2020: 100% contribution fully paid in capital)		0.45		0.45
Aggregate amount of unquoted investments		**1.63**		**1.63**
Aggregate amount of Impairment in value of investments		**12.47**		**12.47**

6 CONTRACT BALANCES

(₹ in crores)

		As at March 31, 2021	As at March 31, 2020
(A)	**Trade Receivables {refer note (a) below and note 11(B)}**	563.63	248.88
		563.63	**248.88**
(B)	**Contract Assets (Unsecured, considered good) {refer note (b)}**	69.90	80.59
		69.90	**80.59**
	Non-current portion	49.79	60.58
	Current portion	20.11	20.01
(C)	**Contract Liability {refer note (c) and note 23(v)}**	14.11	20.06
		14.11	**20.06**
	Non-current portion	4.57	4.32
	Current portion	9.54	15.74

Note:

(a) Trade Receivable represents the amount of consideration in exchange for goods or services transferred to the customers that is unconditional.

(b) During the earlier years, the Company had entered in to an agreement with customer wherein the Company had identified multiple performance obligations in contract as per Ind AS 115 "Revenue from contract with customers". The Company's right to receive consideration is conditional upon satisfaction of all performance obligations. Accordingly, the Company has recognised contract asset in respect of performance obligation satisfied during the year. Contract assets are in the nature of unbilled receivables, which arises when Company satisfies a performance obligation but does not have an unconditional rights to consideration. Contract assets have decreased in the current year on account of change in the time frame for a" right to consideration" become unconditional.

(c) The Company has entered into the agreements with customers for sales of goods and services. The Company has identified these performance obligations and recognised the same as contract liabilities in respect of contracts, where the Company has obligation to deliver the goods and perform specified services to a customer for which the Company has received consideration. There has been no significant change in the contract liabilities.

7 NON-CURRENT FINANCIAL ASSETS

(₹ in crores)

		As at March 31, 2021	As at March 31, 2020
(A)	**TRADE RECEIVABLES (valued at amortised cost)**		
	Unsecured {refer note 11(B)}		
	Trade receivables from contract with customers - considered good	3.32	7.96
		3.32	**7.96**
(B)	**OTHER FINANCIAL ASSETS (valued at amortised cost)**		
	Unsecured, considered good		
	Earnest money and Security Deposits	19.94	21.37
		19.94	**21.37**

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8 OTHER NON-CURRENT ASSETS

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Capital advances	14.81	10.16
Others		
Prepaid expenses	6.17	5.84
Deposits with Statutory and Government authorities	33.64	34.67
	54.62	**50.67**

9 NON CURRENT TAX ASSET (NET)

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Income tax assets (net of provision for income tax)	23.56	16.53
	23.56	**16.53**

10 INVENTORIES

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
(Valued at lower of cost and net realisable value unless otherwise stated)		
Raw materials and components	635.71	427.67
Work-in-progress	167.53	100.52
Finished goods	1,211.73	836.99
Traded goods	542.66	459.30
Stores and spares	25.40	21.02
Loose tools	0.86	2.02
Packing materials	21.09	15.41
Scrap materials	14.91	8.95
	2,619.89	**1,871.88**

Notes:

(a) The above includes goods in transit as under:		
Raw materials	*110.61*	*81.64*
Finished goods	*136.37*	*44.86*
Traded goods	*44.04*	*63.62*
(b) The stock of scrap materials have been taken at net realisable value.		
(c) Inventories are hypothecated with the bankers against working capital limits. {refer note 32(C)}		
(d) During the year ₹ Nil (March 31, 2020 : ₹ 16.69 Crores) was recognised as an expense for inventories carried at the net realisable value.		

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for the year ended March 31, 2021

11 CURRENT FINANCIAL ASSETS
(A) CURRENT INVESTMENT (valued at amortised cost)

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Deposits account with financial institution with original maturity of more than three months but less than twelve months {refer note (a)}	154.77	-
Deposits account with financial institution with original maturity of more than twelve months {refer note (a)}	151.53	
	306.30	**-**

Note:
(a) The deposits maintained by the Company with financial institution comprise of the time deposits and are made of varying periods between one day to twelve months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

(B) TRADE RECEIVABLES (valued at amortised cost)

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Unsecured		
Trade receivables from contract with customers - considered good	563.63	248.88
Trade receivables from contract with customers - credit impaired	69.35	44.87
Trade receivables (gross)	**632.98**	**293.75**
Less : Impairment allowance for trade receivables	69.35	44.87
Trade receivables (net)	**563.63**	**248.88**
Current portion	560.31	240.92
Non - current portion {refer note 7 (A)}	3.32	7.96

Note:
(a) Trade receivables are usually on trade terms based on credit worthiness of customers as per the terms of contract with customers.
(b) Neither trade nor other receivables are due from directors or other officers of the company either severally or jointly with any other person, Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.
(c) The Company has availed Receivable Buyout facility from banks against which a sum of ₹ 167.99 crores (March 31, 2020 : ₹ 404.31 crores) has been utilised as on the date of Balance Sheet. The Company has assigned all its rights and privileges to the bank and there is no recourse on the Company. Accordingly the amount of utilization has been reduced from trade receivables.
(d) The Company has arranged channel finance facility for its customers from banks against which a sum of ₹ 681.35 crores (March 31, 2020: ₹ 605.99 crores) has been utilised as on the date of Balance Sheet and correspondingly, the trade receivables stand reduced by the said amount as there is no recourse on the Company.

(C) CASH AND CASH EQUIVALENTS

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Balances with banks:		
Current accounts	20.11	12.52
Cash credit accounts	32.09	54.10
Deposits with a original maturity of less than three months {refer note (b)}	274.27	175.35
Cash on hand	0.10	0.12
	326.57	**242.09**

Note:
(a) There are no restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior period.
(b) Short-term deposits are made of varying periods between one date to three months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposits rates.

Notes to Financial Statements

for the year ended March 31, 2021

(c) Changes in liabilities arising from financing activities:

(₹ in crores)

	Long Term Borrowing		Short Term Borrowing		Lease Liability	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Opening balance	40.50	94.50	-	-	121.61	-
Transition impact on account of adoption of Ind AS 116 {refer Note 33(3)}	-	-	-	-	-	126.80
Addition on account of new leases during the year {refer Note 33(3)}	-	-	-	-	56.84	24.95
Deletion on account of termination of leases during the year {refer Note 33(3)}	-	-	-	-	(18.06)	(1.39)
Lease rent concession					(2.54)	-
Cash inflow from borrowings	500.00		500.00	-	-	-
Cash inflow from issue of commercial paper {refer note (a)} below	-	-	488.25	-	-	-
Cash outflows	(49.50)	(54.00)	(988.25)	-	(27.19)	(28.75)
Interest expense	25.04	5.17	22.04	-	9.68	10.92
Interest paid	(23.84)	(5.17)	(22.04)	-	(9.68)	(10.92)
Closing balance	**492.20**	**40.50**	**-**	**-**	**130.66**	**121.61**
Non-current Borrowing {refer note 15 (A)}	393.65	-	-	-	-	-
Non-current lease liability {refer note 15 (B)}	-	-	-	-	101.51	89.74
Current maturity of long term borrowing {refer note 19 (C)}	98.55	40.50	-	-	-	-
Current maturity of long term lease liability {refer note 19 (A)}	-	-	-	-	29.15	31.87

Note:

(a) During the year the Company has issued unsecured Commercial Paper (CP) worth ₹ 500 crores at the issue price of ₹ 488.25 crores having maturity date of March 26,2021. These have been fully repaid on due date including interest thereon.

(b) During the year, the Company has availed working capital loan of ₹ 200 crores from HSBC Bank for general business purpose for a period of 90 days and the same was rolled over for further 90 days. The same has been repaid on due date including interest theron.

(c) During the year company has availed unsecured working capital loan of ₹ 300 crores from DBS bank which was repayable on demand and the same has been repaid fully during the year including interest theron.

(d) For term loan refer note 15A.

(D) OTHER BANK BALANCES

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Deposits account with original maturity of more than three months but less than twelve months {refer note (a)}	384.62	625.58
Deposits account with original maturity of more than twelve months {refer note (b)}	910.68	235.62
Unpaid dividend account {refer note (c)}	2.87	3.63
	1298.17	**864.83**

Note:

(a) The deposits maintained by the Company with banks comprise of the time deposits, which may be withdrawn by the Company at any point of time without prior notice and are made of varying periods between one day to twelve months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

(b) Fixed deposit with original maturity of more than twelve months but remaining maturity of less than twelve months have been disclosed under other bank balances.

(c) The Company can utilise the balance towards settlement of unclaimed dividend.

Notes to Financial Statements

for the year ended March 31, 2021

(E) OTHER FINANCIAL ASSETS (valued at amortised cost)

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Earnest money and security deposits	3.91	4.53
Retention money	1.67	1.67
Contractual claims and other receivables (refer note below)	23.14	23.24
Consideration Receivable	17.27	-
	45.99	**29.44**

Note:

(a) Contractual claims and other receivables includes claims in accordance with contract with vendors.

(b) Consideration receivable includes the amount receivable upon liquidation of joint venture namely "Jiangsu Havells Sylvania Lighting Co. Limited" as per terms agreed with joint venture partner.

12 OTHER CURRENT ASSETS

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Advances other than capital advances		
Advances for materials and services	16.49	21.44
Others		
Prepaid expenses	23.25	8.77
Duty free licenses in hand	0.19	1.85
Insurance claim receivable	-	0.74
Government grant receivable	23.02	71.18
Balance with Statutory/ Government authorities	46.28	60.62
	109.23	**164.60**
Movement of Government grant receivable		
Opening balance	71.18	41.87
Accrual of grant related to income (credited to statement of profit and loss account) (refer note 23)	9.87	33.16
Accrual of grant related to assets	8.41	22.49
Grant related to asset realised	(30.90)	-
Grant related to income realised	(35.54)	(26.34)
Closing Balance	**23.02**	**71.18**

Note: Government grant receivable includes export incentives, Budgetary support for refund of Goods and Service Tax and investment subsidy.

13 ASSETS CLASSIFIED AS HELD FOR SALE

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Property, plant and equipment		
Assets retired from active use {refer note (a) below}	0.58	0.95
Investment in joint venture		
Jiangsu Havells Sylvania Lighting Co., Limited {refer note (b)}	-	18.85
(50% contribution in paid in capital)	**0.58**	**19.80**

Note:

(a) The Company classified certain items of Property Plant and Equipment retired from active use and are held for sale recognised and measured in accordance with Ind-AS 105 "Non Current Assets Held For Sale and Discontinued Operations" at lower of its carrying amount and fair value less cost to sell. The Company expects to complete the sale by September 2020 (previous year :-September 2019) by selling it in the open market.

