

Directors' Report

To
The Members

Your Directors take pleasure in presenting the 38th Integrated Annual Report on the business and operations of the Company and the accounts for the Financial Year ended 31st March, 2021.

1. Financial Summary or Highlights

The Board's Report is prepared based on the standalone financial statements of the Company. The Company's financial performance for the year under review alongwith previous year's figures are given hereunder:

(₹ in Crores)

Particulars	Standalone		Consolidated	
	2020-21	2019-20	2020-21	2019-20
Revenue from Operations	10,427.92	9,429.20	10,457.30	9,440.26
Other Income	187.82	111.98	187.36	113.41
Operating Profit before Finance Costs, Depreciation, Tax and Extraordinary items	1,753.08	1,139.36	1,759.14	1,142.06
Less: Depreciation and amortisation expenses	248.86	217.91	248.91	217.97
Finance Cost	72.64	19.72	72.68	19.72
Profit before Tax and Exceptional Expenses	1,431.58	901.73	1,437.55	904.37
Less: Tax	391.94	168.70	393.24	168.76
Net Profit for the Year from Continuing operations	1,039.64	733.03	1,044.31	735.61
Net Profit for the Year from Discontinued Operations	-	-	-	(0.26)
Profit for the year	1,039.64	733.03	1,044.31	735.35
Other Comprehensive Income	(2.02)	(3.73)	(1.59)	(3.23)
Total comprehensive income for the year, net of tax	1,037.62	729.30	1,042.72	732.12
Profit for the year attributable to:				
Equity holders of the parent company	1,039.64	733.03	1,044.31	735.35
Non-controlling interest	-	-	-	-
Total comprehensive income for the year attributable to:				
Equity holders of the parent company	1,037.62	729.30	1,042.72	732.12
Non-controlling interest	-	-	-	-

The year gone by started with an unprecedented nation-wide lockdown due to pandemic which negatively impacted the economic activities across the globe. Post relaxation of lockdown economic activities gradually started picking up from mid May 2020. Havells, backed by manufacturing strength, robust supply chain management and strong distribution network made a strong come back. The recovery was led by consumer segments of the business followed by pick up in industrial segments.

Since second half of the year, input costs have been on the rise. The Company is managing the same with constant monitoring and swift decisions in line with the market dynamics. EBIDTA margins improved YoY (15.0% in FY21 vs 10.9% in FY 20) on account of cost

optimisation and operating leverage. The finance cost increased as the Company availed bank facilities during the year to meet any unforeseen exigencies. However, as Company generated healthy cashflows, a significant part of the borrowings was repaid within same fiscal year. Effective tax rate was higher due to one-time tax reversal during FY2019-20 as Company adopted lower tax regime in FY2019-20 as announced by Finance Ministry.

Economic environment continues to remain uncertain and challenging owing to Covid and partial lockdowns across the country. However, we as an organisation remain vigilant to the ground developments with confidence and optimism to manage emerging scenarios.

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

The raging pandemic is posing formidable and unprecedented challenges across the business value chain. Team Havells is facing the headwinds, taking nimble footed decisions and executing them with speed to meet the current challenges on the ground as well as remain firmly on course for long term sustainable growth.

Our Approach

- In the beginning of FY21 when the situation warranted, entire Company's focus was on employee safety, conservation of cash and all-round improvement of efficiency. Most of the non-essential OPEX and CAPEX were curtailed and sufficient liquidity was maintained without affecting payments to stakeholders. The plans for capex were minimized, still maintaining the continuity of projects in hand. Cross-functional teams (CFTs) were formed with senior leadership across the country focusing on different aspects of the Company such as Manufacturing, Branch operations, Supply chain, Go to Market etc. for swift decision making & execution during an unprecedented & uncertain environment.
- When the opportunity presented in H2 with pent up demand, improved consumer sentiment and brand preference we made a strong comeback with highly motivated teamwork across organization. The operations were taken to full scale, factories were ramped up to full capacities, supply chain strengths ensured continued availability of stocks at all levels. Consumer engagement was augmented through digital modes, Marketing spends were amplified. Despite this being a very challenging year, the R&D team continued to churn out new products to entice the consumers which were launched through digital events with extensive trade participation. 4,766 new SKUs were launched across various categories.

Operations

As we entered 2021, the outlook was uncertain & no specific expectations for growth were set, however as the year progressed, Havells was able to scale up and all the Business Units surpassed the 2020 base year revenue. Encouraging business performance with highest ever sales and profitability achieved during the year.

The revenue growth was secular across divisions and regions led by:

- ✓ Improvement in consumer sentiment as they adopted and learned to live with Covid related challenges

- ✓ Expanding distribution footprint in Urban markets alongside treading into alternate channels such as Online and CPC/CSD canteens
- ✓ Higher rural reach, both in terms of increased penetration in smaller towns and introduction of new product lines especially developed for these markets
- ✓ Robust supply chain gave an opportunity to capitalize on the vacuum created in the market due to supply chain disruptions faced by the unorganized sector and import related challenges especially in Switchgear, Wires and Lighting
- ✓ Home improvement emerged as one of the big growth drivers for all the product offerings but more so for Electrical Consumer durables

Air conditioners spearheaded the growth in Lloyd, supported by washing machines and recently launched Refrigerators. Significant AC growth owing to perceived change in industry dynamics consequent to import prohibitions, better availability from own production and wider network coverage through regional retail chains.

Balance sheet

The speed and scale of recovery ensured that Havells at overall level improved upon last financial year performance in both volumes and profitability, despite losing crucial initial part of the year.

Havells carries a robust Balance sheet with healthy working capital and liquidity position. Short term loan was taken to meet exigencies during lockdown but the same was fully repaid during the year. Post the payment of Interim dividend of ₹ 188 crores and net Capex of ₹ 219 crores, there is a healthy cash balance of ₹ 1,931 crores as at the end of the year.

