

Chairman's Message



**OUR VALUED SHAREHOLDERS,
I AM PLEASED TO PRESENT THE
INTEGRATED REPORT OF YOUR
COMPANY FOR THE FINANCIAL
YEAR 2020-21.**

A challenging year

The year was indeed unique as the COVID-19 contagion ravaged socio-economic developments globally. We are living through unprecedented times. When it felt like the worst was over, unfortunately a second wave of Covid again gripped the country with even higher ferocity. During this protracted pandemic, I wish that all members of Havells' family and the country at large stay safe and follow Covid safety protocol.

Our response

At Havells, we relied on agility, and a pragmatic approach to the unprecedented and unforeseen pandemic. In the initial period, we focussed on the safety of our employees, dealers and other stakeholders. As in the past, during times of uncertainty, the constant communication provides some relief if not the entire solution to stakeholders. We held online townhalls with our workforce, dealers and vendors to assuage their anxieties while assuring our support in such difficult times. We invoked the spirit of togetherness, hope and humanity to be helpful to each other.

I would like to express my sincere gratitude to the entire team for their

exemplary contribution and efforts. I would single out our factory staff, the frontline staff, supervisors and supply chain team for their inexhaustible energy to keep going and fulfil deliveries against all odds. They are Havells' Covid warriors and I would thank them on your behalf.

Resilience tested

As business gradually gained traction post lockdown, Havells was able to fulfil consumers' demands through its vast distribution network supported by continuity in product supply through in-house production. We provided digital solutions not just to the trade partners but also to our consumers who were able to access our service team through multiple mediums and were provided solutions through audio and video assistance.

There have been numerous examples set by each function of your Company where best results have been achieved this year. Sales, supply chain and manufacturing have surpassed their previous best by improving productivity. We are determined to continuously drive 'Innovation', 'Growth' and 'Productivity' throughout the organisation.

Creating, delivering and sustaining

Havells has always believed in creating a long-term sustainable business with an innovative product development, aspirational brand, own manufacturing, well-entrenched distribution network, a strong supply chain and a responsive customer service setup.

Volumes and efficiency were the key during these times, and I am glad to share that your Company was able to deliver results because of the investments committed over the years. While one can scamper their way in, exploiting access to the trade network, success is ephemeral unless backed by solid infrastructure and a value system.

Business sustainability is the key metric for our entry and expansion into any new category. Sustainability is not confined to Environment, Social and Governance, it is in each aspect of the organisation whether it is quality of the product or efficient utilisation of resource in the manufacturing process. For instance, we help customers build sustainable homes with our long-lasting, high quality switchgear and wires, which are the lifeline of any electric

distribution in the house. Similarly, we maintain strong liquidity and prudent Capex and Opex mix to retain the nimbleness in the organisation.

We, at Havells, over the years have continued to take important strides in playing our part towards a sustainable environment. We have been working steadily towards conservation and management of water resources, by increasing our renewable energy footprint.

How we performed

The external challenges, a weakened macro-economic environment and slowdown in infrastructure impacted demand for electrical goods and affected consumer sentiment especially in the first half of the year. Covid-19 led lockdown impacted sales in April and May across the Fans and Air conditioners categories. Despite these challenges, Havells performed satisfactorily, registering revenue growth of 11% at ₹ 10,428 crores during FY2021. Net Profit was ₹ 1,040 crores, compared to ₹ 733 crores earlier. EBITDA was ₹ 1,565 crores, up 52% from ₹ 1,027 crores in the earlier year. Our EBITDA margins remained at an all-time high of 15%.

Havells, a Bellwether

We remain proud of our lineage and the quality of products we churn out. Ubiquitous with our established brands – Havells, Lloyd, Standard, Crabtree and Reo, we are one of India’s most penetrated household brands in the electrical goods industry. We are an aspirational brand ranked among the top 5 in every product category that we entered during the last two decades. Our vast product range gives us the opportunity to capture demand from both Consumer and Residential as well as Industrial and Infrastructure sector. With focus on home improvement, consumers are investing in good quality

consumer appliances and Havells with its offering is well positioned to cater to varied needs at different price ladders and applications.

Lloyd, our consumer appliances business, improved its performance, led by ACs, washing machines and recently launched refrigerators. It’s a journey wherein we are constantly implementing fresh ideas including expansion of product portfolio, distribution network, increasing in-house product development and better consumer awareness. We remain positive on industry growth and Lloyd progression on key parameters.

After setting a strong foothold in the urban markets, Havells is now reaching the heartland by setting up a distribution network in semi-urban and rural markets with our focussed initiative ‘Rural Vistaar’. The rural channel was more resilient during the pandemic and Havells had a disproportionate growth from rural areas.

Suitable adoptions have been done to the product range to make it more relevant and affordable to the relevant market. We expect Rural channel to be a meaningful contributor in medium term.

Megatrends

Electrification is a Megatrend driving our growth creating new opportunities to participate in the infrastructure development and demand emanating from semi-urban and rural markets.

The recent impetus to ‘AatmaNirbhar Bharat’ augurs well for integrated manufacturers like Havells. The Government’s push towards large capital outlays, uptick in the private capital investment cycle supported by low interest rate regime too, will provide the much-needed stimulus. This will provide the necessary fundamental transformation in balancing our

excessive dependence on consumption growth to investment growth.

Consumer preferences are changing too, moving towards reliable and quality brands, thereby creating a unique opportunity for organised players driving premiumisation with products which are feature led, energy efficient and have a digital footprint.

‘PHYGITAL’ is a new reality where physical (offline channels) co-exist with digital (online) channels. The Alternate channels (Online, MFR, Canteen etc.) are expected to gain relevance over the years. Havells has nurtured strong relationships with these channels, which would reflect in additive growth in the medium term.

Way forward

The challenge related to inflationary trends in commodity and the second wave of Covid-19 might affect consumer sentiment in the short-term. However, we are confident of the medium to long-term demand trends. With strategic building blocks in place – strengthening the core, broadening our portfolio and investing in people and process capability – we are looking at improved and sustainable growth.

Last fiscal, we gained market share across categories along with increased distribution penetration and Rural Vistaar. We will continue to strengthen our credentials in product development, emerging consumer trends and serving through omni-channel network. We believe in secular growth potential of India and Havells.

I wish you health and safety and urge you to follow Covid protocol.

Regards,

Anil Rai Gupta
Chairman and Managing Director