(b) In the earlier year, the Company and its joint venture partner in respect of their joint venture namely "Jiangsu Havells Sylvania Lighting Co. Limited", have applied for liquidation and formed a liquidation committee. Accordingly, the investment in joint venture was classified as asset held for sale, recognised and measured in accordance with Ind-AS 105 "Non-Current Assets Held for Sale and Discontinued Operations" at lower of its carrying amount and fair value less cost to sell. During the current year, final consideration amounting to USD 2.35 million has been agreed between the co-venturers, accordingly the same has been classified to other financial assets {refer note 11(E)(b)}

Notes to Financial Statements

for the year ended March 31, 2021

14 EQUITY

(A) Share capital

a) Authorized Share Capital

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
1,032,000,000 equity shares of ₹ 1/- each (March 31, 2020: 1,032,000,000 equity shares of ₹ 1/- each)	103.20	103.20
5,50,000 preference shares of ₹ 10/- each (March 31, 2020: 5,50,000 preference shares of ₹ 10/- each)	0.55	0.55
	103.75	**103.75**

b) Issued, subscribed and fully paid-up

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
626,013,006 equity shares of ₹ 1/- each (March 31, 2020: 625,802,834 equity shares of ₹ 1/- each)	62.60	62.58

c) Reconciliation of the shares outstanding at the beginning and at the end of the period/ year

	As at March 31, 2021		As at March 31, 2020	
	No. of shares	₹ in crores	No. of shares	₹ in crores
At the beginning of the year	625,802,834	62.58	625,472,910	62.55
Add: Exercise of employee stock purchase plan - proceeds received	210,172	0.02	329,924	0.03
	626,013,006	**62.60**	**625,802,834**	**62.58**

d) Terms/rights attached to equity shares

The Company has only one class of issued share capital i.e. equity shares having a par value of ₹ 1/- per share (March 31, 2020 : ₹ 1/- per share). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

e) Details of shareholders holding more than 5% shares in the Company is set out below (representing legal and beneficial ownership):

Name of shareholders	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% holding	No. of shares	% holding
Shri Anil Rai Gupta as Managing Trustee of ARG Family Trust	77,425,200	12.37	77,425,200	12.37
Shri Surjit Kumar Gupta as Trustee of SKG Family Trust	36,432,180	5.82	36,432,180	5.82
QRG Enterprises Limited	189,858,880	30.33	189,858,880	30.34
QRG Investments and Holdings Limited	68,741,660	10.98	68,741,660	10.98
Nalanda India Equity Fund Limited	33,044,930	5.28	33,044,930	5.28

f) Shares reserved for issue under Employee stock purchase plan

Information relating to Employee stock purchase plan, including details of option issued, exercised and lapsed during the financial year and options outstanding as at end of the reporting period are set out in note 33 (7).

Notes to Financial Statements

for the year ended March 31, 2021

(B) Other Equity

(₹ in crores)

		As at March 31, 2021	As at March 31, 2020
	Capital reserve	7.63	7.63
	Securities premium	90.38	80.58
	Share option outstanding account	0.64	0.64
	General reserve	722.72	722.72
	Retained earnings	4,280.48	3,430.66
	Total other equity	**5,101.85**	**4,242.23**
a)	**Capital reserve**	**7.63**	**7.63**
b)	**Securities premium**		
	Opening balance	80.58	56.40
	Add: Exercise of Employee stock purchase plan - proceeds received	9.80	24.18
	Closing balance	**90.38**	**80.58**
c)	**Stock options outstanding account**		
	Opening balance	0.64	0.27
	Add : Employee stock option expense	0.01	0.37
	Less: Options lapsed during the year	(0.01)	-
	Closing balance	**0.64**	**0.64**
d)	**General reserve**	**722.72**	**722.72**
e)	**Retained earnings**		
	Opening balance	3,430.66	3,342.63
	Net profit for the year	1,039.64	733.03
	Items of other comprehensive income recognised directly in retained earnings		
	Re-measurement gains / (losses) on defined benefit plans (net of tax)	(2.02)	(3.73)
	Dividends		
	Final Dividend ₹ Nil per share for 2019-20, (₹ 4.5 per share for FY 2018-19)	-	(281.61)
	Dividend distribution tax on final dividend	-	(57.89)
	Interim Dividend of ₹ 3 per share for FY 2020-21 (₹ 4 per share for FY 2019-20)	(187.80)	(250.32)
	Dividend distribution tax on interim dividend	-	(51.45)
	Closing balance	**4,280.48**	**3,430.66**

(C) Nature and Purpose of Reserves

(a) Capital reserve

During amalgamation/ merger approved by honourable court, the excess of net assets taken over the consideration paid, if any, is treated as capital reserve. This capital reserve has arisen as a result of scheme of amalgamation in the past periods.

(b) Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

(c) General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations adjusted by utilisation of reserve in accordance with scheme of Amalgamation in earlier years. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Notes to Financial Statements

for the year ended March 31, 2021

(d) Share options outstanding account

The share option outstanding account is used to recognise the grant date fair value of options issued to employees under Employee stock purchase plan.

(e) Retained earnings

Retained Earnings are profits that the Company has earned till date less transfer to General Reserve, dividend or other distribution or transaction with shareholders.

15 NON CURRENT FINANCIAL LIABILITIES

(A) Borrowings (valued at amortised cost)

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Term loans from banks (secured)		
Term loans {refer note (a) to (d) below}	492.20	40.50
	492.20	**40.50**
Non-current portion	393.65	-
Current maturity of long term borrowing {refer note 19 (C)}	98.55	40.50

Notes:

(a) The Company has availed a secured loan of ₹ 108 Crores against sanctioned amount of ₹ 300 crores from CITI bank N.A. during financial year 2017-18.The current outstanding and sanctioned amount against the loan is ₹ Nil (March 31, 2020; ₹ 40.50 Crores). The loan was obtained for the purpose of reimbursement of prior capital expenditure incurred by the company during 12 months previous to sanction date. The loan was having 15 months moratorium period and repayable in 8 quarterly instalments thereafter. This loan was secured by way of first exclusive charge by way of a hypothecation over the Company's all movable fixed assets both present and future situated at SP 181 to 189 and 191 (A), Industrial Area, Phase II, Neemrana, Alwar, Rajasthan, India. The Company has complied with all covenants throughout the reporting period. The said loan has been repaid on due date during the year including interest thereon.

(b) The company has availed secured loan of ₹ 250 crores (March 31, 2020: ₹ Nil) against the sanctioned term loan amount of ₹ 250 crores (March 31, 2020: ₹ Nil) from CITI Bank N.A.The current outstanding amount against the loan is ₹ 250 Crores (March 31, 2020: ₹ Nil).The loan was obtained for the purpose of fresh capital expenditure and reimbursement of prior capital expenditure incurred by the company during the previous year. The term loan is repayable in 16 equated quarterly instalments commencing from 15th month from first drawdown. This term loan is secured by way of first exclusive charge by way of a hypothecation over the Company's all movable fixed assets both present and future situated at (i) SP 181 to 189 and 191 (A), Industrial Area, Phase II, Neemrana, Alwar, Rajasthan, India (ii) Unit-1 Village Dharampur, Sai Road, Baddi, Dist Solan,Himachal Pradesh,(iii) Unit-II Village Gulerwala, Dist Solan, Baddi, Himachal Pradesh, (iv) Unit-I, Sector -10, Plot No 2A,BHEL Complex,Haridwar (v) Unit-II, Plot No 2A and 2D/1 Sector-10, Sidcul Industrial Area, Haridwar, Uttarakhand.

(c) The company has availed secured loan of ₹ 250 Crores (March 31, 2020 : ₹ Nil) against the sanctioned amount of ₹ 350 crores (March 31, 2020: ₹ Nil) from HDFC Bank Limited. The current outstanding amount against the loan is ₹ 241 Crores (March 31, 2020: ₹ Nil). The loan was obtained for the purpose of fresh capital expenditure and reimbursement of prior capital expenditure incurred by the company during 12 months of first drawdown.. The term loan is repayable in 16 quarterly instalments over the period of 5 years as per terms of agreement. This loan is secured by way of first exclusive charge by way of a hypothecation over the Company's all movable fixed assets, plant and machinery and all movable properties both present and future situated at (i) A-461/462,SP-215 and 204 & 204A, Matsya Industrial Area, Alwar, Rajasthan and (ii) SP-1-133,General Zone, RIICO Industrial Area, Ghiloth.

(d) The Company has satisfied all debt covenants prescribed in terms of term loan agreements.

(B) Lease Liabilities

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Lease Liability {refer note 33 (3)}	101.51	89.74
	101.51	**89.74**

Notes to Financial Statements

for the year ended March 31, 2021

(C) Other Financial Liabilities (valued at amortised cost)

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Employee stock purchase plan compensation payable	0.58	1.13
Long Term Employee Retention scheme	0.73	-
	1.31	**1.13**

16 NON-CURRENT PROVISIONS

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Product warranties and E-waste {Refer note 20(a)}	58.43	35.57
	58.43	**35.57**

17 INCOME TAXES

The major components of income tax expense for the years ended March 31, 2021 and March 31, 2020 are:

(a) Income tax expense in the statement of profit and loss comprises :

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Current income tax charge	346.73	198.93
Adjustment in respect of current income tax of previous year	(7.38)	-
Total current income tax	**339.35**	**198.93**
Deferred Tax charge / (credit)		
Relating to origination and reversal of temporary differences {refer note (ii)}	52.59	(30.23)
Income tax expense reported in the statement of profit or loss	**391.94**	**168.70**

(b) Other Comprehensive Income

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Current income tax related to items recognised in Other comprehensive income during the year:		
Current income tax on re-measurement loss on defined benefit plans	0.68	1.25
Income tax related to items recognised in Other comprehensive income during the year	**0.68**	**1.25**

(c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate :

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Accounting Profit before tax	1,431.58	901.73
Applicable tax rate	25.168%	25.168%
Computed Tax Expense	**360.30**	**226.95**
Impact of adoption of new tax regime under section 115BAA on deferred tax liability including reversal of MAT credit entitlement	-	(72.35)
Expense not allowed for tax purpose	8.68	14.19
Additional allowances for tax	(0.05)	(0.09)
Impact of amendment in income tax law pursuant to Finance Act, 2021 on deferred tax liability {refer note (ii)}	32.96	-
Utilisation of previously unrecognised tax losses	(9.95)	-
Income tax charged to Statement of Profit and Loss at effective rate of 27.38% (March 31, 2020: 18.71%) {Refer Note (v) below}	**391.94**	**168.70**

Notes to Financial Statements

for the year ended March 31, 2021

(d) Deferred tax liabilities comprises :

(₹ in crores)

	Balance Sheet		Statement of profit and loss	
	As at March 31, 2021	As at March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2020
Accelerated Depreciation for Tax purposes	368.63	315.47	53.16	(55.23)
Right of Use as per Ind AS 116	30.93	29.45	1.48	29.45
Lease liability as per Ind AS 116	(32.88)	(30.61)	(2.27)	(30.61)
Expenses allowable on payment basis	(11.65)	(17.58)	5.93	1.26
Allowance for doubtful debts	(17.45)	(11.29)	(6.16)	(2.37)
Unabsorbed Depreciation and carried forwarded tax losses	-	-	-	4.82
Other Items giving rise to temporary differences	1.53	1.08	0.45	(0.13)
	339.11	**286.52**	**52.59**	**(52.81)**
MAT credit entitlement	-	-	-	22.58
Deferred tax liabilities (net)	**339.11**	**286.52**	**52.59**	**(30.23)**

(e) Deferred tax liabilities (net)

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Opening balance as per last balance sheet	286.52	316.75
Deferred tax charged/(credited) to profit and loss account during the year	52.59	(30.23)
Closing balance	**339.11**	**286.52**

Notes:

(i) The Company has unabsorbed capital loss of ₹ 342.05 crores as on March 31, 2021 (previous year 368.55 crores) out of which capital loss of ₹ 219.75 crores will expire in financial year 2023-24 and capital loss of ₹ 122.30 crores will expire in financial year 2025-26, on which no deferred tax asset has been created by the management due to lack of probability of future capital gain against which such deferred tax assets can be realised. If the Company were able to recognise all unrecognised deferred tax assets, the profit after tax would have increased by ₹ 78.26 crores (Previous year ₹ 85.86 crore).