Awards and Accolades

Your Company received the following awards during the Financial Year ended 31st March, 2021:

1. 10th CII Design Excellence Awards 2020 for Crabtree SmarH Automation Range given by India's 30 Best Workplaces in Manufacturing
2. Received India Design Mark award for Edgelit – No dark edges Batten and Nu Bulb+ given by Indian Design Council
3. Gold Certification award for Green Factory Building Rating System by Indian Green

Building Council (IGBC) to Havells Wire Manufacturing Plant at Alwar, Rajasthan

4. Great Place to Work award “India’s 30 Best Workplaces in Manufacturing – 2021” given by Great Place to Work® Institute
5. Award for runner up Quality Circle Competition FY 2020-21 given to Baddi Plant, by CII (Confederation of Indian Industry)
6. Best CEO Award to CMD Shri Anil Rai Gupta by the Business Today
7. Gold Certification award for Green Factory Building Rating System by Indian Green Building Council (IGBC) to Havells AC manufacturing plant, Ghiloth

Subsidiary Companies, Joint Venture and Consolidated Financial Statements

As on 31st March, 2021, the Company had two direct overseas subsidiaries:

1. Havells Holdings Limited based at Isle of Man.
2. Havells Guangzhou International Limited based at China.

The Consolidated Profit and Loss Account for the period ended 31st March, 2021, includes the Profit and Loss Account for the subsidiaries and the Joint Venture Company for the complete Financial Year ended 31st March, 2021. The Board of Directors of the Company has, by Resolution passed in its Meeting held on 20th May, 2021, given consent for not attaching the Balance Sheets of the subsidiaries concerned. The Consolidated Financial Statements of the Company including all subsidiaries duly audited by the statutory auditors are presented in the Integrated Annual Report. The consolidated financial statements have been prepared in strict compliance with applicable Accounting Standards and wherever applicable, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as prescribed by the Securities and Exchange Board of India. A Report on Performance and Financial Position of each of the Subsidiaries and Joint Venture Companies included in the Consolidated Financial Statement is presented in a separate section in this Integrated Annual Report. Please refer (Form No. AOC-1) annexed to the Financial Statements in the Integrated Annual Report. The standalone annual accounts of the subsidiary companies and the detailed related information shall be made available to Shareholders of the Company and of its subsidiary companies upon request and it shall also be made available on the website of the Company i.e. <https://www.havells.com/en/discover-havells/investor-relation/financials/balance-sheet.html>

The annual accounts of the subsidiary companies shall also be kept for inspection by any shareholder in the Head Office of the Company and the respective offices of its subsidiary companies.

Joint Venture

Your Company had formed a 50:50 joint venture in People’s Republic of China with Shanghai Yaming Lighting Co. Limited under the name of Jiangsu Havells Sylvania Lighting Co. Limited (JV). This Joint Venture Company was created with an objective to produce energy efficient lighting lamps. In Financial Year 2017-18, owing to the technological changes in the lighting industry, the Company along with its JV partner had decided to close down the business and liquidate the JV. Accordingly, the regular operations were fully closed in October 2017. Liquidation of the company is under process.

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

There are no companies which have become or ceased to be subsidiary, joint venture and / or associate of the company during the financial year 2020-21.

4. Reserves

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

5. Dividend

In line with the Dividend Policy of the Company which is available in the “Codes & Policies” section in the Investor Relations section on the website of the Company and can be accessed at <https://www.havells.com/en/discover-havells/investor-relation/codes-and-policies.html> The Board of Directors, in its Meeting held on 20th January, 2021, declared an interim dividend of ₹ 3/- per equity share of face value of ₹ 1/- each, to all the shareholders who were recorded on the register of members as on 29th January, 2021, being the record date fixed for this purpose.

In addition to the Interim Dividend, your Directors are pleased to recommend a Final Dividend @ ₹ 3.50 per equity share for the year 2020-21.

The proposed dividend, subject to approval of Shareholders in the ensuing Annual General Meeting of the Company, would result in appropriation of ₹ 219.10 crores (inclusive of TDS). The dividend would be payable to all Shareholders whose names appear in the Register of Members as on the Book Closure Date. The Register of Members and Share Transfer books shall remain closed from 19th June, 2021, Saturday to 23rd June, 2021, Wednesday (both days inclusive).

6. Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the Report

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate and the date of this Report.

However, in terms of the Employee Stock Purchase Schemes of the Company, which are administered by Havells Employees Welfare Trust, 2,86,810 Equity Shares of ₹ 1/- each, were approved for Grant on 20th May, 2021 and Vested (pursuant to the respective Employee Stock Purchase Plan as hereunder) to the eligible employees, which, if exercised, shall result in an equivalent no. of Equity Shares of ₹ 1/- each to be allotted/ transferred to the eligible employees under the respective schemes.

A summary is given below:

	No. of Shares Granted	No. of Shares Vested
Havells Employees Stock Purchase Plan 2014	68,356	68,356
Havells Employees Stock Purchase Scheme 2015	2,10,000	2,10,000
Havells Employees Stock Purchase Scheme 2016	8,454	11,705*

**2,818 Shares vested as 1st tranche out of a total of 8,454 Shares Granted for financial year 2020-21, 4,386 Shares vested as 2nd tranche out of a total of 13,157 Shares Granted for financial year 2019-20 and 4,501 Shares vested as 3rd tranche out of a total of 16,273 Shares Granted for financial year 2018-19.*

7. Change in the nature of business, if any

There was no change in the nature of business of the Company during the financial year ended 31st March, 2021.

8. Details of Directors or Key Managerial Personnel including those who were appointed or have resigned during the year

During the financial year 2020-21, the following were appointed as Independent Directors for a First Term of 5 (Five) years as approved by the Shareholders in the last Annual General Meeting of the Company held on 22nd June, 2020.

- Shri Subhash S Mundra (DIN: 00979731)
- Shri Bontha Prasada Rao (DIN: 01705080)
- Shri Vivek Mehra (DIN: 00101328)

Further, upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors, in its Meeting held on 20th January, 2021, appointed Smt. Namrata Kaul (DIN: 00994532) as an Independent Director (Additional) with effect from 20th January, 2021 and further in its Meeting held on 20th May, 2021, appointed Shri Ashish Bharat Ram (DIN: 00671567) as an Independent Director (Additional) with effect from 20th May, 2021. Both the Directors hold office upto the date of forthcoming AGM.

The Company has received consent in writing from both the Directors to act as Director in Form DIR-2 and intimation in Form DIR-8 to the effect that they are not disqualified u/s 164(2) to act as Director. Both the persons are eligible to be appointed as Directors of the Company and their appointment requires the approval of Members at the ensuing Annual General Meeting. The Board recommends for shareholders' approval at the forthcoming AGM, the appointment of Smt. Namrata Kaul and Shri Ashish Bharat Ram as Independent Directors for a First Term of 5 (Five) years.

During the year, Shri Vellayan Subbiah (DIN: 01138759), resigned as an Independent Director on 22nd October, 2020.

The Board places on record its appreciation for the valuable contributions made by Shri Vellayan Subbiah in all areas of Board's functioning during their tenure as Non-Executive Independent Director on the Board.

The Members may also note that, Shri Upendra Kumar Sinha (DIN: 00010336) and Shri Jalaj Ashwin Dani (DIN: 00019080) were appointed as Independent Directors for a 1st term of 3 (Three) years with effect from 20th July, 2018 (the date of AGM 2018) upto the conclusion of Annual General Meeting of the Company to be held in the calendar year 2021.

The Board upon the recommendation of the Nomination and Remuneration Committee, in its Meeting held on 20th May, 2021, has approved and recommends the same for approval by the Shareholders, the re-appointment of Shri Upendra Kumar Sinha and Shri Jalaj Ashwin Dani, for a Second Term of 5 (Five) years with effect from the date of the forthcoming Annual General Meeting of the Company.