(ii) The union budget presented on February 1, 2021 which got enacted on March 28, 2021, made an important change by disallowing depreciation on goodwill for tax deduction retrospectively from April 01, 2020. Accordingly, the tax base of goodwill as on April 01, 2020 has become Nil. As a result of above amendment, there is difference between book base and tax base of goodwill resulting in recognition of deferred tax liability by ₹ 32.96 crores with consequential impact on deferred tax expense.

(iii) During the previous year, the Company had opted for reduced tax rate as per section 115BAA of the Income Tax Act, 1961 (introduced by the Taxation Laws (Amendment) Ordinance, 2019). Accordingly, the Company had recognised Provision for Income Tax for that year and re-measured its Deferred tax liability basis the rate prescribed in the said section and unutilised MAT credit entitlement was written off.

(iv) During the previous year, the Company had paid Final dividend to its shareholders for the year ended March 31, 2019 and Interim Dividend for the year ended March 31, 2020. This had resulted in payment of dividend distribution tax (DDT) amounting to ₹ 109.34 crores to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity in previous year.

(v) Effective tax rate has been calculated on profit before tax.

18 OTHER NON CURRENT LIABILITIES

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Deferred capital goods credit {refer note 32(E)}	-	17.71
	-	**17.71**

Notes to Financial Statements

for the year ended March 31, 2021

19 CURRENT FINANCIAL LIABILITIES

(A) Lease Liabilities

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Current maturities of Lease liability {refer note 33 (3)}	29.15	31.87
	29.15	**31.87**

(B) Trade Payables

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprise and small enterprises	188.78	106.28
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,408.00	1,307.79
	1,596.78	**1,414.07**

Notes:

(i) Trade Payables include due to related parties ₹ 15.85 crores (March 31, 2020 : ₹ 4.95 crores) {refer note 33(6)(D)}

(ii) The amounts are unsecured and non interest-bearing and are usually on varying trade term.

(iii) For terms and conditions with related parties. {refer to note 33(6)}

(iv) Trade payables includes acceptances of ₹ 64.11 crores (March 31, 2020: ₹ 389.71 crores)

a) Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for the year ended March 31, 2021 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

i)	Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act, 2006 as at the end of each accounting year		
	Principal	188.78	106.28
	Interest	-	-
ii)	The amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
iv)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

The total dues of Micro and Small Enterprises which were outstanding for more than stipulated period are ₹ Nil (March 31, 2020 : ₹ Nil)

(C) Other Financial Liabilities (valued at amortised cost)

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Unpaid dividend {refer note (a)}	2.87	3.63
Other payables		
Current Maturity of Long term loan {refer note 15A)}	98.55	40.50
Employee stock purchase plan compensation payable	3.18	3.78
Creditors for capital goods	31.25	39.41
Retention money	50.96	46.74

Notes to Financial Statements
for the year ended March 31, 2021

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Other liabilities		
Payable for services	152.76	111.69
Payable to banks against receivable buyout facilities (refer note (b))	28.03	155.28
Sales incentives payable	293.05	113.29
Others {refer note (c)}	8.33	16.98
	668.98	**531.30**

Notes:

a) Investor Education and Protection Fund is being credited by the amount of unclaimed dividend after seven years from the due date. The Company has transferred ₹ 0.14 crores (March 31, 2020: ₹ 0.11 crore) out of unclaimed dividend to Investor Education and Protection Fund of Central Government in accordance with the provisions of section 124 of the Companies Act,2013.

b) Monies collected on behalf of banks and remitted after the balance sheet date.

c) Other includes amount against E-waste liability {refer note 20(a)(ii)} and amount refundable to customers.

20 CURRENT PROVISIONS

i) Provision for employee benefits

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Gratuity {refer note no. 33(4)}	18.25	19.08
(A)	**18.25**	**19.08**

ii) Other provisions

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Product warranties and E-waste	226.37	176.94
Litigations	12.93	13.99
(B)	**239.30**	**190.93**
(A) + (B)	**257.55**	**210.01**

a) Provision for warranties and E-waste

(i) Warranties

A provision is recognized for expected warranty claims and after sales services on products sold during the last one to seven years, based on past experience of the level of repairs and defective returns. It is expected that significant portion of these costs will be incurred in the next financial year and all will be incurred within seven years after the reporting date. Assumptions used to calculate the provisions for warranties are based on current sales levels and current information available about defective returns based on one to seven years warranty period for all products sold and are consistent with those in the prior years. The assumptions made in relation to the current year are consistent with those in the prior year.

(ii) E-waste

A provision is recognised for probable e-waste liability based on "Extended Producer Responsibility" as furnished by the Company to Central Pollution Control Board in accordance with E-Waste Management Rules, 2016 notified by Government of India during the year. A provision for the expected costs of management of historical waste is recognised when the costs can be reliably measured. These costs are recognised as 'Other expenses' in the statement of profit and loss. As a part of acquisition of Lloyd business in earlier year, the seller company had agreed to ensure compliance with " extended producer responsibility" (EPR) in accordance with E- waste management rules, 2016 in

Notes to Financial Statements
for the year ended March 31, 2021

respect of sales made by the seller company in respect of Lloyd consumer durable business prior to date of business acquisition i.e. May 08, 2017. Further management has assessed liability under E-Waste management rules on year to year basis and same has been accounted for accordingly. Towards this, the seller company has paid an amount of ₹ 8.09 crore (March 31, 2020: ₹ 9.46 crore).

(iii) The table below gives information about movement in Warranty and E-waste provisions:

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
At the beginning of the year	212.51	208.74
Addition during the year(refer note 31)	243.37	192.61
Utilized during the year	(175.29)	(192.39)
Unwinding of discount {refer note no. 29}	4.21	3.55
At the end of the year	**284.80**	**212.51**
Current portion	226.37	176.94
Non-current portion	58.43	35.57

b) Provision for litigations

Provision for litigation amounting to ₹ 12.93 Crores (March 31, 2020: ₹13.99 Crores) is created against demands raised in various ongoing litigations in ordinary course of business. Based on the facts of the case and legal precedents, the management believes there would be a probable outflow of resources and accordingly, has created a provision in books of account.

The table below gives information about movement in litigation provisions:

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
At the beginning of the year	13.99	7.60
Addition during the year	-	6.39
Utilized during the year	(1.06)	-
At the end of the year	**12.93**	**13.99**
Current portion	12.93	13.99
Non-current portion	-	-

21 CURRENT TAX LIABILITIES

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Current tax liabilities (net of advance tax and tax deducted at source)	74.26	-
	74.26	**-**

22 OTHER CURRENT LIABILITIES

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Advances from customers	25.17	38.43
Others		
Goods and Service Tax Payable	40.07	29.79
Other statutory dues payable	55.69	36.85
	120.93	**105.07**

Notes to Financial Statements

for the year ended March 31, 2021

23 REVENUE FROM OPERATIONS

(₹ in crores)

		Year ended March 31, 2021	Year ended March 31, 2020
Revenue from contract with customers			
Sale of products		10,300.19	9,309.83
Sales of services		53.16	40.69
Scrap sales		64.70	45.52
	(A)	**10,418.05**	**9,396.04**
Other operating revenues			
Export Incentive		9.87	7.95
Government assistance for refund of Goods and Service Tax {refer note (a) below}		-	25.21
	(B)	**9.87**	**33.16**
Total revenue from operations	**(A) + (B)**	**10,427.92**	**9,429.20**

Notes:

(a) Government assistance for refund of Goods and Service Tax represents benefits provided by the Government to the Company in respect of its manufacturing units in the state of Assam, Himachal Pradesh and Uttarakhand in accordance with the 'Scheme of budgetary support under Goods and Service Tax Regime' as notified on October 05, 2017 which were earlier eligible for excise duty exemption. The exemption in respect of its manufacturing unit at Himachal Pradesh and Uttarakhand has expired on December 11, 2019 and January 17, 2020 respectively while manufacturing facility situated at Assam has been closed during the current year.

(i) Timing of revenue recognition

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Goods transferred at a point in time	10,360.58	9,351.42
Goods transferred over the time	4.31	3.93
Services transferred over the time	53.16	40.69
Total revenue from contract with customers	**10,418.05**	**9,396.04**

(ii) Disaggregation of revenue based on product or service

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Switchgears	1,454.51	1,321.92
Cables	3,178.88	2,993.30
Lighting and fixtures	1,084.29	1,013.94
Electrical consumer durables	2,375.28	1,990.97
Lloyd Consumer*	1,688.61	1,590.27
Others	636.48	485.64
Total revenue from contract with customers	**10,418.05**	**9,396.04**

* Includes revenue from procurement services and service-type warranties.

(iii) Revenue by location of customers

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
India	10,057.53	9,079.01
Outside India	360.52	317.03
Total revenue from contract with customers	**10,418.05**	**9,396.04**

Notes to Financial Statements

for the year ended March 31, 2021

(iv) Reconciliation of revenue recognised in statement of profit and loss with contracted price

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Revenue as per contracted price	10,493.13	9,462.71
Less: Cash discount	(75.08)	(66.67)
Total revenue from contract with customers	**10,418.05**	**9,396.04**

(v) Performance obligation

Sale of products: Performance obligation in respect of sale of goods is satisfied when control of the goods is transferred to the customer, generally on delivery of the goods and payment is generally due as per the terms of contract with customers.

Sales of services: The performance obligation in respect of maintenance services is satisfied over a period of time and acceptance of the customer. In respect of these services, payment is generally due upon completion of maintenance period based on time elapsed and acceptance of the customer. In certain non-standard contracts, where the Company provides warranties in service of consumer durable goods, the same is accounted for as a separate performance obligation and a portion of the transaction price is allocated based on its relative standalone prices. The performance obligation for the warranty service is satisfied over a period of time based on time elapsed.

The transaction price allocated to remaining performance obligation (unsatisfied performance obligation) pertaining to sales of services as at March 31, 2021 and expected time to recognise the same as revenue is as follows:-

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Within one year	9.54	15.74
More than one year	4.57	4.32
	14.11	**20.06**

Note: The remaining performance obligation expected to be recognised in more than one year relates to amounts received from customer against which performance obligation is to be satisfied over the period of one to seven years. All other remaining performance obligation are expected to be recognised within one year. During the year ended March 31, 2021, revenue recognised from amount included in contract liability at the beginning of year is ₹ 15.22 crores (March 31, 2020: ₹ 1.32 crores). Revenue recognised from performance obligation satisfied in the previous period is ₹ Nil (March 31, 2020: ₹ Nil)

24 OTHER INCOME

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Interest received on financial assets carried at amortised cost:		
Deposits with banks	83.89	69.58
Investment	15.53	-
Others	8.10	7.02
Other non-operating income		
Exchange fluctuations (net)	24.05	19.53
Liabilities no longer required written back	4.49	4.33
Gain on disposal of property, plant and equipment (net)	40.39	-
Lease rent concession {refer note 33(3)}	2.54	-
Miscellaneous income	8.83	11.52
	187.82	**111.98**

Notes to Financial Statements

for the year ended March 31, 2021

25 COST OF RAW MATERIALS AND COMPONENTS CONSUMED

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Copper	1,830.22	1,370.66
Aluminium	514.16	532.21
General plastic and Engineering Plastic	238.98	220.45
Paints and chemicals	311.46	292.04
Steel	166.56	162.24
Packing materials	231.51	193.64
Other material	2,097.62	1,618.34
	5,390.51	**4,389.58**

26 PURCHASE OF TRADED GOODS

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Switchgears	87.82	63.15
Lighting and fixtures	252.37	165.24
Electrical consumer durables	357.97	353.64
Lloyd Consumer	695.03	528.72
Cables	0.73	0.55
Others	221.54	161.52
	1,615.46	**1,272.82**

27 CHANGE IN INVENTORIES OF FINISHED GOODS, TRADED GOODS AND WORK-IN-PROGRESS ETC.

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020	(Increase)/ Decrease
Inventories at the end of the year			
Finished goods	1,211.73	836.99	(374.74)
Traded goods	542.66	459.30	(83.36)
Work in progress	167.53	100.52	(67.01)
Scrap materials	14.91	8.95	(5.96)
	1,936.83	**1,405.76**	**(531.07)**

(₹ in crores)

	As at March 31, 2020	As at March 31, 2019	(Increase)/ Decrease
Inventories at the beginning of the year			
Finished goods	836.99	623.31	(213.68)
Traded goods	459.30	851.66	392.36
Work in progress	100.52	98.77	(1.75)
Scrap materials	8.95	4.76	(4.19)
	1,405.76	**1,578.50**	**172.74**

Notes to Financial Statements
for the year ended March 31, 2021

28 EMPLOYEE BENEFITS EXPENSES

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages, bonus, commission and other benefits	819.68	818.89
Contribution towards PF, Family Pension and ESI	36.17	37.06
Employee stock purchase plan expense {refer note no. 33(7)}	7.59	17.06
Gratuity expense {refer note no. 33(4)}	15.55	14.11
Staff welfare expenses	6.34	12.46
	885.33	**899.58**

29 FINANCE COSTS

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Interest expense	47.08	5.17
Interest on income tax	11.21	-
Interest on lease liability {refer note no. 33(3)}	9.68	10.92
Miscellaneous financial expenses	0.46	0.08
Total interest expense	**68.43**	**16.17**
Unwinding of discount on long term provisions {refer note no. 20(a)(iii)}	4.21	3.55
Total Finance cost	**72.64**	**19.72**

30 DEPRECIATION AND AMORTISATION EXPENSES

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of property, plant and equipment {refer note 3}	187.82	153.68
Amortization of intangible assets {refer note 4}	26.12	25.54
Depreciation of Right of use assets (refer note 3)	34.92	38.69
	248.86	**217.91**

31 OTHER EXPENSES

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Consumption of stores and spares	48.74	45.21
Power and fuel	84.32	92.44
Job work and service charges	246.91	203.09
Rent	31.22	37.49
Repairs and maintenance:		
Plant and machinery	9.55	10.18
Buildings	2.85	2.31
Others	45.38	50.77
Rates and taxes	4.54	1.55
Insurance	20.86	17.66
Trade mark fee and royalty	0.21	0.15
Travelling and conveyance	40.98	83.78

Notes to Financial Statements

for the year ended March 31, 2021

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Communication expenses	6.83	10.27
Legal and professional charges	20.52	19.81
Payment to Auditors		
As Auditors:		
Audit fee	1.35	1.35
Tax audit fee	0.05	0.05
Certification fee	0.04	0.05
Reimbursement of expenses	0.01	0.09
Contribution towards Corporate Social Responsibility (CSR) {refer note no. 33(8)}	20.97	20.32
Directors sitting fees	0.45	0.35
Selling and distribution expense	361.54	343.04
Advertisement and sales promotion	132.55	320.94
Secondary sales promotion expense	33.88	48.56
Commission on sales	73.99	73.22
Product warranties and after sales services (net of reversals)	243.37	192.61
Bank Charges	17.33	31.48
Loss on sale/ discard of property, plant and equipment (net)	-	6.73
Bad debts written off	1.43	0.82
Impairment allowance for trade receivables - credit impaired	24.48	18.23
Impairment of Investment in subsidiary company /Joint Venture	1.10	0.03
Miscellaneous expenses	26.98	34.52
	1,502.43	**1,667.10**

32 COMMITMENTS AND CONTINGENCIES

A Contingent liabilities (to the extent not provided for)

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
a Claims / Suits filed against the Company not acknowledged as debts (Refer point (i))	6.86	6.47
b Disputed tax liabilities in respect of pending litigations before appellate authorities {Amount deposited under protest ₹ 31.86 crores (March 31, 2020: ₹ 30.96 crores, included in "deposit with statutory and government authorities" in note no. 8) {refer point (ii)}	64.16	78.13

Notes:

i) Claims / suits filed against the Company not acknowledged as debts which represents various legal cases filed against the company. The Company has disclaimed the liability and defending the action. The Company has been advised by its legal counsel that its position is likely to be upheld in the litigation process and accordingly no provision for any liability has been made in the financial statement.

Notes to Financial Statements

for the year ended March 31, 2021

ii) The various disputed tax litigations are as under :

(₹ in crores)

Sl.	Description {refer note below}	Period to which relates	Disputed Amount As at March 31, 2021	Period to which relates	Disputed Amount As at March 31, 2020
a)	**Excise / Customs / Service Tax**				
	Demands raised by Excise and Custom department.	2007-08 to 2009-10, 2015-16 and 2019-20	0.40	2007-08 to 2009-10 and 2019-20	0.39
b)	**Income Tax**				
	Disallowances / additions made by the income tax department.	2005-06, 2009-10 to 2013-14	42.21	2003-04, 2005-06 to 2013-14	56.21
c)	**Goods and Service Tax**				
	Demands raised by GST Department	2017-18 and 2019-20	1.26	2017-18 and 2019-20	1.26
d)	**Sales Tax / VAT**				
	Demands raised by Sales tax / VAT department.	2005-06 to 2016-17	20.14	2005-06 to 2015-16	20.12
e)	**Others**				
	Demand of local area development tax by the concerned authorities.	2001-02	0.12	2001-02	0.12
	Demand of octroi along with penalty in the state of Maharashtra by the concerned authorities.	2010-11	0.03	2010-11	0.03
			64.16		**78.13**

Note:

The Company is contesting these demands and the management, believe that its position will likely to be upheld in the appellate process and accordingly no provision has been accrued in the financial statements for these tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations. Based on favourable decisions in similar cases, the Company does not expect any liability against these matters in accordance with principles of Ind AS -12 'Income taxes' read with Ind AS -37 'Provisions, Contingent Liabilities and Contingent Assets' and hence no provision has been considered in the books of accounts except for provision created in respect of few years {refer note 20 (ii)}. Besides the above, show cause notices from various departments received by the Company have not been treated as contingent liabilities, since the Company has adequately represented to the concerned departments and does not expect any liability on this account.

B Commitments

(₹ in crores)

		As at March 31, 2021	As at March 31, 2020
a)	Estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	112.04	103.16
b)	Corporate Social Responsibility commitment	-	28.16
		112.04	**131.32**

Notes to Financial Statements

for the year ended March 31, 2021

C Undrawn committed borrowing facility

(a) The Company has availed fund based and non fund based working capital limits amounting to ₹ 235.00 crores (March 31, 2020 : ₹ 235.00 crores) from banks under consortium of Canara Bank, IDBI Bank Limited, Standard Chartered Bank, Axis Bank, ICICI Bank Limited, Yes Bank Limited and The Hong Kong and Shanghai Banking Corporation Limited. An amount of ₹ 217.12 crores remain undrawn as at March 31, 2021 (March 31, 2020 : ₹ 212.28 crores). Further The limit availed is secured by way of:

i) Pari-passu first charge with consortium banks by way of hypothecation on entire paid stocks consisting of raw material, work in progress, finished goods kept at Company's godown, factories and book debts along with receivables of the Company, both present and future.

ii) Pari-passu first charge with consortium banks by way of equitable mortgage of land and building at 14/3, Mathura Road, Faridabad.

iii) Pari-passu second charge with consortium banks by way of hypothecation of plant and machinery, generators, furniture and fixtures, electric fans and installations on which 1st charge is held with term lenders.

(b) The Company has availed a secured loan of ₹ 108 Crores against sanctioned amount of ₹ 300 crores from CITI bank N.A. during financial year 2017-18.The current outstanding and sanctioned amount against the loan is ₹ Nil (March 31, 2020; ₹ 40.50 Crores). The said loan has been repaid on due date during the year including interest thereon. The loan is closed during the year and an amount of ₹ Nil is undrawn as at March 31, 2021 (March 31, 2020: ₹ 192 crores).{refer note 15 (A) (a)}

(c) The company has availed secured loan of ₹ 250 Crores (March 31, 2020 : ₹ Nil) against the sanctioned amount of ₹ 350 crores (March 31, 2020: ₹ Nil) from HDFC Bank Limited. The current outstanding amount against the loan is ₹ 241 Crores (March 31, 2020: ₹ Nil).An amount of ₹ 100 crores is undrawn as at March 31, 2021. {refer note 15(A)(c)}

D Other Litigations

The Company has some sales tax and other tax related litigation of ₹ 12.93 crores (March 31, 2020: ₹ 13.99 crores) against which liability has been assessed as probable and adequate provisions have been made with respect to the same.

E Land situated at Ghiloth District, General Zone Industrial Area RIICO in the state of Rajasthan was allotted to the Company for a consideration of ₹ 71.21 crores which was to be adjusted by rebate of ₹ 17.71 crores subject of fulfilment of certain condition attached to grant. As at March 31, 2021, the Company is reasonably certain that it will fulfil the condition attached to the grant, accordingly grant related to assets has been recognised by the Company by deducting the same from carrying amount of related asset as per Ind AS 20 - "Government Grant"

F The Company has outstanding obligation amounting to ₹ 0.80 crores (March 31, 2020: ₹ 1.65 crores) in respect of bonds given to central tax department against import of goods at concessional rate of basic custom duty. The Company expects to fulfil the obligation in due course of time.