The Company has received declarations from the Independent Directors that they meet the criteria of independence as prescribed u/s 149(6) of the Companies Act, 2013 and the SEBI Listing Regulations. In the opinion of the Board, they fulfil the condition for appointment/ re-appointment as Independent Directors on the Board. Further, in the opinion of the Board, the Independent Directors also possess the attributes of integrity, expertise and experience as required to be disclosed under Rule 8(5) (iiia) of the Companies (Accounts) Rules, 2014.

The Members may also note that, Shri T. V. Mohandas Pai (DIN: 00042167) and Shri Puneet Bhatia (DIN: 00143973), were appointed as directors liable to retire by rotation, in the AGM held on 20th July, 2018, upto the conclusion of Annual General Meeting of the Company to be held in the calendar year 2021.

The Board upon the recommendation of the Nomination and Remuneration Committee, in its Meeting held on 20th May, 2021, has approved and recommends the same for approval by the Shareholders, the re-appointment of Shri T. V. Mohandas Pai and Shri Puneet Bhatia, for a further period of 5 (Five) years upto the date of AGM to be held in the calendar year 2026.

Shri Siddhartha Pandit (DIN: 03562264), Whole-time Director, was last appointed by the Shareholders of the Company in the Annual General Meeting held in 2019 for a term of 3 (Three) years with effect from 29th May, 2019. His term shall expire next year on 28th May, 2022.

Accordingly, the Board of Directors, upon the recommendation of the Nomination and Remuneration Committee, in its Meeting held on 20th May, 2021, has approved the re-appointment of Shri Siddhartha Pandit, as a Whole-time Director of the Company for another term of 3 (Three) years with effect from 29th May, 2022. The re-appointment is subject to approval of the shareholders in general meeting and the Board recommends the same at the ensuing AGM.

Further, pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri Ameet Kumar Gupta (DIN: 00002838) and Shri Surjit Kumar Gupta (DIN: 00002810), are due to retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment. The Board recommends their appointment.

The details of Directors being recommended for re-appointment as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are contained in the accompanying Notice convening the ensuing Annual General Meeting of the Company. Appropriate Resolution(s) seeking your approval to the re-appointment of Directors are also included in the Notice.

9. Number of Meetings of the Board of Directors

During the Financial Year 2020-21, the Board of Directors of the Company, met 5 (Five) times on 12th May, 2020, 27th July, 2020, 29th October, 2020, 20th January, 2021 and 24th March, 2021.

Pursuant to the requirements of Schedule IV to the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and upholding the good norms of Corporate Governance, separate Meetings of the Independent Directors of the

Company were also held on 29th October, 2020 and 24th March, 2021, without the presence of Non-Independent Directors and members of the management, to review the performance of Non-Independent Directors and the Board as a whole, the performance of the Chairperson of the Company, taking into account the views of Executive Directors, Non-Executive Non-Independent Directors and also to assess the quality, quantity and timeliness of flow of information between the Company management and the Board.

10. Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors to the best of their knowledge hereby state and confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the Company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

All the Independent Directors have submitted their disclosures to the Board that they fulfil all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 and and the SEBI Listing Regulations, so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.



12. Nomination and Remuneration Policy of Directors, Key Managerial Personnel and other employees

In adherence of Section 178(1) of the Companies Act, 2013, the Board of Directors of the Company in its Meeting held on 22nd December, 2014, approved a policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided u/s 178(3), based on the recommendations of the Nomination and Remuneration Committee. The broad parameters covered under the Policy are – Company Philosophy, Guiding Principles, Nomination of Directors, Remuneration of Directors, Nomination and Remuneration of the Key Managerial Personnel (Other than Managing/ Whole-time Directors), Key-Executives and Senior Management and the Remuneration of Other Employees. The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is furnished in **ANNEXURE – 1** and forms part of this Report. The Policy is also available in the Investor Relations section, under the "Codes & Policies" tab, on the website of the Company and can be accessed at the weblink <https://www.havells.com/en/discover-havells/investor-relation/codes-and-policies.html>

13. Formal Annual Evaluation

The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") contain provisions for the evaluation of the performance of:

- (i) the Board as a whole,
- (ii) the individual directors (including independent directors and Chairperson) and
- (iii) various Committees of the Board.

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

Evaluation process tests whether the Board's composition, dynamics, operations and structure are effective for the Company and its business environment, both in the short- and long-term. The benchmarking of standards of performance and identifying areas of improvement help decide the future trajectory. Both inter member relations and intra committee relations

are tested to see how well the Board and Committees have performed in achieving their desired roles and responsibilities. Board, Committee and individual director evaluation parameters cover topics that elicit valuable, candid and useful feedback on board dynamics, operations, structure, performance and composition.

Performance evaluation of the Board and Committees

The performance of the Board was evaluated by the Board Members after considering inputs from all the Directors primarily on:

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

The Board then evaluated the performance of the Committees on the following parameters:

- appropriateness of size, delegation of power basis the complexity and operations of the organisation;
- standards of legal compliance;
- Standards of financial reporting and control;
- Reporting to the Board on the Committee's activities;
- Major issues discussed and Recommendations made to the Board;
- Effectiveness of supporting the Board in fulfilling its responsibilities.

Performance Evaluation of Individual Directors

The performance evaluation of the Chairman and the Non-Independent Directors were carried out by the Independent Directors, considering aspects such as:

- Effectiveness as Chairman, in developing and implementing the strategic vision of the Company;
- Display of effective leadership and promoting a behaviour consistent with the culture and values of the organisation;

- Contributing objectively to thoughtful and clear discussions for decision making;
- Ability of perceiving risks for the Company;
- Demonstrating integrity, avoidance of conflict-of-interest disclosures and upholding utmost confidentiality of sensitive matters.

The performance evaluation of the Independent Directors was carried out by the entire Board, other than the Independent Director concerned, taking into account parameters such as:

- ensuring that no action lead to loss of independence;
- absolute compliance of prevention from disclosure of confidential information, including, but not limited unpublished price sensitive information;
- support to Chairman and executive directors in instilling appropriate culture, values and behaviour in the boardroom;
- Facilitating well deliberated decision making;
- Expressing clearly their assent, dissent or neutrality to any decision
- Updating the Company's external environment in which it operates;
- Facilitate the promotion of the interest of the Company as a whole, in situations of conflict between management and shareholders' interest etc.

Evaluation Outcome

The Board considered and discussed the inputs received from the Directors. Further, the Independent Directors at a separate meeting reviewed the performance of the Non-Independent Directors, the Board as a whole and Chairman of the Board after taking into account the views of Executive Directors and other Non-Executive Directors.