G The Company has export obligation of ₹ 10.18 crore (March 31, 2020: ₹ Nil) on account of import duty exemption of ₹ 0.50 crores (March 31, 2020: ₹ Nil) on capital goods under the Export Promotion Capital Goods (EPCG) scheme laid down by the Government of India. The Company expects to fulfil the obligation in due course of time.

Notes to Financial Statements

for the year ended March 31, 2021

33 OTHER NOTES ON ACCOUNTS

1 Investment in subsidiaries and joint ventures

(a) These financial statement are separate financial statements prepared in accordance with Ind AS-27 " Separate Financial Statements".

(b) The Company 's investments in subsidiaries are as under:

Name of the subsidiaries	Country of incorporation	Portion of ownership interest as at March 31, 2021	Portion of ownership interest as at March 31, 2020	Method used to account for the investment
Havells Holdings Limited	Isle of Man	100%	100%	At cost
Havells Guangzhou International Limited	China	**100%**	100%	At cost

(c) The Company's investment in Joint venture is as under:

Name of the Joint venture	Country of incorporation	Portion of ownership interest as at March 31, 2021	Portion of ownership interest as at March 31, 2020	Method used to account for the investment
Jiangsu Havells Sylvania Lighting Co. Limited {refer note 11(E)(b)}	China	50%	50%	At cost

2 During the year, the Company has capitalised the following pre-operative expenses directly relatable to the cost of property, plant and equipment, being expenses related to projects and development of Dies and Fixtures. Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

(₹ in crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Cost of material consumed	9.48	8.48
Employee benefits expense	2.27	5.12
Other expenses	0.74	2.42
	12.49	**16.02**

3 Leases

(i) The Company's lease asset primarily consist of leases for land and buildings for branch offices and warehouses having the various lease terms. The Company also has certain leases of with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

(ii) Following is carrying value of right of use assets and the movements thereof :

(₹ in crores)

Particulars	Right of Use Asset		Total
	Leasehold Land	Leasehold Building	
Balance as at April 01, 2019 (Restated)	**176.98**	**129.59**	**306.57**
Additions during the year	40.82	24.95	65.77
Deletion during the year	-	(0.98)	(0.98)
Depreciation of Right of use assets (refer note 30)	(2.16)	(36.53)	(38.69)
Balance as at March 31, 2020	**215.64**	**117.03**	**332.67**
Additions during the year	39.58	56.96	96.54
Recognition of grant related to assets	(17.71)	-	(17.71)
Deletion during the year	(10.50)	(18.62)	(29.12)
Depreciation on Right of use assets (refer note 30)	(2.44)	(32.48)	(34.92)
Balance as at March 31, 2021	**224.57**	**122.89**	**347.46**

Notes to Financial Statements

for the year ended March 31, 2021

(iii) The following is the carrying value of lease liability and movement thereof :

(₹ in crores)

Particulars	Amount
Balance as at April 1, 2019 (Restated)	126.80
Additions during the year	24.95
Finance cost accrued during the year	10.92
Deletion during the year	(1.39)
Payment of lease liabilities including interest	(39.67)
Balance as at March 31, 2020	**121.61**
Additions during the year	56.84
Finance cost accrued during the year	9.68
Deletion during the year	(18.06)
Lease rent concession	(2.54)
Payment of lease liabilities including interest	(36.87)
Balance as at March 31, 2021	**130.66**
Current maturities of Lease liability {refer note 19 (A)}	29.15
Non-Current Lease Liability {refer note 15 (B)}	101.51
	130.66

(iv) The maturity analysis of lease liabilities are disclosed in Note 33(10).

(v) The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 8.5%

(vi) Amounts recognised in the statement of profit and loss during the year

(₹ in crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation charge of right-of-use assets - leasehold building	32.48	36.53
Depreciation charge of right-of-use assets - leasehold land	2.44	2.16
Finance cost accrued during the year (included in finance cost) (refer note 29)	9.68	10.92
Expense related to short term leases (included in other expense) (refer note 31)	31.22	37.49

(vii) The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

(viii) During the current year, the Company has received the Covid-19-related rent concessions for lessees amounting to ₹ 2.54 crores and on the basis of practical expedient as per Ind AS 116 "Leases", the same is not considered to be lease modification, hence the income towards rent concession is recognised in "Other Income" in the statement of profit and loss account.

(ix) The Company has applied a single discount rate to a portfolio of leases of a similar assets in similar economic environment with similar end date.

(x) Non-cash investing activities during the year:

(₹ in crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Acquisition of right of use assets	56.96	24.95
Recognition of grant related to assets	(17.71)	-
Disposals of right of use assets	(18.62)	(0.98)

Notes to Financial Statements
for the year ended March 31, 2021

4 Gratuity and other post-employment benefit plans

Disclosures pursuant to Ind AS - 19 "Employee Benefits" (notified under the section 133 of the Companies Act 2013 (the Act) read with Companies (Indian Accounting Standards) Rule 2015 (as amended from time to time) and other relevant provision of the Act) are given below :

Contribution to Defined Contribution Plan, recognised as expense for the year is as under:

(₹ in crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Employer's Contribution towards Provident Fund (PF) and NPS	35.80	36.55
Employer's Contribution towards Employee State Insurance (ESI)	0.37	0.51
	36.17	**37.06**

Defined Benefit Plan

The employees' Gratuity Fund Scheme, which is a defined benefit plan, is managed by the trust which maintains its investments with Bajaj Allianz Life Insurance Co.Ltd. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn basic salary for each completed year of service. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The following tables summaries the components of net benefit expense recognised in the statement of profit or loss, the funded status and amounts recognised in the balance sheet for the respective plans:

a) Reconciliation of opening and closing balances of Defined Benefit obligation

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Present value of Defined Benefit obligation at the beginning of the year	108.26	91.09
Opening obligation transferred to group companies	-	(0.08)
Interest Expense	7.15	6.65
Current Service Cost	14.90	13.36
Benefit paid	(4.75)	(8.03)
Remeasurement of (Gain)/loss recognised in other comprehensive income		
Actuarial changes arising from changes in financial assumptions	4.04	4.66
Actuarial changes arising from changes in experience adjustments	(0.38)	0.61
Present value of Defined Benefit obligation at year end	**129.22**	**108.26**

b) Reconciliation of opening and closing balances of fair value of plan assets

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Fair value of plan assets at beginning of the year	89.18	71.63
Expected return on plan assets	6.50	5.90
Employer contribution	19.08	19.39
Remeasurement of Gain/(loss) in other comprehensive income		
Return on plan assets excluding interest income	0.96	0.29
Benefits paid	(4.75)	(8.03)
Fair value of plan assets at year end	**110.97**	**89.18**

Notes to Financial Statements
for the year ended March 31, 2021

c) Net defined benefit asset/ (liability) recognised in the balance sheet

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Fair value of plan assets	110.97	89.18
Present value of defined benefit obligation	(129.22)	(108.26)
Amount recognised in Balance Sheet- Asset / (Liability)	**(18.25)**	**(19.08)**
Current portion {refer note 20(i)}	(18.25)	(19.08)
Non-current portion	-	-

d) Net defined benefit expense (recognised in the Statement of profit and loss for the year)

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost	14.90	13.36
Interest cost (net)	0.65	0.75
Net defined benefit expense debited to statement of profit and loss	**15.55**	**14.11**

e) Remeasurement (gain)/ loss recognised in other comprehensive income

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Actuarial changes arising from changes in financial assumptions	4.04	4.66
Actuarial changes arising from changes in experience adjustments	(0.38)	0.61
Return on Plan assets excluding amounts included in net interest expense	(0.96)	(0.29)
Recognised in other comprehensive income	**2.70**	**4.98**

f) Broad categories of plan assets as a percentage of total assets

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Insurer managed funds	100%	100%

g) Principal assumptions used in determining defined benefit obligation

	Year ended March 31, 2021	Year ended March 31, 2020
Mortality Table (LIC)	**2012-14 (Ultimate)**	**2012-14 (Ultimate)**
Discount rate (per annum)	6.76%	6.75%
Salary Escalation	9.00%	8.50%
Attrition Rate	7.00%	7.00%

Notes to Financial Statements

for the year ended March 31, 2021

h) Quantitative sensitivity analysis for significant assumptions is as below:

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Increase / (decrease) on present value of defined benefits obligations at the end of the year		
Discount rate		
Increase by 0.50%	(4.37)	(3.71)
Decrease by 0.50%	5.03	4.25
Salary increase		
Increase by 0.50%	4.90	4.17
Decrease by 0.50%	(4.36)	(3.72)
Attrition rate		
Increase by 0.50%	(0.70)	(0.49)
Decrease by 0.50%	0.80	0.55

i) Maturity profile of defined benefit obligation

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Within the next 12 months (next annual reporting period)	8.73	7.42
Between 2 and 5 years	57.65	50.45
More than 5 years	173.52	143.27
Total expected payments	**239.90**	**201.14**

j) The average duration of the defined benefit plan obligation at the end of the reporting period is 21.98 years (March 31, 2020: 22.77 years)

k) The plan assets are maintained with Bajaj Allianz Life Insurance Co.Ltd.

l) The Company expects to contribute ₹ 18.25 crores (March 31, 2020 : ₹ 19.08 crores) to the plan during the next financial year.

m) The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary.

n) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

o) The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in an assumptions occurring at the end of the reporting period while holding all other assumption constraint. In practice it is unlikely to occur and change in some of the assumption may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

p) The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Notes to Financial Statements

for the year ended March 31, 2021

5 Segment Reporting

The segment reporting of the Company has been prepared in accordance with Ind AS-108, "Operating Segment" (specified under the section 133 of the Companies Act 2013 (the Act) read with Companies (Indian Accounting Standards) Rule 2015 (as amended from time to time) and other relevant provision of the Act). For management purposes, the Company is organized into business units based on its products and services and has six reportable segments as follows:

a) Operating Segments

Switchgears	:	Domestic and Industrial switchgears, electrical wiring accessories and capacitors.
Cables	:	Domestic cables and Industrial underground cables.
Lighting and Fixtures	:	Energy Saving Lamps (LED, Fixtures) and luminaries.
Electrical Consumer Durables	:	Fans, Water Heaters, Coolers, and Domestic Appliances
Lloyd Consumer	:	Air Conditioner, Television, Refrigerator and Washing Machine
Others	:	Industrial motors, Pump, Water purifier, Solar, Personal Grooming

b) Identification of Segments:

The Board of Directors monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segments have been identified on the basis of the nature of product / services and have been identified as per the quantitative criteria specified in the Ind AS.

c) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "unallocable".

d) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets, borrowings and other assets and liabilities that can not be allocated to a segment on reasonable basis have been disclosed as "unallocable".

e) There is no transfer of products between operating segments.

f) There are no customers having revenue exceeding 10% of total revenues

g) No operating segments have been aggregated to form the above reportable operating segments.

Summary of Segmental Information

A Revenue from operations

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Segment Revenue (Sales and other operating revenue)		
Switchgears	1,460.88	1,339.38
Cables	3,180.17	2,994.19
Lighting and fixtures	1,084.60	1,014.27
Electrical consumer durables	2,376.99	2,005.42
Lloyd Consumer	1,688.75	1,590.27
Others	636.53	485.67
	10,427.92	**9,429.20**
Inter Segment Sale	-	-
Total segment revenue	**10,427.92**	**9,429.20**

Notes to Financial Statements

for the year ended March 31, 2021

B Results

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Segment results		
Switchgears	404.69	324.94
Cables	403.78	332.12
Lighting and fixtures	204.09	145.70
Electrical consumer durables	403.68	286.98
Lloyd Consumer	74.12	(40.12)
Others	30.98	(25.01)
Segment operating profit	**1,521.34**	**1,024.61**
Reconciliation of segment operating profit to operating profit		
Unallocated:		
Other unallocable expenses net off	204.94	215.14
Other unallocable income	(187.82)	(111.98)
Operating Profit	**1,504.22**	**921.45**
Finance Costs {refer note 29}	(72.64)	(19.72)
Profit before tax	**1,431.58**	**901.73**
Income tax expense {refer note 17}	(391.94)	(168.70)
Profit after tax	**1,039.64**	**733.03**

C Reconciliations to amounts reflected in the financial statements

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Segment Assets		
Switchgears	685.41	550.62
Cables	1,085.62	909.28
Lighting and fixtures	584.52	490.16
Electrical consumer durables	978.01	845.38
Lloyd Consumer	2,831.14	2,402.54
Others	259.74	202.99
Segment operating assets	**6,424.44**	**5,400.97**
Reconciliation of segment operating assets to total assets		
Cash and bank balance {refer note 11(C) and (D)}	1,624.74	1,106.92
Fixed deposits with financial institutions {refer note 11(A)}	306.30	-
Investment in Subsidiaries{refer note 5}	1.63	1.63
Other unallocable assets	463.11	538.34
Total assets	**8,820.22**	**7,047.86**
Segment Liabilities		
Switchgears	335.47	228.30
Cables	377.63	521.89
Lighting and fixtures	246.19	214.61
Electrical consumer durables	620.58	453.70
Lloyd Consumer	620.57	381.76
Others	122.50	101.85
Segment operating liabilities	**2,322.94**	**1,902.11**
Reconciliation of segment operating liabilities to total liabilities		
Borrowings {refer note 15(A) and 19(C)}	492.20	40.50
Lease Liabilities{refer note 15(B) and 19 (A)}	130.66	121.61
Deferred tax liability {refer note 17(d)}	339.11	286.52
Current tax liabilities (net){refer note 21}	74.26	-

Notes to Financial Statements

for the year ended March 31, 2021

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Other unallocable liabilities	296.60	392.31
Total liabilities	**3,655.77**	**2,743.05**
Other non-current assets		
Switchgears	5.42	8.94
Cables	2.46	3.48
Lighting and fixtures	0.01	0.06
Electrical consumer durables	3.63	4.56
Lloyd Consumer	5.73	1.12
Others	0.43	1.19
	17.68	**19.35**
Unallocable assets	36.94	31.32
	54.62	**50.67**

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Capital Expenditure		
Switchgears	25.89	52.30
Cables	26.98	104.72
Lighting and fixtures	1.94	3.14
Electrical consumer durables	35.92	135.92
Lloyd Consumer	91.03	32.09
Others	4.22	4.45
	185.98	**332.62**
Unallocable capital expenditure	24.98	38.68
	210.96	**371.30**
Depreciation and Amortization Expenses		
Switchgears	48.75	44.84
Cables	65.36	61.15
Lighting and fixtures	18.98	20.39
Electrical consumer durables	46.95	43.17
Lloyd Consumer	56.62	37.10
Others	12.20	11.26
	248.86	**217.91**
Non-cash expenses (net) other than depreciation		
Switchgears	0.55	4.47
Cables	(0.58)	7.27
Lighting and fixtures	24.15	2.86
Electrical consumer durables	1.17	2.28
Lloyd Consumer	0.39	8.55
Others	0.24	0.35
	25.92	**25.78**
Impairment allowance on other assets	1.10	0.03
	27.02	**25.81**

Note: Non cash expenses other than depreciation includes loss on disposal of property, plant and equipment, bad debts and Impairment allowance for trade receivables and other assets considered doubtful

Notes to Financial Statements
for the year ended March 31, 2021

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Segment Revenue by location of customers		
The following is the distribution of Company's revenue by geographical market, regardless of where the goods were produced.		
Revenue-Domestic Market	10,067.40	9,112.17
Revenue-Overseas Market	360.52	317.03
	10,427.92	**9,429.20**

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Geographical Segment assets		
Within India	8,744.87	6,966.54
Outside India	75.35	81.32
	8,820.22	**7,047.86**
Geographical Non-current assets		
Within India	3,427.19	3,473.64
Outside India	7.64	12.58
	3,434.83	**3,486.22**

Note: Non Current assets for this purpose excludes investment in subsidiaries, Contract assets, non current financial assets and non current tax assets

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Geographical Capital Expenditure		
Within India	210.95	371.30
Outside India	0.01	-
	210.96	**371.30**

Notes:

(i) Finance income and costs on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis.

(ii) Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

(iii) Capital expenditure consists of additions of property, plant and equipment, Capital work in progress and intangible assets.

(iv) The Company has reviewed its reportable segments effective April 01, 2020. The product categories which are not strictly subscribing to a specific product segment has been carved out into a new product segment 'Others' consisting of Motor, Pump, Solar, Personal Grooming and Water Purifier businesses. The comparative figures for earlier periods have been accordingly reclassified.

6 Related party transactions

The related parties as per the terms of Ind AS-24,"Related Party Disclosures", (under the section 133 of the Companies Act 2013 (the Act) read with Companies (Indian Accounting Standards) Rules 2015 (as amended from time to time), as disclosed below:-

(A) Names of related parties and description of relationship :

(i) Related party where control exists

	Subsidiary Companies	Relationship
1	Havells Holdings Limited	Wholly Owned Subsidiary (WOS)
2	Havells Guangzhou International Limited	Wholly Owned Subsidiary (WOS)
3	Havells Exim Limited	Closed and ceased to be subsidiary with effect from September 13, 2019

Notes to Financial Statements
for the year ended March 31, 2021

Step Down Subsidiary Companies

1	Havells International Limited	Closed and ceased to be subsidiary w.e.f July 22, 2019
2	Havells Sylvania Iluminacion (Chile) Ltda	Closed and ceased to be subsidiary w.e.f November 28, 2019

(ii) Joint Venture

Jiangsu Havells Sylvania Lighting Co. Limited — 50% ownership interest held by Company.(Under Liquidation)

(B) Names of other related parties with whom transactions have taken place during the year :

(i) Enterprises in which directors are interested

QRG Enterprises Limited
QRG Foundation
Guptajee & Company
QRG Central Hospital and Research Centre Ltd (till 12th November,2020)
QRG Medicare limited
The Vivekananda Ashrama
Aartas Care Private Limited

(ii) Employee benefit trust for the benefited employees

Havells India Limited Employees Gratuity Trust

(iii) Key Management Personnel

Shri Anil Rai Gupta, Chairman and Managing Director
Shri Rajesh Kumar Gupta, Director (Finance) and Group CFO
Shri Ameet Kumar Gupta, Wholetime Director
Shri Siddhartha Pandit, Wholetime Director (appointed w.e.f May 29,2019)
Shri Sanjay Kumar Gupta, Company Secretary

(iv) Other Related Parties

(a) Non Executive Directors

Shri Vijay Kumar Chopra (retired w.e.f April 1, 2020)
Dr. Adarsh Kishore (retired w.e.f April 1, 2020)
Shri Surender Kumar Tuteja (retired w.e.f April 1,2020)
Smt. Pratima Ram
Shri Vellayan Subbiah (resigned on October 22, 2020)
Shri Puneet Bhatia
Shri T V Mohandas Pai
Shri Surjit Kumar Gupta
Shri Jalaj Ashwin Dani
Shri U K Sinha
Shri B P Rao (appointed w.e.f. May 12, 2020)
Shri S S Mundra (appointed w.e.f. May 12, 2020)
Shri Vivek Mehra (appointed w.e.f. May 12, 2020)
Smt Namrata Kaul (appointed w.e.f. January 20, 2021)
Shri Ashish Bharat Ram (appointed w.e.f. May 20, 2021)

(b) Others

Shri Rakesh Mehrotra
- Associate Director (appointed w.e.f Jun 01,2020)
- HKHR Ventures LLP (Partner)

Shri Yogesh Kumar Gupta
- Associate Director (appointed w.e.f Jun 01,2020)
- Eastern Distributors (Partner)
- Gupta Enterprise (Partner)
- YKG Enterprises (Partner)
- O.P. Gupta & Co.(Partner)
- OPG Travels (Partner)

Notes to Financial Statements

for the year ended March 31, 2021

(C) Transactions during the year

(i) Commission paid on purchase

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Subsidiaries / Step down Subsidiaries		
Havells Guangzhou International Ltd.	9.21	7.75
	9.21	**7.75**

(ii) Sale of products (refer note (c) below)

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Enterprises in which directors are interested		
QRG Central Hospital and Research Centre Ltd	-	0.01
Aartas Care Private Limited	0.02	
QRG Medicare limited	0.04	0.23
Other Related Parties		
OP Gupta and Company	1.78	-
	1.84	**0.24**

(iii) Sale Return of products (refer note (c) below)

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Enterprises in which directors are interested	0.14	-
QRG Medicare limited	**0.14**	**-**

(iv) Commission on sales (refer note (c) below)

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Enterprises in which directors are interested		
Guptajee and Company	11.84	13.12
Other Related Parties		
Eastern Distributors	12.70	-
Gupta Enterprise	1.51	-
YKG Enterprises	3.40	-
HKHR Ventures LLP	26.82	-
	56.27	**13.12**

Notes to Financial Statements

for the year ended March 31, 2021

(v) Rent / Usage Charges Paid

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Enterprises in which directors are interested		
QRG Enterprises Limited	21.41	22.83

(vi) Reimbursement of expenses paid

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Enterprises in which directors are interested		
QRG Medicare limited	0.01	-
Other Related Parties		
OPG Travels	0.17	-
	0.18	**-**

(vii) CSR Contribution

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Enterprises in which directors are interested		
QRG Foundation	2.23	2.67
The Vivekananda Ashrama	-	0.05
	2.23	**2.72**

(viii) Contribution to post employee benefit plan

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Havells India Limited Employees Gratuity Trust	**19.08**	**19.38**

(ix) Managerial remuneration

(₹ in crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Key Management Personnel		
Salaries, wages, bonus, commission and other benefits	47.45	34.47
Contribution towards PF, Family Pension and ESI	1.62	1.54
ESPP expense	2.86	7.40
Non-Executive Directors		
Director sitting fees	0.45	0.35
Commission	0.90	0.90
Remuneration to other Related Parties		
Salaries, wages, bonus, commission and other benefits	2.50	-
	55.78	**44.66**

Notes to Financial Statements

for the year ended March 31, 2021

(D) Balances at the year end

(i) Amount Payables

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Enterprises in which directors are interested		
Guptajee & Company	3.27	3.79
QRG Foundation	0.27	-
Aartas Care Private Limited	0.00	-
Other Related Parties		
Eastern Distributors	3.89	-
Gupta Enterprise	0.64	-
OP Gupta and Company	0.00	-
HKHR Ventures LLP	6.90	-
Subsidiaries / Step down Subsidiaries		
Havells Guangzhou International Ltd.	0.88	1.16
	15.85	**4.95**

a) The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free. The settlement for these balances occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2020: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

b) All the liabilities for post retirement benefits being 'Gratuity' are provided on actuarial basis for the Company as a whole, accordingly the amount pertaining to Key management personnel are not included above.

c) Transactions with related parties are reported gross of Goods and Service Tax.