It was found that the Board of Directors provided strategic leadership and contribution towards achieving the organizational objectives amidst the current pandemic situation. It was felt that the Board had provided appropriate support and guidance to lead the Company. The Board played a strategic role in ensuring the Company dealt with the unforeseen circumstances which could not have been provided for beforehand. The Board of Directors therefore ensured that all stakeholders were not adversely affected by the market exigencies. Individual Board Members continued to demonstrate a strong commitment to the principles of ethics and transparency which are the cornerstones of the Company's corporate governance framework. The Board itself and its Committees continued to function effectively.

As a strategic management exercise, the setting of long-term vision of the Company is paramount. In order to facilitate this operation, positive feedback was also received on the exclusive meeting of the Board, focused on matters including long term business strategies in different product segments, different market segments-including e-commerce strategy, export strategy, market share plans, capex etc.

14. Annual Return

A copy of the Extracts of the Annual Return of the Company as required under section 134(3)(a) of the Companies Act, 2013, in Form MGT-9, as they stood on the close of the financial year i.e. 31st March, 2021 is furnished in **ANNEXURE – 2** and forms part of this Report.

Further, a copy of the Annual Return of the Company containing the particulars prescribed u/s 92 of the Companies Act, 2013, in Form MGT-7, as they stood on the close of the financial year i.e. 31st March, 2020 is uploaded on the website of the Company in the Investor Relations Section under Disclosures and can be accessed from <https://havells.com/en/discover-havells/investor-relation/disclosures.html>

15. Auditors

1. Statutory Auditors

As per provisions of Section 139(1) of the Companies Act, 2013, at the forthcoming Annual General Meeting, M/s S.R. Batliboi & Co. LLP, Chartered Accountant (Regn. No. 301003E/ E300005) are completing their 2nd five year term as Statutory Auditors.

Upon the recommendation of the Audit Committee, the Board of Directors approves and recommends for shareholders' approval the appointment of M/s Price Waterhouse & Co Chartered Accountants LLP (Registration No. 304026E/ E300009) for a first term of 5 (Five) years to hold office from the conclusion of this 38th Annual General Meeting until the conclusion of the 43rd Annual General Meeting of the Company to be held in the calendar year 2026.

Statutory Auditors' Report

The observations of Statutory Auditor in its reports on standalone and consolidated financials are self-explanatory and therefore do not call for any further comments.

Details in respect of frauds reported by auditors

There were no instances of fraud reported by the auditors.

Introduction

01-13

Integrated Report

14-44

Statutory Reports

45-141

Financial Statements

142-309

2. Cost Auditors

As per Section 148 of the Companies Act, 2013, the Company is required to have the audit of its cost records conducted by a Cost Accountant in practice.

Pursuant to the provisions of Section 141 read with Section 148 of the Companies Act, 2013 and Rules made thereunder, M/s Sanjay Gupta & Associates, Cost Accountants (Firm Regn. No. 000212) were appointed as the Cost Auditor of the Company for the year ending 31st March, 2021.

The due date for filing the Cost Audit Report of the Company for the financial year ended 31st March, 2020 was 10th June, 2020 and the same was filed in XBRL mode by the Cost Auditor within due date.

Disclosure on maintenance of Cost Records

The Company made and maintained the Cost Records under Section 148 of the Companies Act, 2013 (18 of 2013) for the Financial Year 2020-21.

3. Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with corresponding Rules framed thereunder, M/s MZ & Associates were appointed as the Secretarial Auditors of the Company to carry out the secretarial audit for the year ending 31st March, 2021.

Annual Secretarial Audit Report

In terms of Section 204 of the Companies Act, 2013 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Secretarial Audit Report given by the Secretarial Auditors in Form No. MR-3 is annexed with this Report as **ANNEXURE – 3**. There are no qualifications, reservations or adverse remarks made by Secretarial Auditors in their Report.

Annual Secretarial Compliance Report

A Secretarial Compliance Report for the financial year ended 31st March, 2021 on compliance of all applicable SEBI Regulations and circulars/guidelines issued thereunder, was obtained from M/s MZ & Associates Secretarial Auditors and submitted to both the stock exchanges.

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

The particulars of loans given, investments made and guarantees provided by the Company, under Section 186 of the Companies Act, 2013, as at 31st March, 2021, are furnished in **ANNEXURE – 4** and forms part of this Report.

17. Particulars of contracts or arrangements with Related Parties

The particulars of every contract and arrangement if entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto are disclosed in Form No. AOC-2 in **ANNEXURE – 5** and forms part of this Report.

18. Contribution to Exchequer

The Company is a regular payer of taxes and other duties to the Government. During the year under review your Company paid ₹ 271.78 crores towards Corporate Income Tax as compared to ₹ 352.24 crores paid (including Corporate Dividend Tax) during the last financial year. The Company has also paid an amount of ₹ 2,166.38 crores on account of GST and Custom duty and not claimed any government assistance and support during financial year 2020-21 as compared to ₹ 1,991.40 crores paid and claimed a government assistance and support of ₹ 26.92 crores during last Financial Year.

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

The Shareholders vide their Special Resolution dated 9th June, 2014, passed by way of Postal Ballot, have approved inviting/ accepting/ renewing deposits, in terms of the provisions of Companies Act, 2013 making the Company eligible for the same. However, the Company has not accepted any deposits during the year under review.

20. Corporate Social Responsibility (CSR)

Havells India Limited, since its inception has always believed that any organization with its roots in India owes a moral duty towards the people, environment and society in which it operates. This belief has led to targeted efforts by the organization for the communities in fields related to sanitation and hygiene, nutrition, infrastructural support, etc. Being a responsible corporate citizen, our initiatives are focused at delivering maximum value to the society, under our Corporate Social Responsibility (CSR) initiatives.

Company's approach to CSR has been more than just compliance. Our social initiatives started way before CSR was mandated by the government under the Companies Act, 2013. We try and strike an optimum balance between long-term plans and strategies and our medium- and short-term initiatives which in turn are guided by our strong CSR policy foundation.

Our focus primarily always has been towards the core areas for example our CSR activities focusses a great deal on activities pertaining to Child welfare, where, nutrition, sanitation and education plays crucial role in shaping

their future. Our initiatives are also aligned to United Nation’s Sustainable development goals (UN-SDGs). Our various core areas of CSR interventions include Health & Nutrition, Sanitation, Education, Environment, Skill development, Heritage conservation, Healthcare and Humanitarian causes. Some of our major initiatives are:

Meals Distribution during COVID times

To counter malnutrition, eradicate hunger and promote education, Havells started the mid-day meal program in Alwar district in Rajasthan, way back in 2005. We started our journey with serving just 1,500 children across 5 schools and have over the years increased our reach to 693 schools where we are serving over 60,000 students daily. In wake of pandemic last year, the program has been suspended due to shutdown of schools.

However, in line with the local governments’ initiative of food distribution to the needy people, we extended our mid-day meal kitchen facilities to provide food to the people impacted by the pandemic. During the year we distributed around 3.5 lakh meals. Since the inception of the initiative i.e. in 2005, we have served over 90 million meals to the students.