7 Share based payments

The Company has in place following employee stock purchase plan approved by shareholders of the Company in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) regulators, 2014 :

(a) Havells Employee Long Term Incentive Plan 2014 : In accordance with this scheme, 110,949 (March 31, 2020 : 169,597) share options of ₹ 1 each were granted, out of which 109,259 (March 31, 2020: 169,195) share options of ₹ 1 each were vested and allotted on April 14,2020 (March 31, 2020 : May 28, 2019) to eligible employees at ₹ 467.35 (March 31, 2020: ₹ 733.90) per share as contributed by these employees. As per the scheme, 50% of the shares are under lock in period of 13 months and balance 50% for 2 years. Also as per the scheme, the Company is obliged to pay 50% of the contribution made by eligible employees as retention bonus over a period of two years in equal instalments. Accordingly, a sum of ₹ 2.88 crores (March 31, 2020 : ₹ 4.89 crores) has been recognised as employee stock purchase plan expense in note 28.

(b) Havells Employee Stock Purchase Plan 2015 : In accordance with this scheme, 90,000 (March 31, 2020: 150,000) share options of ₹ 1 each were granted, vested and allotted on April 14,2020 (March 31, 2020: May 28, 2019) at ₹ 467.35 (March 31, 2020: ₹ 733.90) per share to eligible employees as contributed by the Company. As per the scheme, 78% of the shares are under lock in period of 13 months and remaining 22% are under lock in period for 2 years. Accordingly, a sum of ₹ 4.21 crores (March 2020 : ₹ 11.01 crores) has been recognised as employee stock purchase plan expenses in note 28.

(c) Havells Employee Stock Purchase Plan 2016 : In accordance with the said scheme, 13,157 (March 31, 2020: 16,273) share options of ₹ 1 each were granted to eligible employees with graded vesting in three years starting from 2020. During the year, 10913 equity shares of ₹ 1 each (March 31, 2020 : 10729 equity shares) were allotted at ₹ 467.35 (March 31, 2020 : ₹ 733.90) per share on April 14,2020. Accordingly, a sum of ₹ 0.50 crores (March 31, 2020: 1.16 crores) has been recognised as employee stock purchase plan expense in note 28 and balance outstanding of ₹ 0.64 crores (March 31, 2020 : 0.64 crores) in note 14(B).

Notes to Financial Statements

for the year ended March 31, 2021

(i) Set out below is a summary of options granted and vested during the year under the plan

Summary of Stock Options	2020-21		2019-20	
	Number of Stock Options	Weighted average exercise price per share option	Number of Stock Options	Weighted average exercise price per share option
Options outstanding at the beginning of the year	11,030	-	11,150	-
Options granted during the year	214,106	467.35	335,870	733.90
Options vested and exercised during the year	210,172	467.35	329,924	733.90
Options lapsed during the year	1,690	467.35	6,066	733.90
Options outstanding at the end of the year	**13,274**	**-**	**11,030**	**-**

The weighted average share price at the date of exercise of options exercised during the year ended March 31, 2021 was ₹ 467.35 per share (March 31, 2020 : ₹ 733.90)

(ii) Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Particular	March 31, 2021		March 31, 2020	
Grant date	March 31, 2020	May 28, 2019	May 28, 2019	May 10, 2018
Expiry date	2021-22 and 2022-23	2021-22	2021-22	2020-21
Outstanding share options	8773	4501	9001	2029
Weighted average remaining contractual life of options outstanding at the end of the year	2 years	1 year	2 years	1 year

The fair value at grant date of options granted during the year ended March 31, 2021 was ₹ 458.69 per share (March 31, 2020 was ₹ 723.44 per share). The fair value at the grant date is determined using Black Scholes valuation model which takes into account the exercise price, the terms of the options, the share price at grant date and expected price volatility of the underlying shares, the expected dividend yield and the risk free interest rate for the term of the option.

(iii) The Model inputs for options granted:

Particular	March 31, 2021	March 31, 2021
Expected Price volatility of the company's share	29.55%	28.72%
Expected Dividend Yield	0.75%	0.72%
Share price at the grant date	₹ 467.35	₹ 733.90
Risk free interest rate	6.73%	6.73%

(iv) The expected price volatility is based on the historical volatility (based on remaining life of the options), adjusted for any expected change to future volatility due to publically available information.

(v) Expense arising from shared based payment transactions

(₹ in crores)

Particular	March 31, 2021	March 31, 2021
Havells Employees Long Term Incentive Plan 2014	2.88	4.89
Havells Employees Stock Purchase Plan 2015	4.21	11.01
Havells Employees Stock Purchase Plan 2016	0.50	1.16
Total expense recognised in the statement of profit and loss account as a part of employee benefit expense:	**7.59**	**17.06**

Notes to Financial Statements

for the year ended March 31, 2021

8 Corporate Social Responsibility

As per provisions of section 135 of the Companies Act, 2013, the Company has to incur at least 2% of average net profits of the preceding three financial years towards Corporate Social Responsibility ("CSR"). Accordingly, a CSR committee has been formed for carrying out CSR activities as per the Schedule VII of the Companies Act, 2013.Details are as under:

Details of CSR Expenditure:

(₹ in crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Contribution to QRG Foundation	2.23	1.77
Contribution to Ashoka University	4.00	4.00
Contribution to BML	-	8.00
Others	4.24	6.55
Accrual towards unspent obligation in relation to		
Ongoing Project	12.00	-
Other than ongoing Project	-	-
Total	**22.47**	**20.32**
Less: Excess spent during the year to be carry forward to FY 2021-22	1.50	-
Amount recognised in Statement of Profit and Loss	**20.97**	**20.32**
Amount required to be spent as per section 135 of the Act	20.97	20.29
Amount approved by the Board to be spent during the year	**20.97**	**20.29**
Amount spent during the year on		
(i) Construction/ acquisition of assets	0.52	1.57
(ii) Contribution to Trust/Universities	4.00	14.72
(iii) On purpose other than above	5.95	4.03
Total Amount Spent	**10.47**	**20.32**
Amount yet to be spent	**12.00**	**-**
Total	**22.47**	**20.32**
Less: Excess spent during the year to be carry forward to FY 2021-22	1.50	
Total	**20.97**	**20.32**

Details of ongoing CSR projects under Section 135(6) of the Act

(₹ in crores)

Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With the Company	In Separate CSR Unspent A/c		From Company's bank account	From Separate CSR Unspent account	With the Company	In Separate CSR Unspent account
-	-	16.00	4.00	-	12.00	-

Details of CSR expenditure under Section 135(5) of the Act in respect of unspent amount other than ongoing projects

(₹ in crores)

Balance unspent as at April 01, 2020	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as at March 31, 2021
-	-	6.47	6.47	-

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for the year ended March 31, 2021

Details of excess CSR expenditure under Section 135(5) of the Ac

(₹ in crores)

Balance excess spent as at April 01, 2020	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as at March 31, 2021
-	20.97	22.47	1.50

9 Fair value measurements

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

(₹ in crores)

	Carrying Value		Fair Value	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Financial instruments by category				
Financial assets valued at amortized cost				
Investments with financial institution	306.30	-	306.30	-
Cash and bank balances (Current)	1,624.74	1,106.92	1,624.74	1,106.92
Trade Receivables	563.63	248.88	563.63	248.88
Other Financial assets (Current)	45.99	29.44	45.99	29.44
Other Financial assets (Non-current)	19.94	21.37	19.94	21.37
	2,560.60	**1,406.61**	**2,560.60**	**1,406.61**
Financial Liabilities valued at amortized cost				
Trade Payables	1,596.78	1,414.07	1,596.78	1,414.07
Borrowings (non-current)	393.65	-	393.65	-
Lease Liability (current and non current)	130.66	121.61	130.66	121.61
Other financial liabilities (non-current)	1.31	1.13	1.31	1.13
Other financial liabilities (current)	668.98	531.30	668.98	531.30
	2,791.38	**2,068.11**	**2,791.38**	**2,068.11**

The management assessed that cash and cash equivalents, trade receivables, trade payables, other current financial assets and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the other financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

1) The fair value of unquoted instruments, other non-current financial assets and non-current financial liabilities is estimated by discounting future cash flows (DCF model) using rates currently available for debt on similar terms, credit risk and remaining maturities. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

2) The fair values of the Company's interest-bearing borrowings are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2021 was assessed to be insignificant.

3) Long-term receivables/payables are evaluated by the Company based on parameters such as interest rates, risk factors, individual creditworthiness of the counterparty and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

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for the year ended March 31, 2021

4) Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: The fair value of financial instruments traded in active markets is based on quoted (unadjusted) market prices at the end of the reporting period for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers among levels 1, 2 and 3 during the year.

This section explains the judgement and estimates made in determining the fair value of financial assets that are:

a) Recognised and measured at Fair value

b) Measured at amortised cost and for which fair value is disclosed in financial statements

Quantitative disclosures of fair value measurement hierarchy for assets as on March 31, 2021

(₹ in crores)

	Carrying Value March 31, 2021	Level 1	Fair Value Level 2	Level 3
Assets carried at amortized cost for which fair value are disclosed				
Other Financial assets (Non-current)	19.94	-	-	19.94
Other Financial assets (Current)	45.99	-	-	45.99
Liabilities carried at amortized cost for which fair value are disclosed				
Borrowings (non-current)	393.65	-	-	393.65
Lease Liability (current and non current)	130.66	-	-	130.66
Other financial liabilities (non-current)	1.31	-	-	1.31
Other financial liabilities (current)	668.98	-	-	668.98

Quantitative disclosures of fair value measurement hierarchy for assets as on March 31, 2020

(₹ in crores)

	Carrying Value March 31, 2020	Level 1	Fair Value Level 2	Level 3
Assets carried at amortized cost for which fair value are disclosed				
Other Financial assets (non-current)	21.37	-	-	21.37
Other Financial assets (current)	29.44	-	-	29.44
Liabilities carried at amortized cost for which fair value are disclosed				
Lease Liability (current and non current)	121.61	-	-	121.61
Other financial liabilities (non-current)	1.13	-	-	1.13
Other financial liabilities (current)	531.30	-	-	531.30

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for the year ended March 31, 2021

10 Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that are derived directly from its operations.

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company is exposed to market risk, credit risk and liquidity risk.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Company are accountable to the Board of Directors and Audit Committee. This process provides assurance to Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Company policies and Company risk objective. In the event of crisis caused due to external factors such as caused by recent pandemic "COVID-19", the management assesses the recoverability of its assets, maturity of its liabilities to factor it in cash flow forecast to ensure there is enough liquidity in these situations through internal and external source of funds. These forecast and assumptions are reviewed by board of directors.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized as below:

(a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include loans and borrowings, deposits, investments, and foreign currency receivables and payables. The sensitivity analysis in the following sections relate to the position as at reporting date. The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item and equity is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2021 and March 31, 2020

(i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in foreign currency). Foreign currency exchange rate exposure is partly balanced by purchasing of goods from the respective countries. The Company basis their assessment believes that the probability of the occurrence of their forecasted transactions is not impacted by COVID-19 pandemic. The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

Foreign currency risk sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR, AED, JPY, CNY and other currencies including KES, NPR, CHF, LKR, MWK, SLL and GBP exchange rates, with all other variables held constant. The impact on the Company profit before tax and equity is due to changes in the fair value of monetary assets and liabilities. Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise are as under:

(₹ in crores)

Currency	Currency Symbol	March 31, 2021		Gain/ (loss) Impact on profit before tax and equity	
		Foreign Currency	Indian Rupees	1% increase	1% decrease
United States Dollar	USD	$ (3.06)	(224.87)	(2.25)	2.25
EURO	EUR	€ (0.12)	(10.73)	(0.11)	0.11
Arab Emirates Dirham	AED	AED 0.02	0.38	0.00	(0.00)
Japanese Yen	JPY	JPY (0.41)	(0.27)	(0.00)	0.00
Chinese RMB\CNY	CNY	CNY (1.80)	(20.11)	(0.20)	0.20
Other currencies		(4.50)	(0.06)	(0.00)	0.00

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for the year ended March 31, 2021

(₹ in crores)

Currency	Currency Symbol	March 31, 2020 Foreign Currency	Indian Rupees	Gain/ (loss) Impact on profit before tax and equity 1% increase	1% decrease
United States Dollar	USD	$ (1.31)	(99.10)	(0.99)	0.99
EURO	EUR	€ (0.17)	(14.51)	(0.15)	0.15
Arab Emirates Dirham	AED	AED 0.02	0.37	0.00	(0.00)
Japanese Yen	JPY	JPY (4.39)	(3.06)	(0.03)	0.03
Chinese RMB\CNY	CNY	CNY (5.28)	(55.85)	(0.56)	0.56
Other currencies		(0.40)	(0.11)	(0.00)	0.00

Notes:

Figures in bracket represents payables

(ii) Interest Rate Risk

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligation at floating interest rates. The Company's borrowings outstanding as at March 31, 2021 and March 31, 2020 comprise of long term loans.

Interest rate Sensitivity of Borrowings

With all other variables held constant, the following table demonstrates the sensitivity to a reasonably possible change in interest rates on floating rate portion of loans and borrowings as on date.

	March 31, 2021		March 31, 2020	
	Increase/ decrease in basis points	Impact on profit before tax and Equity	Increase/ decrease in basis points	Impact on profit before tax and Equity
Term Loan/External Commercial Borrowing	+0.50	(2.46)	+0.50	(0.20)
	-0.50	2.46	-0.50	0.20

(iii) Commodity Price Risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing manufacture of industrial and domestic cable and other electronic items and therefore require a continuous supply of copper and aluminium being the major input used in the manufacturing. To mitigate the risk of supply and price fluctuations, Domestic and overseas sources are bench-marked to Optimize the allocation of business share among various sources. The Company's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. The Company mitigated the risk of price volatility by entering Long Term & Short term contracts for the Purchase of these commodities basis estimated annual requirements.

(b) Credit Risk

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

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for the year ended March 31, 2021

(i) Trade Receivables and Contract Assets

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by Trade Receivable buyout facility without recourse, letters of credit and other forms of security.

An impairment analysis is performed at each reporting date on trade receivables by lifetime expected credit loss method based on provision matrix. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

(ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made in bank deposits and other risk free securities. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2021 is the carrying amounts. The Company's maximum exposure relating to financial instrument is noted in liquidity table below.

Trade Receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the Company.

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Financial assets for which allowance is measured using 12 months Expected Credit Loss Method (ECL)		
Investment with financial institution	306.30	-
Cash and cash equivalents (Current)	326.57	242.09
Bank balances other than above (Current)	1,298.17	864.83
Others Non Current financial assets	19.94	21.37
Others Current financial assets	45.99	29.44
	1,996.97	**1,157.73**
Financial assets for which allowance is measured using Life time Expected Credit Loss Method (ECL)		
Trade Receivables	563.63	248.88
	563.63	**248.88**

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks.

The ageing analysis of trade receivables has been considered from the date the invoice falls due

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade Receivables		
Neither past due nor impaired	421.44	84.99
0 to 180 days due past due date	95.75	141.36
More than 180 days past due date	46.44	22.53
Total Trade Receivables	**563.63**	**248.88**
The following table summarizes the change in loss allowance measured using the life time expected credit loss model:-		
As at the beginning of year	44.87	26.64
Addition and utilization during the year	24.48	18.23
As at the end of year	**69.35**	**44.87**

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for the year ended March 31, 2021

(c) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of short term bank deposits, short term loans, short term commercial papers and cash credit facility. Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows. The Company assessed the concentration of risk with respect to its debt and concluded it to be low.

Maturity profile of financial liabilities

The table below provides the details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

(₹ in crores)

As at March 31, 2021	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	98.55	393.65	-	**492.20**
Other non current financial liabilities	-	1.31	-	**1.31**
Trade payables	1,596.78	-	-	**1,596.78**
Lease Liability (undiscounted)	37.52	90.55	95.10	**223.17**
Other current financial liabilities	541.28	-	-	**541.28**

As at March 31, 2020	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	40.50	-	-	**40.50**
Other non current financial liabilities	-	1.13	-	**1.13**
Trade payables	1,414.07	-	-	**1,414.07**
Lease Liability (undiscounted)	42.07	99.68	4.63	**146.38**
Other current financial liabilities	458.93	-	-	**458.93**

11 Capital Management

For the purposes of Company's capital management, Capital includes equity attributable to the equity holders of the Company and all other equity reserves. The primary objective of the Company's capital management is to safeguard its ability to continue as going concern and to ensure that it maintains an efficient capital structure and maximize shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2021 and March 31, 2020 except for budgeting for cash flow projections considering the impact of ongoing pandemic COVID - 19. The Company monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as loans and borrowings less cash and cash equivalent.

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Loans and borrowings {refer note 15(A) and 19(C)}	492.20	40.50
Cash and cash equivalents {refer note 11(C)}	(326.57)	(242.09)
Net Debt	**165.63**	**(201.59)**
Equity / Net Worth	5,164.45	4,304.81
Total Capital	**5,164.45**	**4,304.81**
Capital and Net Debt	**5,330.08**	**4,103.22**
Gearing ratio (Net Debt/Capital and Net Debt)	**3.11%**	**(4.91%)**

Note: No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2021 and March 31, 2020

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for the year ended March 31, 2021

12 Earnings per share

a) Basic Earnings per share

(₹ in crores)

Particulars		Year ended March 31, 2021	Year ended March 31, 2020
Numerator for earnings per share			
Profit after taxation	(₹ in crores)	1039.64	733.03
Denominator for earnings per share			
Weighted average number of equity shares outstanding during the year	(Numbers)	626,005,520	625,731,426
Earnings per share-Basic (one equity share of ₹ 1/- each)	₹	16.61	11.71

b) Diluted Earnings per share

(₹ in crores)

Particulars		Year ended March 31, 2021	Year ended March 31, 2020
Numerator for earnings per share			
Profit after taxation	(₹ in crores)	1039.64	733.03
Denominator for earnings per share			
Weighted average number of equity shares for basic earning per share	(Numbers)	626,005,520	625,731,426
Effect of dilution			
Share options	(Numbers)	13,380	14,929
Weighted average number of equity shares outstanding during the year adjusted for the effect of dilution	(Numbers)	626,018,900	625,746,355
Earnings per share- Diluted (one equity share of ₹ 1/- each)	₹	16.61	11.71

13 Dividend Paid And Proposed

(₹ in crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Dividend declared and paid during the year:		
Final Dividend paid for the year ended March 31, 2020 of ₹ Nil per share of ₹ 1 (₹ 4.5 per share of ₹ 1 each for the year ended March 31,2019)	-	281.61
Dividend distribution tax on final dividend	-	57.89
Interim Dividend for the year ended March 31, 2021, ₹ 3 per share of ₹ 1 each (₹ 4 per share of ₹ 1 each for the year ended March 31, 2020)	187.80	250.32
Dividend distribution tax on interim dividend	-	51.45
	187.80	**641.27**
Proposed Dividends on equity shares:		
Final Dividend recommended by the board of directors for the year ended March 31, 2021 ₹ 3.5 per share of ₹ 1 each (March 31, 2020: ₹ Nil) subject to approval of shareholders in the ensuing annual general meeting.	219.10	-
Dividend distribution tax on above	-	-
	219.10	**-**

Note: Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as liability (Including Dividend Distribution Tax) as at reporting date.

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for the year ended March 31, 2021

14 Disclosure required under Section 186 (4) of the Companies Act, 2013.

Particulars of Investments made:

Sr. No	Name of the Investee	As at March 31, 2021		As at March 31, 2020	
		Investment made	Outstanding Balance	Investment made	Outstanding Balance
1	Havells Holdings Limited	-	1.18	-	1.18
2	Jiangsu Havells Sylvania Lighting Co. Limited {refer note no. 11(E)(b) and note 13}	-	17.27	-	18.85
3	Havells Guangzhou International Limited	-	0.45	-	0.45

15 The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified and the final rules are yet to be framed. The Company will carry out an evaluation of the impact and record the same in the financial statements in the period in which the Code becomes effective and the related rules are published.

16 Consequent to the disruption caused due to COVID-19, the Company has made an assessment as at March 31, 2021 of recoverability of the carrying values of its assets such as property, plant and equipment, intangible assets having indefinite useful life, goodwill, inventory, trade receivables, and other current assets giving due consideration to the internal and external factors. Further, on account of continued spread of COVID-19 disease in the country, the Company has made timely and requisite changes in business model which has resulted in consistent growth across the product segments during the year. The Company is continuously monitoring the situation arising on account of COVID-19 and will make appropriate action required, if any.

17 The figures have been rounded off to the nearest crore of rupees upto two decimal places. The figure 0.00 wherever stated represents value less than ₹ 50,000/-.

18 Note No.1 to 33 form integral part of the balance sheet and statement of profit and loss.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Registration No. 301003E/E300005

Per Pankaj Chadha
Partner
Membership No. 091813

Date: May 20, 2021
Place: Delhi

For and on behalf of Board of Directors

Anil Rai Gupta
Chairman and
Managing Director
DIN: 00011892

Rajesh Kumar Gupta
Director (Finance)
and Group CFO
DIN: 00002842

Ameet Kumar Gupta
Director
DIN: 00002838

Sanjay Kumar Gupta
Company Secretary
FCS No.: F 3348

Pankaj Jain
Associate Vice President- Finance