Hygiene and Sanitation – Bio-toilets and distribution of Re-usable Sanitary Napkins

The Company has been proactive in delivering its responsibility in the areas of hygiene and sanitation to the society. It is our firm belief that WaSH (Water, Health and Sanitation) initiative is critical for ensuring overall development of the child. This initiative aligns with the ambitious ‘Swachh Bharat Mission’ advocated by the Government of India and with the United Nations Sustainable Development Goal No-3 & 6.

It has been proved by various researchers across the world that in addition to intake of nutritional food, better sanitation and hygiene are also must for balanced growth and development of a child. Sanitation is one of the most basic amenities for which awareness has been continuously increased over the years. Our activities include development and maintenance of bio-toilets. Till last year we have constructed around 400 bio-toilets in the government schools in Alwar, Rajasthan. To further enhance the female health and hygiene standards, we also distribute reusable sanitary napkins to the girls in the government schools.

Contributing to Societal Education and Infrastructure

Education is one of the most important elements for any nation to reap benefits of its demographic dividend. A quality school education includes well defined-course curriculum and adequate infrastructure support to make it effective and sustainable. Contributing to educational

support to the society, we have been supporting Ashoka University for developing educational infrastructure facilities.

Focusing on our plan to strengthen the school infrastructure, the Company also donates tables and benches to the government schools in district Alwar and Neemrana in Rajasthan and district Haridwar in Uttarakhand, that are made from recycled waste wood pallets in plants. This innovative approach ensures dual benefit, by not only reducing wastage of wood but by also effectively uses the left-over wood in making furniture. Till date we have donated over 2,500 such sets that is benefitting over 5,000 students in the government schools.

Towards greener society

Rapid urbanisation and defragmentation of forests is having severe effects on the environment. In view of our commitment to become wood and paper neutral in coming years, the Company has undertaken large scale tree plantation exercise outside its premises. Since last 3 years, we have planted over 11 lakhs, out of which approximately 5 lakhs tree saplings were planted in the present FY i.e. 2020-21 only.

Further, the Company has existing CSR Committee and Policy as per the applicable laws and regulations. The disclosures on the same as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, are annexed herewith as **ANNEXURE – 6** to this Report in the prescribed format.

21. Audit Committee

As at 31st March, 2021, the Audit Committee of the Board of Directors of the Company comprised of 4 (Four) Members, namely Shri Upendra Kumar Sinha, Smt. Pratima Ram, Shri Subhash S Mundra and Shri Surjit Kumar Gupta, majority of them being Independent Directors except Shri Surjit Kumar Gupta, who is a Non-Independent Non-Executive Director. Shri Upendra Kumar Sinha, an Independent Director, is the Chairman of the Audit Committee. The Board accepted the recommendations of the Audit Committee whenever made by the Committee during the year.

22. Enterprises Risk Management Framework

The Company has robust systems for Internal Audit and Enterprise Risk assessment and mitigation. As part of the Annual Internal Audit Plan, all the locations including plants, branches, warehouses and Head Office are covered. At the start of the year Risk Assessment refresh is done basis which Risk Based Internal Audits (RBI A) are carried out. The audit plan is approved by the Audit Committee. Further, on a quarterly basis summary of key findings is presented to the Audit Committee.

With increasing globalization and unprecedented changes in business environment Companies are currently operating in VUCA (Volatility, uncertainty, complexity and ambiguity) environment. The omnipresence and growing intensity of VUCA presents roadblock and uncertainties to most company's journey towards their objectives.

At Havells, our strong Governance and business structure, with stakeholder interest at the core, makes us cognizant of these risks and uncertainties that our business faces. The Company on a periodic basis identifies these uncertainties and after assessing them, formulates short-term and long-term action plans to mitigate any risk which could materially impact the Company's long-term Goals and Vision.

The Company has a well-established Enterprise Risk Management Framework and process to ensure achievement of its strategic objectives. Internationally accepted framework, issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission, is considered as a self-benchmarking for Company's Enterprise Risk Management framework.

Our sustainable focus on leveraging next generation technology, supports an enterprise-wide view of risks and compliance, enabling a more holistic approach towards informed decision making. Risks are assessed and managed at various levels with a top-down and bottom-up approach covering the enterprise, the Strategic business units, the geographies and the functions.

ERM Committee comprising of the Board Members, reviews the progress status of identified risks including emerging business challenges on a periodic basis. ERM Council works closely with all the business & functional teams for monitoring the agreed execution plan and identification of new emerging business challenges under the guidance of Top Leadership.

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

The Company has robust internal financial controls (IFC) systems, which is in line with requirement of the Companies Act, 2013, which is intended to increase transparency & accountability in an organization's process of designing and implementing a system of internal control. Our IFC process, facilitates orderly and efficient conduct of its business including adherence to Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information. Risk Control Matrices (RCMs) have been prepared for all Business functions along with the mapping with Functional

Dashboard/ Compliance Management System/ GRC Process Control. The internal control system ensures compliance with all applicable laws and regulations.

To ensure effective Internal Financial Controls, Company has laid down the following measures:

1. Company has defined and documented the Standard Operating Procedures (SOPs) and Delegation of Authority (DOA) which forms the basis for compliance to laid down procedures. The SOPs and DOA are refreshed on a periodic basis.
2. All regulatory compliances are monitored for all locations Pan India through a fully automated tool. Company has a "Zero Tolerance" Policy towards non-compliances.

SAP GRC (with respect to access control) has been implemented which also take care of users' conflict relating to Segregation of Duties (SOD).

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

The Company has established a vigil mechanism "Satark" through which employees and business associates may report unethical behaviour, wrong doing, malpractices, fraud, violation of Company's code of conduct, leak or suspected leak of unpublished price sensitive information without fear of reprisal.

The Policy provides that the Company investigates such reported matters in an impartial manner and takes appropriate action to ensure that requisite standards of confidentiality, professional and ethical conduct are always upheld. Any complaint received under Satark policy are also reported to the Chairman of the Audit Committee. Satark policy of the Company is also available on the website of the Company <https://www.havells.com/en/discover-havells/investor-relation/codes-and-policies.html>

25. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future

There was no significant and material order passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

26. Compliance with Secretarial Standards

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Act.

27. Employee Relations

This year has changed the world and the way we operate, bringing new challenges, outlook and

opportunities, but one thing that didn't change for us was our commitment and compassion towards our employees and their wellbeing.

During Lockdown, when the whole country was on a standstill and everyone was concerned about health, well-being and future of their family, our CMD – Shri Anil Rai Gupta led from the front and addressed the employees online on regular basis. The intent was to reassure employees that we are all in this together and motivate them to stay positive and see how best to serve the customer.

To deal with COVID outbreak, we adopted a holistic approach to spread awareness among employees through various platforms. We reassured employees that their safety is paramount and their company is and will do everything to safeguard their interest and wellbeing. Our proactive measures included initiatives like Workplace SOP & Guidelines for COVID, dedicated Covid helpline for information sharing and support, constant communication on our preparedness and safety procedures, health support and guidelines, suggestive measures at home, awareness session at locations involving local authorities etc. Our factories also resumed operations with strong compliance on hygiene and social distancing along with other regulatory requirements.

During Lockdown, an initiative of SAMVAAD was started with the help of health & wellness professional, for bringing different perspectives of life: Health, Happiness, work-life balance and many more for employees and their families. The series of interactive virtual sessions helped employees stay focussed and motivated during these unprecedented times and work on mental health and wellbeing. Many other initiatives like Havells Music Studio, Lockdown Engagement Video etc. were also promoted to increase engagement level of employees.

We assessed the opportunity in changed scenario, to connect with all stakeholders through digital medium for upskilling & learning across the group and outside. In all, over 300 sessions on MS teams were conducted covering all our employees, trade partners and end users. Sessions included training on functional / behavioural and technical topics in close coordination with our in-house experts from Business, CRI (R&D), Functions and Plants. It also included knowledge sharing sessions on new technology like IoT and other advanced technical tools.

With social distancing becoming the new normal, we introduced Work from Home (WFH) facility for our employees and encourage them to come to

office premise as per roster. Flexi timing and various relaxations related to age, proximity etc. were also provided, to help employees balance their home and work responsibilities suitably.

As part of our open and transparent culture, we always encourage employees to share their feedback and work upon it. Despite the challenges due to pandemic, we participated in the Great Place to Work Assessment and got certified for the second consecutive year. We have also been recognized among 'India's Best Workplaces in Manufacturing 2021' – Top 30. Out of 110 organizations in the Manufacturing sector who undertook the assessment, Top 30 organizations are identified, which excel both on people practices and the feedback from their employees on creating a High Trust Culture. This recognition is evidence of solidarity and resilience of Havells family, especially in today's scenario where our way of interactions and working is changing. It also reflects the pride and passion of our teams to achieve greater heights.

Towards our vision & focus of digital working, we have moved one step forward through digitalization of our Recruitment Process & launch of in-house e-recruitment solution. The portal facilitates the entire process of shortlisting, interviewing, approvals, offer release & acceptance digitally, along with on-boarding & e-appointment letter.

At Havells, we ensure that there is full adherence to the Code of Ethics and fair business practices. Havells is an equal opportunity employer and employees are evaluated solely on the basis of their qualification and performance. We provide equal opportunity in all aspects of employment, including retirement, training, work conditions, career progression etc. that reconfirms our commitment that equal employment opportunity is component of our growth and competitiveness. Further, Havells is committed to maintaining a workplace where each employee's privacy and personal dignity is respected and protected from offensive or threatening behaviour including violence.

Nirbhaya

As a responsible employer, Havells has always been conscious of its duty towards prevention and control of sexual harassment at workplace. Reckoned to be a Great Place to Work® organization, is an achievement which puts the organization amongst its global peers. As mandated by law, Havells has in place the "Nirbhaya" policy for women employees. An Internal Complaints Committee has also been constituted as per the policy to provide a forum to all female personnel to lodge complaints (if any) and seek redressal. The Committee meets regularly to take note of useful tools, mobile applications, media excerpts, interactive sessions, etc., that sensitize the female employees. The Committee submits an Annual Report to the Audit Committee of the

Board of Directors on the complaints received and action taken by it during the relevant financial year. During the Financial Year 2020-21, no complaint was lodged with the Internal Complaints Committee (ICC).

28. Details pursuant to Section 197(12) of the Companies Act, 2013

Details pursuant to Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report and are annexed herewith as **ANNEXURE - 7**.

29. Employees Stock Option Plans

The Company has in place 3 (Three) employee benefit schemes, namely, Havells Long Term Incentive Plan 2014 (LTIP 2014), Havells Stock Purchase Scheme 2015 (ESPS 2015) and Havells Stock Purchase Scheme 2016 (ESPS 2016). All these benefit schemes are administered by Havells Employees Welfare Trust under the supervision of the Nomination and Remuneration Committee. Promoters, Independent Directors, Directors directly or indirectly holding 10% or above of the equity share capital of the Company, Employees not residing in India or Non Resident Indians (NRIs) are not eligible for the grant of options/ issue of shares under any of the Schemes. The Company has received a certificate dated 20th May, 2021 from the Auditors of the Company that the Schemes have been implemented in accordance with the applicable SEBI Guidelines and the Resolutions passed by the shareholders dated 9th June, 2014, 4th December, 2015 and 13th July, 2016 in respect of LTIP 2014, ESPS 2015 and ESPS 2016 respectively. The Certificates would be available at the Annual General Meeting for inspection by Members. There has been no material change in any of the subsisting Schemes. Disclosures pursuant to SEBI (Share Based Employee Benefits) Regulations, 2014, in respect of LTIP 2014, ESPS 2015 and ESPS 2016 as at 31st March, 2021 are available on the website of the Company at <https://www.havells.com/en/discover-havells/investor-relation/disclosures.html>

30. Credit Ratings CARE Ratings

CARE has yet again assigned a CARE AAA [Triple A] rating to the long-term facilities of your Company during the current Financial Year. This rating is applicable to facilities having a tenure of more than one year. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. CARE has also reaffirmed the CARE A1+ [A One Plus] rating assigned to the short-term facilities of your Company. This rating is applicable to facilities having a tenure upto one year. Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations.

31. Global Certifications

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

- “CB Cert. - IEC 60335-1:2010 +A1:2013 +A2:2016, IEC 60335-2-80:2015” for Fan models
- “CB Cert. - IEC 60335-2-80:2015 in conjunction with IEC 60335-1:2010,” for fan models
- “SONCAP” for various Fans & Lighting models
- IEC / GSO 2115/2011 for various fans and lighting models
- LED Panels & Round Highbay - UL & DLC 5.1 for USA Market
- LED Lighting Fixtures – IEC 60598
- LED Lamps – ESMA certification
- CE & CB DEKRA Certificates on MCB 6kA
- CE & CB UL certification 7.5kA MCB
- CE & CB UL I certification MCB 10kA as per IEC 60947-2
- CE & CB Dekra Certificate on RCCB
- CE / CB certification from UL certifications as per IEC 61439-3

32. Corporate Governance

Our shareholders are at the heart of our business, with this philosophy we have grown as a global brand creating shareholders value. At the core of our growth are our ethical beliefs. Your management as steward of governance has ensured that your Company not only contributes economically but also grows sustainably. All business decisions are taken in adherence of the spirit of governance as it ensures that the core of our business built over years is kept intact. The virtues of governance generate the much-needed trust of our stakeholders. The Board reassesses its governance processes and controls to meet the stakeholders' expectations. The strategically scheduled meetings of directors and its committees foster truly frank discussions and informed decisions. Creating harmony amongst the modern era and the core principles of the founder Chairman, Havells has portrayed to the world how good corporate governance can lead to sustained growth.

Parameters of Statutory compliances evidencing the standards expected from a listed entity have been duly observed and a Report on Corporate Governance as well as the Certificate from Statutory Auditors

confirming compliance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Integrated Annual Report.

Further, the Management Discussion and Analysis Report and CEO/ CFO Certificate as prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are also presented in separate sections forming part of the Integrated Annual Report.

33. Environment, Health and Safety

The impact of the COVID-19 pandemic is unprecedented, unique and perhaps unparalleled in recent human history. During the year under review, Havells has emerged stronger and more resilient in the wake of the ongoing pandemic. For us, Environment, Health and Safety (EHS) is an integral part of our larger ambit of Sustainability umbrella. Our initiatives in response to Covid-19 have been detailed in **ANNEXURE - 8**.

All of our manufacturing facilities are certified for adopting best management systems such as ISO 45001/OHSAS 18001 (Occupational Health and Safety) and ISO 14001 (Environment Management system). This year also we sustained our status of Zero occupational fatality following best health and safety measures. Adhering to the COVID-19 prevention directions, we maintained the highest level of health and safety protocols at our all our establishments and working profiles. Our approach at workplaces was strategically formulated and implemented, considering the nature of working site, employee strength, floor density and other relevant attributes, through the robust COVID-19 Standard Operating Procedure (SOP). Detailed directions through SOPs were systematically issued and communicated to the workforce via work-email, employee intranet, displays at factory/office sites, online trainings, etc. Further, we are also reimbursing the COVID-19 Vaccination costs to our both permanent as well as contractual employees.

Though the manufacturing activity at our different locations were impacted during the pandemic over the entire year, but we sustained best environmental and health & safety standards and norms that are derived out of our Integrated Management System- Quality Energy Environment Health and Safety (IMS-QEEHS) Policy. Continuing our adherence to implement industry best sustainable practices, once again we have secured our position in the globally recognized S&P global Dow Jones Sustainability Index (DJSI) 2020, additionally acquiring entry in the reputed S&P global yearbook.

Our trainings and events on various aspects of health, safety and environmental awareness were conducted

online and in field, following stringent COVID-19 protocols. Even though our company is not being categorized as part of the major polluting industry, we are still watchful of impact on the environment due to our operations. Contributing proactively to Nation's ambition to achieve the United Nations sustainable development goals (UN-SDGs), we have mapped our activities accordingly and have taken various steps in this direction. In pursuit to reduce our resource footprint, some of the major initiatives includes, planting over 11 lakhs tree saplings in the last 3 years, harnessing renewable solar power with a total installed capacity of 5.6 MW, sustaining on our status of net water positivity, 100% sites installed with rainwater harvesting systems etc. With our efforts we embrace the power of resilient strategic framework of our company during these tough pandemic times, which helped us to grow sustainably.

34. Research and Development

Over the last few years, we embarked upon a journey of strengthening our R&D – an initiative driven by our vision to grow Havells into a technology and engineering led organization bringing customer-centric value propositions for our end consumers. We took this strategic call to complement our strengths in products distribution and indigenized world-class manufacturing by bringing R&D within the same purview of our enhanced focus.

As a rapidly growing Fast-Moving Electrical Goods (FMEG) Company we operate in an extremely diverse product portfolio – ranging from seemingly simple products like capacitors to lighting solutions to electrical consumer durables, to large white goods to complex low-voltage switchgear products. The complexity posed by this diverse portfolio gets further compounded by rapid changes in consumer preferences/aspirations and technological advances (such as IoT, Data Analytics, AI, Machine Learning). However, our emphasis has been on addressing this complexity using technology as a common denominator across our products – leading to democratization of technology making it amenable to our vast consumer base. Despite the adversities that came along with COVID we stayed focused on our vision of being a company recognised as an early adopter of new technologies with agility to launch innovative products addressing explicit and latent needs of our customers.

With this vision, we have remained focused on our mission - investing in strengthening our in-house R&D capabilities which forms the foundation for our future. Our emphasis has always been on driving customer centricity with focus on three core pillars:

1. end-to-end (concept to end-of-useful life) responsibility for our products;

2. self-reliance for all critical technologies of our products; and
3. technologically differentiated innovative products.

During Financial Year 2020-21, our R&D spend stood at 96cr – marginally lower than the previous year – partly due to the OPEX savings arising during COVID. During FY 2019-20, we also had one-time effect of higher CAPEX investments in our new R&D infrastructure build-up (E1-Noida, Customer Design Studio in HO Noida and the innovation hub in Bangalore). Our total R&D spend stood at 0.9% of total revenue and we continued to ramp-up our R&D infrastructure and new competencies in all our R&D locations. Our target is to further intensify our efforts towards research and development and grow it towards ~2% of our revenues in coming years. This will clearly stand out as one of the highest allocations amongst our competition in the regional markets.

The Company continues to invest in world class infrastructure and test laboratories that is driving in-house research & development thus promoting a strong culture for open and collaborative innovation. We continued to build new competencies and infrastructure across our three core locations:

1. Our dedicated R&D Centre located at Sector-59, Noida,
2. Customer Experience and Design (CXD) Centre located at our Corporate Headquarters in Noida, and
3. The innovation hub (CRI-BLR) based out of Bangalore that works primarily on advanced technologies and digital platforms.

Our investments in state-of-the-art Customer Experience Design (CXD) Centre are being leveraged for directing design thinking approach into our product development process – allowing us to co-create and co-innovate the products along with our multiple stakeholders including potential customers. While the efforts of the CXD team are continuously appreciated by our customers, they were also recognized by external design agencies. We received the prestigious CII Design Excellence award for Crabtree SmartHome Automation Range. Two of our products – Edgellit Glow Batten and Nu Bulb+ were conferred the India Design Mark for 2020.

Our new matrix structured organization – comprised of product development teams as verticals and technology-based Centres of Excellence (COEs) as horizontals is working out quite well.

1. The product vertical teams work in close collaboration with business marketing teams on near term innovative products, and
2. The COEs working on mid-term to long-term focused innovation ideas that we believe have the potential of being game changers. These teams have also been working on common platforms (such as IoT and Cloud based connected products) and design methodologies (such as Simulations, Design for Six Sigma, Reliability, Materials and Manufacturing processes etc) that unify our product portfolio.

Our Bengaluru Innovation centre launched in 2019-20 continues to drive our transformational innovation strategy with clear focus on select Centres of Excellence (COEs) - IoT, Software, Engineering Design and Power Electronics. These COEs are playing a pivotal role in our innovation strategy and self-reliance for critical technologies while accelerating the digital journey for our products giving an unparalleled digital experience to our customers. In a short span of less than two years, this centre has grown to a team of 75+ top-notch R&D staff who are actively leveraging the Silicon Valley of India ecosystem by collaborating with technology providers, start-ups and academia.

The Company currently holds a broad collection of intellectual property rights. This includes patent filings, copyrights, trademarks and other forms of intellectual property rights in India and select foreign countries. The Company continues to strengthen its Intellectual Property position with new 133 IPR's during the year (includes 119 Design Registrations and 14 Patent Filings).

All around the globe, last year will stand out as a year of adversities – with COVID causing major disruptions in normal functioning of any organization. The impact was felt by R&D as well –with limited access of our lab/testing infrastructure during the duration of complete lockdown. We were also fortunate to have launched some of our specific initiatives over the past years which let our R&D activities continue with least impact of COVID. Our investments in digital tools and technologies – such as virtual product development, software engineering, digital platforms, DevOps framework for remote and secure collaborations enabled us to move many of our R&D development efforts to remote and safe environment of individual's homes. We stayed focused and successfully delivered on our commitments to the customers. We re-affirm our commitment to all our stakeholders that R&D within Havells will be the corner-stone of our future strategy – getting closer to the consumer and creating a formidable entry barrier for the competition.

35. Transfer to Investor Education and Protection Fund

(A) Transfer of Unpaid Dividend

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, your Company has transferred ₹ 13,57,193 during the year to the Investor Education and Protection Fund. Further, after the close of Financial Year, the Company has also transferred ₹ 8,96,365 in the Investor Education and Protection Fund.

These amounts were lying unclaimed/ unpaid with the Company for a period of 7 (Seven) years after declaration of Final Dividend for FY ended 2012-13 and Interim Dividend for FY ended 2013-14.

(B) Transfer of Shares underlying Unpaid Dividend

During the Financial Year, the Share Allotment and Transfer Committee, in its meeting held on 28th August, 2020, transmitted 28,593 Equity Shares of the Company into the DEMAT Account of the IEPF Authority held with NSDL (DPID/ Client ID IN300708/10656671) in terms of the provisions of Section 124(6) of the Companies Act, 2013 and the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time. These Equity Shares were the Shares of such 14 Shareholders whose unclaimed/ unpaid dividend pertaining to Financial Year 2012-13 had been transferred into IEPF and who had not encashed their dividends for 7 (Seven) years.

The Share Allotment and Transfer Committee in its Meeting held on 28th April, 2021, also transmitted 13,079 Equity Shares on account of Un-claimed Dividend for FY 2013-14 (Interim) into the DEMAT Account of the IEPF Authority. These Equity Shares were the Shares of such 7 Shareholders whose unclaimed/ unpaid dividend pertaining to Financial Year 2013-14 (Interim) had been transferred into the IEPF and who had not encashed their dividends for 7 years.

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

With the transfer of abovesaid shares into IEPF, a total of 2,18,258 Shares of the Company (after taking into account the shares claimed back out of IEPF) were lying in the Demat A/c of the IEPF

Authority, hereinabove mentioned. Concerned Shareholders may still claim the shares or apply for refund to the IEPF Authority in Web Form No. IEPF-5 available on www.iepf.gov.in. The voting rights on shares transferred to the IEPF Authority shall remain frozen until the rightful owner claims the shares. The shares held in such DEMAT account shall not be transferred or dealt with in any manner whatsoever except for the purpose of transferring the shares back to the claimant as and when he approaches the Authority. All benefits except rights issue accruing on such shares e.g. bonus shares, split, consolidation, fraction shares etc., shall also be credited to such DEMAT account. Any further dividend received on such shares shall be credited to the IEPF Fund.

36. Shares lying in unclaimed suspense account in electronic mode

As at 31st March, 2021, total 2,10,100 Shares were lying in the Unclaimed Suspense Account in dematerialised form in the Havells India Limited Unclaimed Suspense A/c held with IDBI Bank Limited (DP). The voting rights on the said shares shall remain frozen till the rightful owner of such shares claims the shares. The rightful owner can still claim his/ her shares from the suspense account after complying with the procedure laid down in the statute regarding the same. The Company had so far transferred 2,27,100 (Two Lakhs Twenty Seven Thousand and One Hundred Only) Equity Shares into Unclaimed Share Suspense Account in terms of Regulation 39(4) read with Schedule VI to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Subsequently, 17,000 Shares of ₹ 1/- each were transferred to the rightful owners as approved by the Share Transfer and Allotment Committee. Further, the unpaid dividend for the last 7 (Seven) years was also paid to the said shareholders.

37. Listing of shares

The equity shares of the Company are listed on the National Stock Exchange of India Ltd. (NSE) and BSE Limited (BSE). The listing fee for the year 2021-22 has already been paid to the credit of both the Stock Exchanges

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

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **ANNEXURE - 9** and forms part of this Report.

Introduction

01-13

Integrated Report

14-44

Statutory Reports

45-141

Financial Statements

142-309

39. Business Responsibility Report (BRR)

Continuing the endeavour of our approach to report aspects of corporate responsibility, we are publishing 5th Business Responsibility Report (BRR) of the company for the year 2020-21, that forms part of this Integrated Annual Report as required under Regulation 34(2(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The BRR for Financial Year 2020-21 is aligned with the nine principles of the National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business (NVG-SEE) notified by the Ministry of Corporate Affairs, Government of India. Havells strongly believes that sustainable and inclusive growth is only possible by using the levers of environmental and social responsibility based on strong governance fundamentals. While setting aspirational targets and improving economic performance to ensure business sustainability and rapid growth, the company has been resilient to the impacts of pandemic fluctuations to a larger degree. We are committed to leverage our focus on indigenous manufacturing to build competitive advantage in achieving high shareholder returns through customer centricity, innovation, good governance and inclusive human development while being sensitive to the environment.

The report is a testimony to our continuous efforts towards embracing and implementing balanced approach to ESG parameters in our business operations that are communicated to the stakeholders in addition to our annually published voluntary sustainability report based on globally accepted Global Reporting Initiative (GRI) standards that is available at www.havells.com.

We have also provided the requisite mapping of principles between the Sustainability Report and the Business Responsibility Report as prescribed by SEBI. The same is also available on the website www.havells.com.

40. Acknowledgements

The continued co-operation and support of its loyal customers has enabled the Company to make every effort in understanding their unique needs and deliver maximum customer satisfaction. Our employees at all levels, have been core to our existence and their hard work, co-operation and support is helping us as a company face all challenges. Our vendors, who form a part of our global footprint reinforce our presence across the globe and relentlessly push forward in establishing the Havells brand. Our Company is always grateful for their efforts. The flagbearers of fair play and regulations, which includes the regulatory authorities, the esteemed league of bankers, financial institutions, rating agencies, stock exchanges and depositories, auditors, legal advisors, consultants and other stakeholders have all played a vital role in instilling transparency and good governance. The Company deeply acknowledges their support and guidance.

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

Anil Rai Gupta

Delhi, May 20, 2021

Chairman and Managing Director